

466th meeting of the Accounts Commission for Scotland
Thursday 12 March 2020, 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 14 to 20 in private (* see note).
 4. **Minutes of meeting of 6 February 2020.**
 5. **Minutes of meeting of Financial Audit and Assurance Committee of 20 February 2020.**
 6. **Minutes of meeting of Performance Audit Committee of 20 February 2020.**
 7. **Update report by the Secretary to the Commission:** The Commission will consider a report by the Secretary to the Commission.
 8. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit providing an update on his recent activity.
 9. **Local Government Benchmarking Framework: draft national benchmarking overview report 2018/19:** The Commission will consider a report by the Secretary to the Commission.
 10. **Briefing: the 2020/21 budget:** The Commission will consider a report by the Director of Performance Audit and Best Value.
 11. **Accounts Commission and Auditor General for Scotland rolling work programme refresh: 2020/21 – 2024/25:** The Commission will consider a report by the Director of Performance Audit and Best Value.
 12. **Accounts Commission strategy refresh 2020-25:** The Commission will consider a report by the Secretary to the Commission.
 13. **Statutory report: Renfrewshire Council:** The Commission will consider a report by the Controller of Audit.
- The following items are proposed to be considered in private: ***
14. **Statutory report: Renfrewshire Council:** The Commission will consider what action to take.
 15. **Local government in Scotland 2020: performance and challenges – draft report:** The Commission will consider a report by the Director of Performance Audit and Best Value.
 16. **Improving outcomes for young people through school education – draft report:** The Commission will consider a report by the Director of Performance Audit and Best Value.
 17. **Housing benefit overpayments in Scotland – a thematic study – draft report:** The Commission will consider a report by the Director of Audit Services.

18. **New audit appointments and Code of Audit Practice - update:** The Commission will consider a report by the Secretary to the Commission.
19. **Value for money of audit service providers:** The Commission will consider a report by the Secretary to the Commission.
20. **Commission business matters:** The Commission will discuss matters of interest.

* It is proposed that items 14 to 20 be considered in private because:

- Item 14 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 appropriate council of its decisions, which the Commission does before making the decision public.
- Item 15 proposes a draft report, which the Commission is to consider in private before publishing.
- Item 16 proposes a draft performance audit report, which the Commission is to consider in private before publishing.
- Item 17 proposes a draft audit report, which the Commission is to consider in private before publishing.
- Item 18 requires the Commission to consider confidential commercial and contractual matters.
- Item 19 requires the Commission to consider confidential commercial and contractual matters.
- Item 20 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 6 February 2020	AC.2020.3.1
Agenda item 5: Minutes of FAAC meeting of 20 February 2020	AC.2020.3.2
Agenda item 6: Minutes of PAC meeting of 20 February 2020	AC.2020.3.3
Agenda item 7: Report by Secretary to the Commission	AC.2020.3.4
Agenda item 9: Report by Secretary to the Commission	AC.2020.3.5
Agenda item 10: Report by Director of Performance Audit and Best Value	AC.2020.3.6
Agenda item 11: Report by Director of Performance Audit and Best Value	AC.2020.3.7
Agenda item 12: Report by Secretary to the Commission	AC.2020.3.8
Agenda item 13: Report by Controller of Audit	AC.2020.3.9
Agenda item 15: Report by Director of Performance Audit and Best Value	AC.2020.3.10
Agenda item 16: Report by Director of Performance Audit and Best Value	AC.2020.3.11
Agenda item 17: Report by Director of Audit Services	AC.2020.3.12
Agenda item 18: Report by Secretary to the Commission	AC.2020.3.13
Agenda item 19: Report by Secretary to the Commission	AC.2020.3.14

MEETING: 12 MARCH 2020

MINUTES OF PREVIOUS MEETING

Minutes of the 465th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 6 February 2020, at 10.15am.

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

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Kate Berry, Seconded, PABV (Item 15)
Tim Bridle, Manager, Audit Services (Item 12)
Carol Calder, Senior Manager, PABV (Item 15)
Lynsey Davies, Audit Officer, PABV (Item 15)
Simon Ebbett, Communications Manager (Item 11)
Corrinne Forsyth, Senior Auditor, PABV (Item 9)
Brian Howarth, Audit Director, Audit Services (Item 12)
Mark McCabe, Audit Manager, PABV (Item 8)
Kathrine Sibbald, Audit Manager, PABV (Item 9)
Lindsay Stother, Audit Officer, PABV (Item 15)
Claire Sweeney, Audit Director, PABV (Items 8, 9 & 15)
Pearl Tate, Senior Audit Manager, Audit Services (Item 12)
Peter Worsdale, Audit Manager, PABV (Item 10)

Item Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 9 January 2020
5. Audit Scotland Board update
6. Update report by the Secretary to the Commission
7. Update report by the Controller of Audit
8. Strategic scrutiny update
9. Annual Assurance and Risks Report
10. Work programme: stakeholder consultation feedback
11. Audit Scotland communications strategy
12. Statutory Report: Fife Integration Joint Board
13. Statutory Report: Fife Integration Joint Board (in private)
14. New auditor appointments and Code of Audit Practice: update (in private)
15. Performance audit: draft report - New affordable housing (in private)
16. Commission business matters (in private)

1. Apologies for absence

It was noted that apologies for absence had been received from Elma Murray and Sophie Flemig.

2. Declarations of interest

The following declarations of interest were made:

- Sheila Gunn, in item 15, being a non-executive director of the Wheatley Group, in relation to social housing issues.
- Stephen Moore, in items 12 and 13, being a former chief officer in Fife Council who retired in September 2014.
- Christine Lester, in items 12 and 13, being a former Vice Chair of NHS Grampian Board and Chair of Moray Integration Joint Board.
- Geraldine Wooley, in item 9, being a committee member for the Audacious Women Festival, in relation to a reference to transgender matters; and in item 15, as a judge for the Royal Institute of Chartered Surveyors Social Impact Awards.

3. Decisions on taking business in private

It was agreed that items 13 to 16 be considered in private because:

- Item 13 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 appropriate local authority of its decisions, which the Commission does before making the decision public.
- Item 14 requires decisions on various aspects of the approach to new audit appointments and associated Code of Audit Practice, which will require the Commission to consider confidential policy, business and commercial matters.
- Item 15 proposes a draft performance audit report which the Commission is to consider in private before publishing.
- Item 16 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 16 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 9 January 2020

The minutes of the meeting of 9 January 2020 were approved as a correct record.

Arising therefrom, the Commission agreed:

- In relation to item 5 (first bullet), to note advice from the Secretary that the Chair wrote to the Scottish Government to note the Commission's confidence in the evidence reported in the Local Government Overview Report in relation to local government budgets, and a copy of the letter was available on the members' sharepoint site.
- In relation to item 5 (fourth bullet), to endorse the conclusion of the Secretary, in conjunction with Audit Scotland, not to respond to the Scottish Government consultation on the draft vision and principles for Housing to 2040, but

nevertheless to maintain an interest in the consultation and to advise the Scottish Government of the forthcoming publication of the performance audit on affordable housing.

Action: Director of PABV and Secretary

- In relation to item 5 (fourth bullet), to endorse the conclusion of the Secretary, in conjunction with Audit Scotland, not to respond to the call for views by the Health and Sport Committee in its inquiry into social care, but nevertheless to maintain an interest in the consultation and to advise the Committee of the forthcoming performance audit on sustainability of social care.

Action: Director of PABV and Secretary

5. Audit Scotland Board update

The Commission noted a report by the Secretary providing an update on the business of the Audit Scotland Board.

Arising therefrom, in relation to item 19 of the minutes of Audit Scotland Board of 27 November, on hearing from the chairs of the Commission and of the Financial Audit and Assurance Committee, agreed that it was satisfied that its consideration of the Code of Audit Practice at its November meeting was consistent with good governance and due process requirements.

6. 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 agreed:

- To note advice from the Secretary that on 11 January, the Court of Session found that South Ayrshire Council had acted “unlawfully” by breaching its “public sector equality duty” in terms of section 149 of the Equality Act 2010 in failing to consult users of the Kyle Adult Day Centre service, and thus quashed the Council’s decision to close the facility.

The Commission noted further advice from the Controller of Audit that he would report this matter in his ‘current issues’ report to the next meeting of the Financial Audit and Assurance Committee.

- To note advice from the Secretary that on 21 January, the First Minister’s National Advisory Council on Women and Girls published its 2019 report and recommendations, including a recommendation that the Commission consider producing a set of scrutiny principles to support the Council’s proposal for co-production and participation in policy making by public bodies, similar to the *Principles for Community Empowerment* document published in conjunction with the Strategic Scrutiny Group.

The Commission noted further advice from the Secretary that the Deputy Chair would be liaising further in this regard with Audit Scotland, reporting back to the Commission in due course.

- To note advice from the Secretary that on 28 January, the Scottish Index for Multiple Deprivation was published, upon which he would report further at its next meeting.

Action: Secretary

- To note advice from the Secretary that on 28 January, the performance audit *Privately financed infrastructure investment* was published, upon which he

would report further at its next meeting.

Action: Secretary

- To note advice from the Secretary that on 31 January, leaders of the Convention of Scottish Local Authorities (COSLA) endorsed statutory guidance on Best Value, the progress of which he would report further to the Commission.

Action: Secretary

- In relation to paragraph 22, following a point made by Andrew Cowie, agreed to maintain a close interest in the progress of the National Islands Plan, particularly considering its implications for the Commission's work programme.

Action: Director of PABV and Secretary

- In relation to paragraph 26, following a point made by Sheila Gunn in relation to the impact on councils of Universal Credit, noted advice from Tim McKay on the progress of ongoing housing benefit performance audit work, to be reported to the Commission at coming meetings.

- In relation to paragraph 30, and in response to a query from Tim McKay, agreed that further information be provided on arrangements in place to deal with any lack of supply of early learning and childcare places in any council area.

Action: Director of PABV

- In relation to paragraphs 54 and 76, to note advice from the Secretary that on 4 February, the Scottish Parliament passed the Non-Domestic Rates (Scotland) Bill, upon which he would report further at its next meeting.

Action: Secretary

Following discussion, the Commission agreed to note the report, and in particular:

- Note the response to the Scottish Government consultation on extending the duration of Part 2 order making powers under the Public Services Reform (Scotland) Act 2010 (paragraph 9).
- Agree not to respond to the Scottish Government consultation on the replacement of European Structural Funds in Scotland post EU-exit (paragraph 16).
- Agree not to respond to the Scottish Government consultation on the first draft Corporate Plan for Scottish Forestry 2020-23 (paragraph 28).
- Agree not to respond to the Scottish Government consultation on Scottish public authorities sharing data (paragraph 40).
- Agree not to respond to the call for evidence by the Scottish Parliament's Finance and Constitution Committee on Scotland and the UK Internal Market after Brexit (paragraph 60).
- Note that the Secretary would be reporting further on the implications and progress of the Scottish Elections (Reform) Bill (paragraph 65).

Action: Secretary

- Note that the Secretary was liaising with Audit Scotland about reporting further on the implications of the final report from the independent review on the quality and effectiveness of audit (paragraphs 66 and 67).

Action: Secretary

7. Update report by the Controller of Audit

The Commission noted a verbal update from the Controller of Audit on his recent activity.

Arising therefrom:

- Noted advice from the Controller that he would report to the Commission on ongoing work by the Scottish Leadership Forum on planning and reporting outcomes.
- Agreed that further information be provided on the Independent Care Review, the report of which was published on 5 February 2020.

Actions: Controller of Audit and Secretary

8. Strategic scrutiny update

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

During discussion, the Commission noted the progress made by the Strategic Scrutiny Group in key areas of its work.

Thereafter, the Commission noted the report.

9. Annual Assurance and Risk Report

The Commission considered a report by the Secretary introducing the Controller of Audit's Annual Assurance and Risks Report (AARR).

During discussion, the Commission agreed :

- Agreed that as part of its discussions around its refreshed strategy and work programme, it consider:
 - How councils' approach to and appetite for risk features in its work.
 - How the Commission can ensure it articulates risk, responds to and positively influences:
 - collaborative leadership (while noting that a briefing paper in this regard is part of the current work programme)
 - council capacity, knowledge and skills around, for example, long-term financial planning, horizon-scanning and strategic options appraisal.
 - In relation to its strategic audit priorities:
 - To note the Controller's conclusion that he is satisfied that audit work reported in 2018/19 does not highlight any significant areas of the SAPs that would require to be changed.
 - Notwithstanding this, to consider how the critical evidence set out in Exhibit 1 of the AARR is reflected in how the Commission articulates its SAPs.

Action: Secretary

- In relation to paragraph 45 of the AARR, noted the importance of the Commission's annual report on reporting progress by councils against their BVAR findings and recommendations.

Following discussion, the Commission agreed to endorse the Annual Assurance and Risk Report and thereby the assurance provided by the Controller of Audit on his reporting to the Commission of matters arising in audit work.

10. Work programme: stakeholder consultation feedback

The Commission considered a report by the Secretary to the Commission presenting the responses to the Commission's November 2019 consultation on its work programme for 2020-25.

During discussion, the Commission

- Noted, in relation to good practice, advice from the Secretary about ongoing discussion with the Improvement Service around articulating respective roles in relation to reporting and promoting good practice.
- Endorsed the usefulness of briefing papers as a medium for setting out its position on policy areas.
- Noted advice from the Secretary that all respondents and non-respondents will receive a communication on the outcome of the exercise, including directly responding to points raised by respondents.

Following discussion, the Commission:

- Agreed that the points raised in the consultation exercise be considered by Audit Scotland in developing work programme proposals, to be considered at its next meeting.

Action: Director of PABV

- Noted the next steps in considering the work programme and Commission strategy.

11. Audit Scotland communication strategy

The Commission considered a report by the Secretary outlining Audit Scotland's communications and engagement strategy for 2020-23.

During discussion, the Commission:

- Noted the importance of securing stakeholder confidence in its work.
- Agreed to consider further how the Commission implements the objective in the strategy to "maximise our work".

Action: Secretary

- Noted advice from the Audit Scotland Communications Manager that targets against the strategy's objectives are to be developed in an action plan, and he would keep the Commission apprised.

Action: Audit Scotland Communications Manager

Following discussion, the Commission agreed to note the report.

12. Statutory Report: Fife Integration Joint Board

The Commission considered a report by the Secretary presenting the Controller of Audit's statutory report on a matter arising from the 2018/19 audit of Fife Integration Joint Board

Following questions to the Controller of Audit, the Commission agreed to consider in

private how to proceed.

13. Statutory Report: Fife Integration Joint Board (in private)

The Commission discussed how to proceed in relation to the Controller of Audit's statutory report on a matter arising from the 2018/19 audit of Fife Integration Joint Board

Following discussion, the Commission agreed to make findings to be published on 27 February 2020.

14. New audit appointments and Code of Audit Practice: update (in private)

The Commission considered a report by the Secretary providing an update on progress made with audit appointments and the new Code of Audit Practice ('Code').

Following discussion, the Commission:

- Noted the updated position on the procurement strategy, upon which the Chair would report further in due course.
- Noted the helpfulness of a member workshop on the Code and thanked the Audit Scotland staff who had supported that event.
- Approved the consultative draft of the Code as a basis for stakeholder consultation, subject to the Code Project Group (and Steering Group as appropriate) considering points raised in discussion.
- Agreed that amending the Code to reflect the points raised should not delay issuing the Code for consultation, and if making the required changes in the timescale was difficult, then these should be made following consultation.
- Approved arrangements for consultation on the Code, including appropriate prominence being given to the commissioners of audit in email and other communications to audited bodies.
- Approved arrangements for stakeholder engagement on the approach to auditing Best Value.

Actions: Secretary

15. Performance audit: draft report - New affordable housing (in private)

The Commission considered a report by the Director of PABV seeking approval of the draft performance audit report, jointly with the Auditor General, *Affordable housing*, 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 report sponsors, Andrew Burns and Stephen Moore, points raised in discussion.
- To approve the publication and promotion arrangements for the report, including ensuring opportunities for the report sponsors to promote the report at relevant events such as conferences.

Actions: Director of PABV and Secretary

16. Commission business matters

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

MEETING: 12 MARCH 2020

MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF 20 FEBRUARY 2020

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of West Port, Edinburgh on Thursday 20 February 2020 at 10.00am.

PRESENT: Pauline Weetman (Chair)
Sheila Gunn
Tim McKay
Elma Murray
Sharon O'Connor (by telephone)
Graham Sharp (from item 5 onwards)
Geraldine Wooley

OTHER MEMBERS
ATTENDING: Christine Lester

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit
John Cornett, Audit Director, Audit Services
Fiona Kordiak, Director, Audit Services
Anne MacDonald, Senior Audit Manager, Audit Services (item 5)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 28 November 2019
4.	Work programme update
5.	Current audit issues from local authority audits
6.	Intelligence report
7.	Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Andrew Burns.

2. Declarations of interest

The following declaration of interest was made:

- Geraldine Wooley, in item 5, as a member of Fife Valuation Appeals Committee (in relation to references to Fife Council).

3. Minutes of meeting of 28 November 2019

The minutes of the meeting of 28 November 2019 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, the Committee:

- In relation to item 5 (third bullet point), noted advice from the Controller of Audit that the report on the agenda on current issues from local authority audits contained information on the length of payback periods for council voluntary severance schemes.
- In relation to item 5 (seventh bullet point), noted advice from the Controller of Audit that the report on the agenda on current issues from local authority audits contained information on local authorities' budget-setting arrangements.
- In relation to item 6, noted advice from the Director of Audit Services that The Chartered Institute of Public Finance and Accountancy (CIPFA) had been made aware of the Commission's interest in its financial resilience index in England and Wales, and that she would continue to monitor the initiative, particularly regarding any prospect of any proposal for its introduction in Scotland.

4. Work programme update

The Committee considered a report by the Controller of Audit providing an update on the progress of the Commission's work programme.

During discussion, the Committee:

- In relation to a planned briefing on cyber security, and in response to a query from Tim McKay:
 - Noted advice from the Secretary that he would report on Cyber Security Week in his next update report to the Commission at its March meeting.
 - Noted advice from the Controller of Audit that the matter would feature in his report to the Commission at its March meeting on work programme refresh proposals.
- In relation to paragraph 13 (audit fees), noted advice from the Controller of Audit that he was liaising with chairs of integration joint boards on a letter received from them on the level of audit fees for 2019/20.
- In relation to paragraph 14 (Professional Support guidance):

- Noted advice from the Chair that, in line with the new Code of Audit Practice currently subject to stakeholder consultation, she envisages the Committee inputting to and developing its awareness of annual planning guidance as it is developed each year.
- Noted advice from the Controller that he would liaise with the Secretary to arrange access for Commission members to Professional Support resources.

Action: Secretary and Controller of Audit

- Agreed that the Best Value audit manual be shared with Commission members.

Action: Secretary and Controller of Audit

- Noted that it found the new feature in the report providing an update on the progress of annual audit and associated matters very useful.

Following discussion, the Committee noted the report.

5. Current audit issues from local authority audits

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 local authority audits.

During discussion, the Committee agreed:

- To note advice from the Secretary that his discussions with the Commission Chair on the reporting of risk to the Commission's committees was ongoing.
- To note the information in the report on the length of payback periods for council voluntary severance schemes.
- To note the information in the report on local authorities' budget-setting arrangements.
- Following a query from Elma Murray, that the Controller report on the progress of the ongoing review by Highland Council and NHS Highland of their lead agency model for health and social care services.

Action: Controller of Audit

- Following a query from Tim McKay, that the Controller provide more information on the removal from office by North Lanarkshire Council of directors of its arm's length external organisation Culture and Leisure NL Limited.

Action: Controller of Audit

Following discussion, the Committee noted the report, taking assurance that the auditors' responses detailed in the report recognises the scope of the risk identified and reflects the impact on planned audit work.

6. Intelligence report

The Committee considered a report by the Secretary to the Commission providing intelligence about councils from various sources: correspondence to Audit Scotland,

the Scottish Public Sector Ombudsman, the Standards Commission for Scotland, and the Scottish Information Commissioner.

During discussion, the Committee agreed:

- Following a query from Christine Lester, that further information be provided on how the spread of subject areas of cases dealt with by the Scottish Public Sector Ombudsman in relation to councils is reflected in other parts of the public sector.

Action: Secretary

- Following a query from Christine Lester, that further information be provided on how the Scottish Public Sector Ombudsman, the Standards Commission for Scotland and the Scottish Information Commissioner report on integration joint boards.

Action: Secretary

Following discussion, the Committee noted the report.

7. Any other business

The Committee:

- Noted advice from the Committee Chair that the Performance Audit Committee had at its previous meeting discussed how it fulfils its role, and would be discussing at its next meeting how to take forward actions arising from that discussion, some of which affected the Commission as a whole.
- Agreed to maintain an interest in the matter
- Agreed to have a similar discussion at its next meeting.

Action: Secretary

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

MEETING: 12 MARCH 2020

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 20 FEBRUARY 2020

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of West Port, Edinburgh on Thursday 20 February 2020, at 14.00.

PRESENT: Elma Murray (Chair)
 Christine Lester
 Stephen Moore
 Graham Sharp
 Andrew Cowie

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
 Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
 Carol Calder, Senior Manager, PABV (item 5)
 Graeme Greenhill, Senior Manager, PABV (item 6)
 Leigh Johnston, Senior Manager, PABV (item 5)
 Jillian Matthew, Senior Manager, PABV (item 5)
 Gill Miller, Audit Manager, PABV (item 6)
 Claire Sweeney, Audit Director, PABV (item 5)
 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 28 November 2019
4.	Work programme update
5.	Policy cluster briefing: Health, care and communities
6.	Briefing: Scotland's economic development
7.	Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Sophie Flemig.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 28 November 2019

The minutes of the meeting of 28 November 2019 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, the Committee:

- In relation to item 5 (first bullet point) and following a query from Stephen Moore, noted advice from the Director of PABV that he would be referring to the proposed briefing paper on leadership in his report to the Commission at its March meeting on the refresh of the work programme.
- In relation to item 10
 - Noted advice from the Chair that she was taking forward with the Chair and Secretary a number of actions agreed by the Committee in discussion, to be considered by the Commission in due course.
 - Agreed to recommend to the Commission that it consider the following areas for future investigation and reporting in the work programme (including through overview and Best Value auditing work):
 - Interconnectedness between public policy and the citizen (suggested by Stephen Moore)
 - A theme around women and girls (Christine Lester)
 - A theme around corporate parenting (Christine Lester).

Action: Secretary

4. Work programme update

The Committee considered a report by the Director of PABV providing an update on the progress of the Commission's work programme.

During discussion, the Committee

- In relation to paragraph 13 (audit fees), noted advice from the Director that he was liaising with chairs of integration joint boards on a letter received from them on the level of audit fees for 2019/20.
- Noted advice from the Director, in response to a query from Christine Lester, that he would be including workforce planning in his report to the Commission at its March meeting on the refresh of the work programme.

Following discussion, the Committee noted the report.

5. Policy cluster 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 relation to ongoing programme development work on 'kindness'.
- Agreed that the Director circulate details of a 'knowledge café' event for Audit Scotland staff, to which Commission members were also invited.

Action: Director of PABV

- Noted advice from the Director in relation to ongoing development of human rights-based approaches to auditing.
- Agreed, following a query from Stephen Moore, that the audit team and sponsors consider how the following feature in the scope of the upcoming performance audit on Social care sustainability:
 - The role of the independent sector
 - Services beyond older people.

Action: Director of PABV

- Noted advice from the Director, in response to a query from Stephen Moore, that he would keep the Committee updated on the framework for community based health and social care integrated services developed by the Ministerial Strategic Group for Health and Community Care, including ongoing development of joint work by the Care Inspectorate and Healthcare Improvement Scotland in this regard.

Action: Director of PABV

- Following a query from Stephen Moore, agreed that the Director provide further information on vacancy levels in social care.

Action: Director of PABV

- Agreed to recommend to the Commission to inform the Strategic Scrutiny Group of the Commission's desire that it expedite proposed joint scrutiny work on drug and alcohol policy, and recommend to the Commission that it consider featuring such work in its work programme refresh exercise, to be considered by the Commission at its March meeting.

Action: Secretary and Director of PABV

- Further in this regard, agreed to note advice from the Director, in response to a query from Andy Cowie, that ongoing Best Value auditing work in Dundee City Council was addressing drug policy.
- Agreed that the Director provide further information on the progress of Public Health Scotland.

Action: Director of PABV

Following discussion, the Committee noted the briefing.

6. Scotland's economic growth: the role of councils

The Committee considered a report by the Director of PABV discussing options for taking forward the proposed performance audit *Scotland's Economic Growth: the role of councils*.

Following discussion, the Committee:

- Agreed to recommend to the Commission not to proceed with a performance audit in this regard at this time.

Action: Secretary and Director of PABV

- Meantime, that the Director continue to monitor councils' economic development services, with a view to programming a performance audit at a later point in the 2020-2025 programme, with the scope to be determined nearer the time.

- That such consideration includes inclusive growth.

Action: Director of PABV

7. Any other business

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

MEETING: 12 MARCH 2020

REPORT BY: SECRETARY TO THE 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 26 February) are set out in the **Appendix**.
6. On 28 January the Accounts Commission and the Auditor General for Scotland [published](#) the 'Privately financed infrastructure investment' report. Over the lifetime of active PFI, NPD and hub contracts, the public sector makes annual payments to cover the cost of financing, building and maintaining the assets, as well as other services the private sector is providing. Currently, assets worth £9 billion are under contract and the Scottish public sector will make payments worth over four times the capital value of the assets built (over £40 billion) with £27 billion still to be paid between now and 2047/48. This report stated that greater transparency is required over decision making to show projects represent value for money.
7. On 6 February the Accounts Commission published the '2018/19 audit of Glasgow City Council: Update on equal pay settlement' report. This report concluded that Glasgow City Council had successfully delivered a challenging project to finance £500 million in equal pay claims. The council developed and demonstrated good governance arrangements throughout a complex project to raise over £500 million to settle equal pay claims. This involved the council undertaking three complex deals to sell and leaseback a number of properties. The council also developed and applied appropriate

project management and governance arrangements whilst assessing claims and making payments.

8. On 17 February, the Commission met with Highland Council to discuss the [Best Value Assurance Report](#) on the Council, published on 23 January. The Commission was represented by Elma Murray, Andrew Burns and Christine Lester. Paul Reilly, Secretary and Joanne Brown, Partner, Grant Thornton (appointed auditor) were also present. The Council was represented by councillors Margaret Davidson, Council Leader (Independent), Bill Lobban, Council Convener (Independent), Alasdair Christie, Depute Leader (Liberal Democrat), Alister MacKinnon, Chair of Resources Committee / Budget Leader (Independent), and Graham MacKenzie, Chair of Audit Committee (SNP). Donna Manson, Chief Executive and a number of members of the corporate management team were also present. The Council will formally consider the findings at its meeting on 5 March 2020.
9. On 27 February the Accounts Commission [published](#) 'The 2018/19 audit of Fife Integration Joint Board: Report on significant findings.' This report outlined how the Fife IJB is facing significant and ongoing financial problems, with recurring overspends.
10. On 3 March the Accounts Commission and Auditor General for Scotland [published](#) the 'Early Learning and Childcare: update' report. This report found that the Scottish Government and councils are working well together to increase early learning childcare hours from 600 to 1,140 a year from August 2020. And the pace of the expansion is broadly in line with plans. But around half of the building work required is due to be completed over the summer, and about half of the additional ELC staff still need to be recruited. Private and third sector providers - which are expected to deliver over a quarter of the hours - also continue to report significant workforce challenges that threaten their sustainability.

Other business

11. Cyber Security Week took place between 17 and 23 February. This is a week-long event to highlight cyber awareness, cyber careers and innovation in cyber security. Audit Scotland carried out a number of events to mark this Cyber Security Week. A blog was published to raise awareness of cyber security amongst staff. In addition, new guidance will be produced for auditors and committee members by Summer 2020. (Please also see paragraph 25.)
12. On 17 February the Accounts Commission and Auditor General for Scotland [launched](#) a six-week consultation the new Code of Audit Practice. The consultation closes on Friday 27 March. The Commission is considering an update on the project at today's meeting.
13. On 2 March the Commission Chair responded to a letter from the Chief Executive of Glasgow City Council on behalf of the chief executives of Glasgow City Region, in which she expressed disappointment about the lack of coverage of the Glasgow City Deal in the published performance audit of City Region and Growth Deals. The response from the Chair reiterated the scope of this audit was to provide a high-level assessment of the City Region and Growth Deals programme. The audit was not intending to performance an indepth analysis of individual deals, but this is something that may form a part of the future audit in this regard. A [copy of the letter](#) is available on the Members' Extranet.
14. On 2 March the Commission Chair responded to a letter from the Scottish Government's Deputy Director for the Local Government and Analytical Services

Division, in which she was responding to an earlier letter from the Chair expressing the Commission's disappointment at the Scottish Government's press response to the Commission's Local Government Financial Overview 2018/2019 report. The Chair reiterated that the Commission and the Scottish Government share the same understanding of the circumstances around the reporting of the additional 2018-19 funding to Scottish local authorities but that the wording used by the Scottish Government did cause concern. A [copy of the letter](#) is available on the Members' Extranet.

Audit Scotland

15. On 17 February the Scottish Commission for Public Audit [published](#) its report on Audit Scotland's Budget Proposal for 2020-21. The report concludes with the Commission's recommendation to Parliament that Audit Scotland's budget proposal for 2020/21 be approved.
16. On 20 February Audit Scotland was recognised as a 'Sunday Times Top 100 Not-For-Profit Organisation to Work For'. At an awards ceremony in London, Audit Scotland were named 96th in the UK.
17. On 26 February Audit Scotland issued all staff with advice over the increasing numbers of confirmed cases of coronavirus. This included advice reiterating advice that had been issued by the NHS and UK Government. Audit Scotland are closely monitoring the advice from the NHS and the Government. Audit Scotland review their business continuity plans on a regular basis. Audit Scotland's Audit Committee were considering updated plans at its meeting on 4 March, and Audit Scotland will share updated plans with staff in early course. I will liaise with the Commission Chair over any implications for the Commission's work and operation.

Issues affecting local government

Scottish Government

18. On 21 January the Scottish Government launched a consultation on Scottish public authorities sharing data. This consultation will close on 13 April. The [UK Digital Economy Act 2017](#) ("The Act"), Part 5 introduces new information sharing powers to reduce debt owed to, or fraud against, the public sector. To be able to use the information sharing powers, public authorities (and bodies which provide services to public authorities in Scotland) must be listed in Schedule 7 of the Act for the debt powers or Schedule 8 for the fraud powers. The Scottish Government is considering adding Scottish public authorities to this. Audit Scotland will be responding to the consultation.
19. On 27 January the Scottish Government [published](#) the 'Migration: helping Scotland prosper' report. The report highlights the importance of freedom of movement to Scotland's economic growth. It includes evidence given to the Expert Advisory Group on Migration & Population about the impact of migration on Scotland's communities, economy and public services. Following Brexit, the report proposes changes to the UK-wide immigration system that could benefit the whole UK, as well as practical tailored policies to provide solutions to Scotland's needs.
20. On 27 January the Scottish Government [published](#) the 'Brexit: social and equality impacts.' This independent report focuses on some of the potential social and equality impacts of Brexit. The report identified 137 potential impacts on groups that are already facing inequality, discrimination or social exclusion. The report highlights impacts including the loss of legal rights, employment protections, funding

opportunities, healthcare rights, and supply and access to food, fuel and medicines.

21. On 27 January the Scottish Government [published](#) guidance for health and social care integration authorities on developing directions for health boards and local authorities.
22. On 28 January the Scottish Government [published](#) a bi-annual bulletin providing an update on homelessness in Scotland from 1 April to 30 September 2019. The [report](#) found that in this period there were 18,645 applications for homelessness assistance – a decrease of 2% from the same period in 2018 – and that of the 18,725 assessments made 83% were determined as homeless or threatened as homeless. Findings for the period highlighted the number of households and children in temporary accommodation had increased on a national level by a rate of 4% and 6% respectively compared to September 2018. Settled accommodation had been secured for 10,070 unintentionally homeless households, a rate of 81% of cases in which contact was maintained and the outcome known.
23. On 28 January the Scottish Government [published](#) an overview of the Scottish Index of Multiple Deprivation (SIMD) 2020, alongside an [introductory booklet](#). SIMD ranks each small area of the country to show how deprived it is compared to other areas. The latest figures show the least deprived area is in the Stockbridge district of Edinburgh. The most deprived area is in Greenock town centre, which represents a change since SIMD 2016 and 2012, when the most deprived area was Ferguslie Park, Paisley. The area with the largest local share of deprived areas is Inverclyde, with 45% of data zones among the 20% most deprived areas. Glasgow City recorded similar deprivation levels, at 44%, but this is the biggest fall in deprivation for a local authority area from SIMD 2016. Levels of deprivation were found to have risen in Aberdeen City, North Lanarkshire, Moray, East Lothian, Highland and North Ayrshire, although not by more than 2 percentage points.
24. On 31 January the Scottish Government [published](#) an annual survey which provides a local authority performance summary on building standards. The survey achieved an overall response rate of 15%, resulting in the highest number of responses since the first survey was conducted five years ago. Customer satisfaction with the building standards service increased across the majority of headline measures since the year before, standing at 7.4 out of 10 in contrast with 7.0 in 2018. Most customers were “*generally complimentary*” about the service, though the survey found the length of time taken by local authorities to process warrant applications was often deemed too long.
25. On 3 February the Scottish Government [published](#) guidance on cyber security within the public sector.
26. On 4 February the Scottish Government announced that the First Minister had met with 1,000 young people with experience of care. The First Minister pledged in 2016 to meet at least 1,000 care experienced young people while the review did its work.
27. On 5 February the Scottish Government [published](#) the National Transport Strategy 2. The NTS2 sets out the Scottish Government’s vision for Scotland’s transport system over the next 20 years. The Strategy is underpinned by four key priorities, which includes reducing inequalities, tackling climate change, helping to deliver inclusive growth and improving health and wellbeing. The [analysis](#) of the consultation responses to the draft NTS2 and the [consultation report](#) on the NTS2 have also been published. The report sets out the range of consultation activities that have been undertaken and how views have been taken into account during the development of the NTS2. Audit Scotland’s maintaining Scotland’s roads report is referred to.

28. On 6 February Derek Mackay resigned as Cabinet Secretary for Finance, Economy & Fair Work following newspaper allegations. Mr Mackay was also suspended by the SNP.
29. On 6 February Kate Forbes, Minister for Finance and Digital Economy, [set out](#) the Scottish Government's spending and tax plans for 2020-21. Commitments include a £117m investment in mental health for "all ages and stages of life", a £37m increase in the police budget, £20m for a peatland restoration programme and a £40m fund for an Agricultural Transformation Programme. The Scottish Government also claims that local authorities will receive a real term increase of their revenue budget of £494 million. A [carbon assessment](#) and an [Equality and Fairer Scotland](#) impact assessment have also been published. Accompanying information on rates and bands for [Scottish Income Tax](#) for 2020-21 and [changes to Land and Buildings Transaction Tax](#) are available. A [Spring Budget Revision 2019-20 Supporting Document](#) has also been published. The Scottish Fiscal Commission has [updated](#) its economic and fiscal forecasts. The [local government finance circular settlement](#) and a [public sector pay policy](#) were also published. A briefing on the Scottish budget is on the agenda of today's meeting.
30. On 6 February the Scottish Government [published](#) the public sector pay policy for 2020-21. This pay policy will apply to a range of specified public bodies. This policy also acts as a benchmark for all major public sector workforce groups across Scotland including NHS Scotland, fire-fighters and police officers, teachers and further education workers. For local government employees, pay and other employment matters are delegated to local authorities.
31. On 10 February the Scottish Government [published](#) an Emergency Response paper from the Drugs Deaths Taskforce. It sets out six evidence-based strategies for preventing drug related deaths. The strategy includes the targeted distribution of naloxone, the implementation of a response pathway for non-fatal overdoses, optimising the use of medication-assisted treatment, targeting the people most at risk, optimising public health surveillance and ensuring equivalence of support for people in the criminal justice system.
32. On 10 February the Scottish Government [published](#) a summary of the Scottish National Investment Bank Bill.
33. On 11 February the Scottish Government [published](#) 2017-18 workbooks for Scottish local government finance statistics.
34. On 12 February the Scottish Government announced they would hold a drug misuse summit on the 26 February in Glasgow. Sessions at the Scottish conference would include contributions from Public Health Minister Joe Fitzpatrick and Glasgow City Council leader Councillor Susan Aitken. It would look at the recommendations of recent reports on drugs policy including those of the House of Commons Scottish Affairs Committee enquiry into drug use, the Dundee Drugs Commission and the House of Commons Health and Social Care Committee.
35. On 14 February the Scottish Government [published](#) a report about the state of the economy, which claims growth this year is likely to follow a positive but below trend pattern of around 1%, similar to the past few years. Brexit uncertainty resulted in "significantly lower growth" for the economy in 2019, the report found, and this uncertainty remains a "live issue" for businesses, particularly in relation to market access to the EU. The report shows the labour market continued to perform strongly but with a fall in employment levels over the year. Consumer sentiment continued to weaken in 2019. It concludes that the economic outlook for 2021 and beyond is

“*crucially dependent*” on the shape of a future EU trade deal and business adjustment.

36. On 14 February the Scottish Government [published](#) a [report](#) on Scottish “*social capital*”, the social connections that contribute to people’s quality of life, health, economy and wellbeing in the neighbourhoods where they live. The report evaluates four aspects of social capital; social network, community cohesion, social participation, and community empowerment to assess the nature of communities in Scotland. A separate [study](#) which considers how stories and case studies can provide insight into the nature of social connections and places in Scotland has also been published.
37. On 17 February the First Minister announced a series of appointments to the Scottish Government. Kate Forbes was appointed as Cabinet Secretary for Finance but retained responsibility for the Digital Economy, while Fiona Hyslop took responsibility for the Economy, Fair Work & Culture portfolio. Michael Russell now leads on the Constitution, Europe & External Affairs. Fergus Ewing became Cabinet Secretary for Rural Economy & Tourism. Jenny Gilruth has now joined the Government as Minister for Europe & International Development, while Ben Macpherson became Minister for Public Finance & Migration.
38. On 20 February the Scottish Government [amended](#) rules around councillors’ pay to increase flexibility and make it easier for senior councillors to take paid family leave. The changes, developed with COSLA, are intended to make it easier for women, new fathers, new adoptive parents and others who may require paid leave to take on senior roles in local authorities.
39. On 21 February the Scottish Government [published](#) analysis of the 2019 exam results carried out in partnership with the SQA, the Association of Directors in Scotland and Education Scotland. The results show a decrease in passes in several core Higher subjects. There was also a decline in entries for Highers in mathematics but an increase for the sciences. The SQA has expressed optimism regarding the increase in uptake and attainment for vocational qualifications.
40. On 25 February the Scottish Government [published](#) domestic abuse statistics for 2018-19. Levels of domestic abuse recorded by the police in Scotland were found to have remained relatively stable since 2011-12, though the 60,641 incidents of domestic abuse which took place in 2018-19 represented a 2% increase on the previous year. 41% of incidents included the reporting of at least one crime or offence, with those most frequently recorded being common assault (36%) followed by breach of the peace (29%). Around four out of five domestic abuse incidents involved a female victim and male accused, while the 26-30 age group had the highest incident rate. 88% of all domestic abuse incidents took place in a home or dwelling.
41. On 25 February the Scottish Government [published](#) the Scottish Local Government Finance Statistics 2018-19. The publication states that in 2018-19, net revenue expenditure had increased by 1.6% from 2017-18. Education and social work were the services with the highest net revenue expenditure. The statistics [show](#) in 2018-19, general funding was largely made up of £6,885m from the General Revenue Grant, £2,636m from Non-Domestic Rates and £2,376m from council tax. It also found local authorities incurred £2,977m of capital expenditure in 2018-19 and held £2,546m in usable reserves, a decrease of 1% from April 2018.
42. On 26 February the Scottish Government [published](#) a framework for an independent review of the Curriculum for Excellence to be led by the OECD. The [review](#) will cover the Broad General Education (BGE) and the Senior Phase and the articulation between the two, and is expected to conclude at the end of February 2021. It will examine curriculum design, depth and breadth of learning, local flexibility, the

transition into senior phase, vocation and academic learning, and roles and responsibilities. Consideration of BGE will assess progress in addressing recommendations from the 2015 review, and consideration of the Senior Phase will focus on key areas identified by the Parliament's Education & Skills Committee, including multi-level teaching and subject choice.

43. On 27 February the Scottish Government reached agreement with the Scottish Greens to approve the Budget at stage 1. As part of this agreement, the Scottish Government has agreed additional funding for COSLA (£95m) and for Police Scotland (£13m frontline + £5m capital). Agreement has also been reached on "first steps" towards free bus travel for under 18s, £25m for fuel poverty and energy efficiency, £15m for active travel (via local authorities) and £5m for rail services (Longannet, East Kilbride and Milngavie) There is also a commitment to review plans for the upgrade of the Sheriffhall roundabout. A briefing on the budget is on the agenda of today's meeting.
44. On 28 February the Scottish Government [confirmed](#) additional funding of up to £20m to tackle drug and alcohol abuse in the Scottish Budget 2020-21. This represents an increase of the £7.3m committed within the health portfolio on top of the initial proposals in the draft budget and will be invested in delivering the recommendations of the Drug Deaths Taskforce.
45. On 1 March the first patient in Scotland tested positive for coronavirus. The First Minister attended the UK Government's [COBR meeting](#), having chaired a meeting of the Scottish Government Resilience Committee. In Scotland so far, there have been 698 negative tests. Through [new measures](#), a sample of patients who present to their GP with flu like symptoms are to be tested for coronavirus. Those with more serious respiratory conditions in intensive care will also be tested.
46. On 3 March the Scottish Government [published](#) quarterly statistics on the Council Tax Reduction (CTR) scheme. They cover the period between October and December last year. There were 468,150 CTR recipients at the end of December, a decrease of 0.5% over the quarter. The total weekly income forgone by local authorities in December was £6.503m.
47. On 4 March the Scottish Government [published](#) 'Best Value: Revised Statutory Guidance 2020.' This revised guidance has been produced by the steering group and reflects the priorities that it identified. It replaces the previous guidance that was published in 2004. COSLA Leaders were the final stakeholder group that were consulted, and they approved this updated guidance at their meeting on 31 January. The Controller of Audit and Commission Secretary are liaising to ensure councils are informed about the implications of the guidance for ongoing Best Value auditing work. In summary, auditors have already been using the draft guidance in their work.

Scottish Parliament

48. On 30 January the Scottish Parliament Information Centre (SPICe) [published](#) a briefing on common questions from the public regarding the impact of Brexit.
49. On 30 January the leader of the Scottish Labour Party referenced the Accounts Commission report on the financing of public infrastructure projects during First Minister's Questions. Mr Leonard suggested that the Scottish Government's claim that the Non-Profit Distributing Model (NPD) took the profit motive and the shareholder dividend out of the building and running of infrastructure projects was untrue. The First Minister said the NPD Model was used to mitigate the £6bn cut to the Scottish Government's capital budget to build the necessary schools, hospitals and other public

sector buildings.

50. On 4 February the Scottish Parliament has [voted against](#) giving local authorities the power to set business rates. The amendment, proposed by Andy Wightman, was opposed by the SNP, Conservatives and Labour.
51. On 5 February the Non-Domestic Rates Bill was approved by the Scottish Parliament at stage 3. At [Decision Time](#), the [Bill](#) passed (For 78, Against 32, Abstentions 6), with the SNP, Labour and Mark McDonald supporting, while the Conservatives and the Liberal Democrats opposed the Bill and the Greens abstained.
52. On 6 February, following the submission of a parliamentary question from Dean Lockhart MSP, the Scottish Government confirmed that there were presently 39 Business Improvement Districts (BIDs) in operation across Scotland. A further 14 BIDs are currently in development.
53. On 10 February John Mason MSP submitted the following motion about the Accounts Commission report on Glasgow City Council –

[S5M-20782](#) John Mason (Glasgow Shettleston) (SNP): Good Governance Over Equal Pay Settlement—That the Parliament understands that the Accounts Commission has concluded that Glasgow City Council has shown good governance planning in its delivery of the project to finance £500 million in equal pay claims on behalf of women who were historically discriminated against in terms of their pay; believes that it has taken an SNP-led council to deliver the equal pay settlement, and recognises the importance of parity of pay for men and women doing jobs of equivalent value across the country and across sectors.

54. On 10 February SPICe [published](#) information on 2020-21 tax rates and a [general information graphic](#) on portfolio spending following the publication of the Scottish Budget.
55. On 11 February SPICe [published](#) an executive summary of the Scottish Budget 2020-21.
56. On 14 February SPICe [published](#) a briefing setting out a summary and analysis of the local government budget for 2020-21. The briefing found the combined general revenue grant and non-domestic rates income figure decreases by 0.2% (£150m) in 2020-21 and that once ring-fenced resource grants are included the combined figure for the resource budget increases by 1.8% in real terms (£174.6m). It also determined the total capital budget will see a decrease in real terms this year of 30.9% (£334.8m), mostly driven by a decrease in general (as opposed to specific) support for capital. The briefing notes these figures differ from those presented in the SPICe briefing for the Scottish Budget 2020-21 due to a minor issue with real terms calculations.
57. On 20 February the Scottish Parliament approved the Scottish Elections (Franchise and Representation) Bill at Stage 3. The Bill required a super-majority of two-thirds in the Scottish Parliament. At [Decision Time](#), the [Bill](#) passed (For 92, Against 27), with the SNP, Labour, the Greens, the Liberal Democrats and Mark McDonald supporting and the Conservatives opposing. The Bill will extend the right to vote in local and Scottish elections to those serving prison sentences of less than 12 months. It will also enfranchise legal residents of Scotland, including refugees but not asylum seekers. The Bill will also allow foreign nationals with indefinite leave to remain and those with pre-settled status to run for office.

Parliamentary Committee News

Local Government and Communities Committee

58. On 22 January the Committee:
- Took evidence from Kevin Stewart MSP, minister for local government, housing and planning; Angela O'Brien, the Scottish Government's housing and independent living team leader; and Alison Fraser, a solicitor for the Scottish Government on the draft Relevant Adjustments to Common Parts (Disabled Persons) (Scotland) Regulations 2020
 - Took evidence from Kevin Stewart MSP, minister for local government, housing and planning on building regulation and fire safety.
59. On 29 February the Committee took evidence from stakeholders on the Scottish Public Services Ombudsman's annual report and accounts 2018-19.
60. On 5 February the Committee took evidence from Kevin Stewart MSP, minister for local government, housing and planning on the draft Fuel Poverty (Additional Amount in respect of Remote Rural Area, Remote Small Town and Island Area) (Scotland) Regulations 2020 and the draft Fuel Poverty (Enhanced Heating) (Scotland) Regulations 2020. The instruments have been laid under affirmative procedure, which means that Parliament must approve them before the provisions can come into force. Following this evidence session, the committee will consider motions to approve the instruments.
61. On 5 February the Committee [published](#) the Stage 1 report on the Period Products (Free Provision) (Scotland) Bill. While the Committee praised Monica Lennon for bringing forward the Bill, multiple concerns have been raised regarding the potential cost of the provision. The Scottish Government's estimates of the costs to implement a universal scheme showed a "*large disparity*" with the costs outlined in the Financial Memorandum.
62. On 19 February the Committee held a session on its scrutiny of the 2020-2021 Budget by taking evidence from Councillor Gail Macgregor, spokesperson for resources at the Convention of Scottish Local Authorities; Vicki Bibby, head of resources, COSLA; Jim Boyle, Chartered Institute of Public Finance and Accountancy, Scottish directors of finance section; and David Robertson, member of the Society of Local Authority Chief Executives.

Public Audit and Post Legislative Scrutiny Committee

63. On 23 January the Committee took evidence from Caroline Gardner, Auditor General for Scotland; Gemma Diamond, Audit Director, Audit Scotland; and Gary Devlin, partner at Scott-Moncrieff on the section 22 report, 'The 2018/19 audit of Disclosure Scotland.'
64. On 30 January the Committee took evidence from Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value; Graeme Greenhill, Senior Manager; Sally Thompson, Audit Manager; and Derek Hoy, Audit Manager on the performance audit report, 'City Region and Growth Deals'.
65. On 20 February the Committee took evidence from Caroline Gardner, Auditor General for Scotland, Mark Taylor, Assistant Director, Graeme Greenhill, Senior Manager, and Martin McLauchlan, Audit Manager on the report, 'Privately financed infrastructure

investment: The Non-Profit Distributing (NPD) and hub models.’

66. On 2 March the Committee [published](#) a letter to COSLA about the Auditor General and Accounts Commission report on city region and growth deals.

Finance and Constitution Committee

67. On 29 January the Committee continued its Budget scrutiny by taking evidence from representatives from the Fraser of Allander institute.
68. On 12 February the Committee continued its Budget scrutiny by taking evidence from the Scottish Fiscal Commission, and from the Cabinet Secretary for Finance, Kate Forbes MSP.
69. On 21 February the Committee [published](#) a report on the Budget 2020-21, which calls on the Government to take a “*more strategic approach*” to budgetary management. It found that delivering a balanced Budget annually is now more challenging because of increased volatility arising from devolved taxes and social security benefits. The Committee calls for a shift away from allocating all available spending annually to developing a medium-term approach that addresses volatility. It also recommends HM Treasury examine the Scottish Government’s request for additional resource borrowing and reserve powers to help manage the risk.

Other Committees

70. On 14 February the Equalities and Human Rights Committee [launched](#) an inquiry into employment opportunities for minority ethnic communities. The Committee will mainly consider the role of public authorities and whether they are meeting their legal obligations under the Public Sector Equality Duty within the Equality Act 2010.
71. On 17 February the Education and Skills Committee [published](#) submissions from various organisations, local authorities and individual academics and student teachers to its inquiry on recruiting and training new teachers. The Committee has also published a [letter](#) from John Swinney responding to the inquiry.
72. On 25 February Jeane Freeman, Cabinet Secretary for Health and Sport gave evidence to the Health and Sport Committee. Ms Freeman gave evidence on a variety of issues affecting health policy in Scotland, including on IJBs. During Ms Freeman’s contribution, she suggested that she couldn’t see the justification behind Edinburgh’s IJB to reduce funding to social care services. Following a question from Sandra White MSP on the leadership of Integration Authorities, Jeane Freeman spoke about good practice sharing between chief officers and the training and support on offer for leadership roles. The Cabinet Secretary confirmed there would be a review of IJBs’ progress in implementing set-aside budgets. The Convener noted the Committee’s report on social prescribing recommended Integration Authorities spend 5% of their budgets on social prescribing. The Cabinet Secretary confirmed work was being done with COSLA to discuss supporting this position.

Public Policy News

73. On 28 January the Scottish Funding Council [published](#) new figures on college places. This showed that there were 118,242 full time equivalent college places for the 2018-19 academic year, 1,972 more than the Scottish Government target. There were 47,114 full-time further education students, of which 65.2% completed their course successfully. Of the 26 colleges delivering full-time courses, nine had improved

success rates in comparison to the previous year and 17 saw a decline. Of the 32,860 full-time higher education students, 69.8% successfully completed their course. Five of the 15 colleges delivering full-time higher education courses had improved pass rates in comparison to the previous year while ten saw declining success rates.

74. On 29 January the Chief Statistician [published](#) figures on the Scottish economy. This report showed that Scotland's economy grew by 0.3% during the third quarter of 2019. During the third quarter, figures show output in the services sector grew by 0.1%, output in the production sector grew by 1.1%, with output in the construction sector remaining flat compared to the second quarter. The largest single contributor to growth in this quarter came from the electricity and gas supply industry. Compared to the third quarter of 2018, growth over the year is now estimated at 0.6%, a revision down from the first estimate of 0.7%. Over the last year, households' disposable income increased by 3% unadjusted for inflation, while consumer spending is estimated to have increased 1.4%, meaning the household savings ratio has increased to 4.3% from 2.5% at the same time last year.
75. On 30 January Graeme Brown [announced](#) that he will shortly step down as Director of Shelter Scotland after 12 years in the post.
76. On 31 January the Mental Welfare Commission [published](#) a report on its visits to all 22 of Scotland's NHS mental health rehabilitation wards. The [report](#) shows some improvements since the last visit, such as patients regularly getting access to their local communities, also in assessments, care planning and reviews for patients, but these improvements were varied
77. On 3 February it was [announced](#) that Rozanne Foyer would be replacing Grahame Smith as the General Secretary of the Scottish Trades Union Congress.
78. On 5 February the Independent Care Review [published](#) their report on the review that was carried out on Scotland's care system for looked after children. The report stated that the care system in Scotland needs a 'radical overhaul.' The report has calculated that services which deliver and surround the 'care system' cost £1.2 billion annually. The review also calculated the costs of the 'care system' letting down children and their families at £1.6 billion; a combination of £875 million in meeting the needs care experienced people have as a result of the 'care system' failing them and £732 million in lost income tax and national insurance. The report has identified five foundations for change, with over 80 specific changes that must be made to transform how Scotland cares for children and families
79. On 5 February the University of Edinburgh Centre on Constitutional Change [published](#) a report on the potential impact of Brexit on the unions of Great Britain and Northern Ireland. The report discusses the post-Brexit balance of power between the UK Government and devolved institutions, the UK internal market, common frameworks for agriculture and other sectors, and the Good Friday Agreement. Contributors consider issues including the future of fisheries under an EU-UK trade deal and whether the Sewel convention has been "eroded" by Brexit.
80. On 6 February the National Records of Scotland [published](#) a report detailing homeless deaths in Scotland during 2017-18. The report estimated there were 195 deaths of people experiencing homelessness in 2018, representing an increase of 19% on the estimate of 164 in 2017. Glasgow and Aberdeen recorded the highest homeless death rate per million population at 100.5 and 67.8 respectively. Over half of homeless deaths were found to be drug-related at 53%, while around three-quarters of homeless deaths were males (74% of the total in 2017 and 79% in 2018).

81. On 11 February Reform Scotland [published](#) Unfinished Business, a research paper which advocates the devolution of VAT to Holyrood. The report notes that while EU law prevents variations in sales taxes within member states, this law will not apply after Brexit, and highlights previous support for the policy from the Scottish Conservatives. It calls on Sajid Javid to announce the policy in the Budget.
82. On 12 February Citizens Advice Scotland [released](#) research which suggested that more than one in ten consumers in Scotland believe that their energy bills are unaffordable.
83. On 14 February Jackson Carlaw MSP was announced as the new leader of the Scottish Conservatives and Unionist Party. Mr Carlaw had been acting as interim leader since August.
84. On 17 February Nesta in Scotland (formerly National Endowment for Science, Technology and the Arts) [published](#) a report on public attitudes towards using innovation to address social challenges, including the climate crisis and public health. The report included a survey of 1,031 adults in Scotland and suggested that 71% believe the Scottish and UK governments should invest in innovation to address social problems, even if there is no economic benefit. Regarding the social challenges, the climate crisis was rated as the number one priority for people in Scotland, while the whole of the UK ranked it as the fourth most important priority.
85. On 17 February Barnardo's Scotland [published](#) a report on supervision of education professionals and called for better mental health support for staff. The study found children and young people's health and wellbeing could be improved if staff were given dedicated time for support and reflection.

COSLA

86. On 18 February COSLA issued a "warning" to the Scottish Government that the proposed Budget will put council services at risk, with vulnerable communities likely to suffer the most. COSLA argued the effects of successive years of cuts, rising demand and inflation had not been taken into account, undermining the chances of meeting Scottish Government's objectives on inclusive growth, child poverty, wellbeing and climate change. The announcement of an extra £495m for councils was described as "*misleading*" given they were being expected to deliver new Scottish Government policy commitments costing £590m. Taking inflation into account, COSLA estimated the local government revenue budget will be cut by around £300m in real terms. The real terms cut to the capital budget was put at £130m-

Improvement Service

87. On 27 January the fifth annual report of the Common Advice Performance Monitoring Reporting Framework (CAPMRF) was [published](#). The report highlights that in 2018/19 local authorities invested a total of £25.9m in Advice Services. The report also found that 244,637 clients were supported by money and welfare rights advice services, including a large proportion of individuals experiencing the greatest social and economic inequality. One of the report's findings suggests that for every £1 invested in money and welfare rights advice provision by local authorities in Scotland this provides financial gains of £13 to £14 for clients.
88. On 30 January the Improvement Service, in partnership with other organisations [produced](#) guidance on collaborative council tax collection. The guidance seeks to offer a set of principles to support a collaborative approach between those in Scottish councils who are responsible for administering council tax and those offering debt and

money advice, on either an internal or external basis.

89. On 31 January the Improvement Service published the Local Government National Benchmarking Overview Report for the period 2018-19. The report concludes that while local government has performed well despite the “*more challenging setting*” it is operating in, progress made in previous years has begun to stall. The report found councils are continuing to protect expenditure in core areas, with education and care accounting for 70% of the benchmarked expenditure. However, since 2010-11, there has been a 23% reduction in spending on leisure and culture, a 24% reduction in roads spending and a 10% reduction in spending on environmental services. The report called for greater collaboration and a focus on priorities in order to meet ongoing challenges.
90. On 28 February a meeting of the Community Planning Improvement Board was held. Amongst the items discussed at this meeting were responding to the Cabinet Secretary’s review of community planning, the National Performance Framework, and the role of CPIB in improvement. The Director of Performance Audit and Best Value is a member of the Board.

Other Scottish local government news

91. On 27 January the Scottish Greens [announced](#) that 2,500 objections to the proposed £120m Sherriffhall roundabout development have been lodged. The Greens, who have campaigned against the development, said it would increase congestion and ran contrary to the recent recommendations of the Infrastructure Commission.
92. On 27 January it was [announced](#) that proposals to bring Glasgow’s bus network under public ownership have been abandoned after owner First announced it would no longer consider selling its UK operations.
93. On 18 February it was [reported](#) that over 2,000 people had signed a petition to oppose cuts to music tuition in Edinburgh. Currently, instrument tuition is free in schools in Edinburgh, but many councils have started to charge for the service.
94. On 2 March Citizens Advice Scotland [launched](#) their ‘Check to Save’ campaign. This campaign will look to help people pay their council tax. This campaign will encourage those to pay their council tax to check if they’re eligible for any assistance. Figures released from the charity reveal council tax debt is an increasing problem in Scotland, with clients within the Citizens Advice network owing almost £7million, with the average debt nearly three times the average bill, at £3,102.46. Citizens Advice Scotland have [launched](#) an online tool that allows people to check if they’re eligible for any assistance in paying their council tax.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO)

95. [The SPSO’s Newsletter - February](#) 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).

Care Inspectorate

96. On 30 January the Care Inspectorate [published](#) their strategic workforce plan. This plan will help the organisation achieve their aims and objectives outlined in their corporate plan. The workforce plan sets out five key values that all those providing care will possess – person-centred, fairness, respect, integrity and efficiency.
97. On 12 February the Care Inspectorate [published](#) a joint inspection report on services for older people living in the Scottish Borders. The original inspection of services for older people in 2017 had identified some strengths in the delivery of services, but also significant weaknesses which resulted in 13 recommendations for improvement. The follow-up review from the Care Inspectorate confirmed that improvements were being achieved. The local health and social care partnership had reviewed its governance framework and had a process in place for monitoring the progress of the strategic plan supported by a clear supporting structure. Continuity of senior staff in the partnership has provided much needed stability.
98. On 20 February the Care Inspectorate [published](#) a joint report with the Scottish Social Services Council about the levels of staff vacancies in Scotland's social care services. As with the previous report, this report provides a national overview of vacancies and recruitment difficulties reported by care services to the Care Inspectorate. Over the past year, 38% of services reported having vacancies, unchanged from the previous year. However, care homes for adults, care homes for older people, housing support services, care at home services, nurse agencies and residential special schools all had a proportion of services with vacancies significantly above the national average for all care services.
99. On 25 February the Care Inspectorate [published](#) a joint inspection report on services children and young people in need of care in Orkney. The inspection identified strengths in the relationships that were built between children and key staff and carers. The majority of care leavers were well supported in their transition to adulthood. However, it also found significant areas for improvement. The review also recommended that services should improve the effectiveness and oversight of the public protection committee in carrying out core functions to protect children and young people.

Standards Commissioner for Scotland

100. On 25 February the Standards Commissioner [produced](#) guidance to provide clarity on the extent of the activities in which a councillor can engage while they are subject to a period of full suspension.

HM Inspectorate of Constabulary in Scotland (HMICS)

101. On 26 February HMICS [published](#) a strategic review of Police Scotland's response to online child sexual abuse. This review outlines a series of recommendations including that Police Scotland should improve the means by which recorded data can accurately inform assessment of the scale and nature of online child sexual abuse.

Education Scotland

102. On 23 January Education Scotland [published](#) their 'Improving life chances and empowering communities' report. The report summarises the main findings from HM Inspectors of Education following inspections in all 32 local authorities between September 2016 to June 2019, of Community Learning and Development (CLD) provision. The report found that CLD is contributing strongly to local communities in

almost all local authorities. Targeted CLD provision is improving basic skills, reducing social isolation and improving wellbeing for those overcoming social and economic disadvantage.

103. On 25 February Education Scotland [published](#) a briefing on school inspection findings. The inspection evidence identifies what is working successfully in Scottish education as well as priorities for improvement. The briefing found that there is evidence that collaboration and participation in career-long professional learning is resulting in positive outcomes in most schools. However, the report also found that more work is required to improve the monitoring and tracking of children's and young people's progress, skills and attainment over time.

UK Parliament

General

104. On 24 January the UK Government announced that they would hold a summit in Glasgow on tackling drug misuse. This would take place on 27 February and attended by representatives from across the UK.
105. On 27 January the UK Government [announced](#) a fast-track visa system to encourage scientists and researchers to move to the UK. The scheme will replace the Tier 1 (Exceptional Talent) visa route and opens on Thursday 20 February. The number of successful applications will be uncapped, meaning all successful applicants will be given the right to live in the UK and a path to settled status. UKRU will manage the scheme and for the first time endorse applications. Applicants will benefit from the number of eligible fellowships doubling under the new scheme and will not be required to commit to one offer of employment before immigrating.
106. On 7 February the UK Government published the final one-year local finance settlement for councils in England. The UK Government claims that the package of funding in 2020-21 is worth £49.2bn, up from £46.2bn in the previous year.
107. On 13 February the Prime Minister carried out a reshuffle of his cabinet –

New appointments

- Rishi Sunak – Chancellor of the Exchequer
 - Alok Sharma – Secretary of State for Business, Energy & Industrial Strategy.
 - Anne-Marie Trevelyan – Secretary of State for International Development
 - Oliver Dowden – Secretary of State for Digital, Culture, Media & Sport
 - Suella Braverman – Attorney General
 - George Eustice – Secretary of State for Environment, Food & Rural Affairs
 - Stephen Barclay – Chief Secretary to the Treasury
108. On 19 February the UK Government [announced](#) a new “points-based” immigration system to come into force at the end of the Brexit transition period, on 1 January 2021. Points will be assigned for specific skills, qualifications, salaries and professions, and visas will only be granted to individuals with sufficient points. No preference will be given to any specific regions or countries. All applicants will be required to have a job offer with a minimum salary of £25,600. The Government estimates that 70% of the existing EU workforce would not meet the requirements of the new scheme. Applications for student visas will also be points-based, while the seasonal workers programme will be expanded from 2,500 to 10,000 places.
109. On 28 February the UK Government the UK Government [published](#) a policy paper outlining its approach to negotiations on the future relationship with the EU. The paper

emphasised the Government's wish for a trading relationship with the EU based on its existing precedents with Canada, Japan and South Korea.

Scottish Affairs Committee

110. On 30 January Pete Wishart MP was [elected](#) as chair of Scottish Affairs Committee.

Housing, Communities and Local Government Committee

111. On 30 January Clive Betts MP was [elected](#) as chair of the Housing, Communities and Local Government Committee.

Public Accounts Committee

112. On 30 January Meg Hillier MP was [elected](#) Chair of the Public Accounts Committee

Other UK Audit Bodies

National Audit Office

113. On 28 January the National Audit Office [published](#) its report on the *Get ready for Brexit* public information campaign. The campaign was launched on 1 September 2019 to ensure the public was prepared for Brexit, which was scheduled to take place on 31 October 2019. The campaign ceased operation on 28 October, following the agreement of an extension to the UK's membership of the EU. The report examined the management of the campaign, including the preparation, approval of the £100m budget and the effectiveness of the campaign. The Auditor General noted the "*great pace*" at which the Cabinet Office needed to work to launch the "*large, complex campaign*" which spanned several departments. The report found that the Cabinet Office could not demonstrate the need for an air campaign, which included the use of radio, TV and digital advertisements. The National Audit Office recommended that the UK Government place a greater focus on the desired impact, as well as how the behaviour change would be delivered.

114. On 10 February the National Audit Office [published](#) a report on the prison estate in England and Wales. It concludes that the UK Government is failing to provide and maintain safe prisons, and its efforts to address this have not been effective.

115. On 10 February the National Audit Office [published](#) a [report](#) about information held by the Department for Work and Pensions on deaths by suicide of benefits claimants.

116. On 13 February the National Audit Office [published](#) a report about local authority investment in commercial properties. The report urges the government to look again at the framework in place to protect taxpayer money from risks involved in investing in commercial property. Town halls in England spent £6.6bn on commercial property between 2016-17 and 2018-19 and relying on this type of investment leaves councils open to risk caused by an economic recession.

Wales Audit Office

117. On 5 February the Auditor General for Wales [published](#) a report on the financial management and governance of community and town councils.

Other general – UK

118. On 27 January the Centre for Cities [released](#) their 'Cities Outlook 2020' report. This report into air pollution found that people living in southern cities were more likely to

die from toxic air. In addition, air pollution deaths are 25 times higher than national rate of deaths from traffic accidents. London and Slough have the highest percentage of deaths linked to the deadly toxin PM2.5, at 6.4%. Aberdeen has the lowest number of deaths linked to the toxin at just 3%, followed by Dundee at 3.1%. The report urged cities to introduce ultra-low emissions zones to charge vehicle drivers in city centres and recommended banning the use of wood-burning stoves and coal fires in areas where pollution exceeds guidelines.

119. On 31 January the United Kingdom left the European Union.
120. On 4 February the UK in a Changing Europe [published](#) its report *Brexit: What Happens Next?*. The paper found the Government faces several challenges in the next 11 months until the end of the transition period, including the development and implementation of independent immigration, agriculture and environmental policies, setting up new agencies to take on responsibilities returning from the EU, and maintaining the union. In addition, the report predicts the Government's unwillingness to accept an extension to the transition period will not result in anything other than "*the barest of bare bone deals*" by December 2020. It also criticises ministers for failing to be honest with the public about the economic impact of Brexit, the increase in "*red tape*" and size of the state.
121. On 5 February the Local Government Information Unit [published](#) research which suggested that 93% of local authorities plan to increase council tax in the coming year by more than 1.5%.
122. On 7 February the Joseph Rowntree Foundation (JRF) [published](#) its [annual report](#) on the nature and scale of poverty across the UK and how it impacts those affected. The [report](#) highlights that while poverty among those traditionally most at risk has been "*dramatically reduced*" during the last 20 years, progress has "*begun to unravel*". The JRF found 19% of households in Scotland lived in poverty compared to 24% in Wales and 22% in England, which was attributed to lower rents in the Scottish social housing sector and the greater proportion of social rented properties. However, poverty trends in Scotland are increasing, with elderly and child poverty each increasing by 3% in the last five years, albeit remaining lower than their respective UK rates. JRF concludes that to tackle the drivers of poverty levels, employment in weak local economies must be improved, the number of people in low-paid, insecure jobs must be reduced, the benefits system – particularly for disabled people and carers – should be strengthened, and the availability of low-cost housing must be increased, along with support for those with high housing costs. A document outlining the report's [findings](#) has also been published.
123. On 24 February the Local Government Association [reported](#) that English local authorities have overspent on children's social care by £3.2bn in the last five years as they try to offset cuts from central government. Their study found the number of children in England on a child protection plan has increased by 53% to 52,000 since 2009, while the number of children in care has increased by 28% to 78,150.
124. On 26 February the Institute for Fiscal Studies [published](#) research with a series of recommendations ahead of the UK Budget. The report suggests the UK Government will either raise taxes or abandon fiscal promises that were made during the general election campaign. Regarding fiscal rules, the report claims a loosening would lead to an increase in Government debt and an unsustainable financial future. The Institute also suggests the new Chancellor would need to find an additional £3bn to avoid real-terms spending cuts to Government departments. The Conservative manifesto promise to raise the percentage of national income spending on investment to 3% is also addressed in the report, with the Institute calling for investment to be "*gradual*"

and “*well targeted*”. On taxes, the report highlights the historic trend of increasing taxes during the first year of a parliamentary session and calls for abolishing entrepreneurs’ relief in capital gains tax and an increase to council tax bills for those in expensive properties. Turning to Brexit, the Institute suggests the future UK-EU trade agreement will have a significant effect on the geographic inequalities regarding earnings.

Conclusion

125. The Commission is invited to consider and note this report.

Paul Reilly
Secretary to the Accounts Commission
3 March 2020

APPENDIX: Accounts Commission reports in past 12 months - downloads

Report	Date	Report downloads	Podcast downlds
2018/19 audit of Glasgow City Council: Update on equal pay settlement	6 Feb 20	174 (n/a)	n/a
Privately financed infrastructure investment	28 Jan 20	398 (n/a)	80
Highland Council: best Value Assurance Report	23 Jan 20	844 (n/a)	192
Scotland's City Region and Growth Deals	16 Jan 20	844 (+71)	95
Scotland's City Region and Growth Deals - Supplement	16 Jan 20	143 (+104)	n/a
Self-directed support: 2017 progress report - impact	17 Dec 19	331 (+104)	n/a
Local government in Scotland: Financial overview 2018/19	17 Dec 19	1,838 (+478)	177
Scottish Borders Council: Best Value Assurance Report	22 Oct 19	883 (+152)	181
National Scrutiny Plan	30 Sept 19	626 (+104)	n/a
Perth and Kinross Council: Best Value Assurance Report	22 Aug 19	1,175 (+163)	145
Principles of community empowerment	25 July 19	5,700 (+625)	n/a
Midlothian Council: Best Value Assurance Report	4 July 19	1,523 (+153)	193
Clackmannanshire Council: Best Value Assurance Report progress report	27 June 19	1,022 (+125)	203
Accounts Commission annual report 2018/19	31 May 19	502 (+91)	n/a
Accounts Commission Engagement strategy and plan 2019-24	31 May 19	377 (+88)	n/a
Accounts Commission Strategy and annual action plan 2019-24	31 May 19	420 (+91)	n/a
Accounts Commission Engagement plan progress report 2018/19	31 May 19	204 (+50)	n/a
North Lanarkshire Council: Best Value Assurance Report	23 May 19	1,290 (+166)	182
Stirling Council: BV Assurance Rprt	25 Apr 19	1,365 (+75)	201
How council work: Safeguarding public money	11 Apr 19	2,166 (+208)	n/a
South Lanarkshire Council: BV Assurance Rpt	28 Mar 19	1,647 (+289)	127
Local government in Scotland: Challenges and performance 2019	21 Mar 19	5,456 (+504)	295
Local government in Scotland: Challenges and performance 2019 - Supplement	21 Mar 19	622 (+73)	n/a

Key:

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

MEETING: 12 MARCH 2020

REPORT BY: SECRETARY TO THE COMMISSION

LOCAL GOVERNMENT BENCHMARKING FRAMEWORK:
NATIONAL BENCHMARKING OVERVIEW REPORT 2018/19

Purpose

1. This paper introduces for the Commission's information the Local Government Benchmarking Framework (LGBF) National Benchmarking Overview Report 2018/19 and introduces representatives of the LGBF Board who will present the draft report at today's meeting.

Background

2. The Commission has maintained a close interest in the development of the LGBF. This interest reflects the Commission's ongoing commitment to encourage sector-led benchmarking and improvement, as well as its statutory responsibilities in directing local authorities to publish performance information and securing the audit of Best Value.
3. The Commission published in December 2018 its three-year [Statutory Performance Information Direction](#). The Direction sets out the performance information that the Commission requires councils to publish and applies for the information covering the three years from 1 April 2019. A core theme of the Direction is the Commission's continued encouragement of the LGBF project. In their annual audit reports in autumn 2020, auditors will be reporting on progress made by councils against the Direction.

National benchmarking overview report 2018/19

4. The Improvement Service published this report on 31 January 2020. This is in effect the annual report of the LGBF project. It is attached in **Appendix 1**.
5. David Martin, Chair of the LGBF Board (and Chief Executive of Dundee City Council) and Emily Lynch, Programme Manager, Improvement Service, are present at today's meeting to present the report. They will undertake a short presentation summarising the conclusions of the report and providing an update on the progress of the project.
6. The Commission can therefore today consider the report as part of its consideration of the draft of the Commission's Local Government Overview report which is elsewhere on today's agenda.

Liaison with the LGBF Board

7. The Commission formally liaise with the LGBF Board annually around the publication of the LGBF annual overview. At its meeting on 7 February 2019, the Commission welcomed David Martin and Emily Lynch who presented the report. At the meeting, the Commission:
 - Noted advice from the LGBF representatives, in response to queries from Commission members:
 - On progress being made in relation to developing the reporting of outcomes by partnership and place.

- On reporting evidence of robust use of LGBF data by councils and professional associations.
 - On progress with improving the customer satisfaction data used by councils
 - On progress with reporting outcomes for children, including in relation to child protection, in particular noting the forthcoming thematic LGBF report in this regard and the LGBF's Board's desire for continued dialogue with the Commission in this regard.
 - That the Board would consider how the carer perspective features in its work.
- Agreed to note the Commission's continued interest in these areas.
 - Agreed the importance of continued dialogue with the Board and support for the project.
8. Subsequently, on 15 August 2019, the Chair and Deputy Chair met David Martin and Emily Lynch. A letter sent subsequently by the Chair to David Martin is in **Appendix 2**.
9. As well as this formal liaison, the Secretary of the Commission attends quarterly meetings of the LGBF Board as an observer and updates the Commission appropriately through the Secretary's regular update report.

Conclusion

10. The Commission is invited to consider the attached LGBF National Benchmarking Overview Report 2018/19 and accompanying presentation by David Martin and Emily Lynch, and in particular consider any implications for the Local Government Overview report.

Paul Reilly
Secretary to the Commission
3 March 2020

Appendix 1: Draft National Benchmarking Overview Report 2018/19

See separate paper

David Martin
Chair
Local Government Benchmarking Board
Dundee City Council
City Chambers
City Square
DUNDEE
DD1 3BY

4 September 2019

Dear David

Meeting between Commission and Local Government Benchmarking Framework, 15 August

It was good to meet on 15 August and explore our areas of common interest. Elma and I were pleased to note the continuing positive progress of the project and we will convey accordingly to the Commission.

I thought it would be helpful to set out a summary of our discussion:

1. Use of benchmarking data in overview and Best Value reporting

We noted the continuing development in how the Commission features LGBF and other benchmarking data are used in its overview and Best Value work. The Commission is keen that we continue to hear the Board's views in this regard.

2. Councils' use of benchmarking data

We noted your work in gauging how councils are making use of LGBF and benchmarking data. We agreed the importance of ensuring that such data are regarded as a resource by officers throughout councils. For the Commission's part, we advised that we will continue to promote the benefits of the project when opportunities arise, for example in our liaison with the Scottish Local Government Performance Management Forum.

We discussed how Scottish Government priorities fit with our respective work. We also considered the practical experience of information requests from throughout Government and the workload that this can entail for councils. For the Commission's part, as Andrea will know this is an area we are working on through the Strategic Scrutiny Group.

3. Customer/citizen satisfaction

We discussed the potential of a principles document being produced by the Commission in relation to community engagement or public performance reporting, similar to that of the recent such publication of the Strategic Scrutiny Group in relation to community empowerment. I agreed that we would consider this further.

4. Thematic reporting

We noted that the LGBF Board continues to consider the balance between one-off thematic reports and reporting through its annual report.

In turn, we will consider possible areas of interest for thematic reports. We did however note that our five-year work programme is a point of reference for the LGBF Board.

5. LGBF strategic plan progress and priorities

We noted that the Board is giving thought to areas of interest in the longer term and in particular encouraging professional interests on the Board to be applying thinking in their own areas. We noted that you are taking forward work on public safety and protection and on economic development, but will not be proceeding at this point with any work on procurement.

6. Outcomes and community planning outcome profiles

We noted your ongoing work in this regard. You advised of your keenness in making better use of local outcome improvement plans, not only by CPPs themselves but also Ministers.

7. Statutory performance information

We noted that auditors will be reporting in October 2020 on the performance of councils against the first year of the requirements of the Commission's 2018 Statutory Performance Information Direction.

8. Best Value: auditing and statutory guidance

We noted the aim of the Commission to revise its approach to auditing Best Value in time for appointing a new round of auditors in 2021, to which end the Commission will be engaging with stakeholders in coming months and into 2020.

9. Police and Fire and Rescue

We discussed the potential of more geographical benchmarking work in the Scottish police and fire and rescue services. I will raise this interest with Caroline Gardner, Auditor General for Scotland, in her scrutiny role in this regard.

I trust that you will acknowledge all of these as areas of continuing mutual interest. The Commission Secretary will continue to act as an observer on your Board. Meantime, I wish you well in taking forward the Board's work.

Yours sincerely



Graham Sharp
Chair

Copy to: Emily Lynch, Programme Manager, Improvement Service



Children's Services



Adult Social Care



Culture and Leisure



Environmental Services



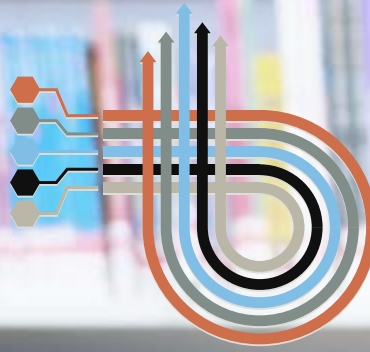
Corporate Services



Housing



Economic Development & Planning



Local Government Benchmarking Framework

Local Government Benchmarking Framework

National Benchmarking Overview Report 2018-19



Contents

Preface	4
Executive Summary	6
Children's services	7
Adult social care	8
Culture and leisure services	9
Environmental services	10
Corporate services	10
Housing services	11
Economic development and planning	11
Introduction and Key Trends	13
Pressures, trends and resources	13
Expectations and progress	15
Prioritising means deprioritising	15
Impact of protected budgets	18
Conclusion	18
The LGBF Approach	20
LGBF framework indicators	21
LGBF Data Reliability	22
The purpose of this report	22
Table 6: Overview Table for all LGBF Data 2018-19	23
Children's Services	30
Pre-school provision	30
Pre-school performance	32
Primary and secondary school spending	35
Primary and secondary school performance	37
School attendance rates	41
School exclusion rates	43
Positive destinations and participation rate	55
Satisfaction with schools	57
Adult Social Care	60
Home care services	61
Balance of care	62
Readmission to hospital	63
Delayed discharges	64
Direct payments and personalised managed budgets	65
Care homes	67
Satisfaction with care services	69
Quality ratings of care services	72

Culture and Leisure	76
Sports facilities	76
Library services	77
Museum services	79
Parks and open spaces	81
Satisfaction with culture and leisure services	82
Environmental Services	86
Waste management	86
Street cleaning	91
Roads	94
Environmental health and trading standards	100
Corporate Services	104
Support services	104
Gender equality	105
Council tax	106
Sickness absence rates	109
Invoices paid	111
Corporate assets	112
Housing	115
Rent arrears	115
Rent lost due to voids	116
Housing repairs	116
Housing quality	117
Economic Development and Planning	120
Investment in economic development and tourism	120
Employment	122
Business support	123
Procurement	124
Planning	126
Available employment land	128
Town vacancy rates	129
Proportion of properties receiving superfast broadband	130
Proportion of people earning less than the living wage	131
Conclusions and Next Steps	134
Appendix 1: LGBF Indicator List	137
Appendix 2: List of Family Groups	140
Appendix 3: LGBF Credibility, Relevance and Reliability	141



Preface

This is the eighth annual report for the Scottish Local Government Benchmarking Framework (LGBF). The LGBF represents a joint commitment by SOLACE (Scotland) and COSLA to develop better measurement and comparable data to target resources and drive improvement. Benchmarking enables greater understanding of why councils vary in terms of what they deliver and achieve for their communities and how they do so.

The data is used to inform learning and decision making. This approach has been successful in supporting all 32 Scottish councils to work and learn together. There is compelling evidence of Local Government's continuing commitment to this council-led improvement approach, with the framework continuing to gain traction. As the framework has matured, so too has councils' use of the data. Councils are moving past a focus on numbers and ranks, and towards a more strategic and diagnostic use of the data.

This information is available to all citizens and users of council services so that they can hold councils to account for what is achieved on their behalf, and ask questions of Local Government to promote improvement. The framework is continually reviewed and improved to ensure the best possible performance information is available to communities and to councils themselves.

Councils are at the heart of local democracy and deliver essential services to local communities, responding where they can to local priorities. Each council has therefore developed the structure and service arrangements it believes are the most appropriate and cost effective to support its local community. There is therefore diversity in the approach of councils across Scotland. All councils do however report their performance locally within locally developed and agreed public reporting frameworks, which draw upon LGBF information.

Councils are arranged in 'family groups' enabling comparisons to be made between councils that are similar in terms of the type of population that they serve (e.g. relative deprivation and affluence) and the type of area in which they serve them (e.g. urban, semi-rural, rural). The point of comparing like with like is that this is more likely to lead to useful learning and improvement.

There is a continuous improvement programme to refine the benchmarking framework to ensure it remains relevant. Recent years has seen a focus on the health and wellbeing of children, economic development, and outcomes for older people. In the future the framework will continue to adapt to the changing needs of Scottish Local Government, with digital and climate change two of the emerging areas.

The driving force behind this work is, and will always be, to improve the lives of people in communities across Scotland. We believe that effective public services contribute to both individual and community quality of life and the LGBF is an increasingly important element of the local intelligence necessary to achieve this vision. With the financial pressures, growing demand on services and increasing public expectations there has never been a greater requirement for working with and learning from each other.

Councillor Alison Evison
Chair, Improvement Service
COSLA President

Jim Savege
Chair of SOLACE (Scotland)





Executive Summary

The Local Government Benchmarking Framework (LGBF) provides evidence of trends in how councils allocate resources, the performance of key council services and levels of public satisfaction with the major services provided and commissioned by councils. The rich data supports evidence-based comparisons between similar councils and over time, providing an essential tool for policy makers and the public. All cost and spend information throughout this report is adjusted for inflation and presented in real terms to allow meaningful comparison over time. It is important to highlight that this report sets out the national position, however there is a wide range of variation in costs and performance across councils often reflecting local circumstances and priorities. It is this variation which provides the platform for learning and improvement.

Councils are now operating in a more challenging context than when the LGBF began. Across the nine-year period for which we present data, total revenue funding for councils has fallen by 9.4% in real terms (and by 7.6% since 2013/14). Against increasing budgetary pressure, councils have had to manage: growing demographic pressures; increasing national policy and legislative demands, and higher public expectations. In addition, the welcome introduction of the living wage and recent public sector pay increases, including Local Government pay awards, place further pressure on already tight budgets. While these reflect progress in relation to fairness and equity for staff, they represent a significant increase in expenditure without additional capacity within the system.

Over the last nine years of the framework, councils have been asked by governments and citizens to tackle substantial new challenges, with councils in 2019 significantly more embedded in the wellbeing of their communities than a decade ago. Over the period, councils and their partners have planned for and delivered health and social care integration, the biggest step change in public policy since devolution. Councils have undertaken the wholesale renewal of learning estates, delivered massive improvements to Scotland's infrastructure, embraced a transformation of early years, scoped and delivered City and Growth deals, embraced digital transformation and the challenge of net zero carbon emissions and climate change, taken on an increasing role in the delivery of the welfare state, promoted fairness and tackled complex community safety issues - whilst simultaneously shrinking their workforce by some tens of thousands. The way councils are working has also changed over the period of the LGBF, with much more partnership commissioning and a greater focus on community participation and coproduction following the implementation of the Community Empowerment (Scotland) Act 2015.

These are impressive achievements in a difficult fiscal environment. However, councils will struggle to invest in prevention as money tightens and demand continues to increase. Further planned transformation therefore will require greater partnership with and support from Scottish Government and other bodies.

This echoes concerns highlighted by the Accounts Commission in its 2018/19 Local Government in Scotland Financial Overview about the challenges councils face in meeting the increasing demand for services against tightening budget. The report highlights how councils are increasingly relying on reserves as budgets strain to keep pace with demand and draws attention to the growing proportion of funding which is committed to national policy initiatives reducing the flexibility councils have for deciding how they plan and prioritise the use of funding to respond to local priorities.

LGBF data reveals that councils are continuing to protect expenditure in core areas with spending on education and care relatively protected over this period, although they are not able to keep pace with demand or increasing cost of provision. These core areas account for over 70% of the benchmarked expenditure within the LGBF, which means most other service areas have experienced substantial real reductions in spending: 23% reduction in culture and leisure spending; 21% reduction in planning; 28% reduction in economic development revenue spending; 24% reduction in roads spending; and 10% reduction in environmental services spending.

Local Government has performed well across the period despite growing pressure on budgets, however,



there is evidence that performance, satisfaction, and system capacity are all beginning to show signs of strain. After a number of years where service performance has improved or been maintained remarkably well across key policy areas, the evidence emerging this year from the LGBF indicates that progress is now stalling. Performance improvements gained in recent years are now beginning to slow or decline, a pattern emerging across all key service areas and within all councils. This is unsurprising given the long-term funding pressures on councils and local services. Although too early to call a trend, the data highlights a real risk to the future delivery of key services if we continue on this path and it will become increasingly difficult to maintain the momentum that has been achieved without a sustained change in funding. The next phase will be more challenging with greater need for real collaboration.

Children's services

1. Education spending has been largely protected across the 9-year period, compared to other services, with spend growing by 1.5% since 2010/11. Across this period, provision has grown by 3%, including a 10% increase in primary school pupil numbers and a 5% growth in early years places.
2. In the last 12 months, education spend has grown significantly, increasing by 4.5%. This reflects increased costs associated with the recent teacher pay award, access to additional monies via the Scottish Attainment Challenge and Pupil Equity Fund, and the Early Years Expansion programme. This growth in expenditure has reversed the longer-term reducing cost trend per pupil, with primary and secondary pupil costs increasing by 3.3% and 2.5% in the last 12 months. The real cost per primary pupil is now £5,250, and £7,185 per secondary pupil compared to £5,539 and £7,314 in 2010/11.
3. Early years expenditure has grown by 38.8% since 2010/11, and by 12.3% in the last 12 months. Real costs per pre-school place have risen for the fifth year in a row, increasing by 11.5% in the last 12 months, from £4,547 to £5,070 per place. Since 2010/11, the percentage of funded early years provision graded 'good or better' has improved from 87.1% to 90.6%, however rates have shown a small year on year decline in the last four years.
4. There has been a 22% growth in expenditure for Looked After Children since 2010/11, including a 1.3% increase in the last 12 months. Expenditure on looked after children placements in particular has been relatively protected during the period, while wider children's social work services have seen less protection. There has been a 27% growth in expenditure on children living in community settings and 18% growth in residential settings. In the last 12 months, for the first time there has been a reduction in community expenditure (-0.5%) while residential expenditure continues to grow (2.8%). The rising cost of externally provided care will likely be a factor in residential expenditure.
5. Pupil attendance rates have remained at around 93% since 2010/11, falling slightly from 93.3% in 2016/17 to 93.0% in 2018/19. Exclusion rates have continued to show significant improvement, falling year on year from 40.0 to 21.6 across the period.
6. This year, for the first time, data on Achievement of Curriculum for Excellence Levels is included within the Local Government Benchmarking Framework in order to support local improvements in learning for pupils within the Broad General Education (stages P1 through to S3 of schooling). Data for 2018/19 is included to provide baseline data for future improvements within each local authority.
7. Measures of educational outcome have shown substantial positive progress since 2011/12 in the measures used in the LGBF, particularly for children from the most deprived areas in line with key priorities in education. There has been substantial long-term improvement since 2011/12 in the attainment of all pupils, and for those from deprived areas in relation to 5+ passes at SCQF level 5 and level 6. This has continued in the last 12 months, with achievement rates at level 5 and level 6 both improving by one percentage point, and by 2 percentage points for children from the most deprived areas. The average tariff score for all pupils improved by almost 16% across the period from 2011/12, while the average tariff score for the most deprived quintiles improved most rapidly (improving by 31%).



The scale of changes seen since 2011-12 reflect improvements equating to both better grades and more awards at higher SCQF levels. While achievement levels remain lower for children from the most deprived areas, there has been a faster rate of improvement within these groups.

8. The rate of improvement has slowed over recent years by many measures of attainment, including average tariff. The use of a wider range of achievement to recognise learners' success including ungraded awards and those not incorporated within the tariff scale reflects the increasing flexibility in the curriculum and may be important here. It is worth noting that achieving further significant improvements in closing the attainment gap will be increasingly challenging, as schools seek to improve the outcomes of those learners who face the most significant barriers to learning and those who are furthest from attainment.
9. Scottish schools continue to have a strong focus on employability, supported by national policies like Developing the Young Workforce. Progress in this area is evident in the improvement in participation of 16-19 year olds in further education, higher education, apprenticeships, training and employment from 90.4% to 91.6% between 2015/16 and 2018/19. In the last 12 months, there has been a 0.2 percentage point decrease in the participation rate, from 91.8 to 91.6. This is the first reduction since the base year and reflects a small reduction in participation of 18/19 year olds, particularly in relation to employment, along with an increase in the percentage of 16-19 year olds with 'unconfirmed status'.
10. Satisfaction with schools has fallen by over 10 percentage points from 83.1% to 72.5% since 2010/11. However, following year on year reductions, satisfaction rates improved in the past 12 months, from 70% to 72.5%. The LGBF satisfaction data is drawn from the Scottish Household Survey (SHS) and represents satisfaction levels for the public at large rather than for service users. Evidence shows there are differences between satisfaction levels for the wider public and service users, with satisfaction levels for service users consistently higher than those reported by the general population. While local analysis of service user experience and satisfaction is important, it is also useful to look at the wider perception of the public.

Adult social care

1. To better reflect the wider integration landscape and progress across the whole system, a number of new measures have been introduced in the benchmarking framework this year, with further inclusions planned for the period ahead. Additional measures aim to capture the wellbeing agenda at the heart of integration and strengthen coverage in key policy areas such as reablement and personalisation, and also to provide a richer picture in relation to system capacity and sustainability. The measures included are drawn from the core suite of integration indicators, and include data on delayed discharges, hospital readmissions, quality of care services, and a suite of 'satisfaction' measures to enable a focus on quality of life.
2. Significant variability exists across authorities reflecting the different stages of maturity integration authorities are currently at and the different local context and population profiles they serve. For example, factors such as the frailty of the local population, the availability of care home places and packages of care (particularly for those with the most complex care needs), discharge arrangements, co-ordination of follow up care, and communication between partners will be important in interpreting both national and local trends.
3. Councils' social care spending on adults has grown by 13.2% since 2010/11. While spending on home care and residential care for older people remains the most significant element of social care spend accounting for around 60% of the total, there has been faster growth in spend on learning disability and mental health during this period.



4. Spending on home care for older people has risen by 17% since 2010/11, and by 2% in the last 12 months, but the number of hours of homecare provided has been relatively static across the last few years. Hourly costs have risen by 6.9% since 2010/11 from £23.07 to £24.67, and by 2% in the past 12 months. A significant element of this cost increase will be focussed on meeting living wage commitments. The delivery of homecare to meet increasingly complex care needs and other cost increases have resulted in an increase in the spending level needed to deliver a relatively static number of hours.
5. Net spending on residential care has fallen since 2012/13, by over 8%. Due to a methodological change in 2012/13, direct comparison with previous years is not possible. The reduction in expenditure is largely because the net cost of residential care has come down rather than because the number of residents has fallen (-8.8% and -2.1% respectively). Gross expenditure levels have remained steady over this period and the reduction in net expenditure indicates an increase in the income received by councils. The growth in the number of privately or self-funded clients as a proportion of all long stay residents over this period would support this trend. The average net cost of residential care per week per resident is now £381, compared with £409 in 2012/13.
6. Direct payments and personalised managed budgets have grown steadily across the period from 1.6% to 5.1% of total social work spend (excluding outliers), including a 0.3 percentage point increase in the past 12 months.
7. Progress has been made across the longer period in shifting the balance of care between acute and institutional settings to home or a homely setting. However, this has stalled in the past 12 months and there is uncertainty about the extent to which we can continue to shift the balance of care, given that there is a growing elderly population living into older age. The proportion of older people assessed to have long term care needs being supported at home increased from 58.9% in 2010/11 to 61.0% in 2018/19. This represents a small decline from 61.7% in 2017/18. The number of people receiving home care has decreased over time and the hours of care they receive on average has increased, i.e. in shifting the balance of care, a greater resource has become targeted on a smaller number of people with higher needs.
8. While there has been an overall improving picture in terms of Delayed Discharges, in the last 12 months, there has been a 4.1% increase in the number of days people spend in hospital when they are ready to be discharged. Hospital readmissions per 1,000 discharges (within 28 days) have grown, from 89.7, to 103.0, a 14.8% increase across the period. In the past 12 months, the growth has levelled off, increasing by 0.2%.
9. There has been an overall improvement in care quality ratings since 2011/12, with an increase from 80.9% to 82.2% in the percentage of care services graded 'good' (4) or 'better' (5). Following four years of improvement, in the last 12 months inspectorate quality ratings have fallen from 85.4% to 82.2%.
10. 'Satisfaction' measures in relation to quality of life, independent living, choice and control, and support for carers all reveal a decline across the period. However, it is important to note that data for these measures is published only every 2 years, with data most recently available from the Health and Care Experience survey in 2017/18. With only 3 years of data currently available, trend analysis is limited at this stage.

Culture and leisure services

1. Despite a real reduction in spend of 23.5% since 2010/11, leisure and cultural services have sharply increased their usage rates and reduced their costs per use. During this time the substantial increases in visitor numbers across sports (20%), libraries (38%), and museums (30%) have resulted in unit cost reductions of 36%, 47% and 28% respectively.



2. In the past 12 months, there has been a further 1.6% real reduction in spend, marking 8 years of reducing spend on culture and leisure services. While uptake of leisure services, swimming pools, libraries and museums continues to grow, the rate of growth is slowing. Close monitoring will be required to assess the extent to which further efficiencies are possible or whether performance reductions are inevitable as we further reduce expenditure on the services or change delivery that relies more on community rather than municipal delivery. This is an area which will be explored further with VOCAL and Community Leisure UK.
3. Public satisfaction rates have fallen for all culture and leisure services since 2010/11, with the exception of parks and open spaces. Since the base year, satisfaction with libraries has reduced by 11 percentage points, museums and galleries by 7 percentage points, and leisure facilities by 5 percentage points. In the last 12 months, satisfaction rates for libraries and museums have remained stable, while sports services have seen a further reduction of 2.7 percentage points. Only satisfaction levels with parks and open spaces remain at similar levels to the base year, although these too have reduced by 2.5 percentage points in the last 12 months.

Environmental services

1. Real spending on environmental services has reduced by 10.3% since 2010/11 with reductions in waste management (-2.3%), street cleaning (-32%) and trading standards and environmental health (-22%). The reduction in spend continued in the past 12 months, with overall spend reducing by 1.9%. Alongside this reduction in spend, there have been reductions in satisfaction with refuse and cleansing, and reductions in street cleanliness scores. For the first time, and following year-on-year improvements, the rate of recycling also declined in the last 12 months, falling from 45.6% to 44.7%.
2. Across the period, real spending on roads has fallen by 23.9%, including a 7.8% reduction in the last 12 months. Since 2010/11, the road conditions index indicates conditions have been largely maintained across all class of roads with around 30% to 35% of roads continuing to require maintenance.

Corporate services

1. Corporate services spend has fallen by 24% in real terms since 2010/11, and corporate services now account for only 4.4% of total spending. This is the lowest corporate overhead ratio yet recorded and reflects councils' commitment to protect frontline services over 'back office' functions. It also reflects the maturation of councils' digital strategies.
2. This reduction has gone along with continuing improvement in key areas of performance. Council tax collection within year is at an all-time high of 96% and the cost of collection has reduced by over 56% in real terms since 2010/11. The gender pay gap has reduced at a rate of 12% across the last four years, although this has slowed in the last 12 months, and the proportion of the 5% highest earning staff who are female has risen to 56%. The percentage of all invoices paid within 30 days has increased to above 93%, again the highest rate yet recorded. There has also been continued improvement in the condition of councils' corporate assets over the period, with 82.1% of operational buildings suitable for their current use and 87.2% in satisfactory condition, the highest rates recorded since the benchmarking framework was launched.
3. Local Government absence levels are at their highest since 2010/11, increasing by 3.6% across the period. This is alongside a 5% reduction in FTEs for Local Government staff across this period. While absence levels for both teaching and non-teaching staff increased in the last 12 months, the data reveals a different trend pattern for each. Although teacher absence days have increased by 4.6% in the past 12 months from 5.9 days to 6.2 days, absence levels have reduced overall by 6% since 2010/11, albeit with fluctuations across the period. Sickness absence days for non-teaching staff are higher than those for teachers, and have increased by 6.4% since 2010/11, from 10.8 days to 11.5 days, which is the highest point since the base year. In the last 12 months, there has been a further 0.7%



increase. Although there have again been fluctuations during this period, a clearer increasing trend is observable in absence levels for non-teaching staff over the period.

Housing services

1. Councils continue to manage their housing stock well with rent lost to voids reducing from 1.3% to 1.0% since 2010/11, and a 23.3% reduction in average repair times across this period. Both of these areas have seen a small decline in performance in the last 12 months however. There have been consistent and significant improvements in terms of housing standards and energy efficiency standards, both of which are now well above 90%.
2. However, at the same time, the continued and accelerating rate of growth in tenants' rent arrears from 5.6% to 7.3% between 2013/14 and 2018/19 reveals evidence of the increasing financial challenges facing both housing residents and councils alike.

Economic development and planning

1. Economic development and planning have seen some of the largest reductions in revenue spending since 2010/11, falling by 28% and 21% respectively. Expenditure has stabilised against trend in recent years, both showing marginal growth in the last 12 months (2.0% and 3.5%). There has been significant capital expenditure in economic development and tourism across this period reflecting the regional economic growth agenda. This has grown by 160% since 2010/11, and by 13% in the past 12 months. Capital expenditure now forms 49% of total economic development expenditure, compared to 21% in 2010/11.
2. Most measures of economic development and planning performance within the framework show maintained or improved performance across the period, although there is evidence that the improvement rate is slowing in some areas. In terms of employment activities, while there has been an overall growth in the percentage of unemployed people assisted into work from council funded/operated employability programmes from 9.1% in 2012/13 to 12.6% in 2018/19, there has been a 1.7 percentage point reduction in the last 12 months.
3. In terms of infrastructure for business, there is a 35% improvement in terms of efficiency in processing business and industry planning applications, reducing from 14 weeks to 9 weeks between 2012/13 and 2018/19. Town vacancy rates have remained stable across the period despite challenging economic times. There has been a 24 percentage point increase in the availability of immediately available employment land, from 12.9% to 37.4% since 2014/15, declining slightly in the last 12 months. There has been a 36 percentage point improvement in access to superfast broadband. Despite these improvements, the Business Gateway start-up rate has reduced from 19% to 16.7% across the period.
4. Councils continue to spend over 25% of their procurement spend on local enterprises. This has increased over the past 3 years, to 28.7% in 2018/19 which is the highest rate recorded so far. Given the pressures on council budgets this is a positive outcome as it suggests that the drive to reduce costs has not resulted in local enterprises being displaced by national suppliers of goods and services. However, while the value of money spent locally has held up well, there has been an overall drop in the number of local suppliers. There has been a commitment in recent years for Local Government economic development and procurement professionals to work on joint initiatives to enhance the impact of Local Government procurement spend.
5. The proportion of people earning less than the living wage has not reduced significantly across the period, fluctuating between 18% and 19%, and showing a slight deterioration in the last 12 months from 18.4% to 19.4%. This partly reflects the move towards a more flexible labour market including zero-hour contracts. The deterioration in 2018/19 does not seem to be continuing with the most recent data.





Introduction and Key Trends

The Local Government Benchmarking Framework (LGBF) provides evidence of trends in how councils allocate resources, the performance of key services delivered and commissioned and levels of public satisfaction with these services. Comparisons can be made between authorities in any year and over time. The rich data in the LGBF is an essential tool for policy makers and the public. Lessons can be learned from this fairly comprehensive overview of Local Government performance and signs detected of where more effort is needed.

With nine years of data, the LGBF has existed long enough to give us insight into the impact of long-term trends as well as annual changes. Recorded annual trend data should be treated with care but can be early warnings or suggest emerging challenges and developments. Taken together with other evidence, a clear picture has emerged that should help inform policy making over the coming years.

This section of the LGBF report highlights key national trends across Scotland's councils. The focal points this year are:

- i. Pressures, trends and resources
- ii. Expectations and progress
- iii. Prioritising means deprioritising
- iv. Impact of protected budgets

Pressures, trends and resources

Over the period of the LGBF, councils have had to cope with the combined challenges of greater demand for services with fewer resources to meet this demand. It is estimated that increased demand since 2013/14 resulting from demographic change would have required almost 7% real terms increase in funding.¹ Welfare reform has added to challenges facing many individuals, families and communities with consequent impact on Local Government services. Councils are increasingly relying on reserves to keep up with demand and balance their budgets. This raises questions as to how they will cope delivering services, leaving aside how they can achieve necessary transformation, if funding trends continue. This is before the likely fiscal fallout from Brexit as well as any unforeseen crises are taken into account. It is difficult to avoid the conclusion that the combination of increased demand and decreased resources is having a detrimental effect on performance, inhibiting transformation and satisfaction with services.

The recently published Audit Scotland Financial Overview 2018/19 Report on Local Government in Scotland² confirms trends evident in the LGBF. While short term Scottish Government revenue funding increased in cash terms, it fell in real terms in the last year. Scottish Government funding to Local Government since 2013/14 has been reduced by 7.6%.³ A growing proportion of Scottish Government revenue funding for councils is committed to national policy initiatives for use as Scottish Government decides. The introduction of the living wage and recent pay awards are positive developments but contribute to financial challenges. Both may go some way towards rewarding staff at the cutting edge of delivering services but we should note the increase in absence levels recorded in this data point towards pressures on staff that pay rises alone cannot address. Local authorities' own resources have been unable to make up for these developments.

1 https://www.improvementservice.org.uk/__data/assets/pdf_file/0012/10731/projected-cost-pressures-for-scottish-local-government.pdf

2 <https://www.audit-scotland.gov.uk/report/local-government-in-scotland-financial-overview-201819>

3 <https://digitalpublications.parliament.scot/ResearchBriefings/Report/2019/7/2/Local-government-finance--facts-and-figures-2013-14-to-2019-20>

**Table 1: Absence levels for teaching and non-teaching staff**

	2010-11	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
Sickness Absence Days per Teacher	6.6	5.9	6.2	4.6%	-6.0%
Overall Days Lost - Teachers	349,345	313,918	328,747	4.7%	-5.9%
FTE - Teachers	52,900	52,906	52,956	0.1%	0.1%
Sickness Absence Days per non-teaching staff member	10.8	11.4	11.5	0.7%	6.4%
Overall Days Lost – Non-Teaching staff	1,731,251	1,641,333	1,714,874	4.5%	-0.9%
FTE – Non-teachers	160,403	143,890	149,272	3.7%	-6.9%

Source: Council supplied data

The past year has seen some respite for councils but this does little to reverse longer trends in Scottish Government funding. Even though local authorities have used the full extent of powers to raise revenue following the end of the freeze on council tax, there is no prospect of the gap being closed. The overall fiscal situation today is significantly more challenging than it was when the LGBF began.

As the aforementioned recent Audit Scotland report noted, Scottish Government ring-fenced resources have increased. This is evident in LGBF data, where funding streams for Education and Adult Social Care have been protected. While this increased emphasis in these areas is to be welcomed, it has only been possible at the cost of other services. No local authority has been able to combine increasing support in these priority areas while retaining levels of support for other services.

Consequently, there are worrying trends both in performance and satisfaction levels. LGBF trends show us that overall performance is falling across all councils and that satisfaction with services is declining amongst the public. No local authority has been able to buck this general trend, regardless of resources or policies pursued suggesting that the causes are system-wide.

Table 2: Public satisfaction with services (%)

	2010-11	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2010-11 to 2018-19
Local Schools	83	83	81	79	74	73	70	73	2.5	-10.6
Libraries	84	83	81	77	74	73	72	72	0.1	-11.4
Parks and Open Spaces	83	86	86	86	85	87	85	83	-2.5	-0.6
Museums and Galleries	76	78	76	75	71	70	69	69	-0.1	-6.6
Leisure Facilities	75	80	78	76	73	73	72	69	-2.7	-5.3
Refuse Collection	81	83	83	84	82	79	75	75	-0.1	-6.0
Street Cleaning	73	75	74	74	73	70	66	63	-3.1	-10.4

Source: Scottish Household Survey



Expectations and progress

Public expectations have not been reduced despite the reduction in Local Government resources and increased demand due to demographic and other change. The challenging resource context and political uncertainty may lead to short-term decision making which is not conducive to the kind of transformative change required in our public services. Despite this, councils have balanced the need to respond to current demands while making the necessary shift in service delivery and this has resulted in considerable progress.

A decade ago, a consensus was created across political parties, spheres of government and public, private and third sectors around the recommendations of the Future Delivery of Public Services (Christie) Commission.⁴ The LGBF allows us to consider the extent to which the reality has matched the stated support for the Christie principles. Four key inter-connected principles were outlined in the Commission's report:

- **greater community empowerment and personalisation in delivering services.** This has accelerated since the Community Empowerment Act, 2015.
- **more integration and partnership working.** There has been a transformation in the provision of Health and Social Care over the period of the LGBF though significant challenges remain. Other changes affecting Local Government partners, notably the reform of police and fire and rescue services, have had to be factored into Local Government work given local authorities' intimate relations with these other services.
- **a significant shift towards prevention.** The shifting emphasis on early years to address the prevention agenda has been evident in spending priorities though the full impact of this shift will take time to be appreciated. Local authorities have worked with a range of bodies to draft Growth Deals and contributed to responses to climate change.
- **more efficiency in service delivery.** Given spending on central support services has reduced dramatically, it is a remarkable achievement that councils are still delivering and transforming such high performing services. The fact that they are able to do this, with a significantly reduced workforce, provides compelling evidence of efficiency.

Further planned transformation will require greater partnership with and support from Scottish Government and other bodies. Councils will struggle to shift resources upstream as money tightens and demand continues to increase. There is no lack of ambition and ample evidence from the LGBF of what can be achieved but there is also evidence that much that has been achieved is now tailing off. Satisfaction levels are declining and it will become increasingly difficult to maintain the momentum that has been achieved without a sustained change in funding.

What emerges from the LGBF is a picture of considerable progress against a challenging backdrop while more work still needs to be done. There seems little reason to believe that the pressures will decrease over the coming years but this makes support for transformation essential.

Prioritising means deprioritising

The LGBF data identifies how councils have responded to challenges: which services have experienced increases in expenditure, which have been protected and which have felt the greatest impact in reduced overall spending. It is important to dig deeper as the aggregate Scottish data often hides variation within Scotland and over time. Within this Scotland-level data, we see some variation between services across local authorities reflecting different priorities and needs but also to identify important system-wide trends. Core areas have been protected or seen increases in spending with social work and education, which together constitute around 70% of expenditure covered in the LGBF, protected.

⁴ <https://www2.gov.scot/resource/doc/352649/0118638.pdf>



Table 3: Change in Revenue Expenditure Since 2010-11 (£000s)

	Scotland 2010/11	Scotland 2018/19	% Change from 2017/18 to 2018/19	% Change from 2010/11 to 2018/19	Range Among Local Authorities % Change from 2010/11 to 2018/19
Education	£4,570,865	£4,640,361	4.5%	1.5%	-20% to 14%
Looked After Children	£424,810	£517,037	1.3%	21.7%	-27% to 118%
Adult Social Care	£2,925,871	£3,311,080	3.1%	13.2%	-4% to 39%
Culture and Leisure	£585,909	£448,001	-1.6%	-23.5%	-59% to 57%
Environmental Services	£791,573	£709,726	-1.9%	-10.3%	-36% to 15%
Roads	£662,263	£504,035	-7.8%	-23.9%	-68% to 68%
Planning	£141,207	£111,089	3.5%	-21.3%	-81% to 136%
Economic Development and Tourism	£393,134	£282,108	2.0%	-28.2%	-74% to 228%
Central Support Services	£898,062	£682,851	-1.1%	-24.0%	-67% to 27%

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

There have been improvements in some of these core areas, while the picture is less clear in other areas. For example, for education, there are strong improving trends in attainment for all pupils and, crucially, amongst the most deprived. The narrowing of the attainment gap may be slow but is still clearly perceptible.

However, in social care, the picture is less clear, and the prima facie evidence suggests that there may be issues that would benefit from further exploration. There are notable differences across Scotland in the growth or otherwise of social care provision and this complex area will require further careful analysis to unpack causes and trends. The data suggests that despite the comparatively protected level of resourcing, it does not yet appear to be having the desired impact on outcomes we would hope for. Further examination is required to understand the relationship between resourcing and outcomes in social care and how this can be improved, and in particular the operation of health and social care partnerships. The current reform of adult social care,⁵ and recent progress review of health and social care integration⁶ will be helpful in supporting progress in this area, with benchmarking providing an important role in helping us understand where best practice is emerging.

⁵ <https://www.gov.scot/policies/social-care/reforming-adult-social-care/>

⁶ <https://www.gov.scot/binaries/content/documents/govscot/publications/minutes/2019/06/ministerial-strategic-group-for-health-and-community-care-papers-may-2019/documents/item-3-integration-review-progress-update/item-3-integration-review-progress-update/govscot:document/Item+3+-+Integration+review+progress+update.pdf>


Table 4: Overall average total tariff and by SIMD quintile

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2011-12 to 2018-19
Average Total Tariff	770	798	827	860	877	888	894	892	-0.2%	15.9%
SIMD Q1	478	510	551	581	603	625	620	625	0.8%	30.8%
SIMD Q2	618	644	685	716	741	751	752	740	-1.6%	19.7%
SIMD Q3	759	788	816	851	864	882	899	872	-3.0%	14.9%
SIMD Q4	909	929	962	984	998	1002	1019	1013	-0.6%	11.4%
SIMD Q5	1101	1134	1149	1185	1197	1210	1224	1193	-2.5%	8.4%

Source: Figures supplied by Scottish Government

Table 5: Percentage gaining level 5 and level 6 awards and by SIMD

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Improvement Rate 2017-18 to 2018-19	Improvement Rate 2011-12 to 2018-19
% Gaining 5+ Awards at Level 5	51	53	55	57	59	60	62	63	2%	24%
% Gaining 5+ Awards at Level 6	26	27	29	31	33	34	34	35	3%	35%
% Pupils from Deprived Areas Gaining 5+ Awards at Level 5	29	32	34	37	40	41	42	44	5%	52%
% Pupils from Deprived Areas Gaining 5+ Awards at Level 6	10	11	14	14	15	16	16	18	13%	80%

Source: Figures supplied by Scottish Government

Increasing or only maintaining levels of spending in some areas in a declining overall budget must mean cuts elsewhere. The unpalatable but unavoidable choice faced by local authorities has been where cuts should be made, especially if transformation is to occur. Between 2010-11 and 2018-19, central support services have experienced the most severe cuts followed by roads, culture and leisure, and planning. Expenditure on roads as a whole has fallen by about a quarter since 2010/11 but the change has varied between authorities from a fall of almost 70% to a rise of about the same. This lack of uniformity is an inevitable function of local democracy reflecting different needs and priorities. Benchmarking allows authorities to learn from each other but is not a tool for uniformity. Street cleaning, libraries, support for tourism, community parks and open spaces, sports facilities, roads and planning have all been hit hard, though with considerable variation across Scotland and at different times over the period of the LGBF. In the past year, the roads budget has suffered most followed by street cleaning for example. Digging deeper into the data, we see that while economic development and tourism have experienced an increase in expenditure, a significant increase in capital spending masks a large decrease in revenue spending. The pattern is clear and unsurprising. Councils are prioritising statutory services and those areas where Scottish Government have allocated additional monies for specific purposes.



While there is clear evidence of a shift towards prevention and a willingness to anticipate longer-term impact with the emphasis on early years, this has sometimes been at the cost of much short-term policy making with long-term implications. Cuts in the roads budget have a progressively damaging impact on this important infrastructure. Cuts in leisure and recreation and libraries are understandable at one level but will have longer-term negative effects in terms of physical and mental health.

Impact of protected budgets

In 2007, agreement between the Scottish Government and COSLA resulted in a Concordat which included a reduction in ring-fencing. This was welcomed across local authorities. But ring-fencing has returned, limiting the transformative agendas of local authorities. There is disagreement on the extent of this new ring-fencing but no doubt that it has occurred. The aims of this ring-fencing is generally supported by local authorities but three issues arise that require attention:

- i. how decisions on aims and priorities are made, specifically the involvement of Local Government in the decision-making process;
- ii. the extent to which implementation needs to be uniform or might allow for different uses of the allocated resources for agreed outcomes;
- iii. the implications of ring-fencing for other services within an overall shrinking budget.

The approach that has been adopted has tended to be top-down and input-focused. Whether the allocation of resources has made an impact on outcomes tends to be assumed rather than demonstrated. The Pupil Equity Fund (PEF), teacher pupil ratios and adult social care are examples of centrally-determined policies. While there is a need for leadership from Scottish Government in consultation with Local Government on agreed outcomes, there is a need to allow local authorities to determine how these outcomes should be achieved. The LGBF is an important tool allowing authorities to learn from each other in the pursuit of these outcomes.

Conclusion

There have been impressive achievements over the last nine years. Greater emphasis has been placed on key priority areas including a shift towards public engagement, prevention and collaboration. This has been achieved in a difficult fiscal environment with increased demand and welfare reforms impacted on Local Government services. The LGBF provides evidence of the distance travelled but also worrying signs that momentum has slowed and in some areas has stalled. The next phase will be more challenging with greater need for real collaboration and real investment.





The LGBF Approach

The core purpose of the exercise is benchmarking. That is making comparisons on spending, performance and customer satisfaction between similar councils so that all councils can identify their strengths and weaknesses and learn from those who are achieving the best performance to improve local service delivery throughout Scotland. All councils continue to participate in these collective efforts towards self-improvement.

Our approach means that there are three core points to bear in mind:

1. It is important when looking at councils to compare like with like.
2. The focus presented in this report is on variations in spending and performance that councils can directly control.
3. The aim is to help councils improve and become more cost effective in delivering local services and through that support people in improving their life outcomes.

The benchmarking framework reported here lends itself to any type of comparison councils or citizens wish to make. What it does not support is a crude “league table” assessment: it would be as misleading to assess the performance of councils with high levels of deprivation without taking account of that as it would be to explore the performance of island councils without noting they are island groups with a very distinctive population distribution.

The purpose is to create a framework that supports evidence-based comparisons and, through that, shared learning and improvement. The indicators in the LGBF are very high-level indicators and are designed to focus questions on why variations in cost and performance are occurring between similar councils. They do not supply the answers. That happens as councils engage with each other to ‘drill down’ and explore why these variations are happening. That provides the platform for learning and improvement.

Councils continue to work together to ‘drill-down’ into the benchmarking data across service areas. This process has been organised around ‘family groups’ of councils so that we are comparing councils that are similar in terms of the type of population that they serve (e.g. relative deprivation and affluence) and the type of area in which they serve them (e.g. urban, semi-rural, rural). The point of comparing like with like is that this is more likely to lead to useful learning and improvement. Examples of best practice emerging from this collaboration are being shared across all local authorities and are being used to inform local improvement activity within self-evaluation, service review and service planning processes. Further information, briefing notes and case studies are available in the ‘[How Councils Are using the LGBF](#)’ publication, and on the LGBF website.⁷

The benchmarking data should not be considered in isolation. To support this, there is a growing focus to better align the benchmarking data with outcomes. A new [online interactive tool](#)⁸ links the LGBF with outcomes data presented in the [Community Planning Outcomes Profile](#)⁹ (a resource which provides trend data on outcomes, both at a local authority level, and at a locality level). The LGBF indicators have also been mapped to the National Performance Framework outcomes and public health priorities to support councils to demonstrate the important role they play in driving progress in these key areas. This will help to strengthen the narrative around the contribution council services play in improving outcomes, and support more strategic use of the LGBF in decision making and greater visibility within Public Performance Reporting.

The introduction of thematic reporting in 2018/19 provides a ‘drill down’ into key policy areas to re-emphasise the ‘can opener’ nature of the LGBF information and strengthen the link between performance information

⁷ www.improvementservice.org.uk/benchmarking/

⁸ www.improvementservice.org.uk/benchmarking/outcomes-tool

⁹ www.improvementservice.org.uk/products-and-services/performance-management-and-benchmarking/community-planning-outcomes-profile



and outcomes. The first of these reports focuses on children and young people's services and is available on the [LGBF website](#). This will encourage a more diagnostic use of the data, particularly within family groups. These developments will link with the [Community Planning Improvement Board \(CPIB\)](#)¹⁰ and support their work to improve the availability of performance evidence that can illuminate improvement in outcomes.

There is a continued commitment to make benchmarking information available to all citizens and users of council services. To further this end an online benchmarking public reporting tool has been designed called '[My Local Council](#)'¹¹ and is incorporated within councils own local approaches to public performance reporting. All of the information generated by the LGBF is presented in this online benchmarking tool which contains "dashboards" for each council showing movement on indicators across the eight years covered, and a comparison with the Scottish and family group average for all indicators.

LGBF framework indicators

The framework is based on seven overall service groupings which cover the major public-facing services provided to local communities and the support services necessary to do that. This includes children's services (education and child care), adult social care, environmental services, culture and leisure, housing, corporate support services and economic development and planning.

To develop precise indicators of cost and performance for comparison between councils, these broad service categories are divided into more specific sub-categories. For example, children's services divide into: pre-school education; primary education; secondary education; and child care and protection. For each category, standard indicators of spend and performance have been applied.

This year, the suite of measures for adult social care has been strengthened to better reflect the integration and personalisation landscapes and support the desired shift to preventative programmes and spending. The expanded suite draws on the Core Suite of Health and Integration measures and was developed in collaboration with HSC Chief Officers and Social Work Scotland. The current suite of measures is as follows:

- Home care costs per hour for people aged 65 or over
- Direct Payments + Managed Personalised Budgets spend on adults 18+ as a percentage of total social work spend on adults 18+
- Percentage of people aged 65 or over with long-term care needs receiving personal care at home
- Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided
- Percentage of carers who feel supported to continue in their caring role
- Readmissions to hospital within 28 days of discharge
- Proportion of care services graded 'good' 4 or better in Care Inspectorate Inspections
- Number of days people spend in hospital when they are ready to be discharged
- Percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life
- Residential costs per week per resident for people aged 65 or over

¹⁰ www.improvementservice.org.uk/products-and-services/consultancy-and-support/community-planning-improvement-board

¹¹ www.improvementservice.org.uk/benchmarking/explore-the-data



- Percentage of adults supported at home who agree that they are supported to live as independently as possible

A full list of service categories and indicators is attached (Appendix 1) and full technical specifications for all 90 indicators, including source details are available on the Local Government benchmarking website.

This framework is iterative, and councils continue to collaborate to strengthen indicators and address framework gaps. A Directors' of Finance subgroup leads a programme of work to improve consistency in the recording of Local Financial Returns. We welcome public views in relation to how to improve this benchmarking framework and particularly if there are other measures which might usefully be included. You can provide feedback and suggestions by visiting our website (www.improvementservice.org.uk/benchmarking).

LGBF Data Reliability

The LGBF has voluntarily adopted the UK Statistics Authority Code of Practice to highlight the statistical rigour and reliability of framework data. Voluntary adoption of the code demonstrates our commitment to trustworthiness, quality and value and makes clear how our approaches and methods ensure the highest standards for production of data and analysis are met. This will provide important assurances to help ensure stakeholders within Local Government and the public have trust in our data.

An overview of highlighting 10 key messages on the credibility, relevance and quality of the LGBF data is included in Appendix 3).

The sources used to populate the measures include statistical returns to the Scottish Government, Scottish Qualifications Authority, the Scottish Housing Regulator, and SEPA, among others. Where data is not currently collected/published by another body or where it is published too late to allow inclusion within the benchmarking framework, councils provide data directly to the Improvement Service. The Scottish Household Surveys and the Health and Care Experience Surveys are used to provide customer satisfaction measures.

The purpose of this report

This report is an overview report and does not seek to replicate the local context or interpretation provided by each council via their Public Performance Reporting or the depth and detail of the '[My Local Council](#)' tool.¹²

The focus of this report is on three important areas:

1. Trends across Scotland for the key framework indicators covering the period 2010/11 to 2018/19 inclusive. For consistency all data is presented as financial years though some data may be for calendar years or academic years. For each unit cost indicator, we have presented the change over the period in **real terms**, that is taking account of the impact of inflation over time.
2. The level of variation across councils and factors shaping these trends including physical geography, population distribution, size of council and the impact of deprivation.¹³ Graphs are presented showing the level of variation across councils for each area benchmarking measure. To improve interpretation, these graphs include only the base year and two most recent years.
3. Identification of areas where unexplained variation exists, providing opportunities where councils may wish to target improvements and/or efficiencies.

Before examining each section in turn, Table 6 below presents an overview of the trends across all LGBF indicators.

¹² www.improvementservice.org.uk/benchmarking/explore-the-data

¹³ Correlation analysis and Mann-Whitney/Wilcoxon Two-Sample Tests were carried out to establish where statistically significant relationships exist between framework indicators and levels of deprivation, rurality, population distribution and size of council.



Table 6: Overview Table for all LGBF Data 2018-19

Indicator Description	Scotland										%value change 17/18 to 18/19	%value change base* to 18/19
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19			
Cost per primary school pupil	£5,539	£5,384	£5,234	£5,115	£4,968	£4,993	£4,973	£5,080	£5,250	3.3%	-5.2%	
Cost per secondary school pupil	£7,314	£7,098	£7,076	£7,059	£7,021	£7,096	£7,052	£7,011	£7,185	2.5%	-1.8%	
Cost per pre-school education registration	£3,831	£3,479	£3,425	£3,256	£3,534	£4,074	£4,352	£4,547	£5,070	11.5%	32.3%	
% of pupils gaining 5+ awards at level 5		51	53	55	57	59	60	62	63	1.0%	12.0%	
% of pupils gaining 5+ awards at level 6		26	27	29	31	33	34	34	35	1.0%	9.0%	
% of pupils from deprived areas gaining 5+ awards at level 5 (SIMD)		29	32	34	37	40	41	42	44	4.8%	51.7%	
% of pupils from deprived areas gaining 5+ awards at level 6 (SIMD)		10	11	14	14	15	16	16	18	2.0%	8.0%	
The gross cost of "children looked after" in residential based services per child per week	£3,220	£3,401	£3,240	£3,368	£3,392	£3,509	£3,509	£3,551	dna	1.2%	10.29%	
The gross cost of "children looked after" in a community setting per child per week	£235	£250	£276	£287	£298	£309	£328	£334	dna	2.0%	42.4%	
Balance of care for looked after children: % of children being looked after in the community	91.0	91.2	90.9	90.6	90.1	90.4	89.9	89.7	dna	-0.2%	-1.3%	
% of adults satisfied with local schools	83.1		83.0	81.0	79.0	74.0	73.0	70.0	72.5	2.5%	10.6%	
Proportion of pupils entering positive destinations		90.1	91.7	92.5	93.0	93.3	93.7	94.4	dna		4.3%	
Overall average total tariff		770	798	827	860	877	888	894	892	-0.2%	15.9%	
Average total tariff SIMD quintile 1		478	510	551	581	603	625	620	625	0.8%	30.8%	
Average total tariff SIMD quintile 2		618	644	685	716	741	751	752	740	-1.6%	19.7%	
Average total tariff SIMD quintile 3		759	788	816	851	864	882	899	872	-3.0%	14.9%	
Average total tariff SIMD quintile 4		909	929	962	984	998	1002	1019	1013	-0.6%	11.4%	
Average total tariff SIMD quintile 5		1101	1134	1149	1185	1197	1210	1224	1193	-2.5%	8.4%	

Children's Services



Indicator Description	Scotland										%value change 17/18 to 18/19	%value change base* to 18/19	
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19				
Children's Services													
% of children meeting developmental milestones (27-30 months)			70.9	71.6	72.4	66.1	57.1	dna	-9.0%	-13.7%			
% Funded early years provision rated good/better	87.1	90.6	91.3	92.6	93.5	91.9	91.7	91.0	90.6	-0.4%	3.5%		
School attendance rates	93.1		93.6	93.7	93.3				93.0	-0.3%	0.1%		
School attendance rates (looked after children)	88.6		88.6	91.6	91.0				dna	-0.6%	2.4%		
School exclusion rates	40.0		32.8	27.2	26.8				21.6	-19.4%	-46.0%		
School exclusion rates (looked after children)	165.6		184.5	94.3	80.0				dna	-15.2%	-51.7%		
Participation rates for 16-19 year olds					90.4	91.1	91.8	91.6		-0.2%	0.8%		
Child protection re-registrations within 18 months						6.8	6.1			-0.4%	-0.4%		
% of looked after children with more than 1 placement in the last year						6.5	6.2						
% of P1, P4 and P7 pupils combined achieving expected CFE Level in Literacy	21.1	21.4	21.2	21.9	21.4	20.7	21.2	20.5	dna	-0.7%	-0.6%		
% of P1, P4 and P7 pupils combined achieving expected CFE Level in Numeracy									72.3				
Literacy Attainment Gap (P1,4,7 Combined) - percentage point gap between the least deprived and most deprived pupils									79.1				
Numeracy Attainment Gap (P1,4,7 Combined) - percentage point gap between the least deprived and most deprived pupils									20.7				
									16.8				



Indicator Description	Scotland										%value change 17/18 to 18/19	%value change base* to 18/19
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19			
Corporate Services	Support services as a % of total gross expenditure	4.9	5.3	5.2	5.2	5.3	5.4	5.0	4.5	4.4	-0.1%	-0.5%
	% Of the highest paid 5% of employees who are women	46.3	48.5	48.7	50.7	51.7	51.9	52.9	54.6	55.8	1.2%	9.5%
	The gender pay gap						4.5	4.2	3.9	4.0	0.1%	-0.5%
	The cost per dwelling of collecting council tax	£15.83	£14.88	£14.70	£13.15	£11.72	£10.97	£9.29	£7.49	£6.92	-7.6%	-56.3%
	Sickness absence days per teacher	6.6	6.2	6.6	6.1	6.3	6.1	6.1	5.9	6.2	4.6%	-6.0%
	Sickness absence days per employee (non-teacher)	10.8	10.4	10.9	10.3	10.8	10.6	10.9	11.4	11.5	0.7%	6.4%
	% of income due from council tax received by the end of the year	94.7	95.1	95.2	95.2	95.5	95.7	95.8	96.0	96.0	0.0%	1.3%
	% Of invoices sampled that were paid within 30 days	89.5	90.2	90.5	91.9	92.5	92.8	93.1	93.2	92.7	-0.5%	3.1%
	Older persons (over 65) home care costs per hour	£23.07	£22.31	£22.63	£21.97	£21.66	£22.48	£23.45	£24.21	£24.67	1.9%	6.9%
	Direct payment & personalised budget spend as a % of total social work spend on adults 18+	1.6	2.9	6.0	6.4	6.9	6.7	6.4	6.7	7.3	0.6%	5.7%
Adult Social Care	% Of people 65+ with long-term needs receiving care at home	58.9	59.2	59.8	59.8	60.0	60.7	60.1	61.7	61.0	-0.7%	2.1%
	% Of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life				85.0		84.0		80.0		-4.0%	-5.0%
	Percentage of adults supported at home who agree that they are supported to live as independently as possible			82.8		82.7		81.1			-1.6%	-1.7%
	Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided			83.1		78.8		75.6			-3.2%	-7.5%



Indicator Description	Scotland										%value change 17/18 to 18/19	%value change base* to 18/19		
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19					
Adult Social Care														
Percentage of carers who feel supported to continue in their caring role			43.0			40.0		36.6					-3.5%	-6.4%
Older persons (over 65's) residential care costs per week per resident	£445	£449	£409	£393	£397	£387	£386	£380	£381				0.3%	-14.3%
Rate of readmission to hospital within 28 days per 1,000 discharges	89.7	92.5	93.5	95.3	97.2	98.1	101.0	102.7	103.0				0.2%	14.8%
Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections		80.9	80.2	80.2	80.5	82.9	83.8	85.4	82.2				-3.2%	1.3%
Number of days people spend in hospital when they are ready to be discharged, per 1,000 population (75+)			921.79	1043.67	914.66	839.75	761.74	792.66					4.1	-14.0
Culture & Leisure														
Cost per attendance at sports facilities	£4.07	£3.64	£3.47	£3.46	£3.17	£3.10	£3.01	£2.76	£2.62				-5.0%	-35.6%
Cost per library visit	£3.90	£3.68	£3.48	£2.79	£2.62	£2.59	£2.05	£2.12	£2.05				-3.3%	-47.4%
Cost of museums per visit	£4.81	£3.92	£3.96	£3.63	£3.56	£3.23	£3.43	£3.58	£3.48				-3.0%	-27.8%
Cost of parks& open spaces per 1,000 population	£29,708	£27,400	£26,164	£25,271	£25,040	£23,117	£21,587	£20,179	£20,174				-0.0%	-32.1%
% Of adults satisfied with libraries	83.5		83.0	81.0	77.0	74.0	73.0	72.0	72.1				0.1%	-11.4%
% Of adults satisfied with parks and open spaces	83.1		86.0	86.0	86.0	85.0	87.0	85.0	83.0				-2.5%	-0.6%
% Of adults satisfied with museums and galleries	75.5		78.0	76.0	75.0	71.0	70.0	69.0	69.0				-0.1%	-6.6%
% Of adults satisfied with leisure facilities	74.6		80.0	78.0	76.0	73.0	73.0	72.0	69.3				-2.7%	-5.3%
Environmental Services														
Net cost per waste collection per premises			£65.37	£66.51	£69.36	£68.14	£66.88	£67.21	£67.45				0.4%	3.2%
Net cost per waste disposal per premises			£102.05	£99.98	£97.58	£103.35	£102.34	£103.28	£97.29				-5.8%	-4.7%
Net cost of street cleaning per 1,000 population	£22,744	£21,870	£19,387	£17,619	£16,921	£16,381	£15,013	£15,905	£14,880				-6.4%	-34.6%
Cleanliness score (%age acceptable)	95.4	96.1	95.8	96.1	93.9	93.4	93.9	92.2	92.8				0.6%	-2.6%



		Scotland										
Indicator Description	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	%value change 17/18 to 18/19	%value change base* to 18/19	
			£11,572	£10,993	£10,646	£10,535	£10,842	£10,712	£10,323	£9,417	-8.8%	-25.9%
Environmental Services												
Cost of roads per kilometre	£12,709	£10,993	£10,646	£10,535	£10,842	£10,712	£10,323	£9,417	-8.8%	-25.9%		
% of A class roads that should be considered for maintenance treatment	30.3	29.4	28.7	29.0	29.0	29.5	30.2	30.0	-0.1%	-0.3%		
% of B class roads that should be considered for maintenance treatment	35.8	35.0	35.2	36.1	34.8	34.8	35.9	35.7	-0.2%	-0.1%		
% of C class roads that should be considered for maintenance treatment	35.0	34.8	36.6	37.4	34.7	34.6	36.2	36.2	0.1%	1.3%		
% of unclassified roads that should be considered for maintenance treatment	41.9	40.1	39.4	39.3	40.1	39.5	39.0	38.2	-0.7%	-3.7%		
Cost of trading standards and environmental health per 1,000 population	£27,881	£24,725	£23,615	£23,827	£23,698	£22,150	£21,791	£20,884	-4.2%	-25.1%		
Cost of trading standards per 1,000 population		£5,661	£6,080	£5,984	£6,084	£5,693	£6,001	£5,890	-1.9%	4.0%		
Cost of environmental health per 1,000 population		£17,955	£18,744	£17,843	£17,614	£16,457	£15,789	£14,994	-5.0%	-16.5%		
% of total household waste arising that is recycled	38.7	40.1	42.2	42.8	44.2	45.2	45.6	44.7	-0.9%	6.0%		
% of adults satisfied with refuse collection	80.9	83.0	83.0	84.0	82.0	79.0	75.0	74.9	-0.1%	-6.0%		
% of adults satisfied with street cleaning	73.3	75.0	74.0	74.0	73.0	70.0	66.0	62.9	-3.1%	-10.4%		
Housing Services												
Gross rent arrears as a % of rent due for the reporting year		5.6	5.9	6.2	6.5	6.7	7.3		0.6%	1.7%		
% of rent due in the year that was lost due to voids	1.3	1.3	1.3	1.2	1.1	0.9	1.0		0.1%	-0.3%		
% of dwellings meeting SHQS	53.6	66.1	76.7	90.4	92.5	93.6	93.9	94.3	0.4%	40.7%		
Average time taken to complete non-emergency repairs		10.2	9.9	9.4	8.7	7.5	7.8		0.3%	-2.4%		
% of council dwellings that are energy efficient	74.9	81.2	88.8	96.6	96.2	96.6	97.2	97.5	0.3%	22.6%		



Indicator Description	Scotland										%value change 17/18 to 18/19	%value change base* to 18/19	
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19				
Corp. Asset													
Proportion of operational buildings that are suitable for their current use	73.7	74.8	75.9	78.2	79.0	79.6	79.8	80.8	82.1	82.1	1.3%	8.5%	
Proportion of internal floor area of operational buildings in satisfactory condition	81.3	82.7	82.6	80.9	82.0	81.5	84.5	86.3	87.2	87.2	0.9%	5.9%	
% of unemployed people assisted into work from council funded/operated employability programmes			91	12.5	14.1	14.1	14.0	14.3	12.6	12.6	-1.7%	3.5%	
Cost of planning and building standards per planning application	£4,079	£4,191	£5,495	£3,700	£3,622	£4,253	£3,969	£4,130	£4,439	£4,439	7.5%	8.8%	
Average time per business and industry planning application			14.0	13.7	10.6	10.6	9.3	9.3	9.1	9.1	-2.7%	-35.1%	
% of procurement spent on local enterprises	27.2	26.2	27.2	26.9	27.5	25.4	26.5	27.4	28.7	28.7	1.3%	1.5%	
No of Business Gateway start-ups per 10,000 population				19.0	18.9	16.9	16.6	16.8	16.7	16.7	-0.8%	-12.2%	
Investment in economic development & tourism per 1,000	£95,402	£85,334	£80,108	£78,154	£73,932	£67,723	£82,862	£95,611	£102,086	£102,086	6.8%	7.0%	
Proportion of people earning less than the living wage			18.8	18.6	19.3	19.6	20.1	18.4	19.4	19.4	1.0%	0.6%	
Proportion of properties receiving superfast broadband				56.1	67.5	78.6	85.9	91.1	92.0	92.0	0.9%	35.9%	
Town vacancy rates				10.1	10.2	11.9	10.2	11.5	10.0	10.0	-1.5%	-0.1%	
Immediately available employment land as a % of total land allocated for employment purposes in the local development plan				12.9	27.2	38.4	40.8	37.4	37.4	37.4	-3.4%	24.4%	

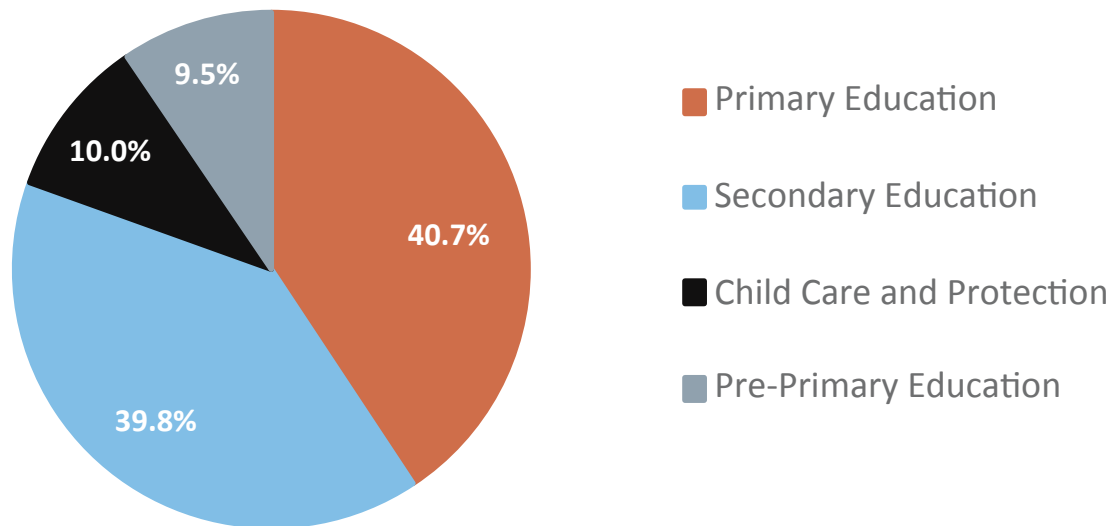




Children's Services

The major elements of children's services, and the percentage of total spend on each one, are given in the table below.

Fig 1: Proportion of gross revenue expenditure for children's services by element 2018-19



Source: Council supplied expenditure figures

As can be seen, primary and secondary school provision are the major spend areas, with pre-school education and childcare and protection¹⁴ accounting for a very much lower percentage of total spending on children. The proportion spent on pre-primary has grown over recent years in line with the policy agenda to expand early years provision. Each element is looked at in turn below.

Data on looked after children will be published in March 2020 therefore is not included within this analysis. The Benchmarking Framework will be updated to incorporate these figures at that time.

Pre-school provision

For pre-school educational provision for children ("nursery school"), spending has been standardised as total spend per publicly funded early learning and childcare (ELC) registration. Over the nine-year period the Scottish average for the cost per ELC registration has increased by 32.3%, an increase in real terms of £1,239 per registration. This reflects a 38.8% increase in gross expenditure and a 4.9% increase in the number of ELC registrations, an additional 4,499 places.

In the last 12 months, real unit costs have increased by 11.5%. This reflects an increase in gross expenditure of 12.3% and a 0.7% increase in the number of registrations during this period.

Table 7: Cost per pre-school registration

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£3,831	£3,479	£3,425	£3,256	£3,534	£4,074	£4,352	£4,547	£5,070	11.5%	32.3%

From August 2014, the Children and Young People (Scotland) Act 2014 required local authorities to increase



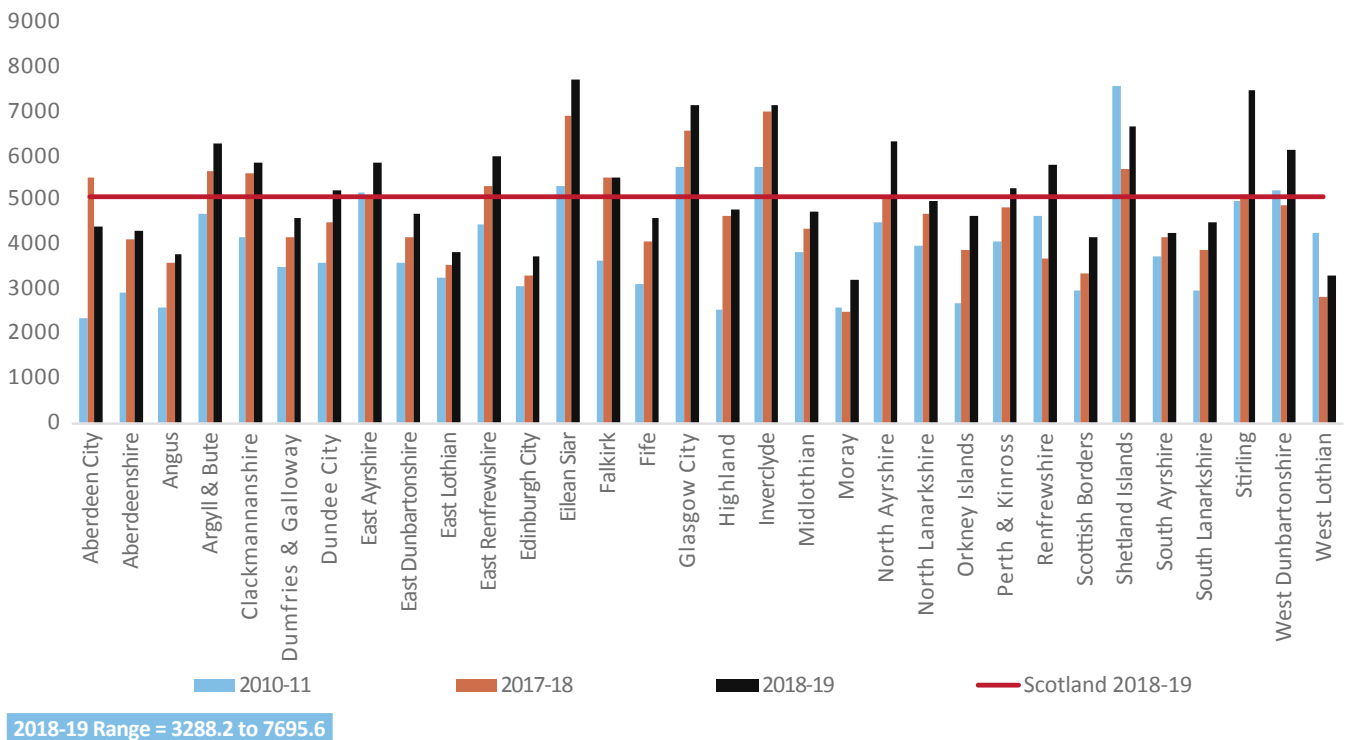
the amount of early learning and childcare from 475 hours a year to 600 hours for each eligible child. By 2020, the Act introduces a further commitment to the near doubling of entitlement to funded early learning and childcare to 1140 hours a year for all three and four-year olds and eligible two-year olds.

The impact of the new entitlements has been to increase the unit cost per pre-school place due to the increased hours associated with each funded place. The additional staffing costs in delivering the new entitlements, and the commitment by councils to offer the extended hours in a way that allows parents some choice and flexibility over what pattern of hours they can get, will influence costs here. The establishment of an hourly sustainable rate paid to funded providers will also be a factor in understanding cost patterns.

In 2018/19, the average cost per registration was £5,070 with substantial and widening variation between councils, ranging from £3,228 to £7,696 per registration. Analysis of this variation reveals a systematic relationship with deprivation with the most deprived councils reporting significantly higher levels of spend than the least deprived councils (£5,984 compared to £4,480).

Fig 2: Cost per pre-school education registration (£)

Source: Early Learning and Childcare Census, Scottish Government; council supplied expenditure figures



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

- Workforce composition – age, experience, grade and qualification level of staff
- Balance between council and partner provision
- Level of integration of pre-school and primary school provision
- Demographic variation and local capacity to respond
- Balance between LA and partner provision



Pre-school performance

Care Inspectorate quality evaluations for early years services and Health Visitor assessments at 27-30 months are used to provide consistent measures for assessing performance within the pre-school sector, and for understanding children's development as they progress through the pre-school setting.

Percentage of publicly funded early years provision which is graded good/better

Care Inspectorate quality evaluations reflect the number of publicly funded early years providers which were graded good or better for all quality themes as a percentage of all publicly funded early years provision which was inspected. Overall, the proportion of publicly funded services graded good or better for all quality themes has increased between 2010/11 and 2018/19 although there has been a decline in the past four years. Between 2010/11 and 2014/15, quality ratings improved from 87.1% to 93.5%. Between 2015/16 and 2018/19, small year on year reductions have seen quality ratings fall to 90.6%.

The balance between Local Authority and Partner provision may be an important factor for further exploration. The early years expansion has seen a rapid growth in the use of partner provision. 26% of all children who will receive expanded hours will be in partner provision, up from 18%. Given Local Authority run services continue to receive higher quality ratings compared to other sectors, what impact this has on the overall trend may merit further exploration.

Improving quality of early years provision is a cornerstone of the Early Years expansion programme and while the current focus of investment is to deliver on the expanded entitlement commitment, the ambition is that quality improvements will follow.

Table 8: Percentage of publicly funded early years provision which is graded good/better¹⁵

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2010-11 to 2018-19
87.1	90.6	91.3	92.6	93.5	91.9	91.7	91.0	90.6	-0.4	3.5

Further exploration is needed to fully understand the trends observed, including what role the following factors may play:

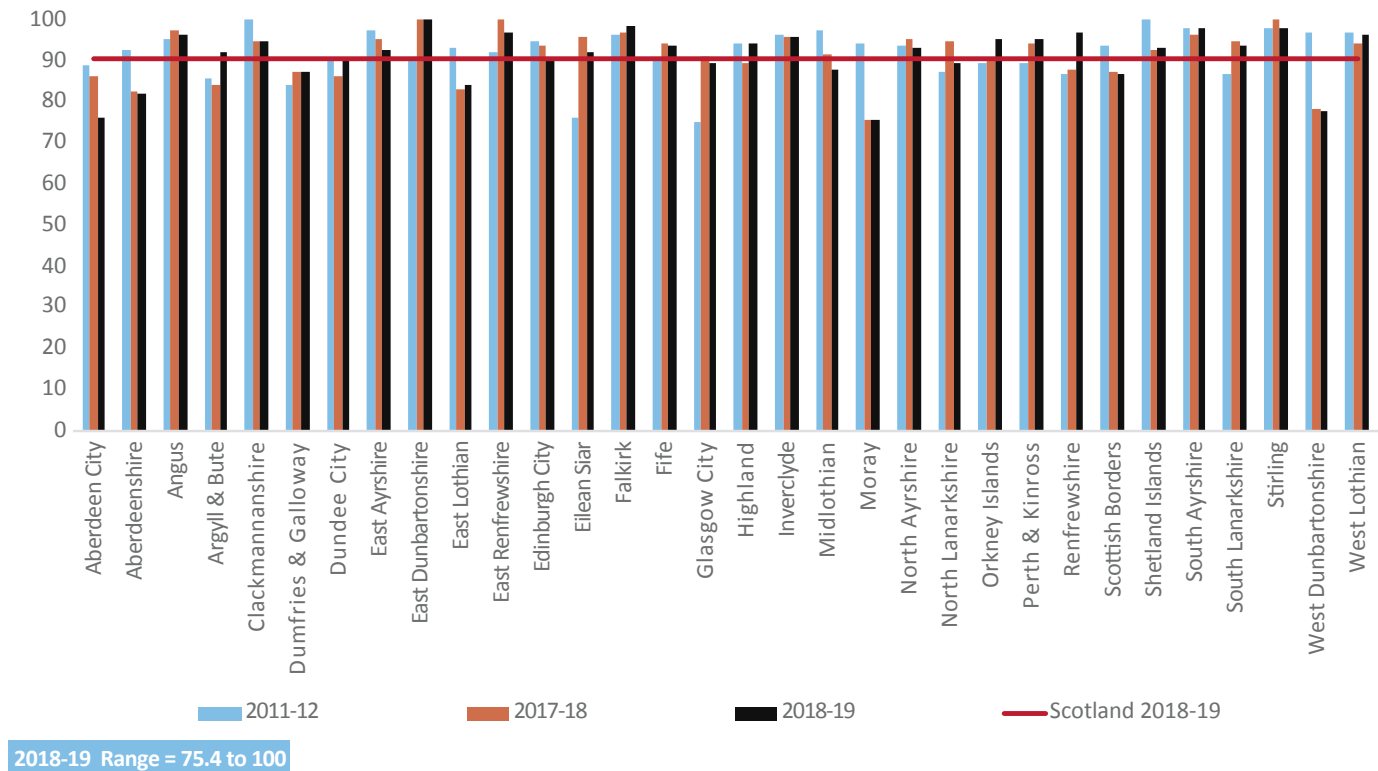
- The decreasing number of registered day-care of children services
- Variation in return rates of annual returns, inspection methodology and inspection frequency
- Variations in the question wording in the annual return in line with changes to government policy (the biggest change in the question was between 2014 and 2015).
- Number of cancellations and new registrations of services

There is considerable variation across councils, with quality ratings in 2018/19 ranging from 75% to 100%. This variation has widened in recent years and does not appear to be systematically related to deprivation, rurality or size of authority. The underpinning data and methodology used for this measure will be subject to further quality assurance going forward to ensure it is robust and reliable.

¹⁵ Data is a snapshot as at 31 December each year.



Fig 3: Percentage of publicly funded early years provision which is graded good/better



Source: Figures supplied by the Care Inspectorate

Percentage of children meeting developmental milestones

Understanding children’s development as they progress through the pre-school setting is reflected as the percentage of children meeting developmental milestones, i.e. with no concerns across any domain, at their 27-30 month review. During 27-30 month reviews, the health professional (normally a health visitor) assesses children’s developmental status and records the outcome (e.g. no concern, concern newly suspected as a result of the review, or concern or disorder already known prior to the review) against each of eight developmental domains (social, emotional/behavioural, speech language and communication, gross motor, fine motor, vision, hearing and problem solving). This is a key outcome measure adopted by the Children and Young People Improvement Collaborative (CYPIC), formerly the Early Years Collaborative (EYC).

The percentage of children with no concerns increased from 70.9% to 72.4% between 2013/14 and 2015/16, however changes in methodology and assessment practice in 2016/17 mean it is not possible to provide a direct comparison with previous years. The introduction of a new domain in the 27-30 month review has led to an increase in the number of incomplete returns. This has resulted in the 2016/17 data not being directly comparable to previous years data.

In addition, across the same period, there has also been a change in practice with Health Visitor assessments moving from clinic-based assessments towards greater focus on home-based assessments. This will hopefully improve the reach of assessments, and importantly increase the number of assessments which take place with more vulnerable families which were previously harder to reach in the clinic-based approach. This will have an impact on the measure as this key cohort of children was previously under-reported.



Table 9: Percentage of children meeting developmental milestones

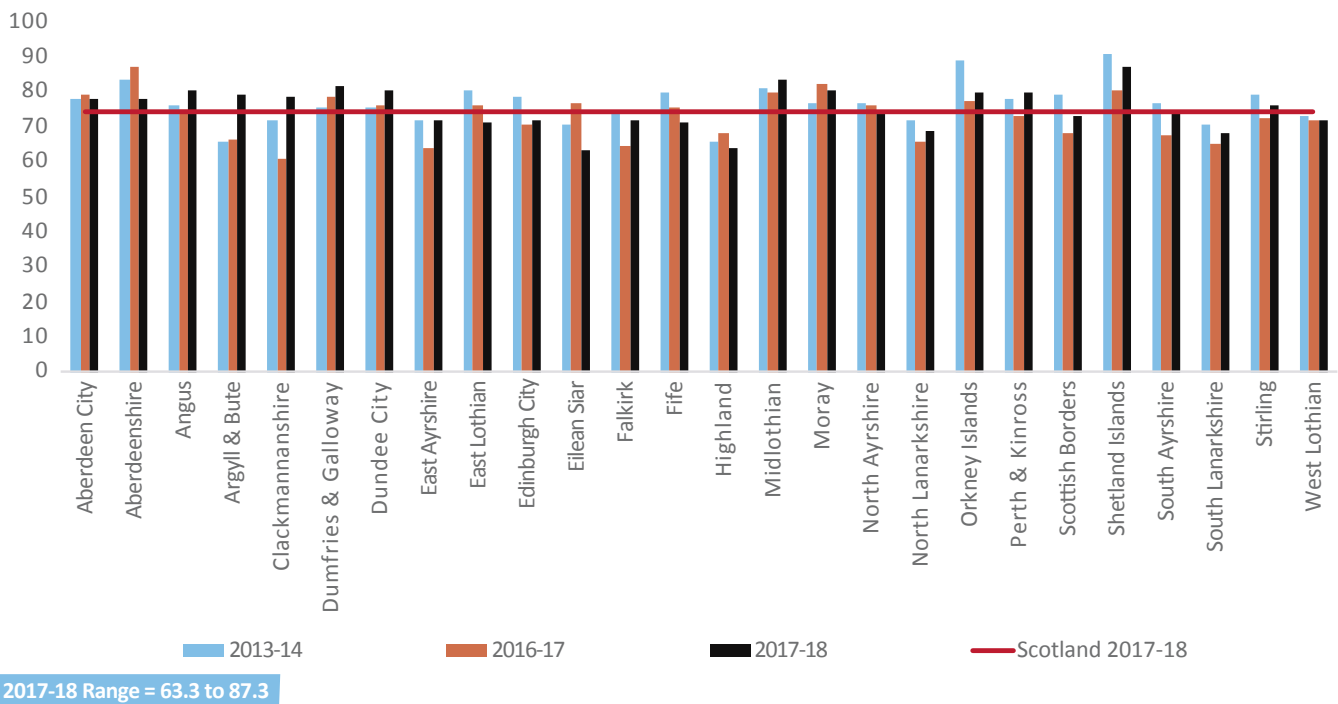
2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2016-17 to 2017-18	Value Change 2013-14 to 2017-18
70.9	71.6	72.4	66.1	57.1	dna ¹⁶	-9.0%	-13.7%

Data for 2018/19 will be published in 2020 and will be included in the LGBF refresh if available.

While it is not currently possible to compare progress over time in relation to the included measure, an alternative measure looking at the percentage of children with one or more concern identified in the 27-30 month review reveals improvement in this important outcome area. This measure shows improvement from 19.1% to 15.4% between 2013/14 and 2017/18, an improvement rate of 20%. For this alternative measure, there is a significant relationship with deprivation. In 2017/18 more than one in five children (22.4%) from deprived areas had at least one developmental concern compared to one in eleven for the least deprived areas (9%). Looked after children are more likely to have at least one developmental concern (29%) compared to those not looked after (15%).¹⁷

For the original LGBF measure, the percentage of children meeting developmental milestones, there was significant variation across councils in 2017/18, ranging from 63% to 87% (excluding outliers).

Fig 4: Percentage of children meeting developmental milestones



Source: ISD, Child Health 27-30 Month Review Statistics

¹⁶ <https://www.isdscotland.org/Health-Topics/Child-Health/Publications/2019-04-09/visualisation.asp>

¹⁷ <https://www.isdscotland.org/Health-Topics/Child-Health/Publications/2019-04-09/2019-04-09-Child-Health-27m-review-Report.pdf>



Primary and secondary school spending

The pattern of spend on primary and secondary schooling is standardised as “total cost per pupil”. In both primary and secondary education, there has been a reduction in real costs per pupil since 2010/11 (-5.2% and -1.8% respectively). However, recently, due to an increase in levels of expenditure, costs have now begun to rise.

The recent increase in spend on education largely reflects the teachers’ pay award and additional monies received from central government via the Attainment Scotland Fund.

After a decade in which public sector pay has been frozen or rises capped at 1%, the recent 3% pay award for teachers in 2018/19 following the relaxation of its public sector pay policy has a significant impact on costs. Around 60% of primary and secondary school spending is teaching staff costs. Given the current agreement between the Scottish Government and local authorities that teacher numbers will be maintained in line with pupil numbers, this represents a relatively fixed cost to councils. The awards of a further 7% in 2019/20 and 3% in 2020/21 will continue to impact budgets.

The Attainment Scotland Fund has seen in additional monies provided to Local Authorities and schools to support improvements in equity in education. In 2018/19, this reflected £179 million¹⁸ in additional funding, including Pupil Equity Funding of £120 million, and around £45 million to nine Challenge Authorities.

Cost per primary pupil

There has been a real terms reduction of £288 per primary pupil since 2010/11, representing a 5.2% reduction. While real gross expenditure has increased by 3.9% across the period, there has been a 9.6% increase in pupil numbers during this time.

In 2018/19, the average cost per primary pupil increased by £170 from £5,080 to £5,250, an increase of 3.3% from the previous year. This reflects a 3.3% increase in gross expenditure and a 0.01% reduction in pupil numbers.

Table 10: Cost per primary pupil

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£5,539	£5,384	£5,234	£5,115	£4,968	£4,993	£4,973	£5,080	£5,250	3.3%	-5.2%

Cost per secondary pupil

As with primary pupil costs, there was a real terms reduction of £129 per secondary pupil between 2010/11 and 2018/19, representing a 1.8% reduction in unit costs. There has been a 4.9% reduction in pupil numbers across this period; however, the reduction in gross expenditure has been proportionately larger at 6.6%.

In 2018/19, the average cost per secondary school pupil increased by £174 from £7,011 to £7,185, an increase of 2.5% from the previous year. This reflects a 4.0% increase in expenditure, and a 1.5% growth in pupil numbers.

¹⁸ <https://www.gov.scot/policies/schools/pupil-attainment/>

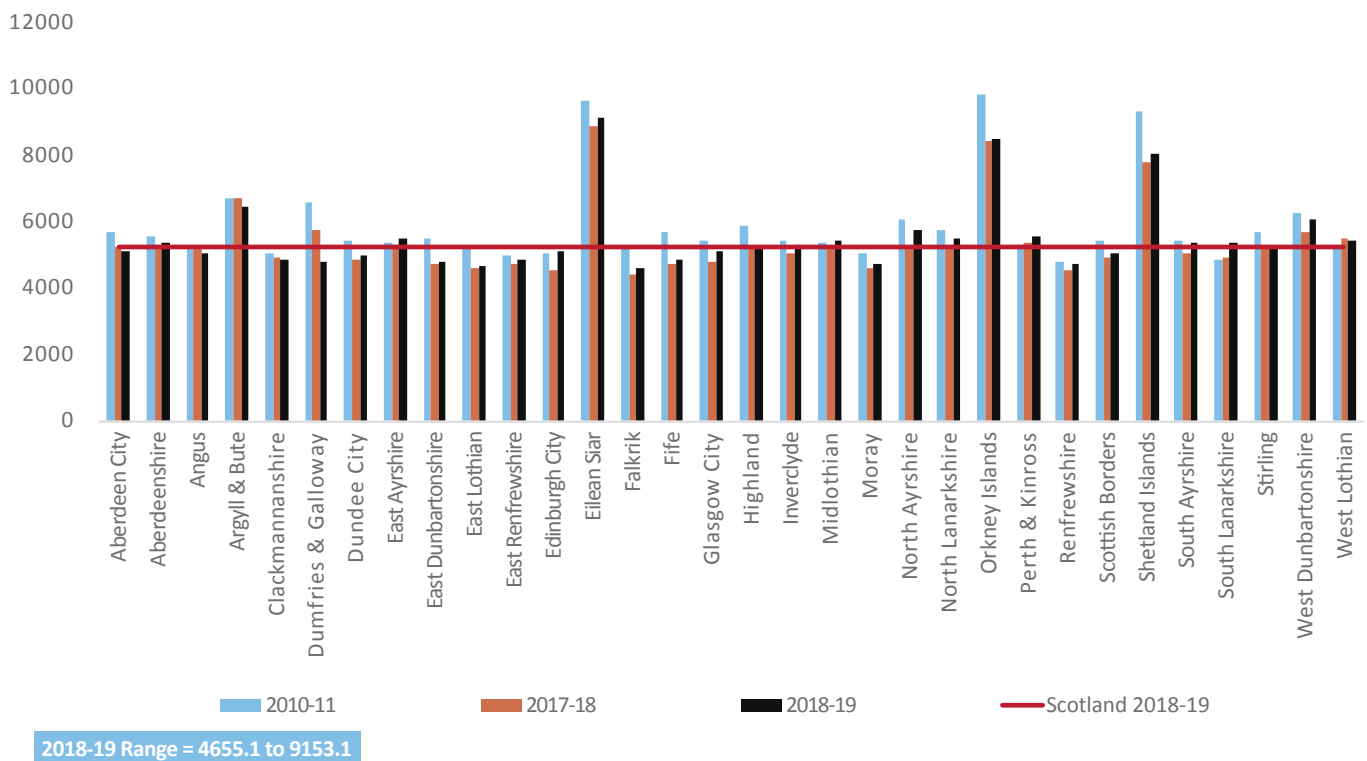


Table 11: Cost per secondary pupil

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£7,314	£7,098	£7,076	£7,059	£7,021	£7,096	£7,052	£7,011	£7,185	2.5%	-1.8%

There is still a considerable although narrowing level of variation across councils, particularly for secondary education. Cost data continues to show a very distinctive pattern across Scotland, with the island councils spending significantly more than others. In primary education, costs range from £4,655 to £9,153 (£4,655 to £6,490 excluding islands) while in secondary the range is £6,407 to £11,248 (£6,407 to £9,720 excluding islands).

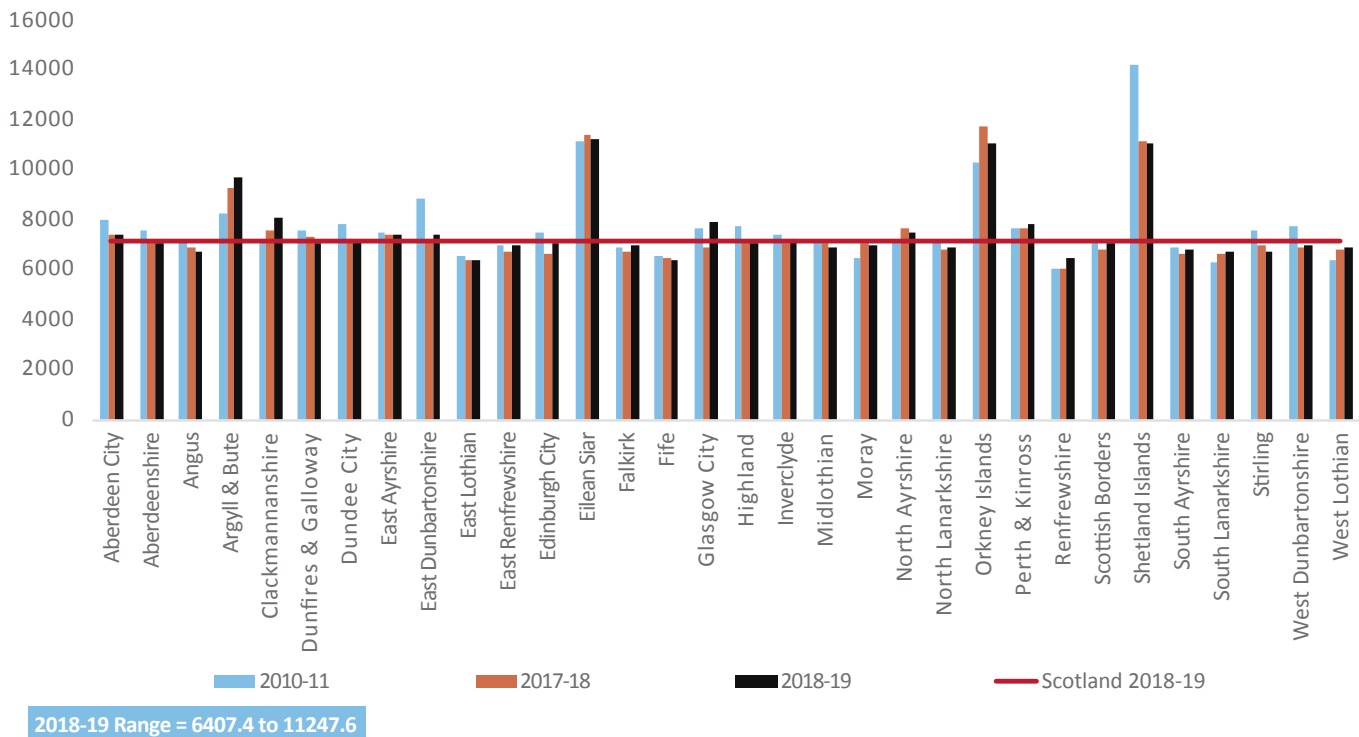
Fig 5: Cost per primary school pupil (£)



Source: Pupil Census, Scottish Government; council supplied expenditure figures



Fig 6: Cost per secondary school pupil (£)



Source: Pupil Census, Scottish Government; council supplied expenditure figures

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

- *Teacher demographics*
- *Local choices and priorities in relation to non-ringfenced elements of staffing budget such as support staff, teaching assistants, support for children with additional support needs, development teams*
- *PPP/PFI contract costs and arrangements*
- *Service design and growth of campus/hub school models*
- *Management structure and balance of senior roles*
- *Access to additional monies such as The Attainment Challenge and Pupil Equity funding*
- *Demographic variability – depending on existing class sizes and teacher numbers locally, changes in pupil numbers will have a varying impact on expenditure patterns for councils.*

Primary and secondary school performance

Primary school performance

The National Improvement Framework has introduced a consistent method for assessing children’s development throughout the Broad General Education, P1-S3. This development is a significant contribution and addresses an important gap in understanding the educational journey of children across all stages of the curriculum.

Since the introduction of Curriculum for Excellence (CfE) each local authority has worked with its schools to



develop a framework for monitoring the progression of individual children through the curriculum. Curriculum for Excellence Achievement levels capture the proportion of children in stages P1, P4, P7 and S3 of school who have achieved the “expected” level of CfE (i.e. those who have achieved the level expected for most children by the end of that stage of schooling). Each school reports annually on the proportion of children in stages P1, P4, P7 and S3 of school who have achieved the “expected” level of CfE.

This data has been published by Scottish Government as “experimental data” for the past 3 years, however, in 2019, the Scottish Government considered this data sufficiently consistent and reliable to remove the experimental status. This follows a national programme of quality assurance and moderation to provide more support and improve confidence and understanding among teachers and, from August 2017, new nationally consistent standardised assessments have been made available for teachers to help inform their judgements.¹⁹ Data for 2018/19 is therefore included within the LGBF and provides baseline data to help support local improvements in learning for pupils within the Broad General Education (stages P1 through to S3 of schooling). The following measures are included:

- Percentage of P1, P4 and P7 pupils combined achieving expected CFE Level in Literacy
- Percentage of P1, P4 and P7 pupils combined achieving expected CFE Level in Numeracy
- Literacy Attainment Gap between the least deprived and most deprived pupils (P1,4,7 Combined)
- Numeracy Attainment Gap between the least deprived and most deprived pupils (P1,4,7 Combined)

Table 12: Percentage of P1, P4 and P7 pupils achieving expected CfE levels in Literacy and Numeracy

	2018-19			
	All Children %	Most disadvantaged (bottom 20% SIMD) %	Least disadvantaged (top 20% SIMD) %	Gap (percentage points)
Percentage of P1, P4 and P7 pupils combined achieving expected CFE Level in Literacy	72.30	63.06	83.72	20.66
Percentage of P1, P4 and P7 pupils combined achieving expected CFE Level in Numeracy	79.07	71.68	88.48	16.81

Source: Scottish Government

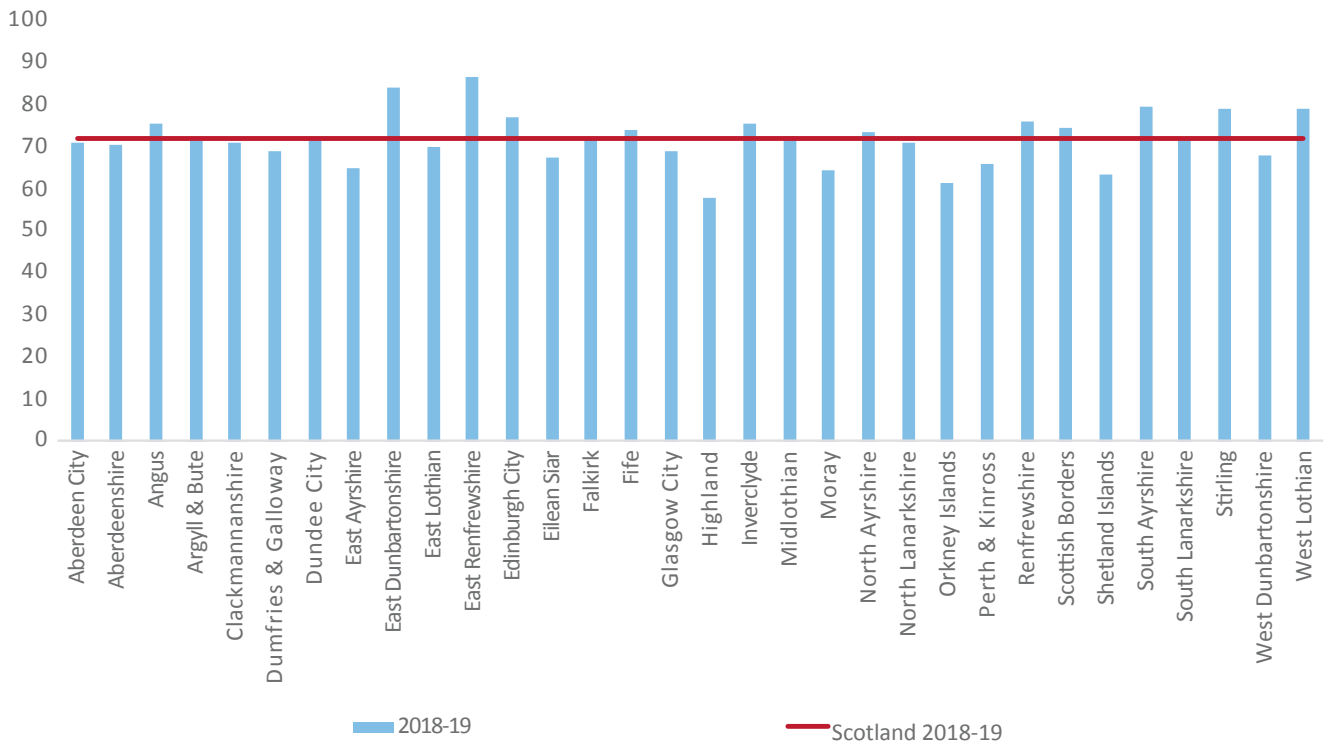
The frameworks developed within each local authority to measure the progression of learning are supported by a system of local moderation and peer review. These help to ensure a common understanding of the progression of learning across the schools within each local authority, and provide confidence that measured improvements over time at local authority level reflect real improvements in learning.

The framework used by each local authority is different and is supported by local arrangements for assessment, tracking and monitoring of pupil learning. Differences between local authorities in the level of achievement for CfE levels may reflect these differences in local approach, and caution should therefore be exercised when comparing data between local authorities. Further work to understand and support improvements in this area will be considered in the LGBF work programme in the period ahead.

¹⁹ <https://www.gov.scot/publications/achievement-curriculum-excellence-cfe-levels-2018-19/pages/3/#Chapter1.3>

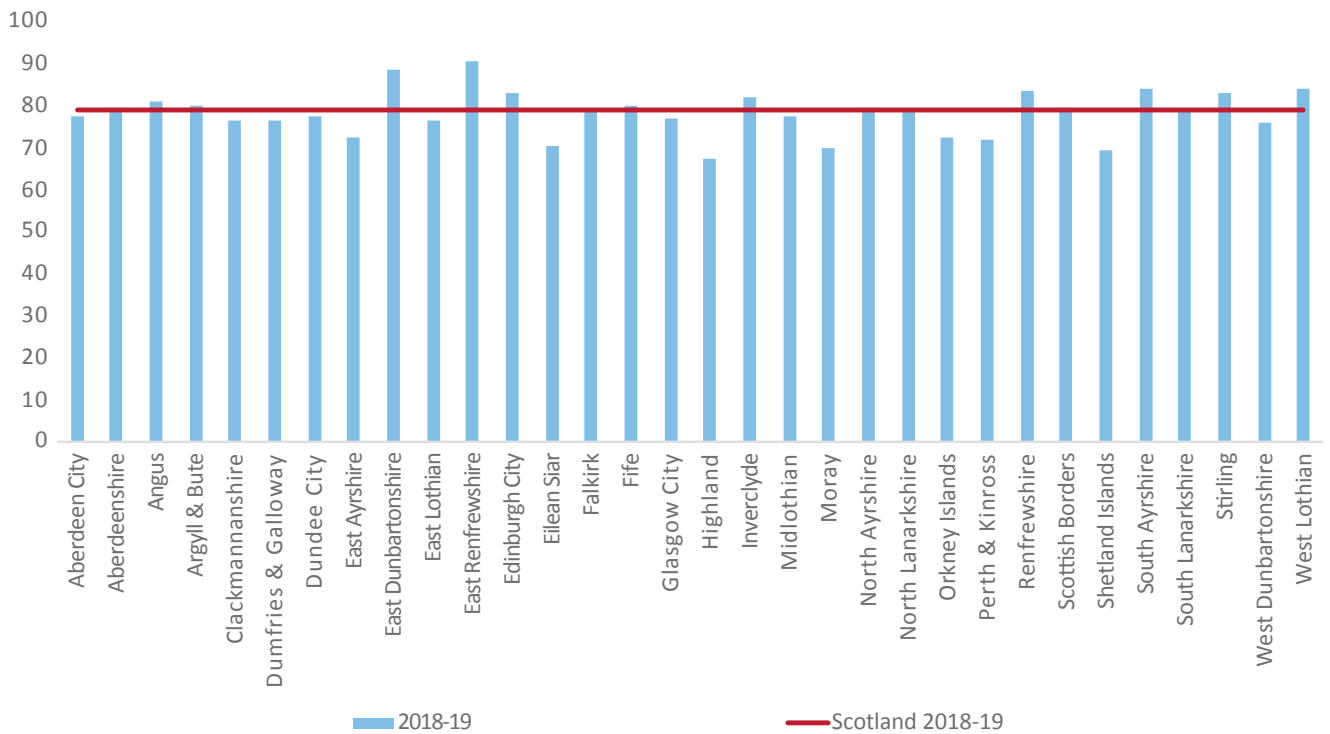


Fig 7: Percentage of P1, P4 and P7 pupils combined achieving expected CFE Level in Literacy



Range = 57.9 to 86.6

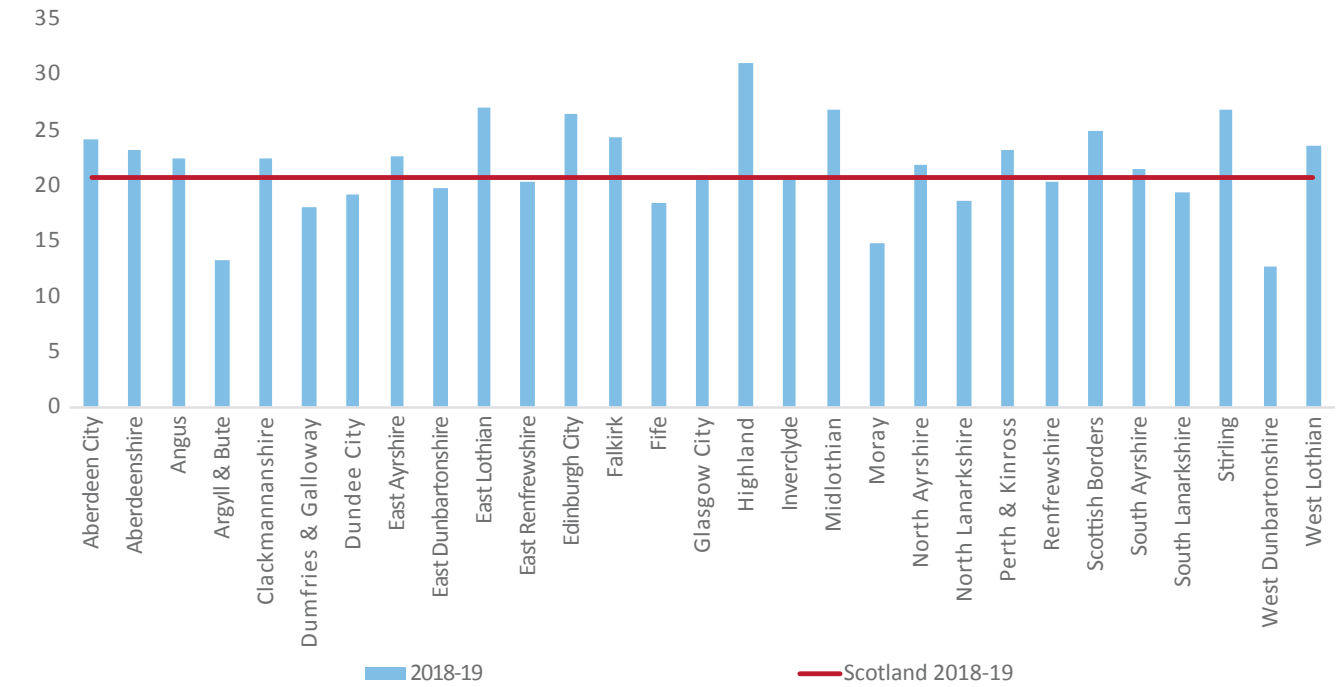
Fig 8: Percentage of P1, P4 and P7 pupils combined achieving expected CFE Level in Numeracy



Range = 67.4 to 90.7

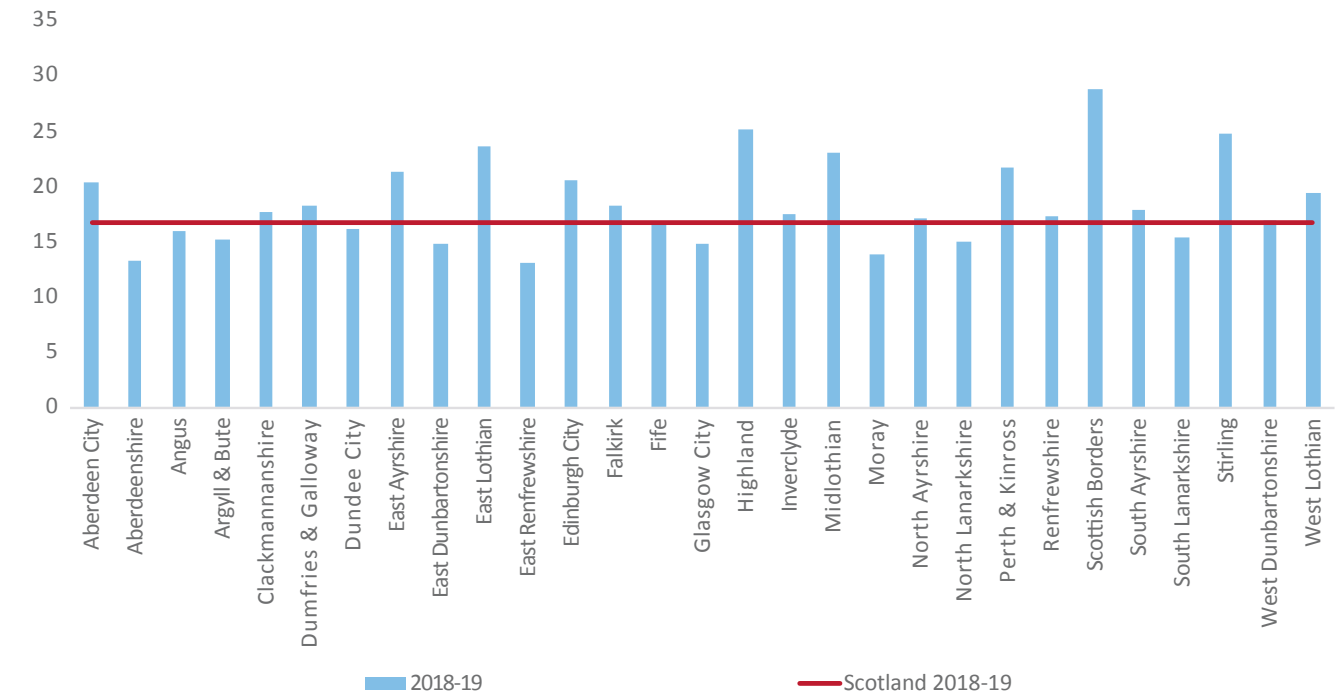


Fig 9: Literacy Attainment Gap between the least deprived and most deprived pupils (P1,4,7 Combined)



Range = 12.8 to 31.1

Fig 10: Numeracy Attainment Gap between the least deprived and most deprived pupils (P1,4,7 Combined)



Range = 13.1 to 28.8

Source: Achievement of Curriculum for Excellence (CfE), Scottish Government



School attendance rates

Good school attendance is key to ensuring that every child gets off to the best start in life and has access to support and learning that responds to individual needs and potential. The role of school attendance in the protection of children is key.

Local authorities record information on pupils' attendance and absence from school and the reasons for this. This information is used to monitor pupil engagement and to ensure pupils' safety and wellbeing by following up on pupils who do not attend school.

Attendance is standardised within this framework as "school attendance rates", the number of half-days attended for a local authority as a percentage of the total number of possible attendances.²⁰ Attendance rates have remained around 93% since 2010/11. Between 2010/11 and 2014/15, the attendance rate increased from 93.1% to 93.7%, with rates now falling to 93.0% in 2018/19. Data is published only every two years.

Table 13: School attendance rates for all pupils and for children who are looked after

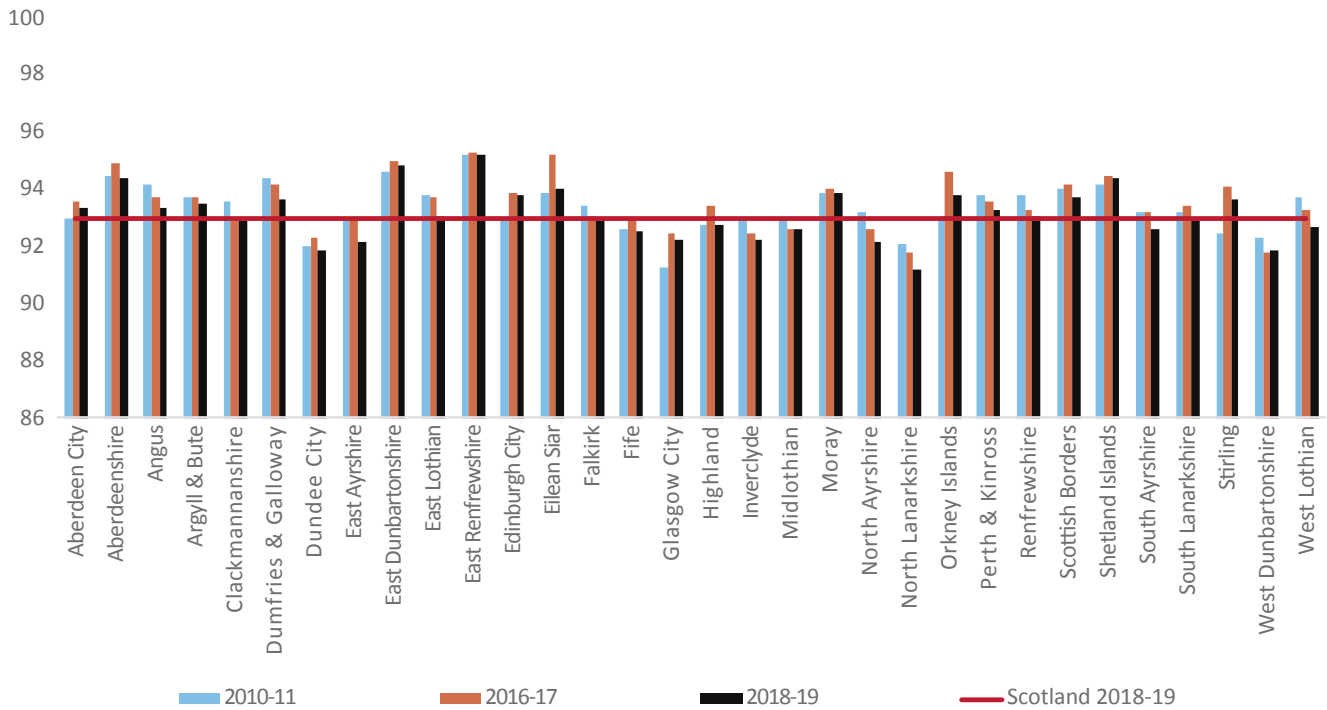
	2010-11	2012-13	2014-15	2016-17	2018-19	Value Change 2016-17 to 2018-19	Value Change 2010-11 to 2018-19
School Attendance Rates	93.1	93.6	93.7	93.3	93.0	-0.3	0.1
School Attendance Rates (LAC)	88.6	88.6	91.6	91.0	dna	n/a	2.4

In terms of variation across councils, attendance rates in 2018/19 range from 91.2% to 95.2%. This range of variation in attendance rates is consistent with the preceding years. The variation between councils is systematically related to deprivation, with attendance rates higher in those councils with lower levels of deprivation (94% compared to 92%).

²⁰ This is based on a 380 half day year. The national average is the average number of half-days attended for local authority and mainstream grant-aided schools in Scotland.



Fig 11: School attendance rates (%)



2018-19 Range = 91.2 to 95.2

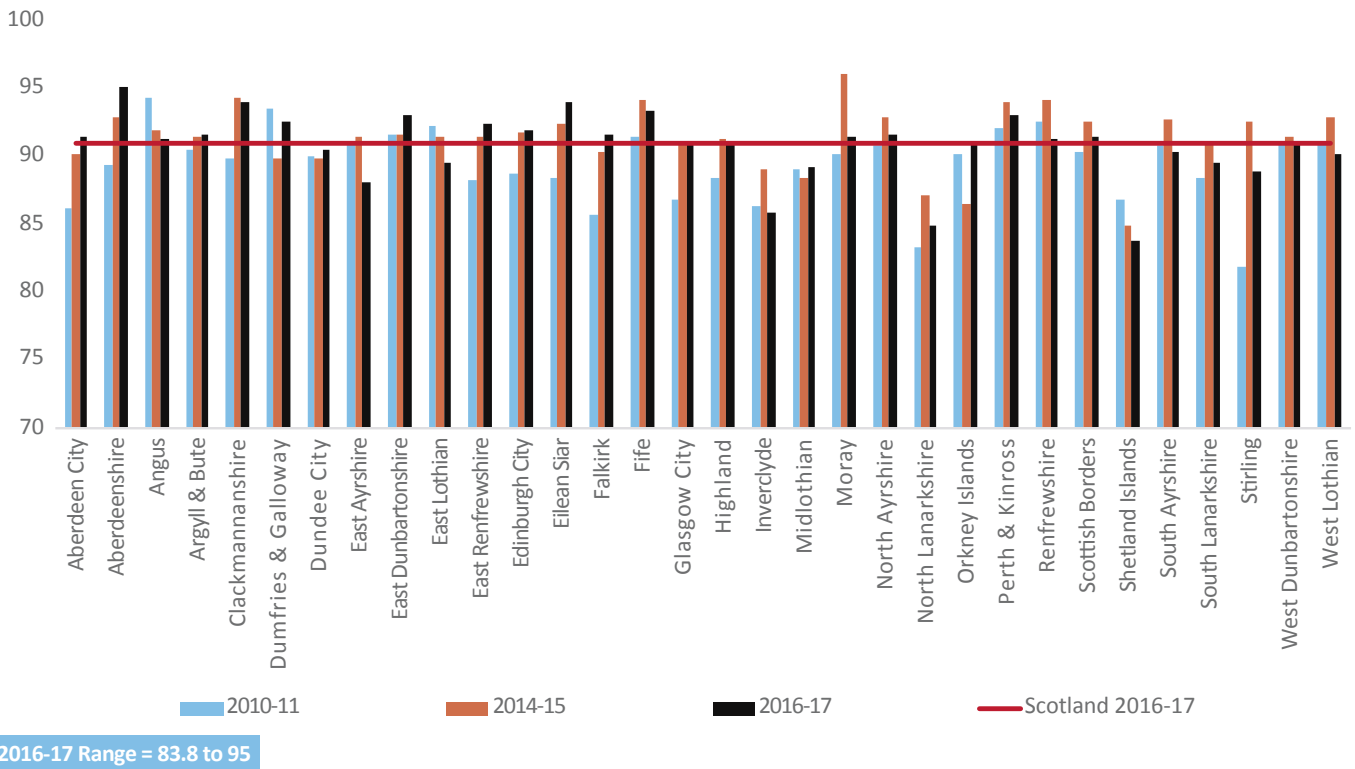
Source: Scottish Government attendance and absence figures

2018/19 data for school attendance of looked after children is not published until June 2020. In terms of previous trends, the school attendance of looked after children has improved from 88.6% in 2010/11 to 91.0% in 2016/17, with improvement stalling in the most recent years. The attendance rates of looked after children are below those of all pupils, however, the gap between looked after children and all children has been closing across this period due to a faster improvement rate for looked after children, with the gap reducing from 5.1 percentage points to 2.3 percentage points in 2016/17. Attendance is lowest for those looked after at home and with a greater number of placements. Looked after children have a lower attendance rate than all pupils in all school sectors but the differences are significant in secondary school (75.1% compared to 91.2% for all pupils in secondary school). As with overall attendance rates, data is published only every two years.

There is greater variation across councils in attendance rates for looked after children than for other pupils, ranging from 83% to 95% in 2016/17. Within this variation, there are no systematic effects of deprivation, rurality or size of council. The small number of looked after children in some authorities may introduce volatility in the data for this measure which may explain some of the variation.



Fig 12: School attendance rates (looked after children) (%)



Source: Scottish Government Attendance and Absence figures

School exclusion rates

Councils strive to keep all learners fully included, engaged and involved in their education, wherever this takes place, and to improve outcomes for those learners at risk of exclusion. While the power exists to exclude children and young people from school, there have been significant, concerted efforts by schools and local authorities to implement a range of approaches and solutions to positively engage young people in their education and improve relationships and behaviour. This is based upon a shared approach of agencies working together and responding to the needs of learners early and effectively, in line with the principles of Getting it Right for Every Child (GIRFEC). Exclusion is considered only when to allow the child or young person to continue attendance at school would be seriously detrimental to order and discipline in the school or the educational wellbeing of the learners there.

Exclusion is standardised within the framework as “school exclusion rates”, the number of half-days of temporary exclusions and number of pupils removed from the register (previously known as ‘permanent’ exclusions) per 1000 pupils.²¹ Between 2010/11 and 2018/19, exclusion rates have reduced year on year, falling from 40.0 to 21.6 across the period.

²¹ As LAC pupil numbers at local authority level are not available on a consistent basis for the time series required, total LAC numbers are used. These figures therefore differ from Scotland figures published by the Scottish Government which are based on LAC pupil numbers

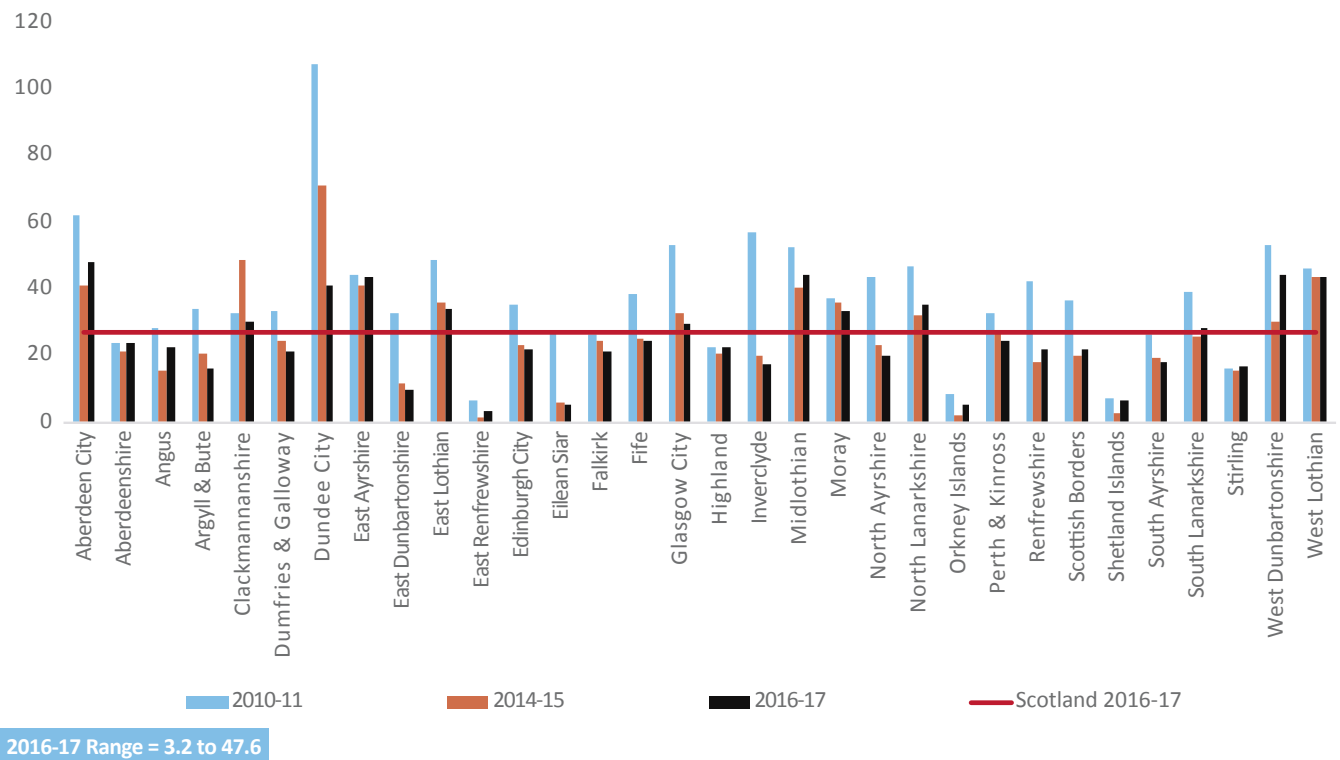


Table 14: School exclusion rates for all pupils and for children who are looked after

	2010-11	2012-13	2014-15	2016-17	2018-19	% Change 2016-17 to 2018-19	% Change 2010-11 to 2018-19
School Exclusion Rates	40.0	32.8	27.2	26.8	21.6	-19.4%	-46.0%
School Exclusion Rates (LAC)	165.6	184.5	94.3	80.0	dna	n/a	-51.7%

Local authority level data for school exclusion rates is not published until March 2020. In terms of previous trends, there was significant but narrowing variation across councils in 2016/17, with rates per 1000 pupils ranging from 3.2 to 47.6. The variation between councils appears to be related to the level of deprivation within councils, with lower exclusion rates reported in those councils with lower levels of deprivation. As with attendance rates, figures for exclusion are published every two years.

Fig 13: School exclusion rates (per 1,000 pupils)



Source: Scottish Government Exclusions Dataset

2018/19 data for exclusion rates of looked after children is not published until June 2020. In terms of previous trends, exclusion rates for children who are looked after are significantly higher than for all pupils, although they are reducing at a faster rate, so the gap is narrowing steadily. The exclusion rate for children looked after for the full year has more than halved since 2010/11. Between 2010/11 and 2016/17, exclusion rates for children who are looked after reduced from 165.6 to 79.9. This represents an improvement rate of 52%, compared to an improvement rate of 33% for all pupils across the same period.

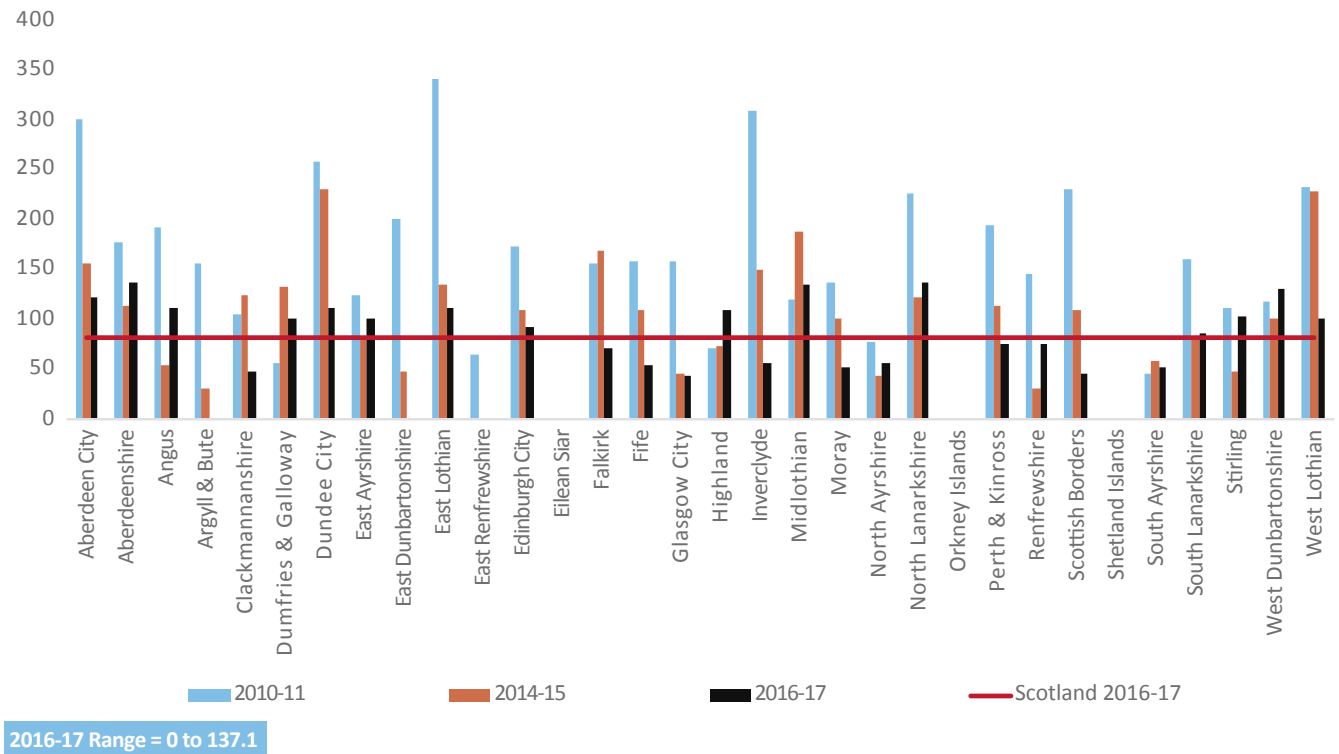
Those children in residential accommodation tend to have higher rates of exclusions than those looked after in the community. Children looked after at home have a noticeably higher exclusion rate than others looked after in the community. There is a tendency for looked after children with a greater number of placements to have a higher rate of exclusions and children looked after for part of the year with more than one placement have a notably high rate of exclusions.



There is greater variation across councils in exclusion rates for looked after children than for all pupils, ranging from 0 to 137 in 2016/17. This variation between councils has narrowed significantly in the most recent year. There are no systematic effects in relation to council level of deprivation, rurality or size on exclusion rates. The small number of looked after children in some authorities may introduce volatility in the data for this measure which may explain some of the variation.

As with overall exclusion rates, figures for exclusion are published every two years.

Fig 14: School exclusion rates (looked after children) (per 1,000 looked after children)



Source: Scottish Government Exclusions Dataset

Secondary school performance

The introduction of Curriculum for Excellence (CfE) has helped to ensure that all young people receive a curriculum that is better focussed on their individual needs. This is reflected in the long-term trends seen for the attainment of school leavers, with a sustained improvement in overall levels of attainment and a significant closing of the attainment gap over recent years.

The LGBF Board is committed to developing a suite of performance measures which accurately reflect the senior phase (S4-S6) landscape and reflect wider educational achievement. The transitional suite presented here marks an important step in this development, however further measures will be introduced as suitable data becomes available over future years, to improve the scope and balance of information available on children's services.

Performance at secondary level is currently measured by:

- Average tariff score (by SIMD quintile)
- Percentage of pupils gaining 5+ SCQF level 5 qualifications or higher (described as '5+ at Level 5' for the purpose of this report)



- Percentage of pupils gaining 5+ SCQF level 6 qualifications or higher (described as '5+ at Level 6' for the purpose of this report)
- Participation Rate measuring participation in learning (including school), training or work for all 16-19 year olds in Scotland.

The suite of measures also includes the percentage of school leavers entering positive destinations. However, as this information is no longer published in December it was not possible to include 2018/19 data here. This will be included when it is published in March.

Average tariff

Average tariff is a summative measure of educational attainment which offers a broad measure of achievement to consider alongside breadth and depth measures. The tariff score is a summary measure calculated from all academic achievement of pupils during the senior phase (S4- S6) across a range of awards included in the benchmarking tool Insight. The tariff reflects the number of awards that a pupil achieves, the SCQF level at which each award is assessed, and the grade of the award achieved (for any of these awards which are graded). The measure here reflects cumulative attainment either to the point of leaving or to the end of S6.

Under Curriculum for Excellence, the number of subjects typically studied by pupils varies between local authorities. This reflects differing approaches to developing employability skills and the core qualification sets needed to enable a range of post school destinations. Tariff scores strongly reflect the total number of subjects studied while the complementary tariff may be more useful in reflecting different curriculum models.

As the school leaver data is not yet available for 2018/19, the basis for the data included for these measures is different from published data available on the Learning Analysis School Summary Dashboard, which is based on school leavers. To allow 2019 data to be included, the Scottish Government has provided pupil's attainment by S6 based on the S4 cohort.²²

Table 15: Average total tariff by SIMD quintile

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2011-12 to 2018-19	Range 2018-19
Overall Average Tariff	770	798	827	860	877	888	894	892	-0.2%	15.9%	749-1354
Average Tariff SIMD Q1	478	510	551	581	603	625	620	625	1.0%	30.8%	417-1039
Average Tariff SIMD Q2	618	644	685	716	741	751	752	740	-1.6%	19.7%	470-1088
Average Tariff SIMD Q3	759	788	816	851	864	882	899	872	-3.0%	14.9%	706-1275
Average Tariff SIMD Q4	909	929	962	984	998	1002	1019	1013	-0.6%	11.4%	836-1310
Average Tariff SIMD Q5	1101	1134	1149	1185	1197	1210	1224	1193	-2.5%	8.4%	926-1478

An improving trend can be seen in average total tariff over the past eight years, increasing by 15.9% from 770 in 2011/12 to 892 in 2018/19. These changes reflect a significant improvement in the educational outcomes and life chances of Scotland's young people.

While this improving trend is evident for all SIMD groups, pupils from the most deprived groups have shown

²² Overall average total tariff is calculated by the Improvement service



the largest improvement across the period, although tariff scores remain significantly lower than those achieved by pupils from less deprived groups. Average Tariffs have increased by 30.8% and 19.7% for the two most deprived groups compared to 11.4% and 8.4% for the least deprived groups.

The scales of changes seen since 2011-12 clearly reflect general improvements equating to both better grades and more awards at higher SCQF levels. For example:

- The improvement seen in Overall Average Total Tariff (for all pupils) would equate to an improvement from: 2Bs and a C at Higher plus 3 additional grade A National 5s (776 tariff points – approximately, the average level of attainment in 2011-12) to 4 Bs at Higher plus 2As at National 5 (896 tariff points – approximately, the average level of attainment in 2018-19).
- Similarly, the improvement seen in Overall Average Total Tariff – for pupils from the most deprived 20% of areas in Scotland – would equate to an improvement from: 3As and 3Bs at National 5 (474 tariff points – approximately, the average level of attainment in 2011-12) to 1C and 1 D at Higher plus 2As and 2Bs at National 5 (625 tariff points – approximately, the average level of attainment in 2011-12).

By comparison, there was no significant change in the total tariff measure for leavers in 2018/19 compared with the year before, with a change of a few tariff points for each measure (equivalent to a change of a grade or less for one award).

While there is a general narrowing of variation between councils in relation to overall average tariff (749 to 1354) and within the least deprived quintile groups, the level of variation is widening for the most deprived quintile groups. Further detail of the variation within councils is presented in the graphs below.

Fig 15: Overall average total tariff

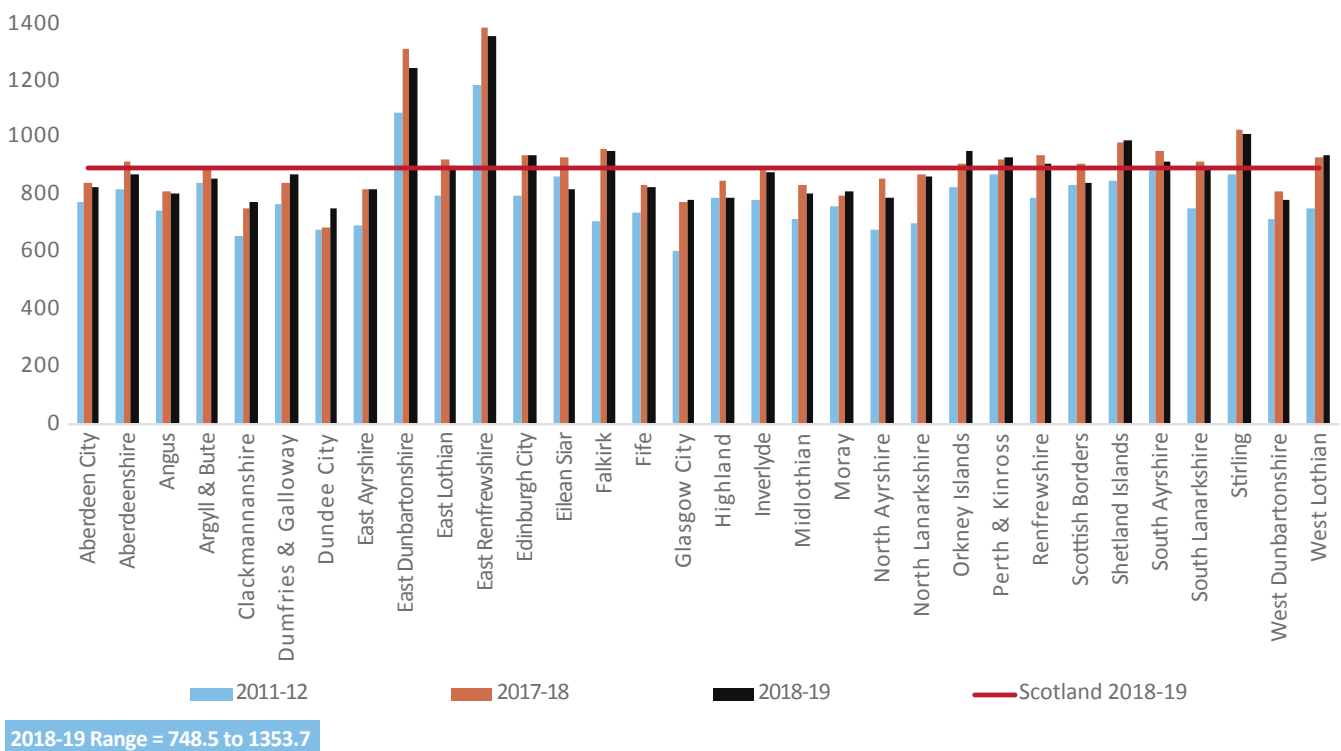




Fig 16: Average total tariff SIMD quintile 1

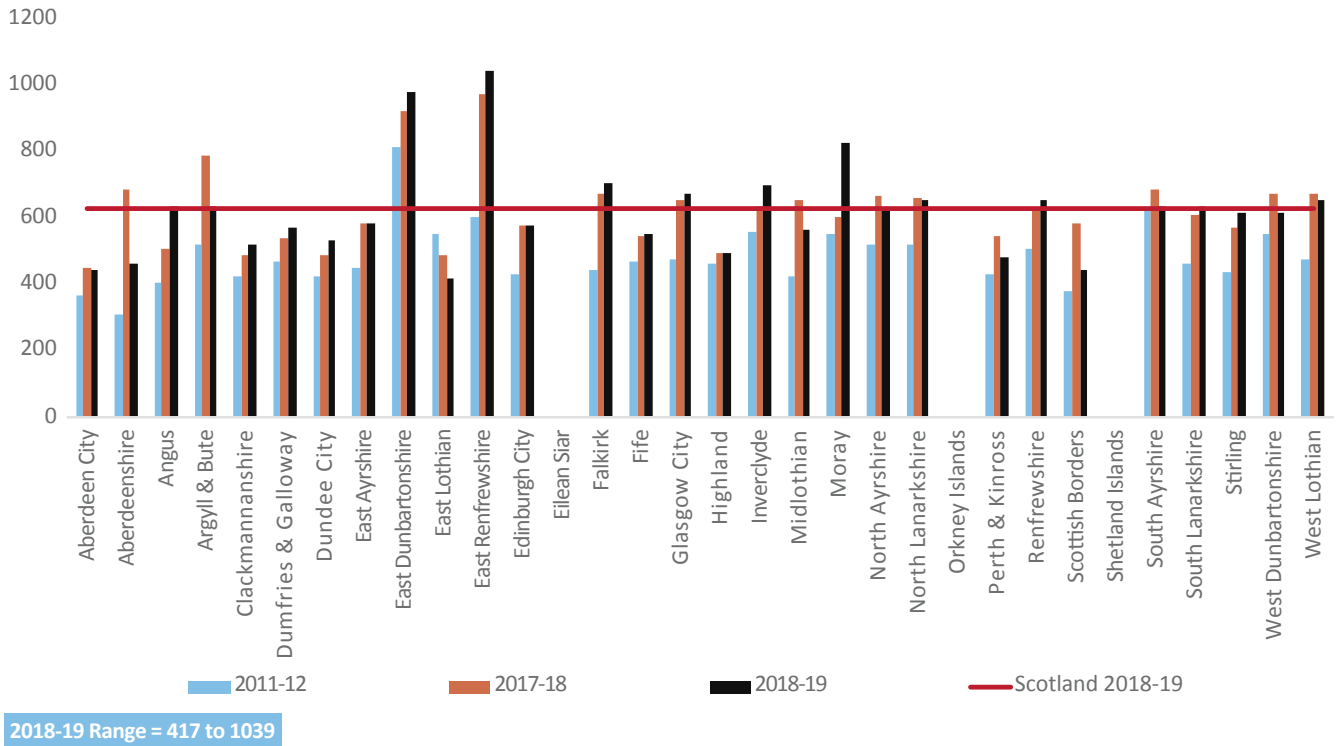


Fig 17: Average total tariff SIMD quintile 2

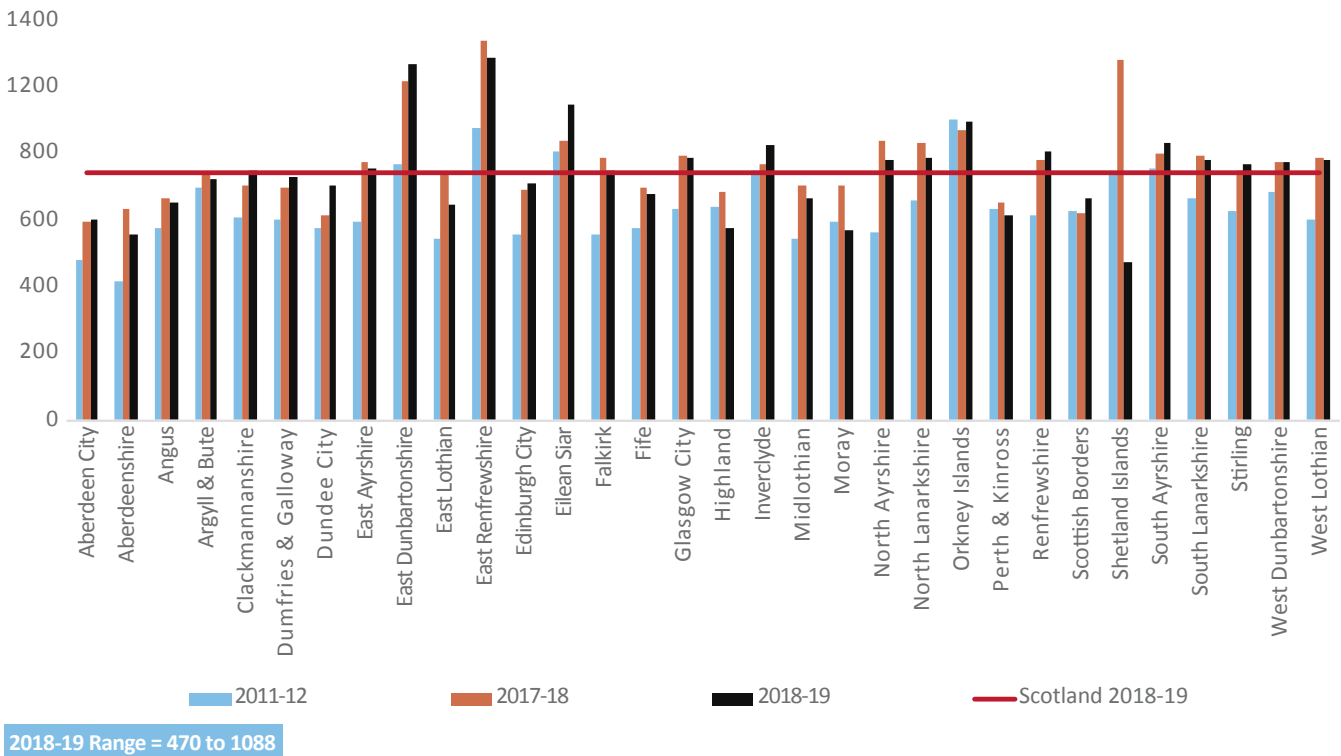
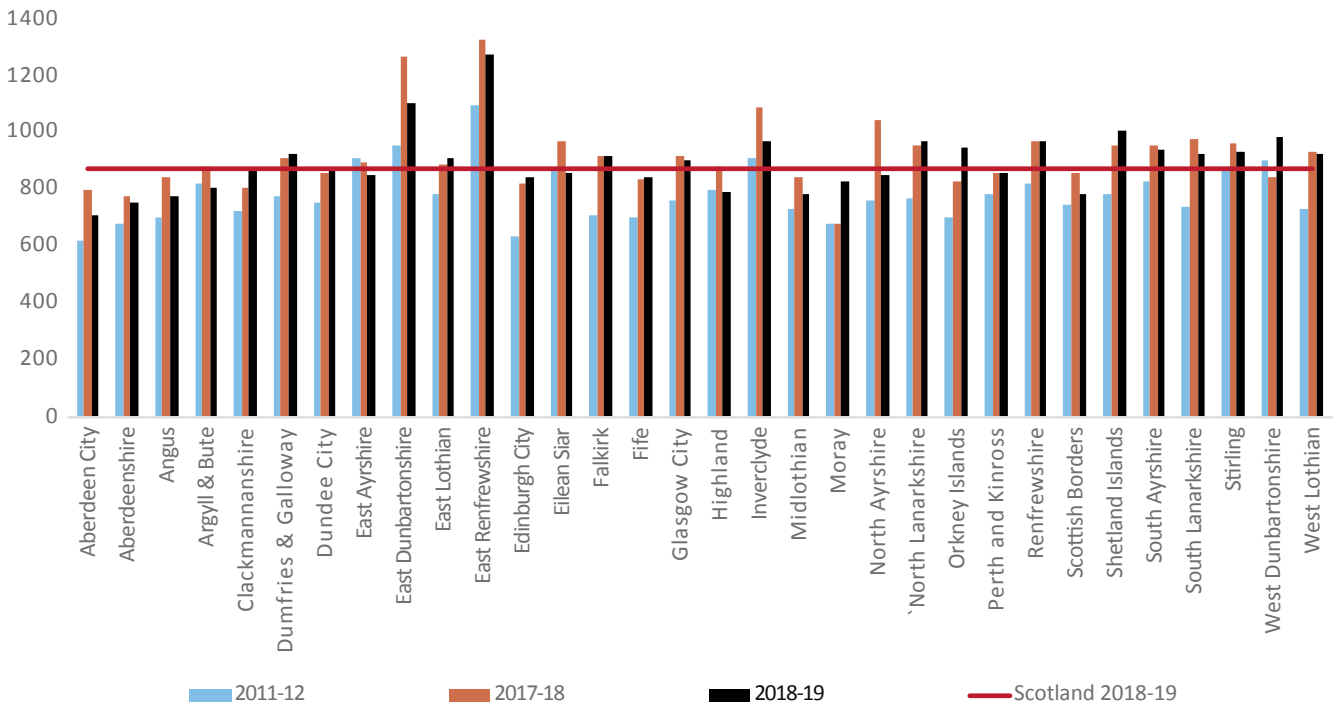


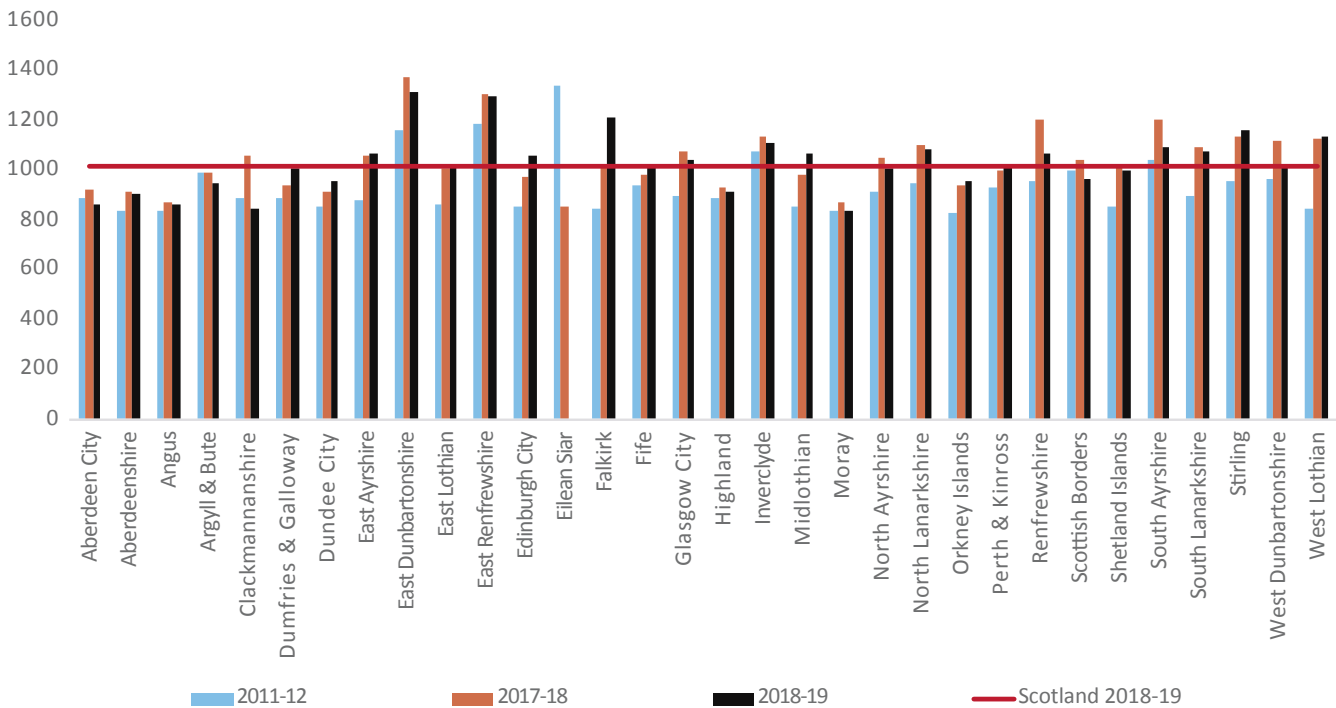


Fig 18: Average total tariff SIMD quintile 3



2018-19 Range = 706 to 1275

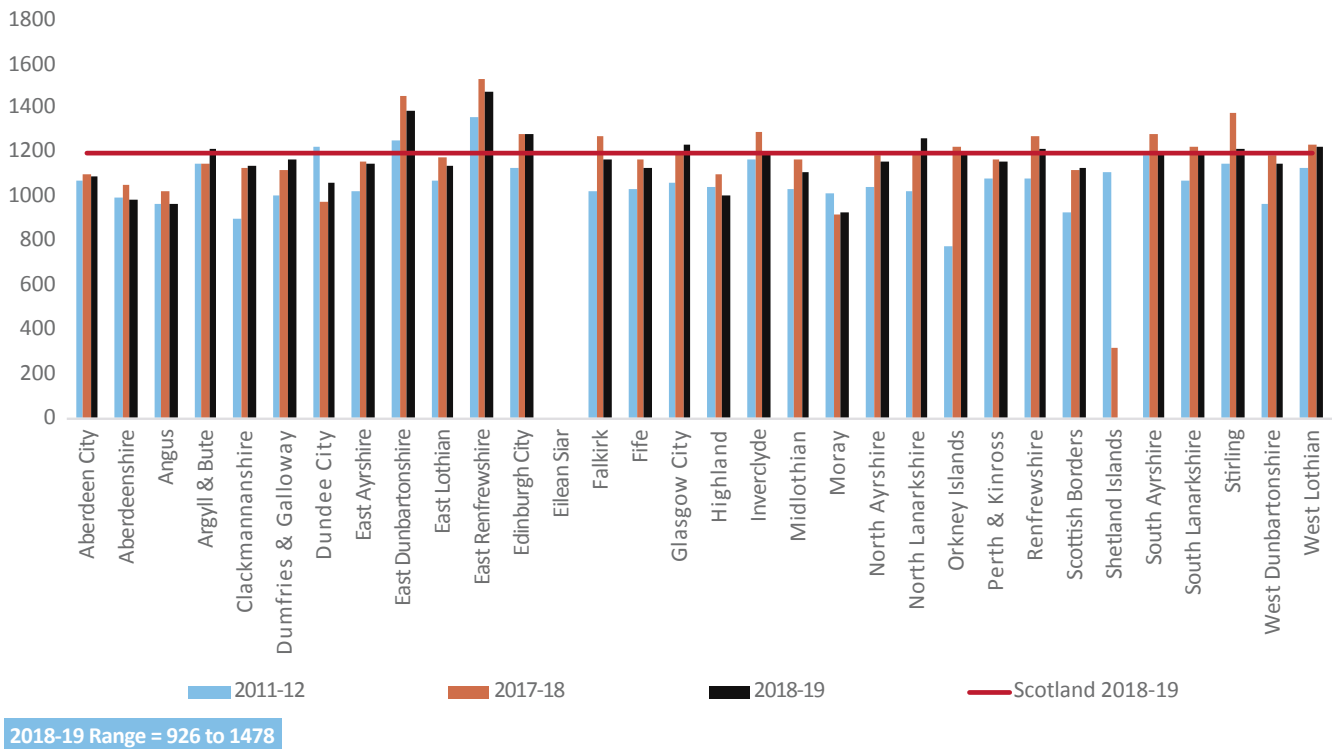
Fig 19: Average total tariff SIMD quintile 4



2018-19 Range = 836 to 1310



Fig 20: Average total tariff SIMD quintile 5



Source: Breakdown of average total tariff by SIMD quintile provided by the Scottish Government and overall average total tariff calculated from this by the Improvement service.

Note: Missing values represent councils which have no pupils in this SIMD quintile

Performance at SCQF level 5 and level 6 or higher

Performance at level 5 and level 6 or higher provide a breadth and depth measure of achievement for pupils at higher levels of attainment, for all pupils and for those from more deprived areas. It should be noted that 5+ awards at SCQF level 5 and level 6 or higher are demanding academic criteria and on their own provide a rather narrow picture of attainment. They are concentrated heavily on high attainers – those who would typically progress to higher education – and do not adequately reflect the outcomes and life chances of all school pupils.

These measures reflect the cumulative attainment at SCQF level 5 and level 6 or higher, either to the point of leaving or to the end of S6. However, as with average tariff scores, as the school leaver data is not yet available for 2018/19, the basis for the data included for these measures is different from published data available on the Learning Analysis School Summary Dashboard which is based on school leavers. To allow 2019 data to be included, the Scottish Government has provided pupils' attainment by S6 based on the S4 cohort.

An improving trend can be seen in the SCQF level 5 and level 6 data across the years for which we have collated data. The total percentage of young people gaining 5+ awards at level 5 and level 6 is increasing, for all pupils, and for those in the most deprived communities.



Table 16: Percentage of pupils achieving 5 or more awards at SCQF level 5 and level 6 or higher

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2011-12 to 2018-19
% Gaining 5+ Awards at Level 5	51	53	55	57	59	60	62	63	1.0	12.0
% Gaining 5+ Awards at Level 6	26	27	29	31	33	34	34	35	1.0	9.0
% Pupils from Deprived Areas Gaining 5+ Awards at Level 5 (SIMD)	29	32	34	37	40	41	42	44	2.0	15.0
% Pupils from Deprived Areas Gaining 5+ Awards at Level 6 (SIMD)	10	11	14	14	15	16	16	18	2.0	8.0

In 2018/19, 63% of pupils achieved five or more awards at level 5 or higher, an increase of 12 percentage points from 2011/12. Similarly, there has been a nine percentage point increase in the percentage of pupils achieving five or more awards at level 6 or higher during this time, from 26% to 35%. Since 2011/12, all 32 councils have seen an increase in attainment at these levels, with most showing a year on year improvement. In the last 12 months, achievement rates at level 5 and level 6 both improved by one percentage point.

While achievement levels remain lower for children from the most deprived areas, there has been a faster rate of improvement within these groups. The percentage of children from the most deprived communities achieving 5+ awards at level 5 and level 6 in 2018/19 was 44% and 18% respectively, an increase of 15 percentage points and 8 percentage points from 2011/12. This is an improvement rate of 52% and 80%, compared to 24% and 35% for all pupil's achievement. In the past 12 months, there was a two percentage point improvement at both level 5 and level 6.

Across Scotland, substantial and widening variation between councils can be identified at both level 5 and level 6, ranging from 53% to 86% and 27% to 65% respectively. This trend is particularly true at Level 6. Substantial variations can also be seen between councils in achievement levels for the most deprived, ranging from 27% to 71% at level 5, and 7% to 42% at level 6. As with all pupils, the variation has widened in recent years.

Achievement varies systematically with the overall level of deprivation in the council area: this accounts for approximately 35% to 40% of the variation in outcome between councils. For example, if councils are grouped according to their levels of deprivation, the average at level 5 for the most deprived councils is 58% compared to 65% for the least deprived councils. However, there are some councils with very low levels of overall deprivation who are achieving exceptional results with pupils from deprived areas. There are also councils with relatively high levels of overall deprivation achieving higher than average results.



Fig 21: Percentage of pupils gaining 5+ awards at level 5

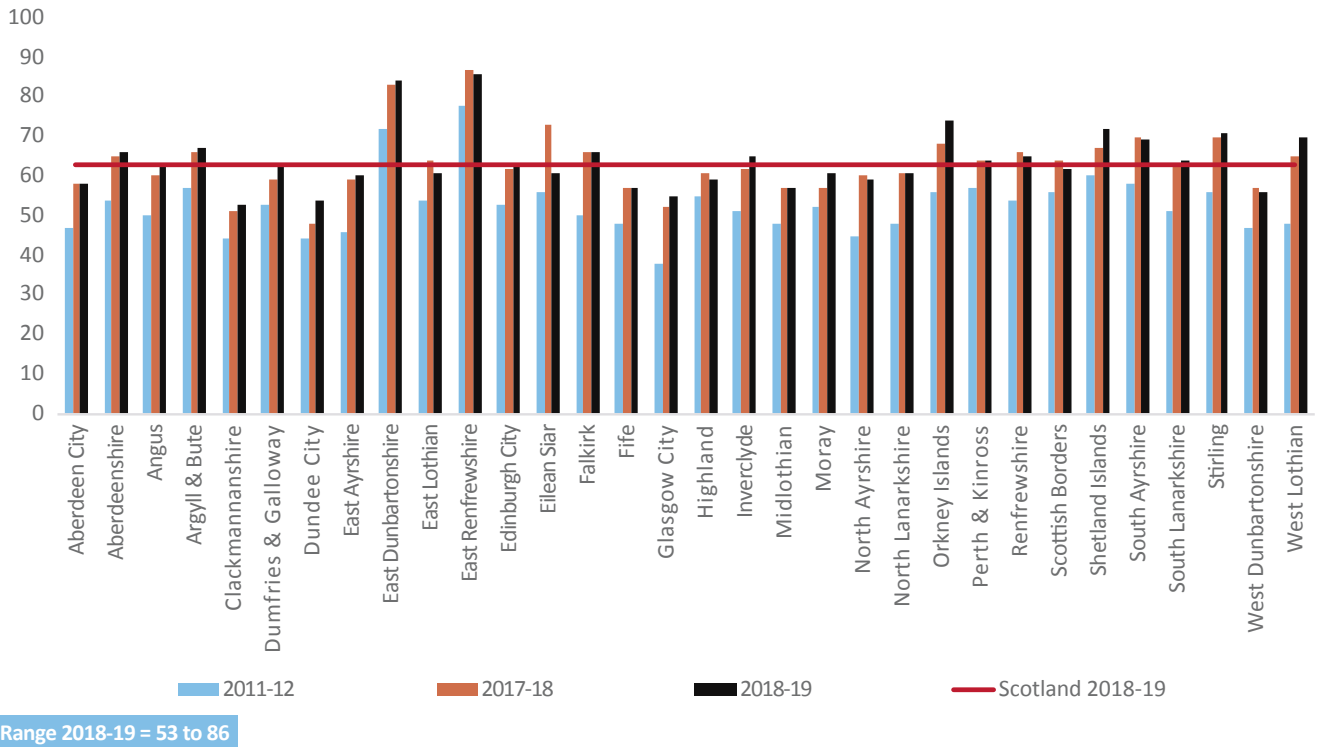


Fig 22: Percentage of pupils gaining 5+ awards at level 6

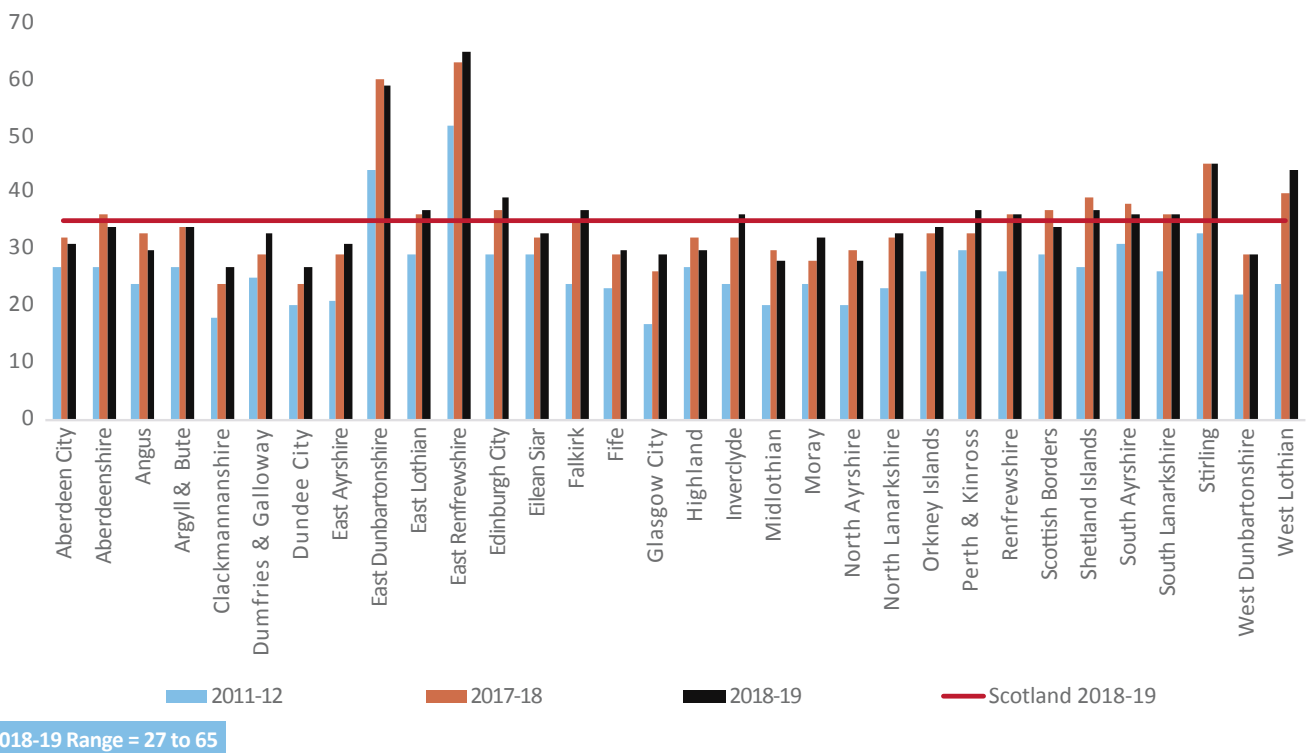




Fig 23: Percentage of pupils from deprived areas gaining 5+ awards at level 5 (SIMD)

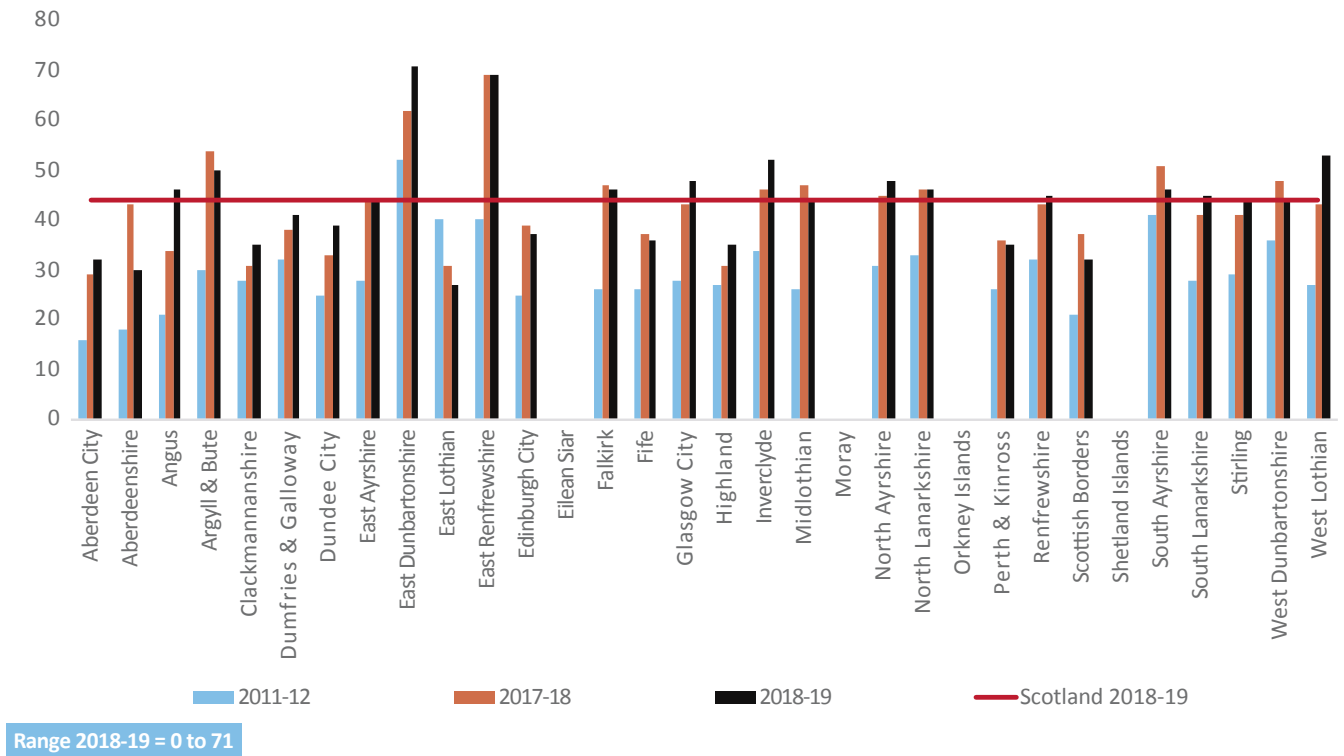
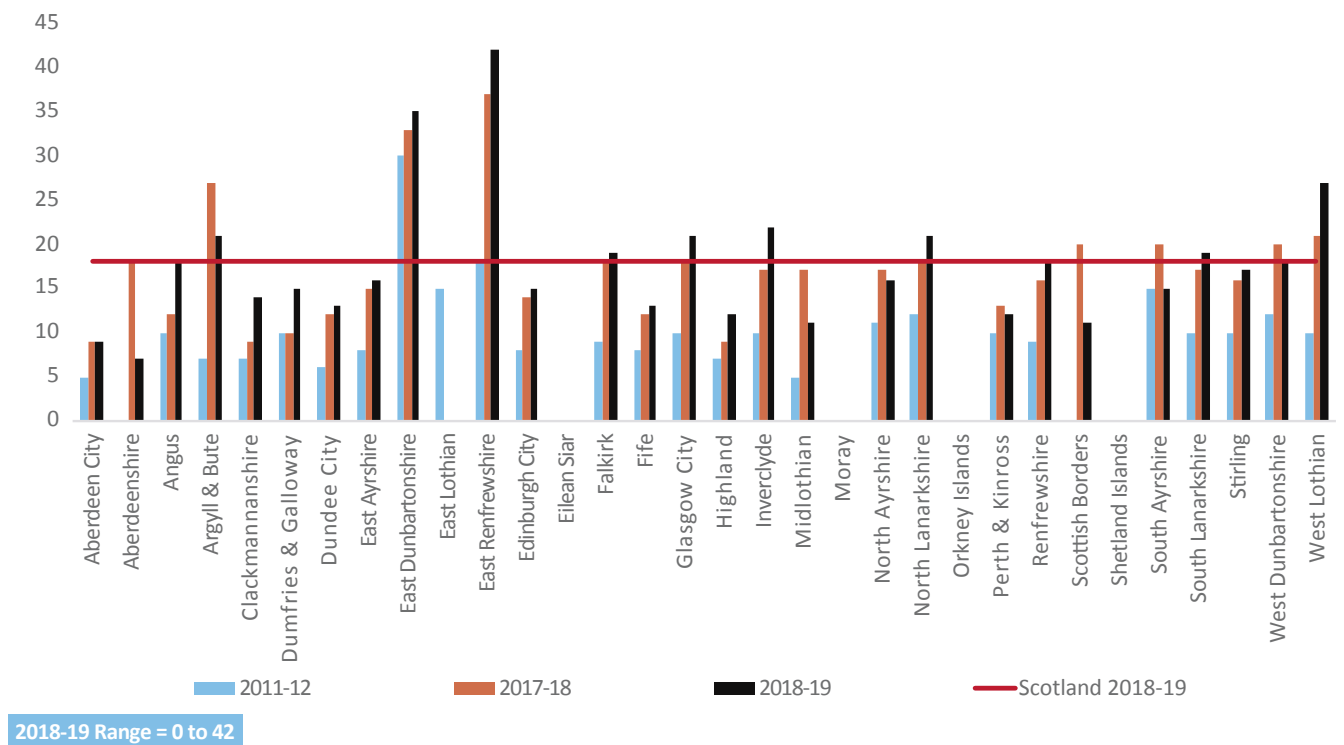


Fig 24: Percentage of pupils from deprived areas gaining 5+ awards at level 6 (SIMD)



Source: Figures supplied by Scottish Government.

Note: Missing values represent councils which have no pupils in the 20% most deprived communities.



Average total tariff points and attainment at levels 5 and 6 provide two summary measures of the overall attainment of a cohort of school leavers. A range of other measures are available of the key qualification sets that enable access to a wider range of post-school opportunities and life chances for school leavers. These have been the focus for improvement across local authorities in recent years and show a picture of sustained improvement in attainment across the period and significant progress in closing the attainment gap.

One example is the achievement of an award at SCQF level 6. This provides a route from school onwards to higher education, either through an HNC (in the case of 1 award at SCQF level 6), or directly on to a degree course (in the case of multiple awards at SCQF level 6). An increasing proportion of school leavers have been achieving this level of attainment over recent years, ensuring that they access to a wider range of post-school opportunities. It is particularly striking that this improvement has in large part been due to a significant closing in the attainment gap, with a far greater improvement for those living in SIMD quintile 1, although attainment has improved across all social contexts (see table below).

Table 17: Improvement in the proportion of school leavers achieving 1 or more awards at SCQF level 6

Percentage of School Leavers Achieving 1 or More Level 6 Award	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Rate of Improvement
Quintile 1	34.9	38.5	41.2	42.7	43.0	44.4	27.2%
Quintile 2	45.0	49.1	50.6	52.2	52.4	52.8	17.3%
Quintile 3	55.8	57.2	60.3	62.2	62.0	62.5	12.0%
Quintile 4	65.7	66.9	69.2	71.1	70.5	70.5	7.3%
Quintile 5	77.3	79.1	80.3	81.2	80.6	81.8	5.8%
Gap between Quintiles 1 and 5	42.4	40.6	39.1	38.5	37.6	37.4	
National - Overall	55.8	58.1	60.2	61.7	61.2	62.2	11.5%

Source: Summary Statistics for Attainment and Initial Leaver Destinations, Scottish Government

There has also been an increasing focus over recent years in schools on offering a wider range of vocational awards, to better meet the needs of all learners. This change reflects the intention and ethos of CfE: to ensure that the needs of all learners are met through flexibility in the curriculum offered, and the use of a wider range of achievement to recognise learners' success. These changes are evident in the sustained increase in learners leaving school over recent years with vocational awards at SCQF levels 4, 5 and 6 (see table below).

These awards develop and evidence skills which employers report are important to them and support the national goal of Developing the Young Workforce. They include National Progression Awards and are available in a variety of sectors, including: Construction, Childcare, Computer Games Development, Professional Cookery, Digital Media and Sports Coaching. It should be noted, that many of these awards are ungraded and (although better meeting the needs – and developing the skills – of those studying them) may attract fewer tariff points than a non-vocational course.

Table 18: Proportion of school leavers achieving vocational qualifications at SCQF levels 4, 5 and 6

	2013-14	2014-15	2015-16	2016-17	2017-18
1+ SCQF Level 4 or better	16.1	16.8	17.7	19.6	21.3
1+ SCQF Level 5 or better	7.3	9.0	10.7	12.8	14.8
1+ SCQF Level 6 or better	1.0	1.3	1.9	2.5	3.8

Source: Summary Statistics for Attainment and Initial Leaver Destinations, Scottish Government



Whilst the evidence above shows that there has been a significant improvement in attainment since 2011-12, it is also apparent that the rate of improvement has slowed over recent years by many measures of attainment. This reflects both:

- The fact that, increasingly, improved achievement is not entirely measurable through tariff points alone, as schools increasingly use a wider range of awards to better meet the needs of all learners, including ungraded awards and those not incorporated within the tariff scale.
- The fact that achieving further significant improvements in closing the attainment gap will be increasingly challenging, as schools seek to improve the outcomes of those learners who face the most significant barriers to learning and those who are furthest from attainment.

The work being driven forward with local authorities and schools under the Scottish Attainment Challenge will be instrumental here. National and local partners will work together to identify the specific work that can be implemented successfully in classrooms and which will have a significant impact on the attainment of children from deprived communities. The local economy, size of the higher education/further education sector and types of local services supporting education are also important factors in understanding the variation. We will continue to work with all councils, ADES and Education Scotland to better understand the existing level of variation and the factors that drive it at school and council levels.

Positive destinations and participation rate

2018/19 data for Positive Destinations is not yet available, but previous trends show continued improvement between 2011/12 and 2017/18 in relation to the proportion of young people entering initial “positive destinations” after school,²³ increasing from 90.1% to 94.4%. Positive destinations include participation in further education (FE), higher education (HE), training/ apprenticeships, employment, volunteering or Activity Agreements. 2018/19 data will be included in the LGBF March refresh following publication by Scottish Government.

The participation measure measures participation in learning (including school), training or work for all 16-19 year olds in Scotland. This measure provides a useful opportunity to track the progress of young people beyond the point at which they leave school. It also recognises that all participation is positive and should be regarded as transitional — education and training are important phases in a young person’s life that can improve their job options but are not destinations in themselves.

This measure was first published in 2015 by Skills Development Scotland as experimental statistics and shows an increase in the participation rate from 90.4 to 91.6 between 2015/16 and 2018/19. This has been driven by an increase in employment, particularly in part-time employment. In the last 12 months, there has been a 0.2 percentage point decrease in the participation rate, from 91.8 to 91.6. This is the first reduction since the base year and reflects a reduction in participation of 18/19 year olds, particularly in relation to employment, along with an increase in the percentage with ‘unconfirmed status’.

²³ Scottish Government, Initial Destinations of Senior Phase School Leavers

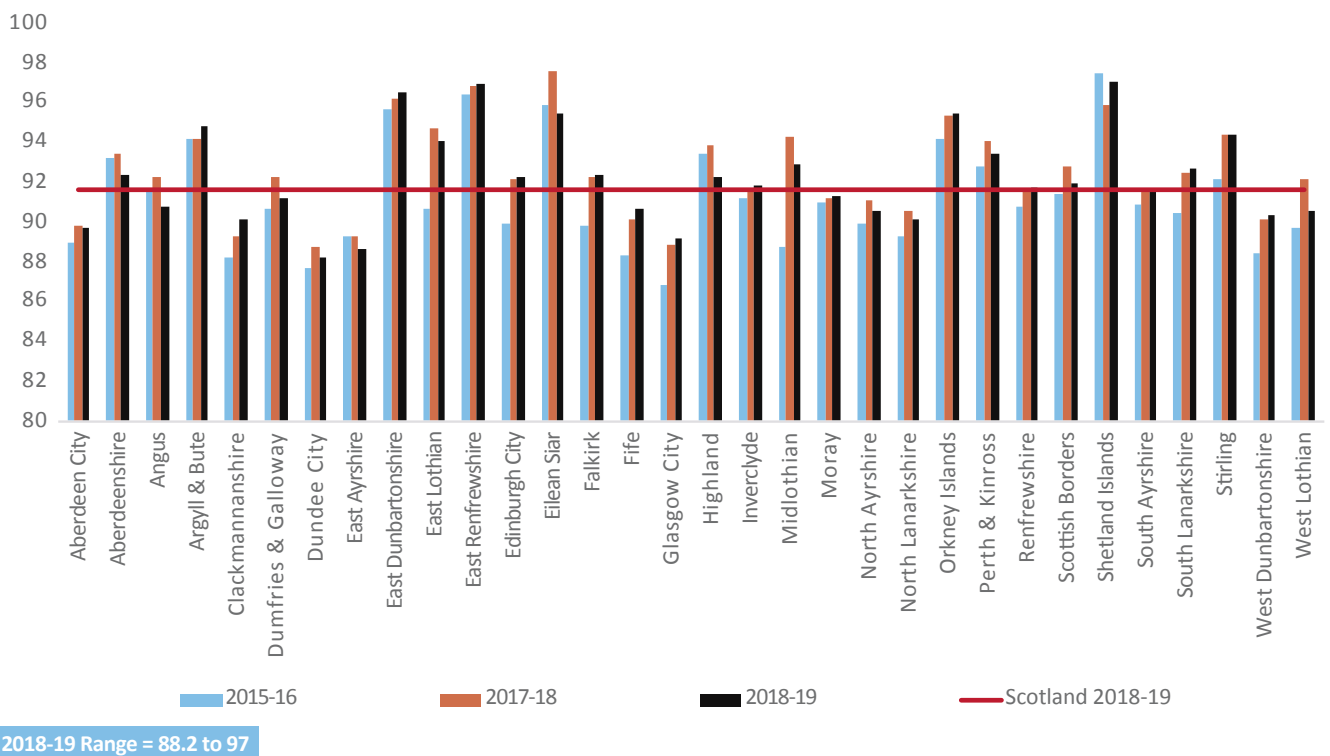


Table 19: Positive destinations and participation rate (%)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change from Base Year
Proportion of Pupils Entering Positive Destinations	90.1	91.7	92.5	93.0	93.3	93.7	94.4	dna		4.3
Participation Rates for 16-19 Year Olds	-	-	-	-	90.4	91.1	91.8	91.6	-0.2	0.8

In 2018/19, the participation rates for 16-19 year olds ranged from 88.2% to 97.0% across councils, with variation narrowing slightly. As with destinations, there is a systematic relationship between participation rates and deprivation, with those councils with higher levels of deprivation reporting lower participation rates (e.g. 90.2% average for the most deprived councils versus 94.7% average for the least deprived councils).

Fig 25: Participation rates for 16-19 year olds (%)

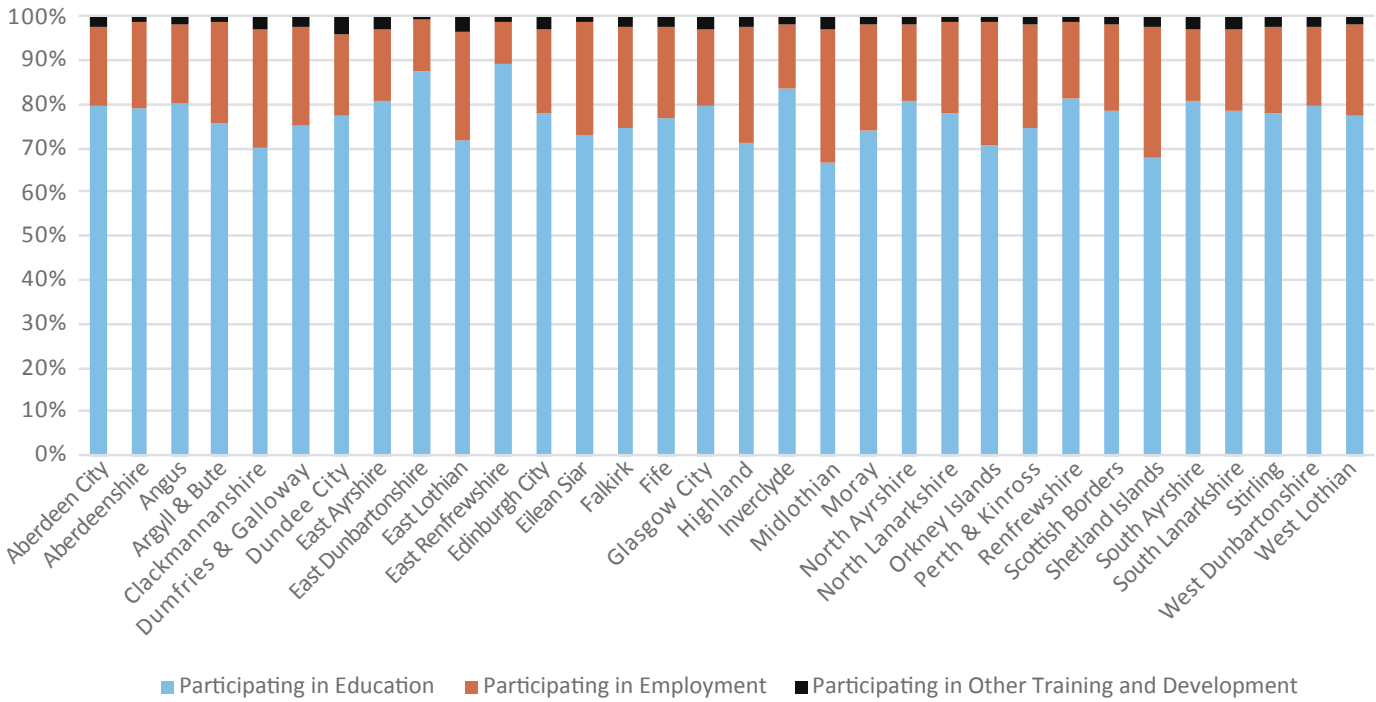


Source: SDS Annual Participation Measure

There is significant variation across councils in the breakdown of participation status by education, employment and training as can be seen in the graph below. Further disaggregation of these categories will be provided as additional trend data becomes available in future years.



Fig 26: Participation rates - breakdown of participating status by council 2018-19 (%)



Source: SDS Annual Participation Measure
 Education includes: school pupils, higher education & further education.
 Employment includes: full time employment, part time employment, self-employment and modern apprenticeships.
 Other training & development includes: employability fund, activity agreements, other formal training, personal skills development and voluntary work

Satisfaction with schools

There has been a 10.6 percentage point reduction in adults satisfied with their local schools service over the period, with satisfaction levels falling from 83.1% to 72.5% between 2010/11 and 2018/19.

After year on year reductions between 2010/11 and 2017/18, satisfaction rates improved in the past 12 months, from 70% to 72.5%.

Table 20: Percentage of adults satisfied with local schools

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2010-11 to 2018-19
83.1	-	83.0	81.0	79.0	74.0	73.0	70.0	72.5	2.5	10.6

Source: Scottish Household Survey

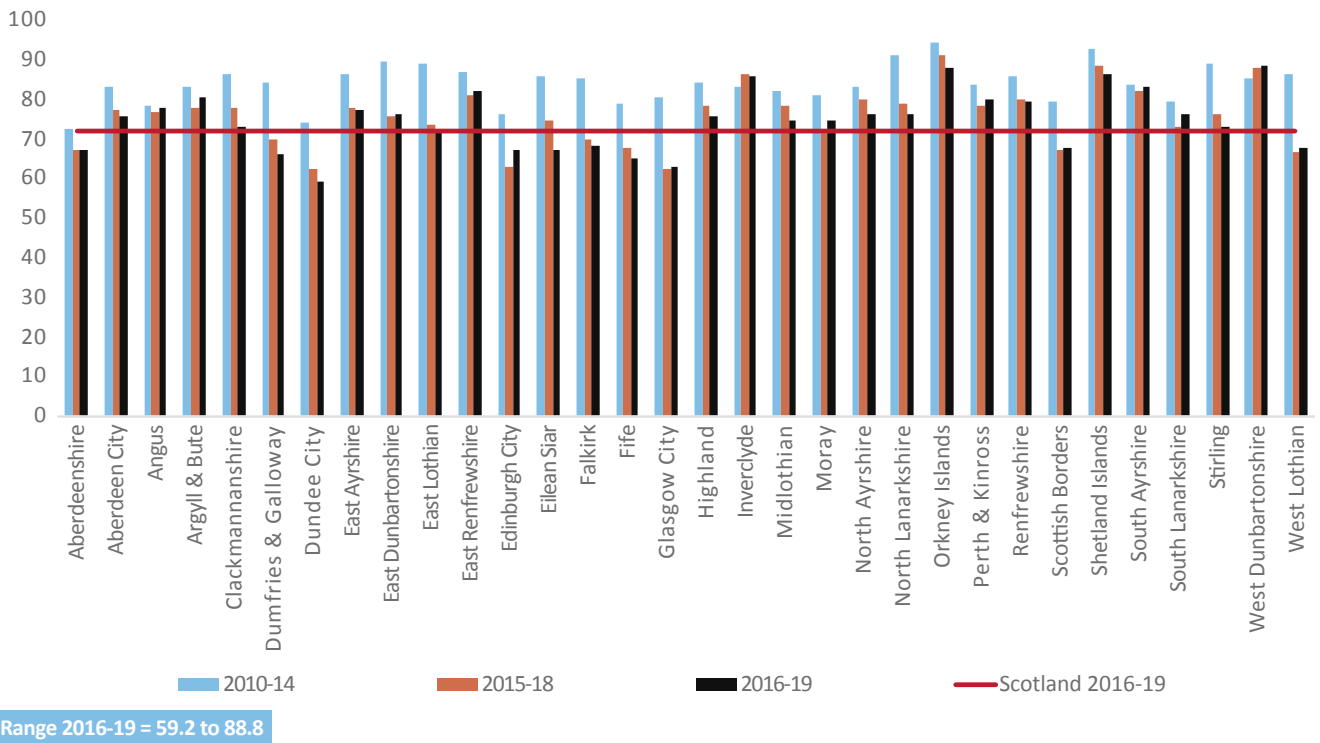
The customer satisfaction data that is included in the LGBF is derived from the Scottish Household Survey (SHS). While this data is proportionate at Scotland level, it is acknowledged there are limitations at local authority level in relation to small sample sizes and low confidence levels. To boost sample sizes, 3-year rolled averages have been used in local authority breakdowns. This ensures the required level of precision at local levels within confidence intervals of 6%. From 2018/19, questions used in the LGBF have also been included in the Scottish Surveys Core Questions (SSCQ) which provides a boosted sample size.



The data used represents satisfaction for the public at large rather than for service users. Smaller sample sizes for service users mean it is not possible to present service user data at a local authority level with any level of confidence. It should be noted that satisfaction rates for service users are consistently higher than those reported by the general population.

There is significant and widening variation in satisfaction levels with local schools across Scotland, with levels ranging from 59% to 88%. Smaller authorities report higher levels of satisfaction, although the difference is not significant (80% in smaller authorities compared to 72% in larger authorities).

Fig 27: Percentage of adults satisfied with local schools



Source: Scottish Household Survey





Adult Social Care

Investment in services to tackle social inclusion and to support independent living for adults and older people is a major priority for councils and accounts for around a quarter of total council spend. Both council-run and council purchased services are included here.

Social care is an area where councils and their partners face growing demands due to an ageing population and the increasing complexity of needs experienced by older and disabled people. It is forecast that the percentage of the population aged 65 or over will increase by 9.4% by 2024 (and the over 75 population will increase by 15.6%).²⁴ In the face of these increasing demands, councils and their partners continue to modernise and transform social care provision to deliver better anticipatory and preventative care, provide a greater emphasis on community-based care, and enable increased choice and control in the way that people receive services.

Social care services have undergone fundamental reform as council services integrate with services from the National Health Service to create new Health and Social Care Partnerships (HSCPs). The purpose of these major changes is to strengthen the partnership working across public services to help improve outcomes for those using health and care services and also improve efficiency through the provision of more joined up services.

To reflect this major reform, we continue to work with Social Work Scotland and Chief Officers of the Integration Authorities to agree benchmarking measures which will usefully support Integration Joint Boards fulfil their new duties. The current social care figures are likely to become more difficult to interpret over time as integration continues and the personalisation agenda gains pace. The current reform of adult social care,²⁵ and recent progress review of Health and Social Care integration²⁶ will inform developments in this area.

This year, the framework has been strengthened to include key indicators from the core suite of health and social care integration measures particularly in relation to the following areas:

- **Balance of care and sustaining people at home** – To provide insight in relation to the success of prevention and early intervention approaches (enablement/re-enablement) designed to promote independence and sustain people at home for as long as possible.
- **System capacity and sustainability** – To better understand local system capacity pressures and longer-term sustainability issues in relation to social care markets, and support progress in developing strategic commissioning approaches to design and deliver services which meet the needs of local populations.
- **Quality of Life** – To provide a focus on the outcomes experienced by those in receipt of social care services.
- **Service Quality** – To provide a focus on the quality of services provided.
- **Personalisation** – To better understand progress in relation to the Personalisation agenda, and whether people in receipt of services feel involved in their assessment, and have a say in how their care is delivered.

²⁴ Source: Population Projections, National Records of Scotland, <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-projections/population-projections-scotland/2016-based>

²⁵ <https://www.gov.scot/policies/social-care/reforming-adult-social-care/>

²⁶ <https://www.gov.scot/binaries/content/documents/govscot/publications/minutes/2019/06/ministerial-strategic-group-for-health-and-community-care-papers-may-2019/documents/item-3-integration-review-progress-update/item-3-integration-review-progress-update/govscot:document/Item+3+-+Integration+review+progress+update.pdf>



- **Carers** – To provide a focus on the growing role for carers and new duties to support carers introduced under the Carers (Scotland) Act 2016.

Home care services

Council spend on home care services has been standardised around home care costs per hour for each council. This includes expenditure across all providers. Since 2010/11 there has been a real-terms increase of 6.9% in spending per hour on home care for people over 65 across Scotland. This reflects an overall 17.3% increase in gross expenditure and 9.7% increase in the number of hours delivered during this period, although movement between years has fluctuated.

Table 21: Home care costs per hour for people aged 65 or over

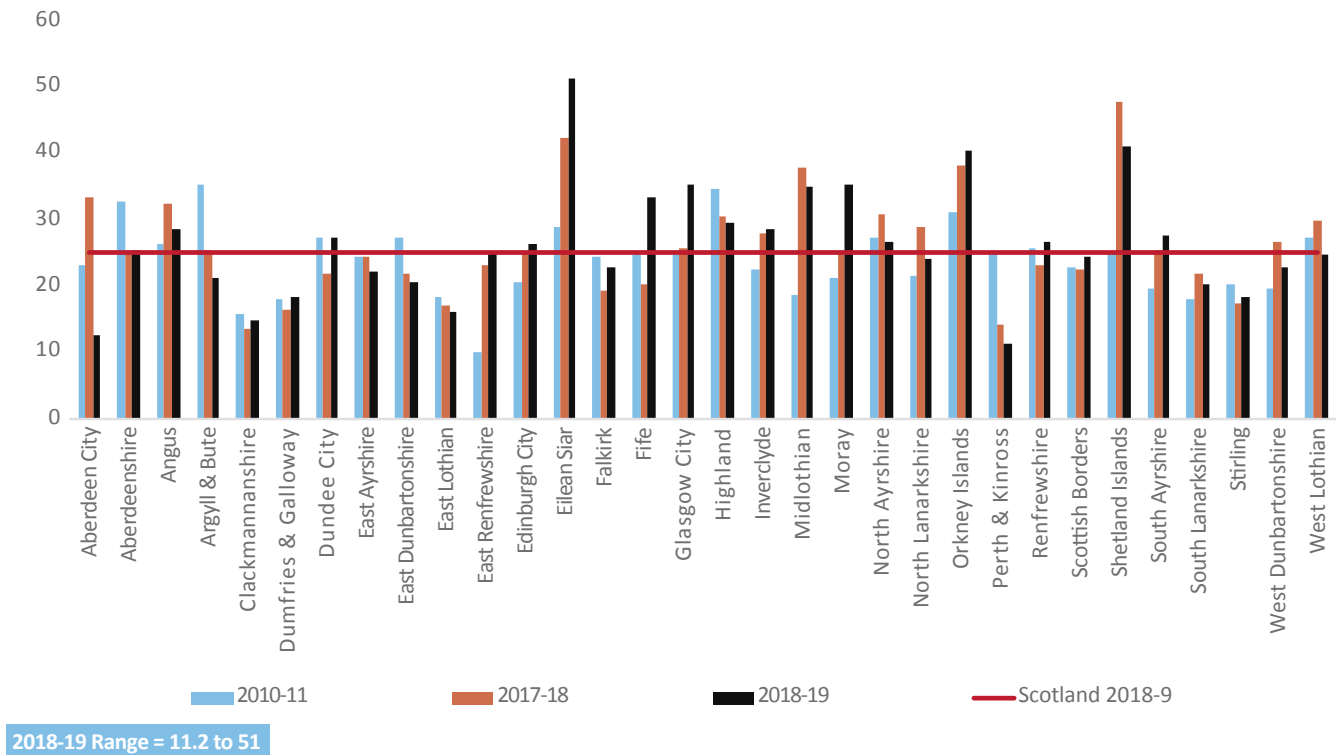
2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£23.07	£22.31	£22.63	£21.97	£21.66	£22.48	£23.45	£24.21	£24.67	1.9%	6.9%

In the past 12 months, spending per hour has increased by 1.9% from £24.21 to £24.67. This reflects a 1.9% increase in expenditure and a 0.1% decrease in hours delivered. The increase in expenditure will reflect in part the commitment from October 2016 to pay all social care workers the living wage. Going forward, some caution may be required in the interpretation of care hour figures as we move away from recording hours of care into more person-centred care with the ability to select direct payments or more inventive provision of care under self-directed support options. This will be reflected in the current reform of adult social care and we will continue to work with Social Work Scotland and Chief Officers of the Integration Authorities to develop more meaningful measures which accurately capture progress and drive improvement in this area.

There is significant variation across councils, with spend per hour ranging from £11.22 to £51.01. The level of variation observed is wider than any preceding year, however there is no longer any systematic relationship with rurality. Rural councils historically tended to have higher costs on average, often due to longer travel time between clients, this is no longer the case. Over time, average rural costs have reduced by 16.8% and average urban costs have increased by 11%. It is worth noting however, that island costs remain the highest of all councils.



Fig 28: Older persons (over 65) home care costs per hour (£)



Source: Social Care Survey and Quarterly Survey, Scottish Government; council supplied expenditure figures

Balance of care

Balance of care is captured by the percentage of adults over 65 with long term care needs receiving care at home. This is an area of growing importance in an effort to care for more people in their own home rather than institutional setting such as hospitals. The effective design and delivery of home care services is central to independent living, citizenship, participation in society and in supporting a fulfilling life. Services can help prevent those most at risk of unplanned hospital admissions from entering the hospital sector unnecessarily. For those who do enter hospital, it can also help prevent delayed discharges.

The balance of care has shifted in line with policy objectives across the period with a growth in home care hours provided (9.7%) and a relative decline in residential places (-4.6%). The percentage of people with long-term needs who are now receiving personal care at home has increased from 58.9% in 2010/11 to 61.0% in 2018/19 (although this declined slightly from 61.7% in 2017/18). As importantly, the number of people receiving home care has decreased over time and the hours of care they receive on average has increased, i.e. in shifting the balance of care, a greater resource has become targeted on a smaller number of people with higher needs.

Table 22: Percentage of people aged 65 or over with long-term care needs receiving care at home

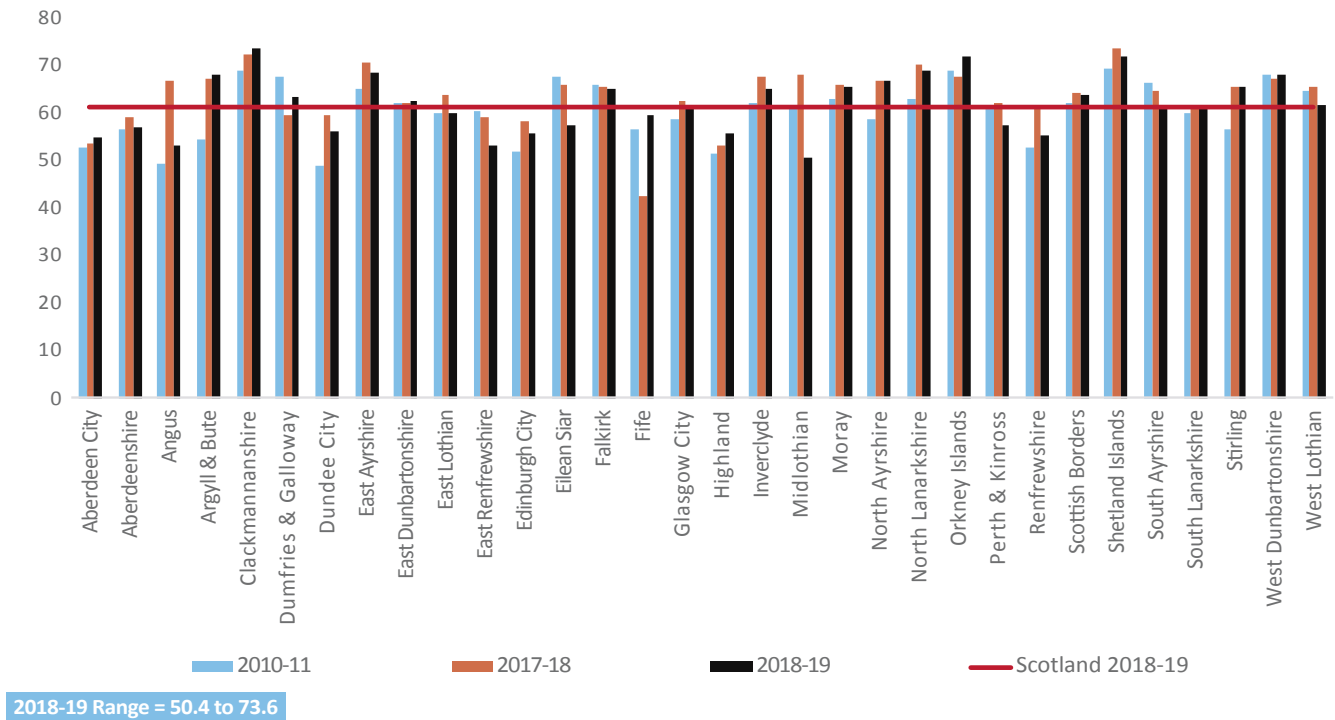
2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2010-11 to 2018-19
58.9	59.2	59.8	59.8	60.0	60.7	60.1	61.7	61.0	-0.7	2.1

There is significant and constant variation across councils in relation to the balance of care, ranging from



50.4% to 73.6% across Scotland. Smaller councils report higher rates of people receiving personal care at home than areas with larger populations (72% compared to 58%) although this difference is not statistically significant.

Fig 29: Percentage of people aged 65 or over with long-term care needs who are receiving personal care at home



Source: Social Care Survey and Quarterly Survey, Scottish Government

Readmission to hospital

The readmission rate reflects several key elements of an integrated health and care service, including discharge arrangements and co-ordination of follow up care underpinned by good communication between partners.

This measure captures the rate of readmission to hospital within 28 days per 1,000 discharges. The 28-day follow-up is selected as this is the time that the initial support on leaving hospital, including medicines safety, could have a negative impact and result in readmission. A longer period of follow up would be more likely to include admissions that are unrelated to the initial one, whereas a shorter period (e.g. 7 days) is more likely to only pick up immediate issues linked to the hospital care.

Since 2010/11, the rate of readmissions to hospital within 28 days (per 1,000 discharges) has increased year on year, from 89.7 to 103.0, a 14.8% increase. In the past 12 months, the growth has levelled off, increasing by 0.2%.

Table 23: Rate of readmission to hospital within 28 days per 1,000 discharges

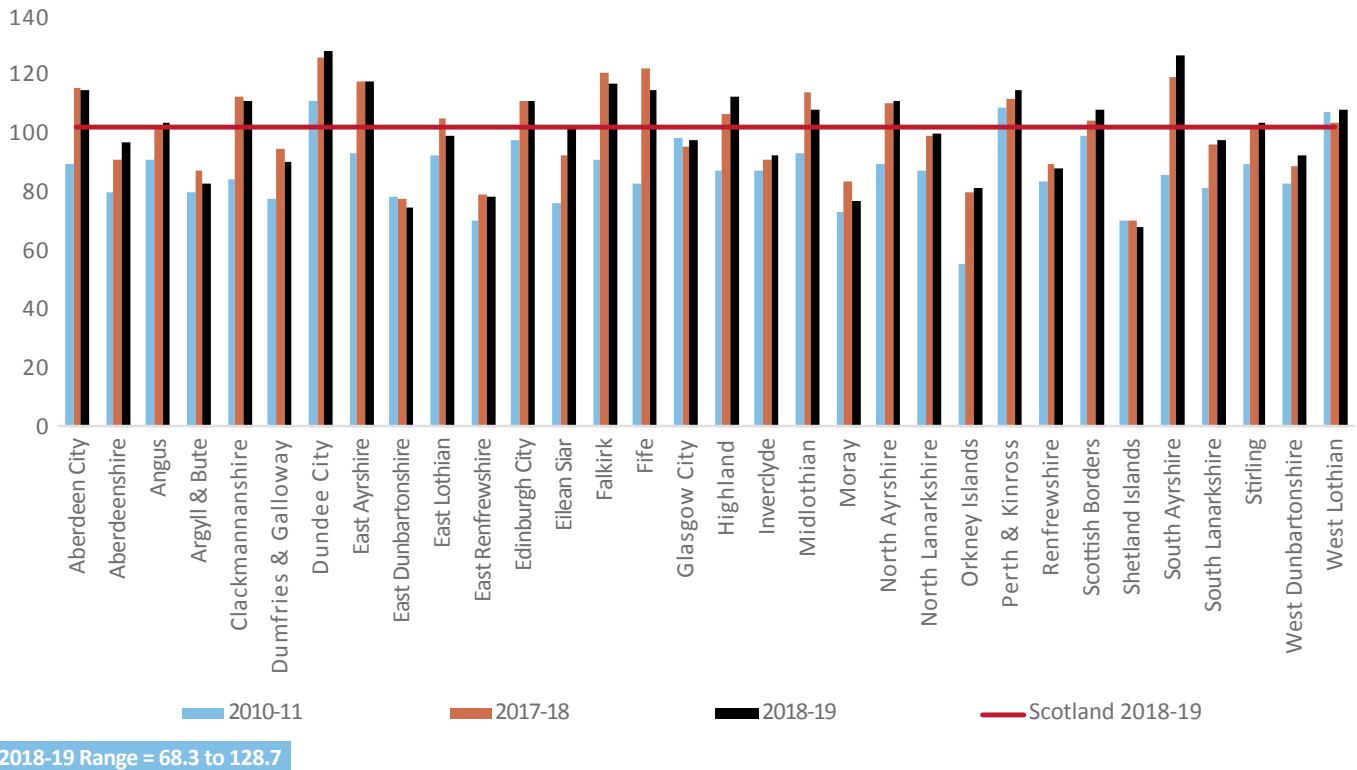
2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
89.7	92.5	93.5	95.3	97.2	98.1	101.0	102.7	103.0	0.2%	14.8%

Source: ISD



There is significant and widening variation between authorities, with rates ranging from 68.3 to 128.7. Smaller and more rural authorities tend to have a lower rate of readmission (97.4 for rural authorities compared with 100.1 for urban) and 92.5 for smaller authorities compared with 105.9 for bigger authorities).

Fig 30: Rate of readmission to hospital within 28 days per 1,000 discharges



Source: ISD

Further exploration would be helpful to understand the role of factors such as increasing complexity of need and frailty in an ageing population, co-ordination, delivery and capacity in relation to follow-up support, and decision making in relation to discharge or readmission.

Delayed discharges

Health and Social Care services strive to ensure that people do not have to wait unnecessarily for more appropriate care to be provided after treatment in hospital. Waiting unnecessarily in hospital is a poor outcome for the individual and is particularly bad for the health and independence of older patients. It is an ineffective use of scarce resource potentially denying an NHS bed for someone else who might need it.

This indicator presents the number of days over 75s spend in hospital when they are ready to be discharged. The indicator on its own does not tell us about the outcomes, as people need to be discharged to an appropriate setting that is best for their reablement. Focusing on discharging patients quickly at the expense of this is not desirable, and improvements need to be achieved by better joint working and use of resources.

Since 2016/17, there has been a 5.6% reduction in the number of days over 75s spend in hospital when they are ready to be discharged. This has reduced from 840 to 792 days per 1,000 population. Due to a methodological change in 2016/17, data for the years prior to this is not directly comparable. Following a quality improvement exercise, delays for healthcare reasons and those in non-hospital locations (e.g. care homes) are no longer recorded as delayed discharges.



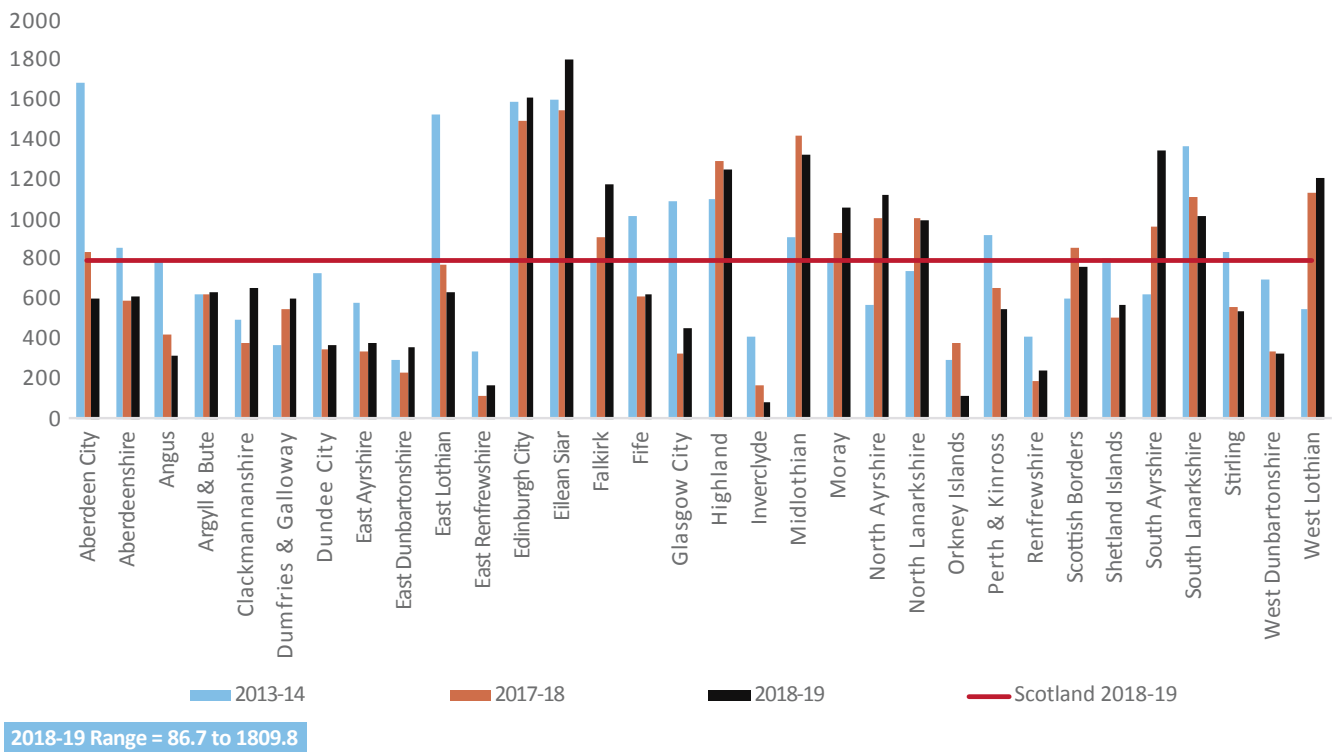
Table 24: Number of days people spend in hospital when they are ready to be discharged, per 1,000 population (75+)

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
921.8	1043.7	914.7	839.8	761.7	792.7	4.1%	-14.0%

Source: ISD

In the past 12 months, there has been a 4.1% increase in the number of days people spend in hospital when they are ready to be discharged. There is also very significant variation across authorities, with rates ranging from 86.7 to 1810.0. Urban authorities tend to have lower rates (458) compared to rural (614) and mixed (647).

Fig 31: Number of days people spend in hospital when they are ready to be discharged, per 1,000 population (75+)



Source: ISD

This has been an area of significant and sustained focus for authorities and has shown some improvement across the longer period. However, the recent increase in the past two years is an area of concern. The availability of care home places and packages of care (particularly for those with the most complex care needs) varies between councils, which will have an impact on the volume of delayed discharges.

Direct payments and personalised managed budgets

From 1st April 2014, self-directed support introduced a new approach which gives people who require social care support more choice and control over how their support is delivered. Social work services continue to drive forward changes to ensure people’s outcomes are being met, rather than a person fitting in to a service.

The Self-Directed Support Act 2013 puts a duty on local authorities to be transparent about the resources



available to provide support and offer a choice as to how that support is managed/ delivered/ organised through the following four options:

1. Direct payment (a cash payment)
2. Personalised Managed Budget (PMB) where the budget is allocated to a provider the person chooses (sometimes called an individual service fund, where the council holds the budget but the person is in charge of how it is spent)
3. The local authority arranges the support
4. A mix of the above.

The indicator here refers to the percentage of total social work spend allocated via direct payments or Personalised Managed Budgets.²⁷ The breakdown of spend available across the four options will become more sophisticated as the approach is fully implemented and this will be reflected in the development of this framework.

Since 2010/11, the proportion of total social work spend allocated via direct payments and Personalised Managed Budgets has grown from 1.6% to 7.3%. Glasgow accounts for a significant proportion of this growth, where expenditure via these two options has grown from £4.8 million to £92.6 million. Excluding Glasgow, the spend on direct payments and PMB as a percentage of total social work spend increased from 1.6% to 5.1% across the same period, with direct payments accounting for 72% of this spend (down from 74%).

In the last 12 months, the proportion of spend via Direct Payments and Personalised Managed Budgets rose slightly from 6.7% to 7.3% (4.7% to 5.1% excluding Glasgow).

Table 25: Spend on direct payments and personalised managed budgets as a percentage of total social work spend on adults 18+

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2010-11 to 2018-19
1.6	2.9	6.0	6.4	6.9	6.7	6.4	6.7	7.3	0.6	5.7

Source: Council supplied expenditure figures

In 2018/19 the range in spend across councils was 1.1% to 21.1% (1.1% to 10.2% excluding outliers).

The variation has narrowed in recent years. The data reveals a relationship between rurality and deprivation, and the uptake of direct payments and Personalised Managed Budgets. Those councils with lower levels of deprivation tend to have higher uptake of direct payments (5.0% compared to 2.4% in the most deprived areas). Councils with higher levels of deprivation tend to have higher uptake of PMB, although this is not statistically significant (3% compared to 1.5% in the least deprived areas). This finding is supported by Scottish Government's examination of the uptake of direct payments and SIMD which shows that people living in less deprived areas are more likely to choose direct payments.²⁸

Analysis of the LGBF data reveals rurality is also important in understanding the variation between councils,

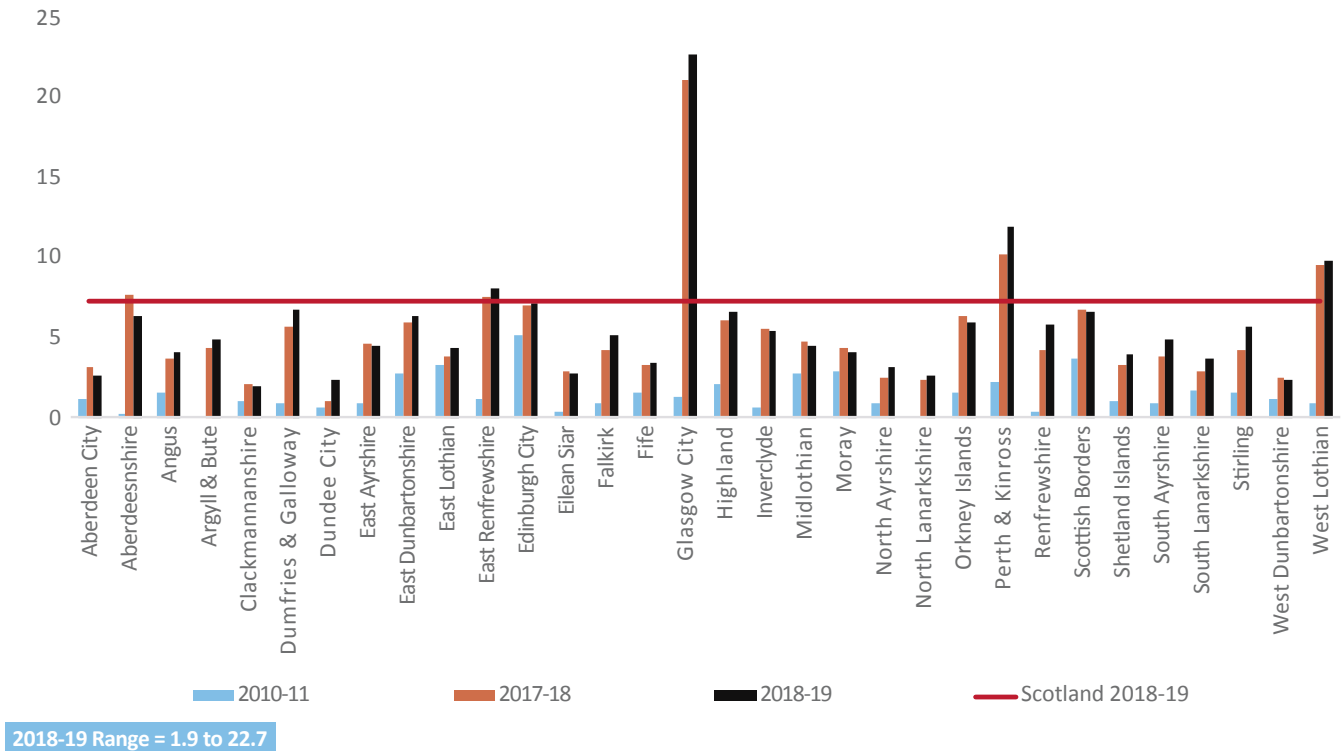
²⁷ The PMB breakdown was included in councils return to the Improvement service for 13/14 - 18/19, and includes only residual expenditure from the personalised budget where it is unknown what support was purchased, i.e. where the council used a third party to arrange services. It does not include where the budget has been used to purchase known services from either the authority or another provider. Analysis of the data however indicates some variation in relation to what is included currently.

²⁸ Self-Directed Support, Scotland, 2016-17 <https://beta.isdscotland.org/find-publications-and-data/health-and-social-care/social-and-community-care/care-home-census-for-adults-in-scotland/>



with supported people in rural authorities more likely to opt for direct payments, and supported people in urban authorities more likely to opt for personalised managed budgets (although this last relationship is not significant).

Fig 32: Spend on direct payments and personalised managed budgets as a percentage of total social work spend on adults 18+



Source: Council supplied expenditure figures
 Note: Missing values reflect no data returned for that year

Care homes

The cost of care home services is reflected in the framework by a standardised measure using net costs per week per resident for people over the age of 65.

It is important to note that the figures for 2012/13 to 2018/19 have in agreement with the Local Government Directors of Finance excluded a support cost component which was included in 2010/11 and 2011/12, and therefore a direct comparison with costs from earlier years is not possible.

Over the six years for which we have comparable data, there has been a 6.8% reduction in unit costs from £409 to £381. This has been driven by an 8.8% reduction in net expenditure and a reduction in the number of adults supported in residential care homes of 2.1%.

Gross expenditure levels have remained steady over this period therefore the reduction in net expenditure indicates an increase in the income received by councils rather than a reduction in expenditure. The growth in the number of privately or self-funded clients as a proportion of all long stay residents over this period would support this trend (an increase of 2.9% between 2010/11 and 2016/17).²⁹

In the last 12 months, the average cost per week per resident increased by 0.3% from £380 to £381. This reflects a 2.5% reduction in net expenditure and 2.8% reduction in the number of residents.

²⁹ Care Home Census 2010-2018, ISD, <https://www.isdscotland.org/Health-Topics/Health-and-Social-Community-Care/Care-Homes/>

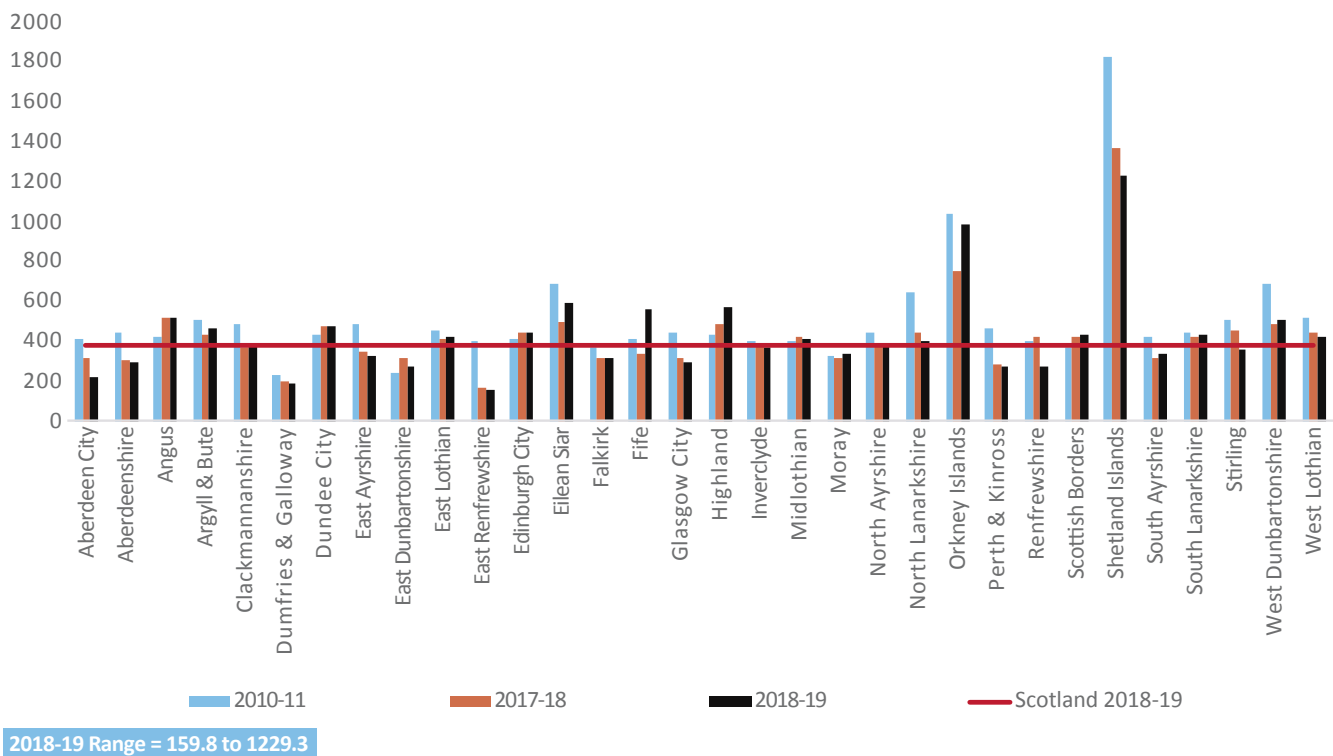


Table 26: Care home costs per week for people over 65

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£445	£449	£409	£393	£397	£387	£386	£380	£381	0.3%	-14.3%

There is a considerable level of variation across councils with care home costs ranging from £160 to £1,229 in 2018/19. Island and rural authorities on average report significantly higher costs. When island councils are excluded, costs range from £160 to £577. The level of variation narrowed between 2013/14 and 2015/16 but has widened again over the past three years.

Fig 33: Older persons (over 65s) residential care costs per week per resident (£)



Source: Social Care Survey and Quarterly Survey, Scottish Government; council supplied expenditure figures

Up to and including 2018/19, the National Care Home Contract (NCHC) for residential care for older people will, to a large extent, have standardised costs. However, it is important to note that the net cost per resident will not equate to the NCHC rate, as care home residents will pay a proportion of their care home fees. The NCHC rate only applies to LA-funded residents who are in private and voluntary run care homes. Residential care costs however include net expenditure on:

- The net cost of any LA-funded residents (paying the NCHC rate)
- The cost of paying free personal care and free nursing care payments to self-funders (there are around 10,000 self-funders receiving Free Personal Care payments; around two-thirds also receive the Free Nursing Care payment)
- The net cost of running any LA care homes (this will be gross cost less charges to residents). These will not equate to the NCHC rate and not all LAs run their own care homes so this may be something to explore further when examining differences across councils.



Therefore, if we compare net expenditure with all long-stay care home residents (private/voluntary and local authority) we would expect the average rate to be lower than the NCHC rate.

Based on the above, variation in net costs between councils will be largely influenced by the balance of LA funded/self-funded residents within each area, and the scale of LA care home provision and associated running costs.

Satisfaction with care services

This year the LGBF includes a suite of 'satisfaction' measures to capture progress made in relation to improving personal outcomes, promoting enablement, increasing choice and control, and supporting carers.

These measures are taken from the HSC Core Suite of integration Indicators³⁰ with data drawn from the bi-annual Health and Care Experience Survey, for which the most recent data is 2017/18. The next data available is for 2019/20. The survey takes place every two years, and only three years of data is currently available limiting trend analysis at this stage.

The Health and Care Experience Survey provides a more locally robust sample than is available from the Scottish Household Survey in relation to social care. The experience survey is part of the GP survey and asks about experience of 'care'. The data cannot be related to a specific element of social care and may reflect users experience across a mixture of health care, social care, and district nursing for example.

Across the suite of measures, there have been year on year reductions in satisfaction across each element. Since 2014/15,

- the percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life has fallen from 85% to 80%
- the percentage of adults supported at home who agree that they are supported to live as independently as possible has fallen from 83% down to 81%
- the percentage of adults supported at home who agree that they had a say in how their help, care or support was provided has fallen from 83% down to 76%
- the percentage of carers who feel supported to continue in their caring role has fallen from 43% down to 37%

³⁰ <https://www2.gov.scot/Topics/Health/Policy/Adult-Health-SocialCare-Integration/Outcomes/Indicators/Indicators>



Table 27: Satisfaction with care services

	2013-14	2015-16	2017-18	Value Change 2015-16 to 2017-18	Value Change 2013-14 to 2017-18
Percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life	85.0	84.0	80.0	-4.0	-5.0
Percentage of adults supported at home who agree that they are supported to live as independently as possible	82.8	82.7	81.1	-1.6	-1.7
Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided	83.1	78.8	75.6	-3.2	-7.5
Percentage of carers who feel supported to continue in their caring role	43.0	40.0	36.6	-3.5	-6.4

For all these elements, satisfaction levels vary considerably across councils. For those who agree services had a positive impact on quality of life, this ranges from 71% to 97%; for independence, satisfaction ranges from 72% to 100%; for control and choice, the range is 64% - 86%; and for Carers, satisfaction ranges from 32% to 49%. For most of these, variation is not related to deprivation, rurality or size of authority. However for Carers satisfaction, smaller authorities report significantly higher rates.

Fig 34: Percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life

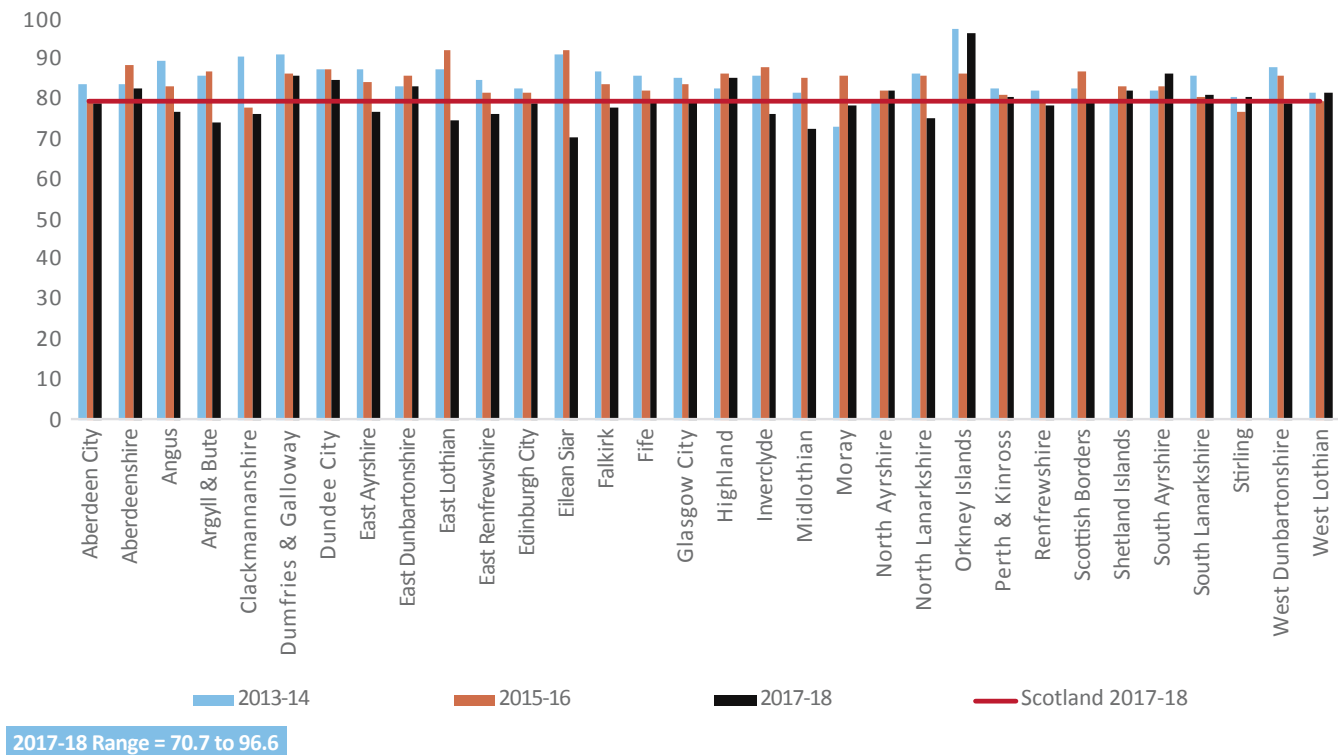




Fig 35: Percentage of adults supported at home who agree that they are supported to live as independently as possible

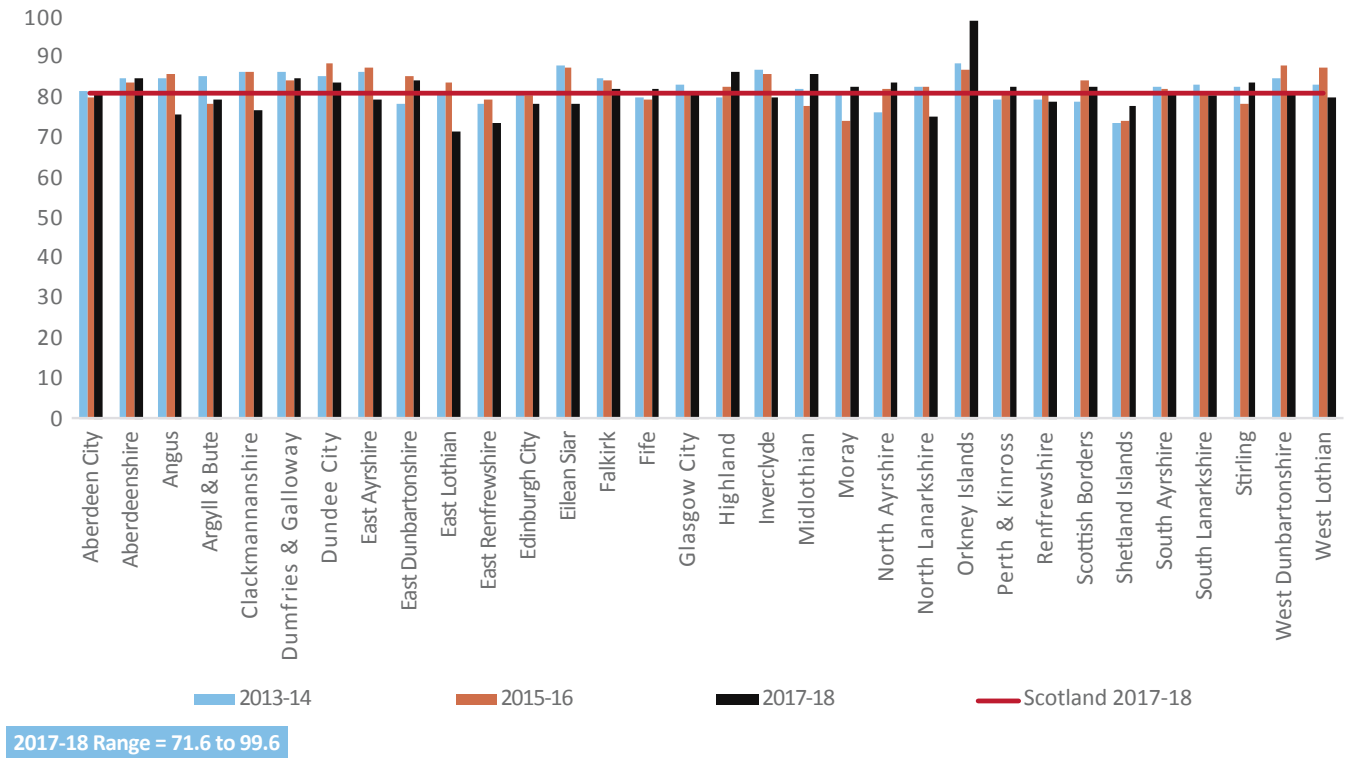


Fig 36: Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided

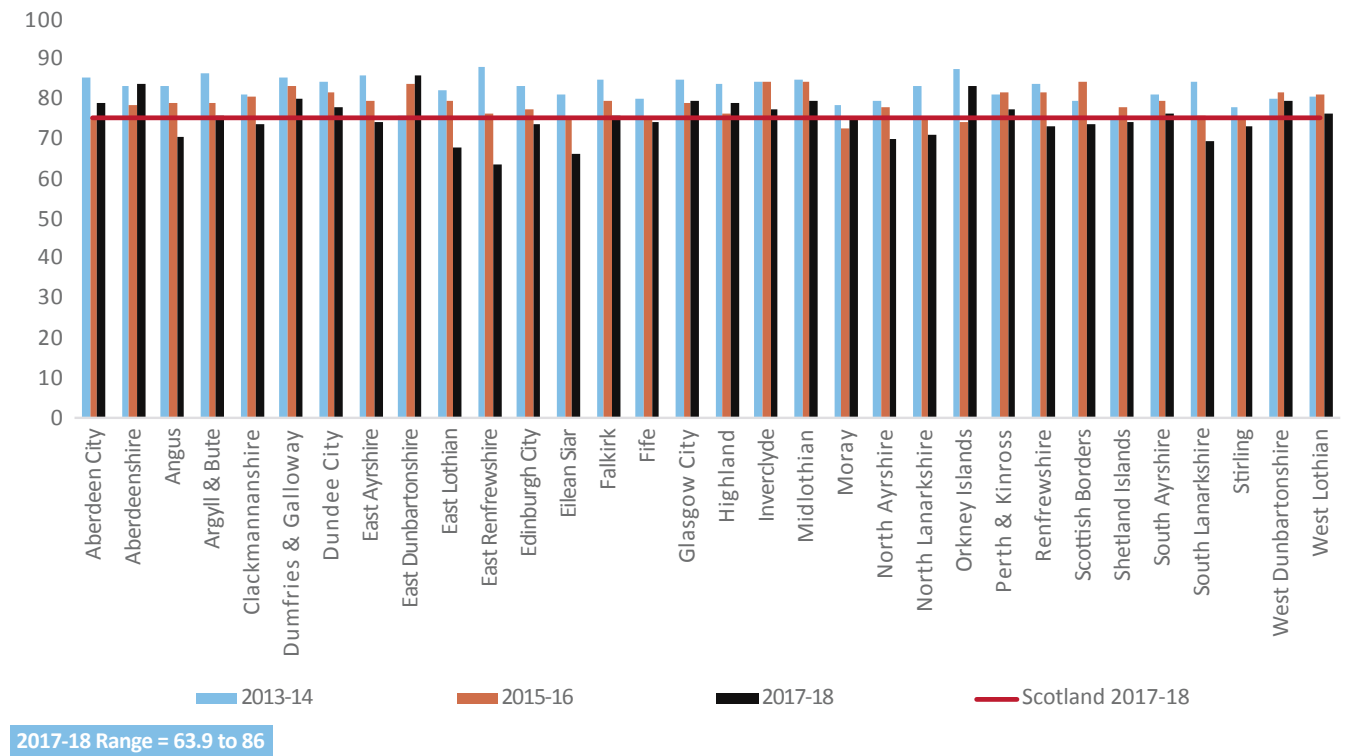
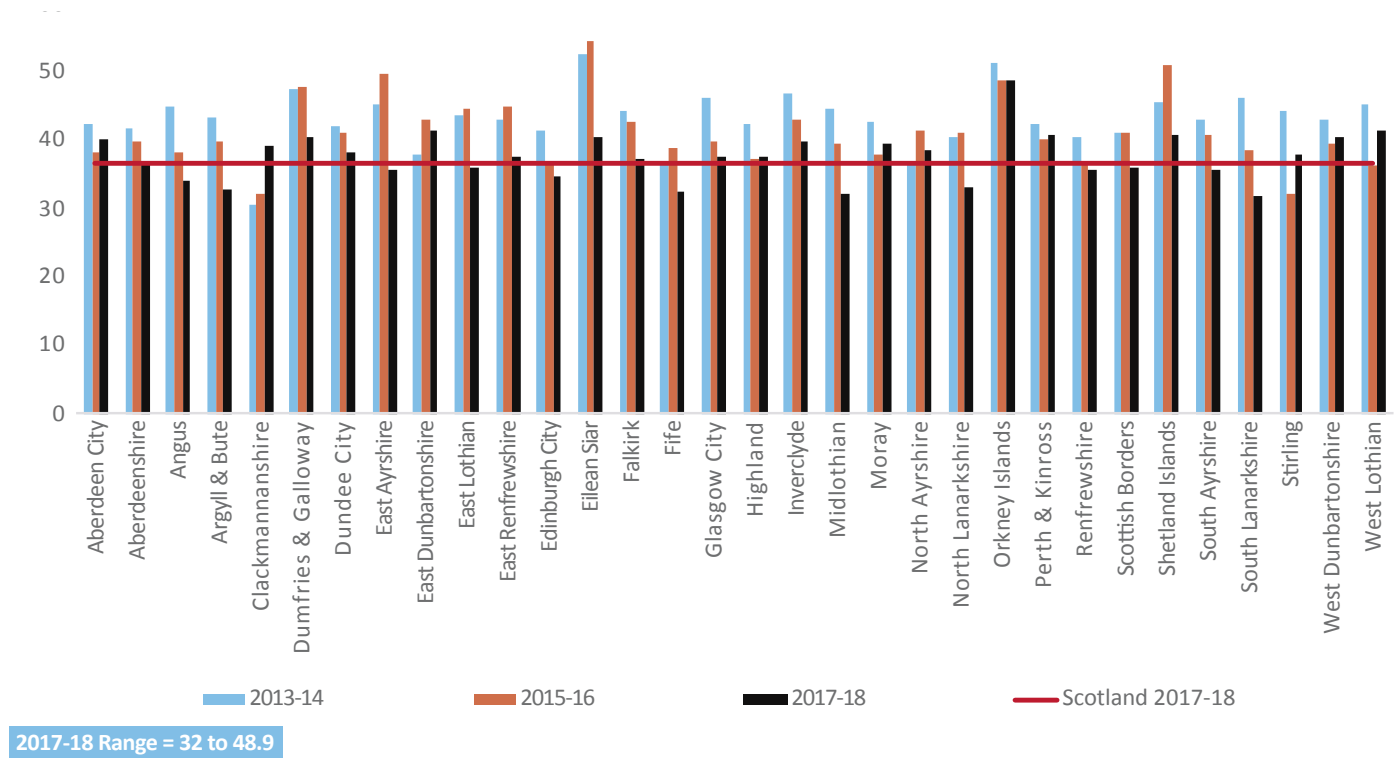




Fig 37: Percentage of carers who feel supported to continue in their caring role



Source: Health and Care Experience Survey

Quality ratings of care services

This indicator provides a measure of assurance that adult care services meet a reasonable standard. This includes care provision provided by Local Authority, Health Board, Third Sector and Private Sector and includes the following care services:

- Care Homes for adults and older people
- Housing Support Services
- Support Services including Care at Home and adult Daycare
- Adult placements
- Nurse Agency

The Care Inspectorate grades care services on the following themes:

- Quality of Care and Support
- Quality of Environment (Care Homes only)
- Quality of Staffing
- Quality of Management and Leadership

There has been an overall improvement in quality ratings since 2011/12, with the % of care services graded ‘good’ (4) or ‘better’ (5) increasing from 80.9% to 82.2%. After 4 years of improvement, in the last 12 months inspectorate quality ratings have fallen from 85.4% to 82.2%.



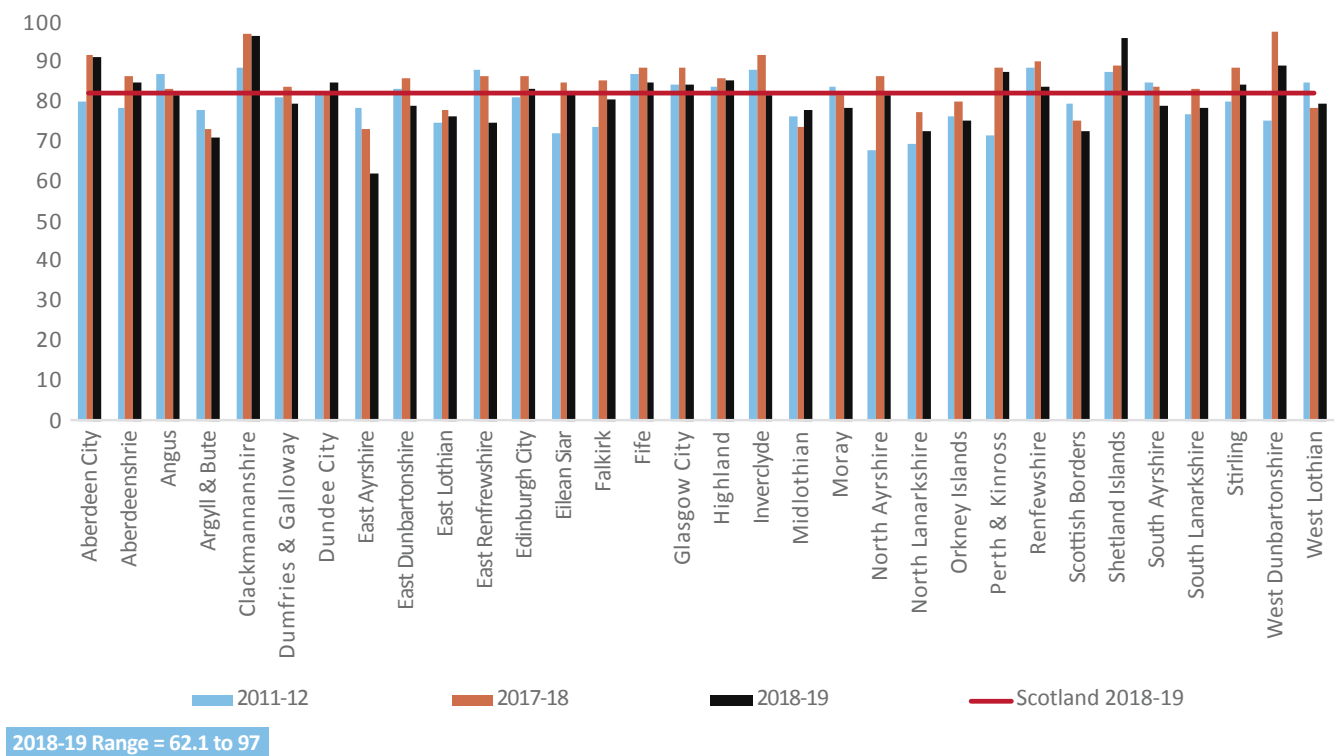
Table 28: Proportion of care services graded ‘good’ (4) or better in Care Inspectorate inspections

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2010-11 to 2018-19
80.9	80.2	80.2	80.5	82.9	83.8	85.4	82.2	-3.2	1.3

Source: Care Inspectorate

There is significant and widening variation between councils, with ratings ranging from 62.1% to 97.0%

Fig 38: Proportion of care services graded ‘good’ (4) or better in Care Inspectorate inspections



Source: Care Inspectorate

The overall number of care services has been declining. For the first time the number of services registered with the Care Inspectorate steadily declined to fewer than 13,000 in 2018-19. This may be due to financial pressures within the sector, which discourages providers with services of lower capacity as bigger services are more financially viable.

Until April 2018, the overall performance of care services was improving, with the proportion of good or better services growing and the maximum obtained grade rising. During the last inspection year, this long-term trend was reversed – coinciding with the introduction of the new care standards, which may have played a role in this. The lower and reducing quality ratings for Care Homes for Older People may also be important in understanding the overall trend (if removed, the Scotland average rating would continue to improve for care services).

Work continues with Social Work Scotland and HSC Integration Chief Officers to improve the relevance and utility of this suite of measures with some improvements requiring longer-term development. This work will



link with the current reform of adult social care,³¹ and build on the learning from the review of Health and Social Care integration.³²

The following areas have been identified and prioritised for further exploration within Phase 2 of LGBF development:

- System capacity, and particularly staffing/workforce planning.
- Widening focus beyond services and outcomes for older people, to reflect the complex care agenda and the growing cost and pressures associated with supporting adults with Learning Disabilities and Autism, and also to reflect other key areas of social care such as Mental Health and Substance Misuse.
- Improved cost measures to reflect development of new delivery models/markets/the personalisation agenda and personal care.
- Opportunities to shape and inform the work of the Ministerial Strategic Group for Health and Community Care.

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

- *Rurality: there is some connection between rurality and the cost of social care provision. Rural authorities have higher residential and home care costs, although this effect is not significant. Rural areas also tend to have higher satisfaction rates in the quality of the service and in relation to its impact on their outcomes, although again, this is not statistically significant. Councils with the largest populations have a significantly lower proportion of people cared for at home.*
- *Demographic variability: the number and proportion of over 75s within local populations will have a significant influence on the cost and balance of social care service provision locally.*
- *Proportion of self-funders locally and impact on residential care expenditure: variations in net expenditure between councils are systematically related to the percentage of self-funders within council areas.³³*
- *Local service design and workforce structure: local factors such as the service delivery balance between local authority provision and private/voluntary provision locally, along with variability in the resilience and capacity within local workforce and provider markets, will influence both costs and balance of care*

31 <https://www.gov.scot/policies/social-care/reforming-adult-social-care/>

32 <https://www.gov.scot/binaries/content/documents/govscot/publications/minutes/2019/06/ministerial-strategic-group-for-health-and-community-care-papers-may-2019/documents/item-3-integration-review-progress-update/item-3-integration-review-progress-update/govscot:document/Item+3+-+Integration+review+progress+update.pdf>

33 Free Personal and Nursing Care, Scottish Government, <https://www.gov.scot/publications/free-personal-nursing-care-scotland-2017-18/>





Culture and Leisure

Culture and leisure services play an important role in the quality of life in local communities. In addition to the social and economic benefits delivered, the impact they have on promoting better health and wellbeing of the population and in reducing demand on other core services is well documented. Culture and leisure services also connect well with communities who more traditional and regulated services often struggle to reach. This unique relationship provides real potential to achieve impact for people in the greatest need. However, given there is little in the way of statutory protection for culture and leisure spending, culture and leisure services face a particularly challenging financial context across the coming period. Since 2010/11, overall gross expenditure on culture and leisure services has fallen by 23.5% in real terms.

All culture and leisure cost measures are presented as net measures. This provides a better basis to compare like by like between councils, particularly in relation to different service delivery models, e.g. in-house/arm's length provision. It also recognises the increasing need for authorities to income generate across culture and leisure services, and ensures this activity is reflected accordingly.

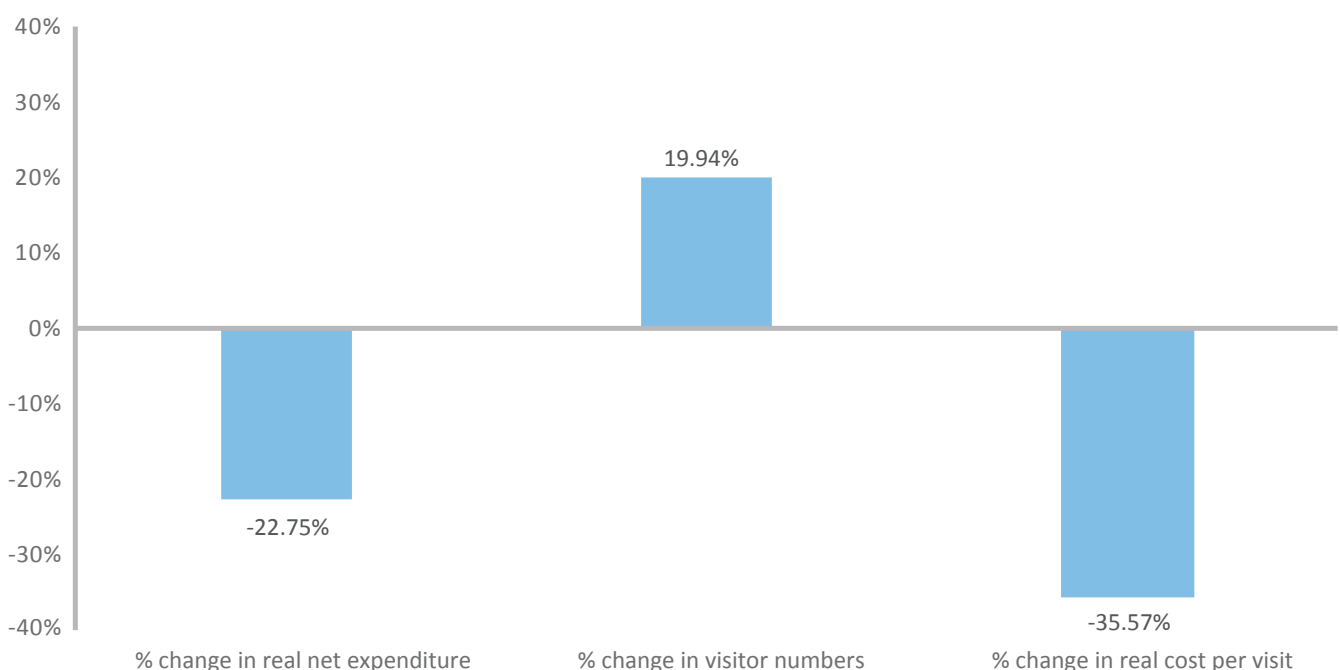
Sports facilities

The data presented below illustrates the net cost per attendance at sports and recreation facilities. Over the nine-year period from 2010/11 to 2018/19 the average unit cost has reduced year on year from £4.07 to £2.62 in real terms. In percentage terms, this represents a 35.6% reduction.

Table 29: Cost per attendance at sports facilities

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£4.07	£3.64	£3.47	£3.46	£3.17	£3.10	£3.01	£2.76	£2.62	-5.0%	-35.6%

Fig 39: Sports facilities: change in total spend, visitor numbers and cost per visit 2010/11 - 2018/19



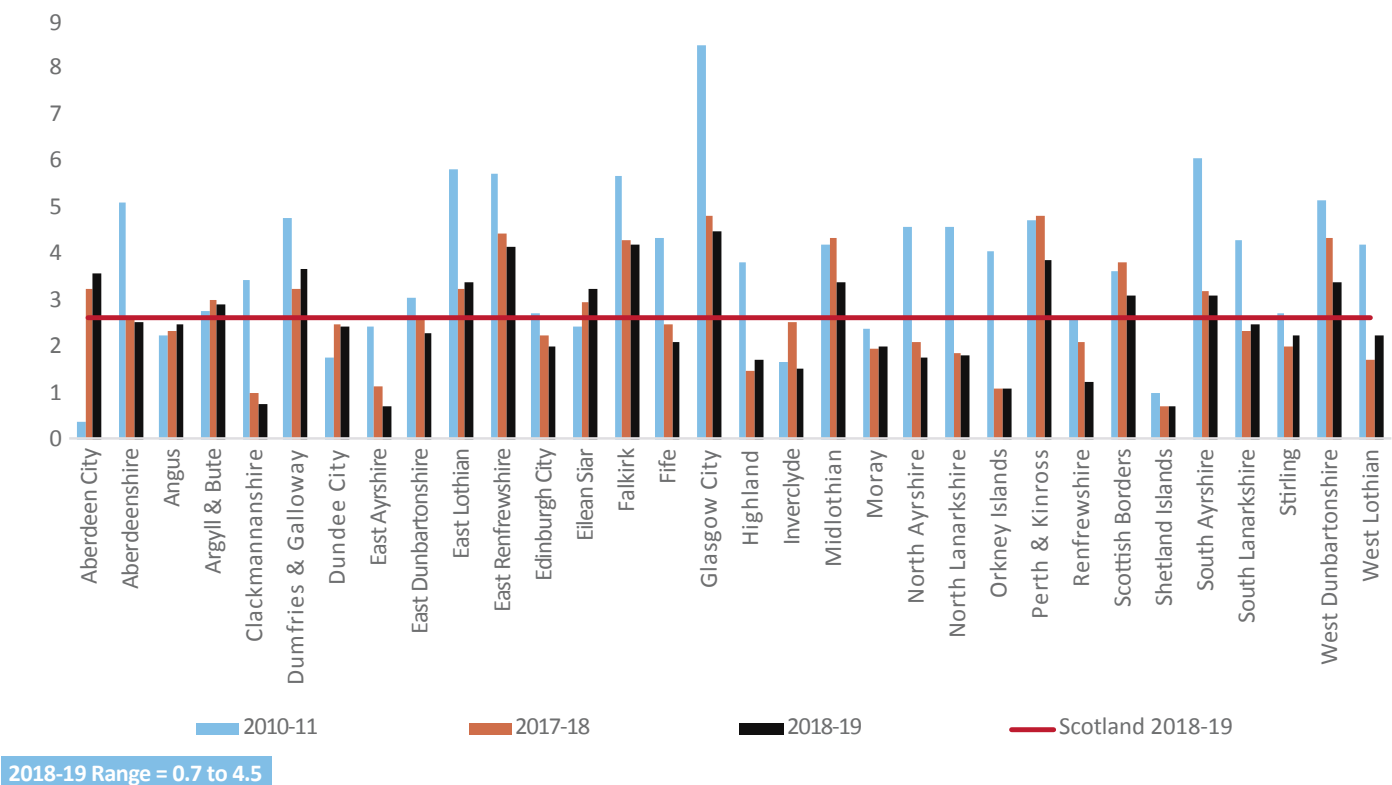
Source: Council supplied expenditure and visitor figures



Over the nine year period, the significant increase in user numbers while the unit cost of sports attendances has fallen indicates that leisure and recreation services have managed to attract more people into using their facilities while managing significant financial pressures. A key factor here may be the significant capital investment programme in sports facilities across Scotland in the noughties now bearing fruit. However, it may be that the additional capacity generated through this investment has now been reached, and thus the growth in user numbers is tapering off.

However, the picture across councils with respect to the general trend is not universal. In 2018/19, costs per attendance at a sports facility ranged from £0.70 to £4.47. The variation in unit costs has narrowed in recent years due to significant reductions at the higher cost end. There is no systematic relationship with deprivation, rurality or size of council.

Fig 40: Cost per attendance at sports facilities (£)



Source: Council supplied expenditure and visitor figures

Library services

Library costs are represented as the average cost per library visit (both physical and virtual). There has been a significant 47.4% reduction in unit costs since 2010/11, with cost reductions levelling out over the past 24 months. The average cost per library visit in 2018/19 was £2.05, while in 2010/11 the cost per visit was £3.90.

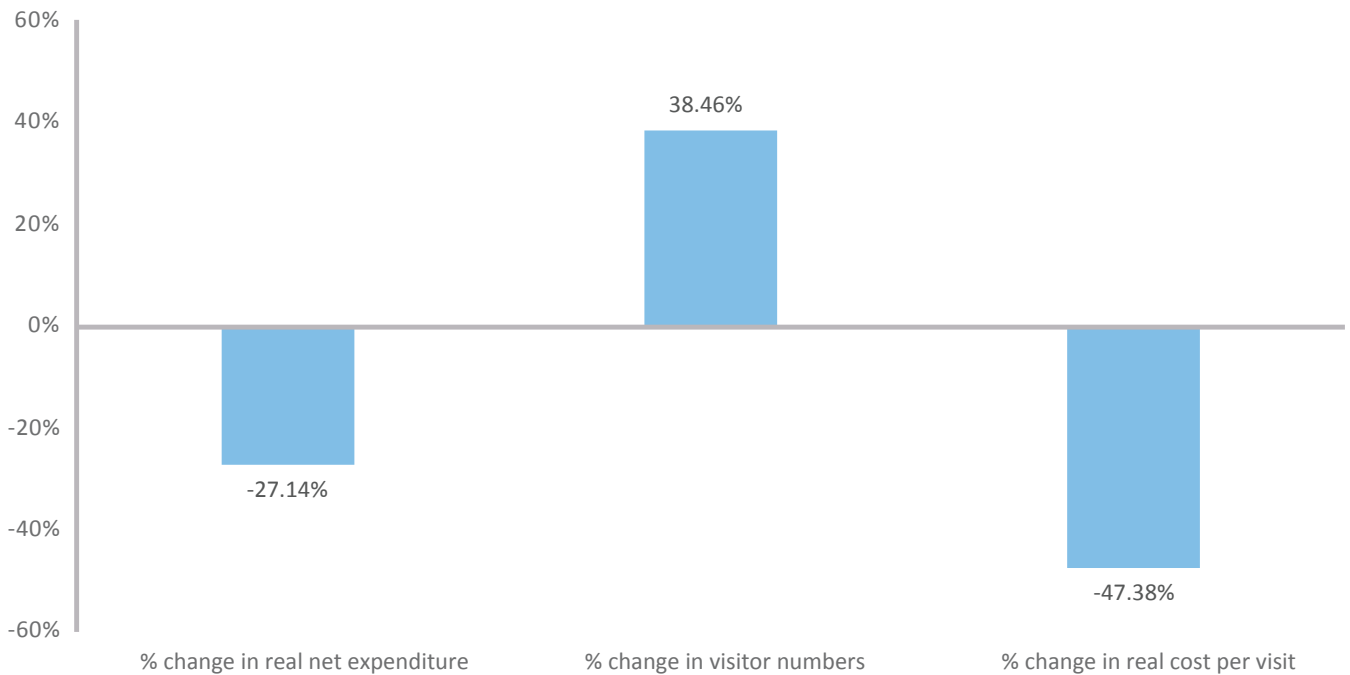
Table 30: Cost per library visit

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£3.90	£3.68	£3.48	£2.79	£2.62	£2.59	£2.05	£2.12	£2.05	-3.3%	-47.4%



As with sports services unit cost figures on their own do not tell the full story of the last nine years for library services. Over the period covered by the LGBF, there has been a reduction in net spending on library services of 27.1%. At the same time, visitor numbers increased from 31.8 million to 44.0 million, an increase of 38.5%. Across this period, there has been a year on year reduction in expenditure levels, including a 1.5% reduction in the past 12 months. Meanwhile, while the number of library visits increased significantly between 10/11 and 16/17, growth has slowed in recent years, reducing by 6% in the past 24 months. The treatment of social media may account for some of the movement in recent years and strengthened guidance has been introduced to improve data robustness in this area.

Fig 41: Libraries: change in total spend, visitor numbers and cost per visit, 2010/11 - 2018/19



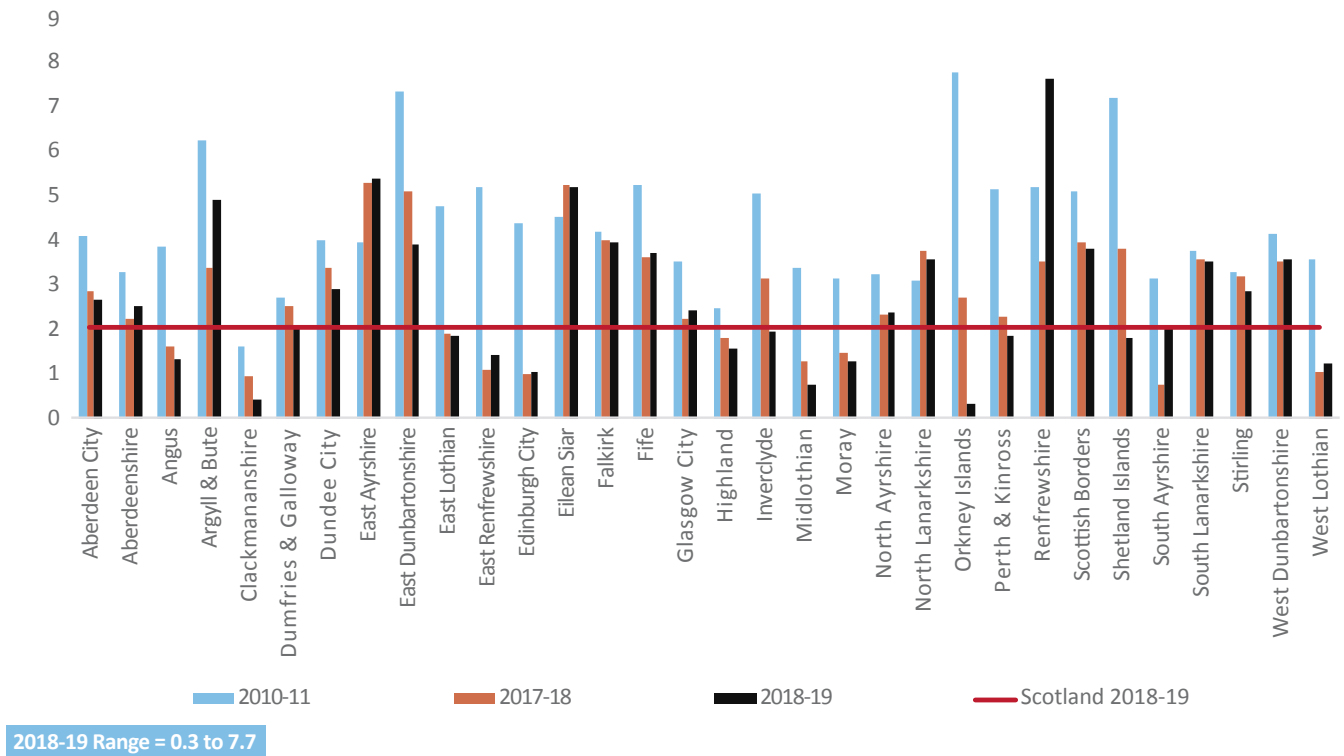
Source: Council supplied expenditure and visitor figures

Over the period, this indicates that against a difficult financial backdrop council services have achieved a growth in service user volume and as a consequence reduced the unit cost per visit to the council by a substantial margin. This shows decisions around the rationalisation of local services have been implemented intelligently and rather than reduce access, the sector has been successful in increasing visitor numbers over the period. The recent slowdown in visitor figures suggests that close monitoring of this area will be required across the period ahead to assess the longer-term impacts of these decisions.

As with sports attendance the picture across councils with respect to the general trend is not universal. In 2018/19 the range across councils in cost per library visit was £0.31 to £7.65. The level of variation across councils has not changed significantly since the base year. There is no systematic relationship with deprivation, rurality or size of council.



Fig 42: Cost per library visit (£)



Source: Council supplied expenditure and visitor figures

Museum services

With respect to museum services, the pattern is similar to library and sports services in relation to falling unit costs accompanied by increasing visitor numbers. Over the nine-year period there has been a real terms reduction of 27.8% in cost per visit, from £4.81 to £3.48.

Table 31: Cost per museums visit

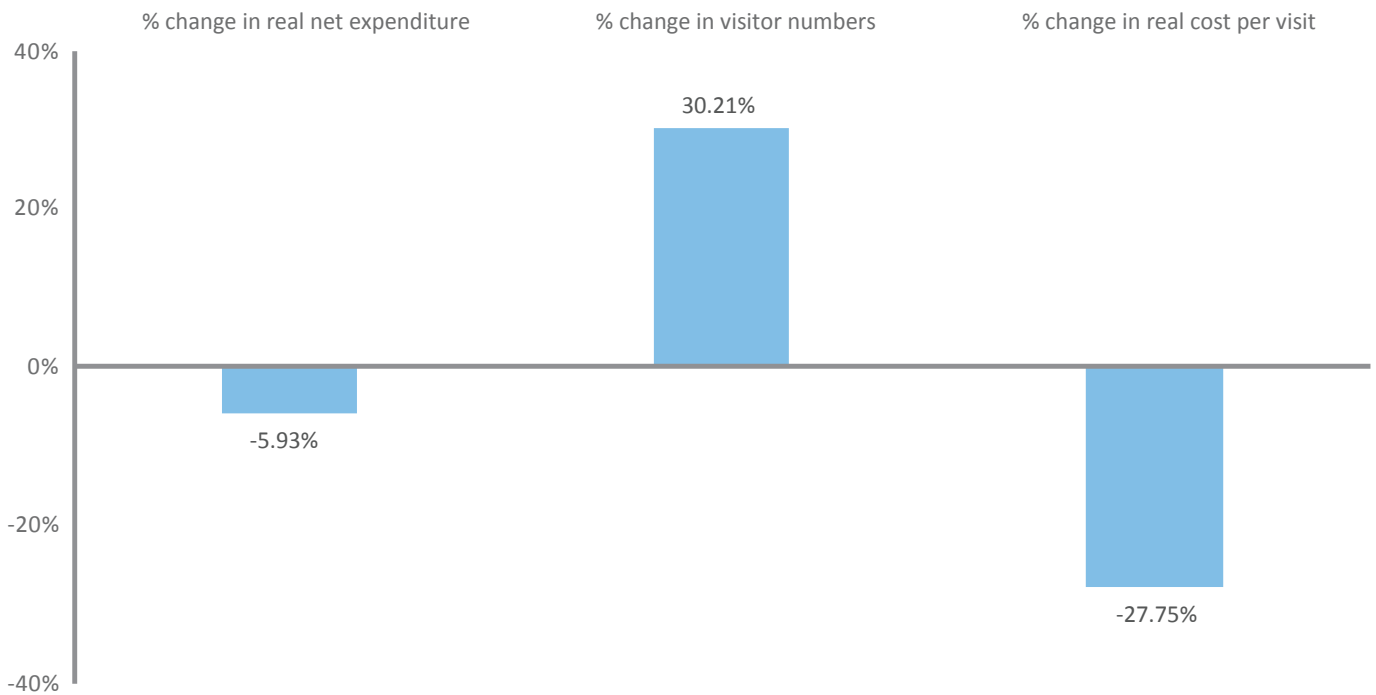
2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£4.81	£3.92	£3.96	£3.63	£3.56	£3.23	£3.43	£3.58	£3.48	-3.0%	-27.8%

Source: Council supplied expenditure and visitor figures

As with other leisure and recreation services the high-level data only tells part of the story of what has been changing in museum services over the nine-year period. Net spending on museum services across Scotland has fallen by 5.9% since 2010/11 but in the same period visitor numbers have increased from 9.3 million visitors to 12.1 million visitors, an increase of 30.2%. The combined effect of this increase in the productive use of the service has been to reduce significantly the unit cost as measured by the cost per visit indicator across the period.



Fig 43: Museums: change in total spend, visitor numbers and cost per visit, 2010/11-2018/19

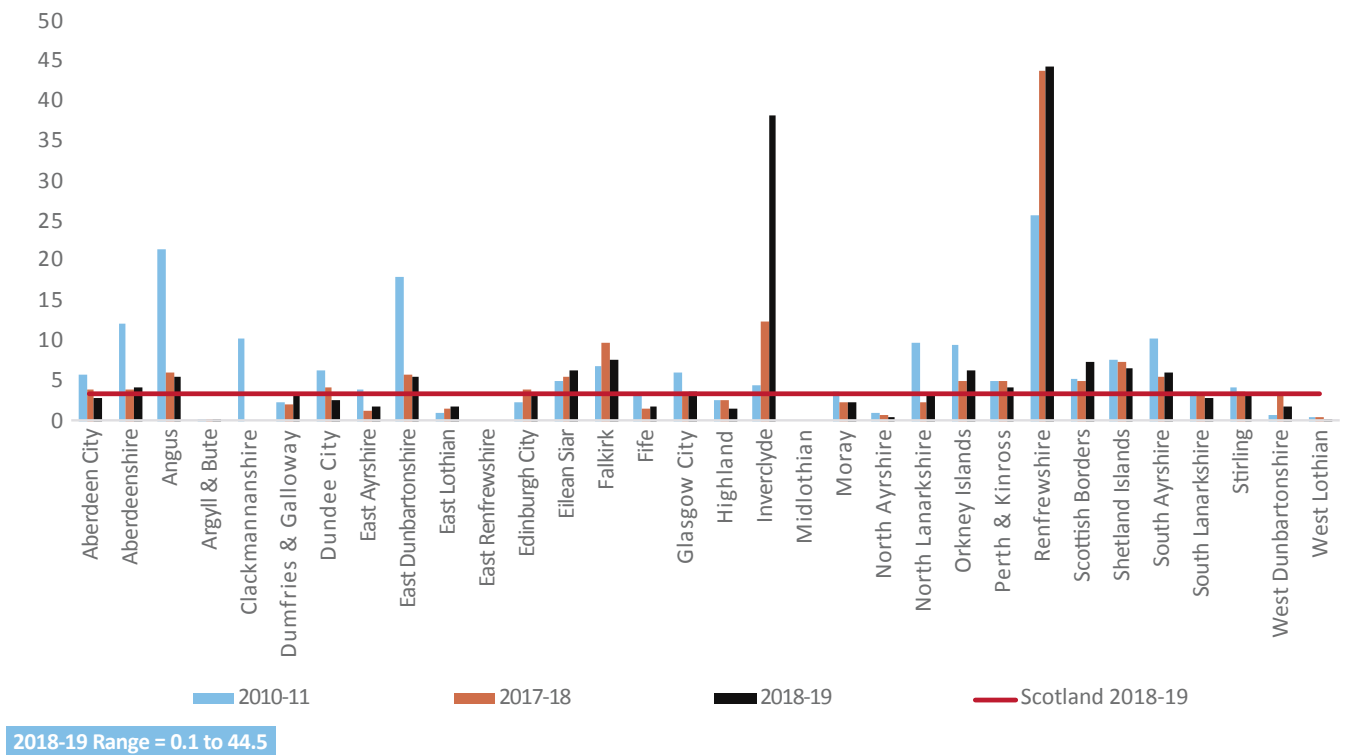


Source: Council supplied expenditure and visitor figures

Although there has been a 3% reduction in unit costs over the past 12 months, the last 3 years has seen a levelling out in cost reductions due to visitor number reductions, and a levelling out in expenditure reductions.

There is a significant range between councils' museums costs, which has widened substantially in the past three years. In 2018/19 the range in cost per visit was £0.06 to £44.47 (£0.06 to £7.71 excluding Inverclyde and Renfrewshire as outliers). There is no systematic relationship with deprivation, rurality or size of council.

Fig 44: Cost of museums per visit



Source: Council supplied expenditure and visitor figures

Note: Missing values for Clackmannanshire, East Renfrewshire and Midlothian reflect no council provided museum service



Parks and open spaces

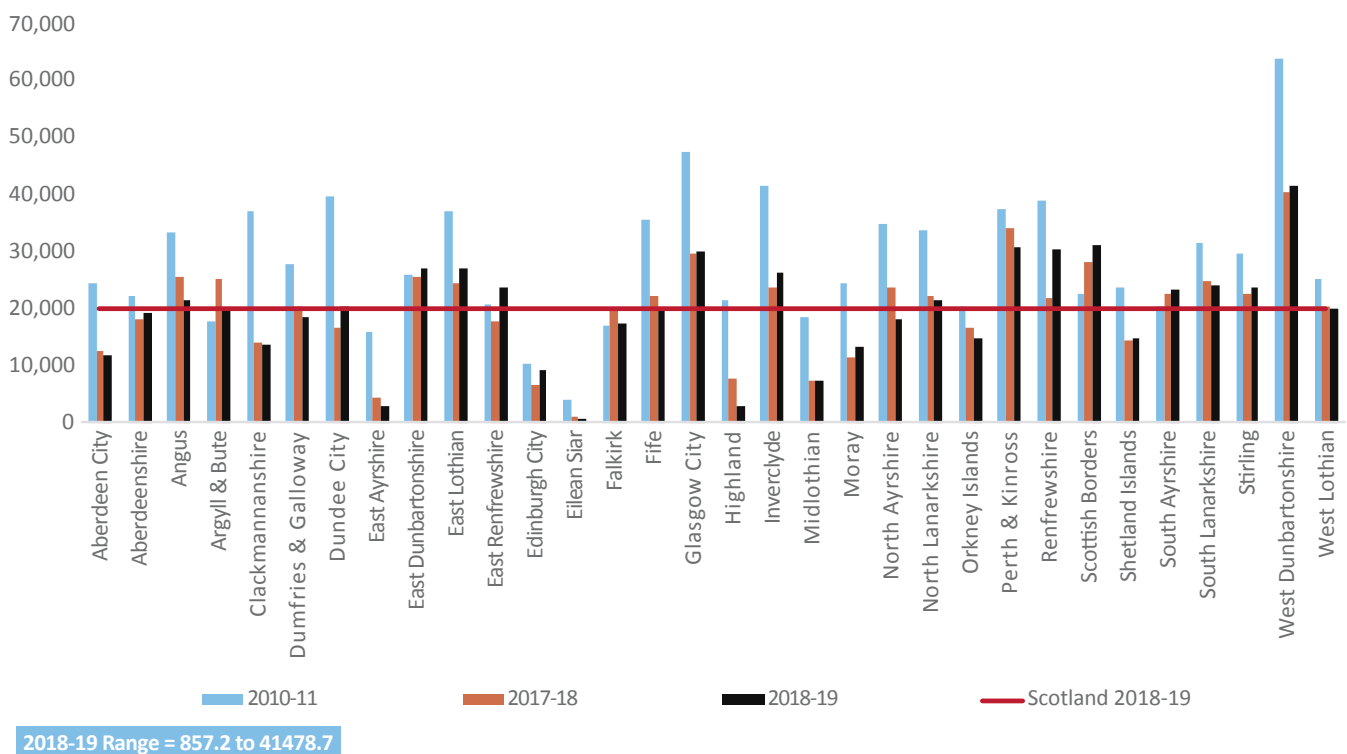
Spend on parks and open spaces is reflected as spend per 1,000 population. Over the nine-year period from 2010/11 to 2018/19 spend has reduced in real terms by 32.1%, from £29,708 to £20,174. There has been a year on year reduction across the period, although this has significantly slowed in the past 12 months with costs reducing by only 0.02% during this period.

Table 32: Cost of parks and open spaces per 1,000 population

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£29,708	£27,400	£26,164	£25,271	£25,040	£23,117	£21,587	£20,179	£20,174	0.0%	-32.1%

In 2018/19 the average cost of parks and open spaces was £20,174, ranging from £857 - £41,479. The variation across councils has narrowed since the base year due to a significant cost reduction at the higher end. In previous years, the costs of parks and open spaces varied systematically with the level of deprivation in councils, with those councils with higher levels of deprivation spending significantly more on parks and green spaces. While this still tends to hold true, the relationship is no longer significant. The average for councils with the lowest deprivation by SIMD is £17,065 compared to £23,960 for areas with highest levels of deprivation by SIMD.

Fig 45: Costs of parks and open spaces per 1,000 population (£)



Source: Mid-year population estimates, National Records Scotland (NRO); Council supplied expenditure figures



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

- *Local political and strategic priority given to the role of culture and leisure in supporting improvement in wider outcomes e.g. health and wellbeing, tackling inequality, economic development, community empowerment*
- *Scale of provision and level of service*
- *Digital channel shift*
- *Service delivery model and balance between in house and arm's length/trust delivery*
- *Service structure and integration with other services*
- *Staffing composition, level and roles*
- *Level of volunteering, community involvement and asset transfer*
- *Income generation capacity*
- *Asset management and co-location/multi-use venues*

Satisfaction with culture and leisure services

Satisfaction levels for all areas of culture and leisure remain high at around 70% or above. All areas have, however, experienced declining satisfaction since 2010/11, except parks and green spaces. In the last 12 months, satisfaction rates for libraries and museums have remained stable, while parks and sports services have seen reductions of around 2.5 percentage points.

Table 33: Percentage of adults satisfied with culture and leisure services

	2010-11	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2010-11 to 2018-19
Libraries	83.5	83.0	81.0	77.0	74.0	73.0	72.0	72.1	0.1	-11.4
Parks and Open Spaces	83.1	86.0	86.0	86.0	85.0	87.0	85.0	83.0	-2.5	-0.6
Museums and Galleries	75.5	78.0	76.0	75.0	71.0	70.0	69.0	69.0	-0.1	-6.6
Leisure Facilities	74.6	80.0	78.0	76.0	73.0	73.0	72.0	69.3	-2.7	-5.3

As with satisfaction with local schools, to boost sample sizes 3-year rolled averages have been used to ensure the required level of precision at local levels. From 2018/19, questions used in the LGBF have also been included in the Scottish Surveys Core Questions (SSCQ) which provides a boosted sample size. The data used represents satisfaction for the public at large rather than for service users. It should be noted that satisfaction rates for service users are consistently higher than those reported by the general population, but the smaller sample sizes available for service users mean it is not possible to present this data with any level of confidence.

For all culture and leisure services, satisfaction levels vary considerably across councils and this variation has been widening. In leisure, satisfaction rates range from 40% to 89%; in libraries, it is 53% - 91%; for museums,



42% - 91%; and finally, for parks the range is 54% - 92% (71%-92% excluding Eilean Siar as an outlier). There are no systematic effects of deprivation, sparsity or council size on satisfaction levels in relation to culture and leisure services.

Fig 46: Percentage of adults satisfied with leisure facilities

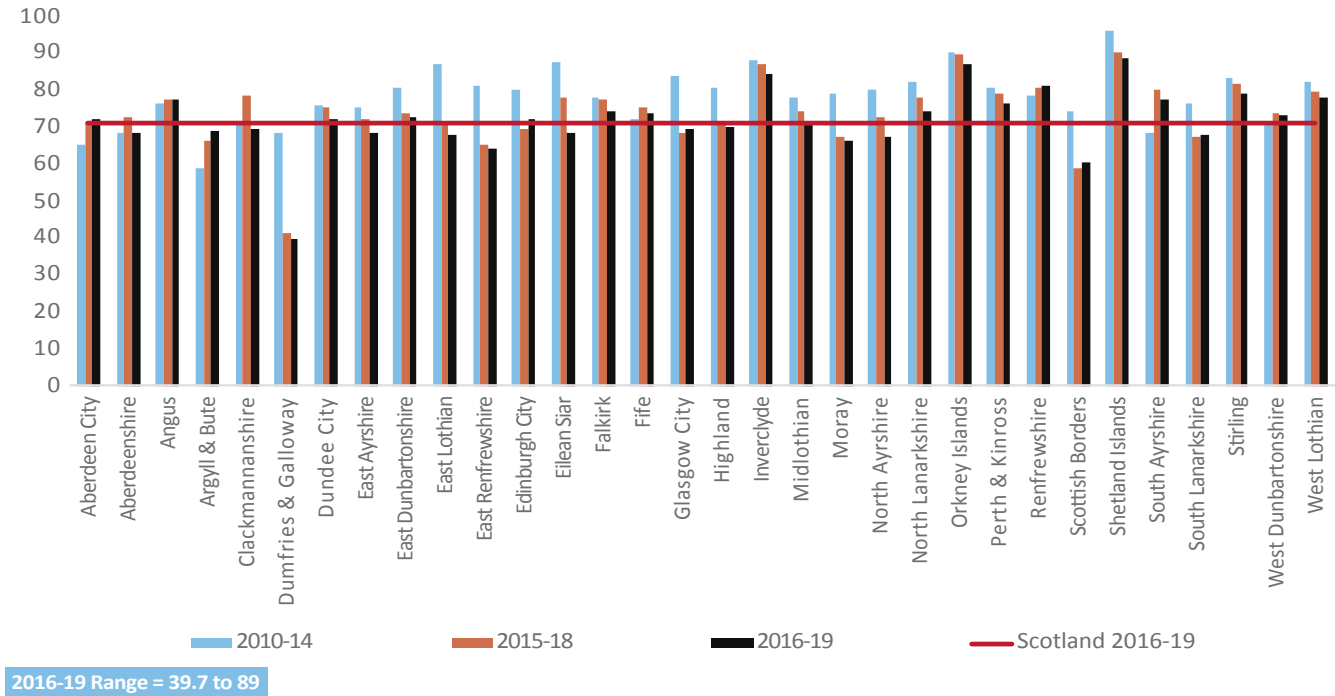


Fig 47: Percentage of adults satisfied with libraries

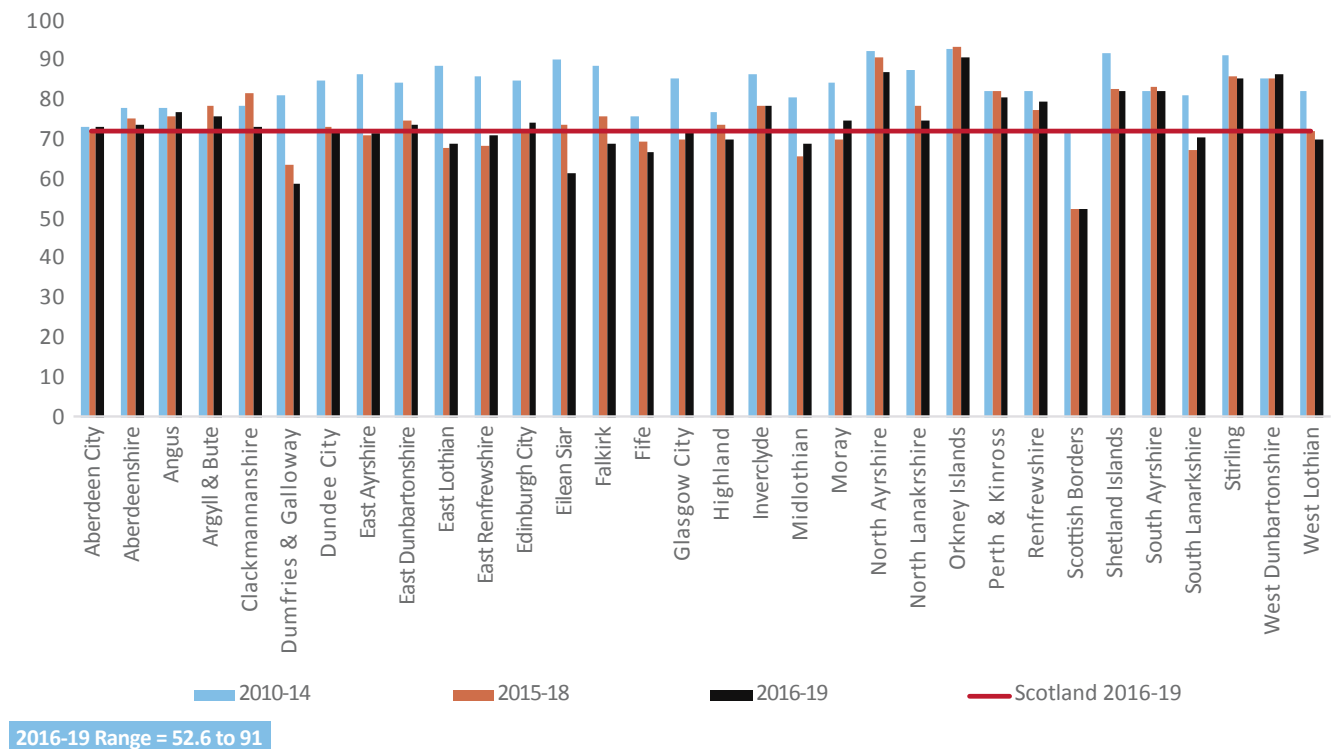
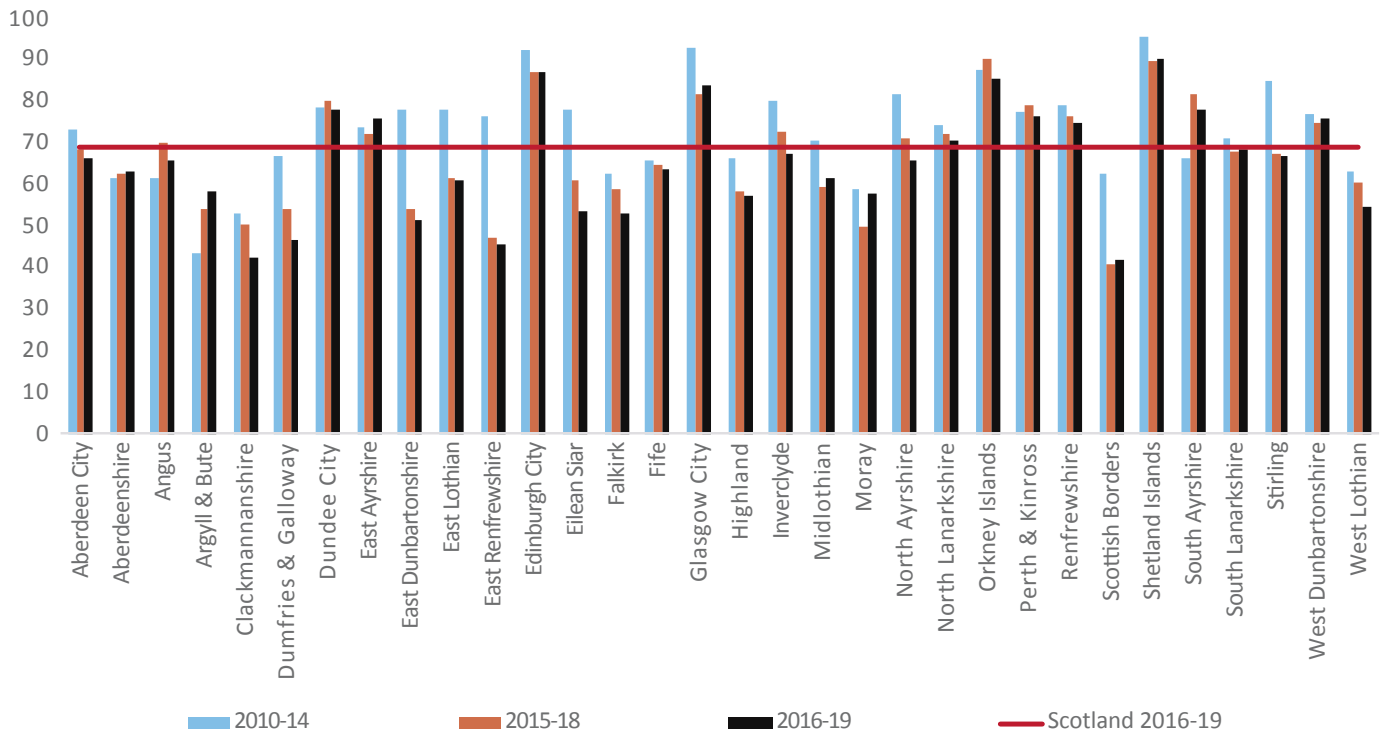


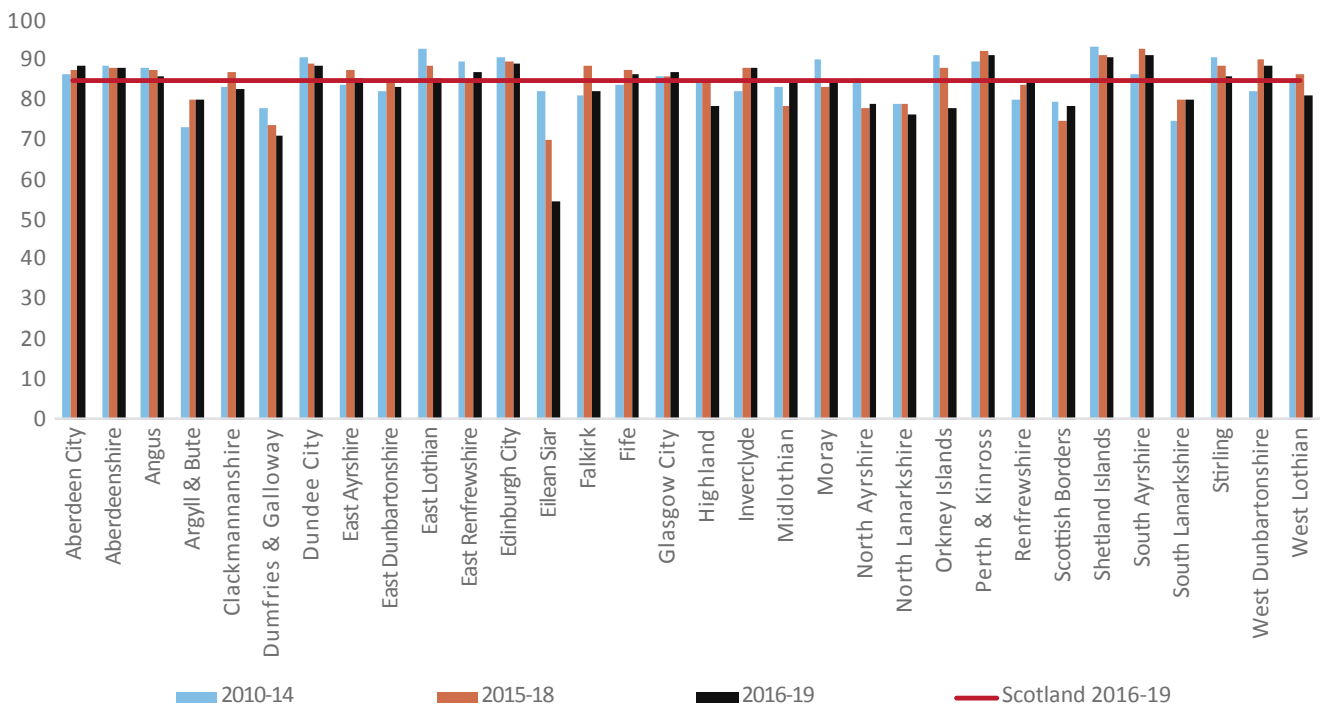


Fig 48: Percentage of adults satisfied with museums and galleries



Note: Clackmannanshire, East Renfrewshire and Midlothian have no council provided museums service

Fig 49: Percentage of adults satisfied with parks and open spaces



Source: Scottish Household Survey





Environmental Services

Environmental services are an area of significant spend for local authorities, and include waste management, street cleansing, roads services, trading standards and environmental health. These areas have seen some of the largest budget reductions in recent years, with overall gross spend on Environmental Services reducing by 10.3% since 2010/11 and expenditure on Roads services reducing by 23.9%. Against this reduction in expenditure, councils face growing challenges in maintaining or improving performance levels in relation to recycling, street cleanliness, roads condition and satisfaction.

Waste management

In examining the cost of waste management services across councils we use a measure of the net cost of waste collection and disposal per premise. Net costs are used in recognition of the increased efforts of councils to recycle waste which generates additional costs to the service but also an additional revenue stream as recycled waste is sold by councils into recycling markets. It is worth noting that the price for recyclate is volatile and influenced by global economic conditions. As this measure was introduced in 2012/13, only six years of data is presented here.

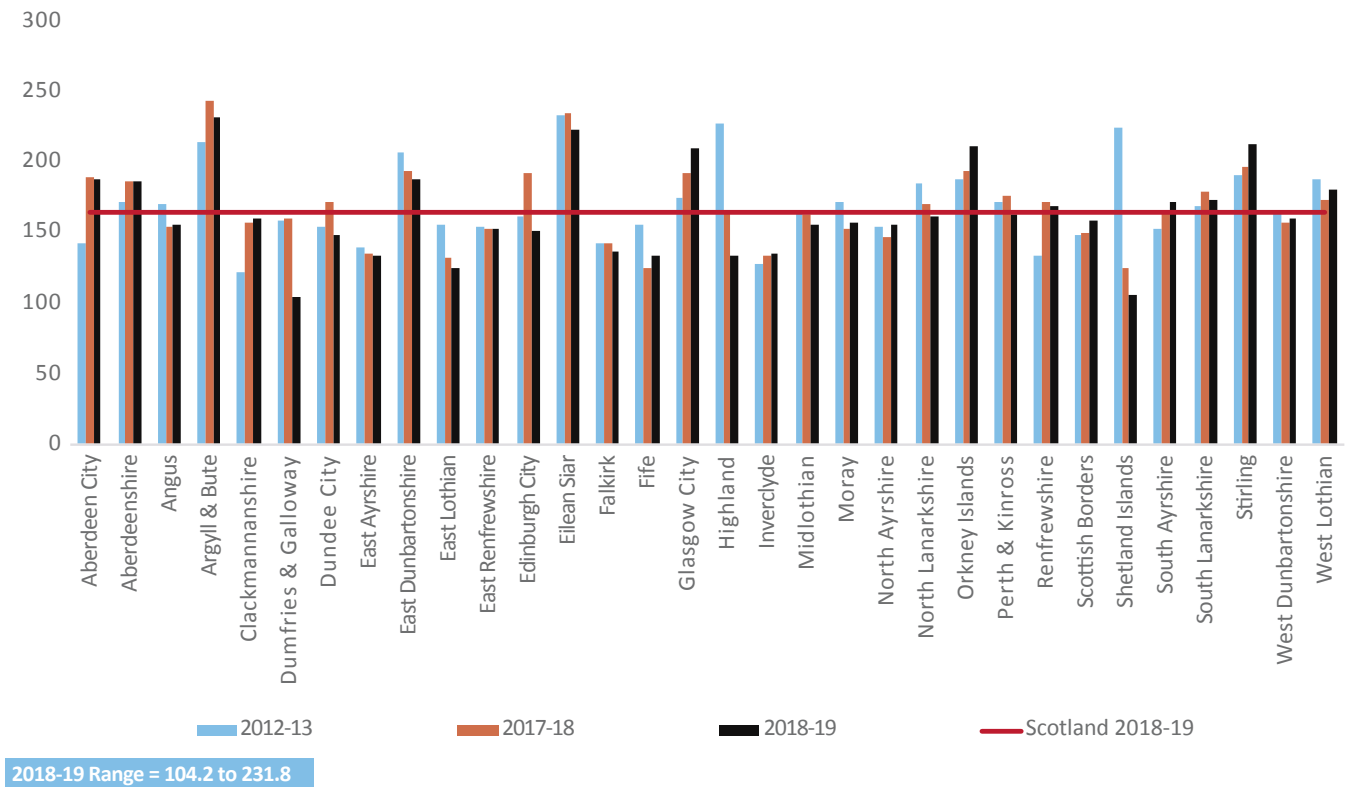
The combined net cost of waste disposal and collection reduced by 1.6% between 2012/13 and 2018/19, from £167 to £164 per premise. After remaining constant during the first three years, the combined cost increased by 2.7% in 2015/16 before falling in 2018/19 by 3.4%. These trends largely mirror movements in waste disposal costs. The range across Scotland in 2018/19 was £104 to £232.

Table 34: Net cost of waste collection and disposal per premise (£)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2012-13 to 2018-19
Collection	£65.37	£66.51	£69.36	£68.14	£66.88	£67.21	£67.45	0.4%	3.9%
Disposal	£102.05	£99.98	£97.58	£103.35	£102.34	£103.28	£97.29	-5.8%	-4.7%
Total	£167.42	£166.49	£166.94	£171.49	£169.22	£170.49	£164.74	-3.4%	-1.6%



Fig 50: Net cost of waste collection and disposal per premise (£)



Source: Council supplied expenditure and visitor figures

Waste collection

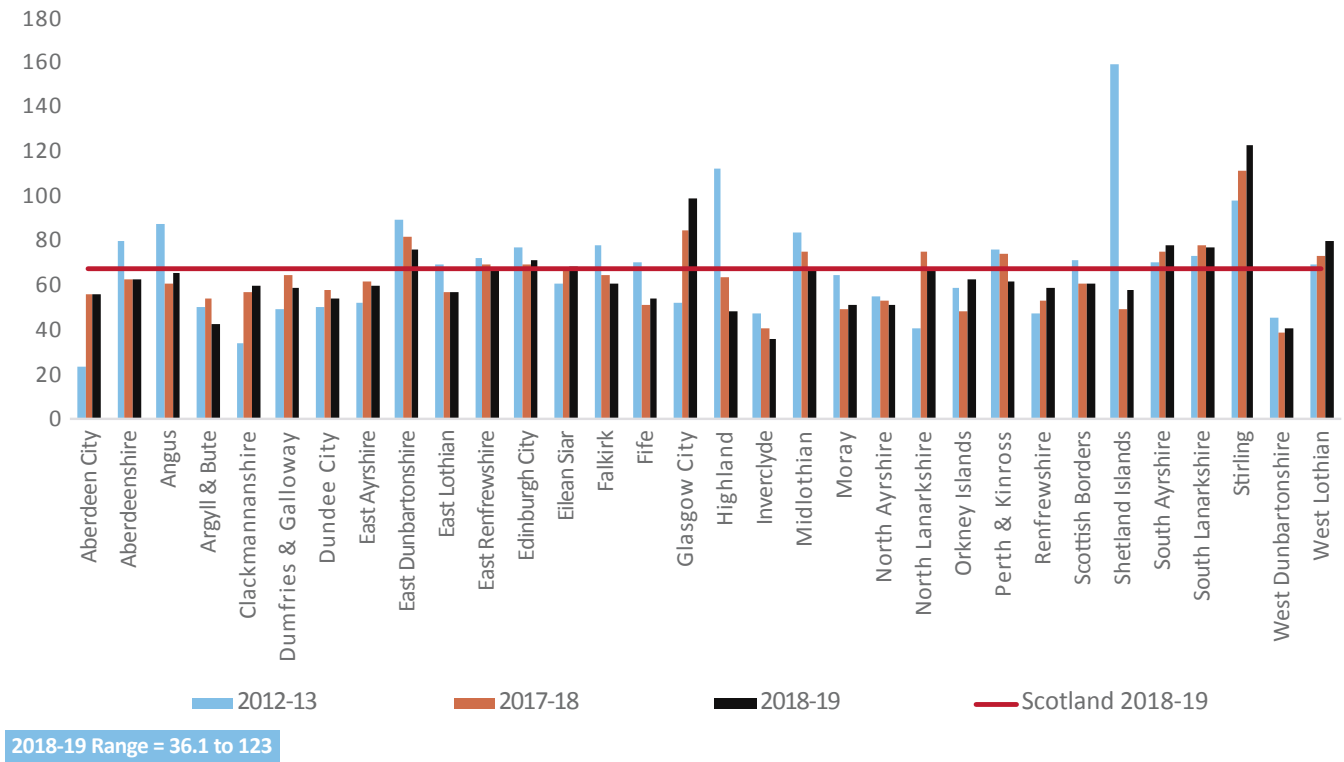
Over the seven-year period from 2012/13 to 2018/19 the Scottish average cost per premise for waste collection increased from £65.37 to £67.45, representing a real terms percentage increase of 3.2%. While the number of premises increased by 4.9% during this period, total spend increased by 7.4%.

There has been little change in the past 12 months, with costs increasing by 0.4%. This reflects small increases in both net expenditure (1.3%) and premises served (0.9%).

There is considerable although narrowing variation between councils in relation to waste collection costs, ranging from £33.08 to £122.98. In the past, waste collection costs varied systematically with deprivation, with areas of higher deprivation spending more. The data no longer reveals this pattern.



Fig 51: Net cost of waste collection per premise (£)



Source: Council supplied expenditure and visitor figures

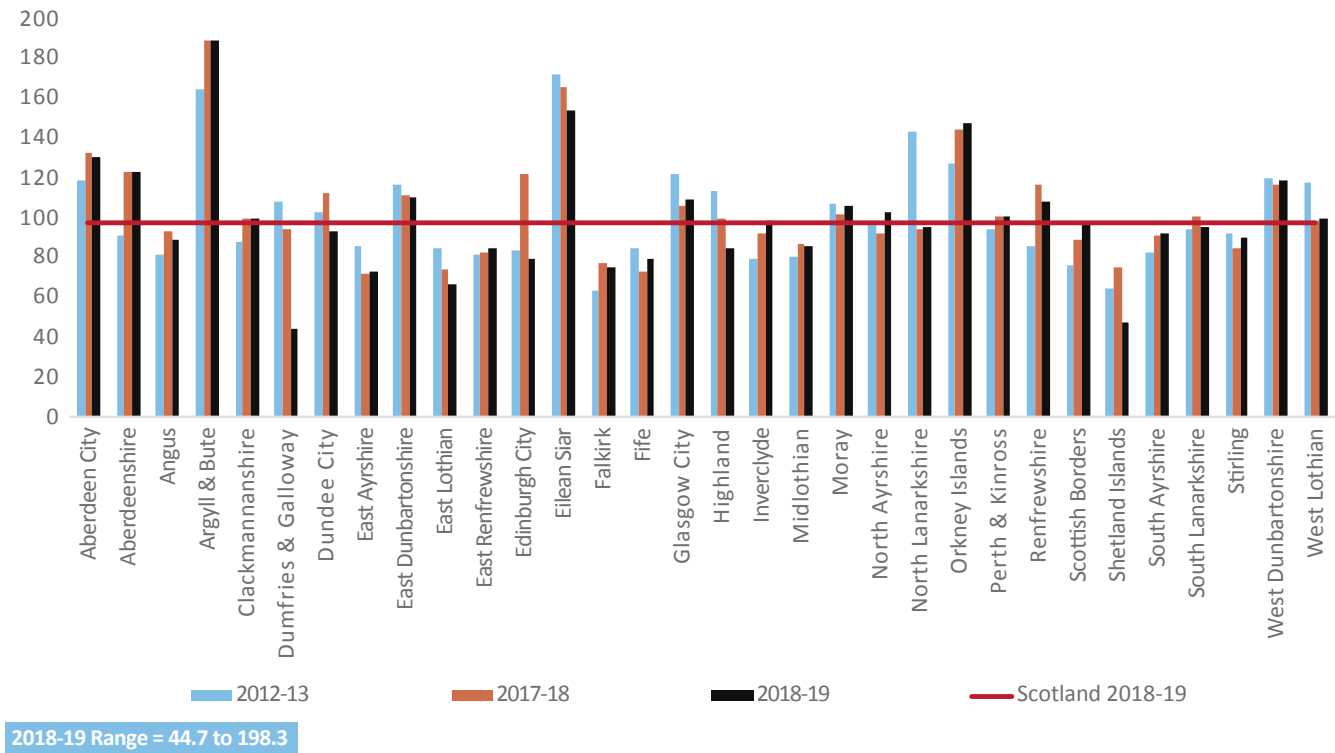
Waste disposal

Over the seven-year period from 2012/13 to 2018/19 the Scottish average net cost of waste disposal has reduced by 4.7%, from £102.05 to £97.29 per premise. This reflects a 0.8% reduction in net expenditure and a 4.9% increase in the number of premises served. The trend has not been consistent across the period, with costs falling in the first two years, before increasing in 2015/16, and then falling back in the past 12 months. In 2018/19, costs have reduced by 5.8%, reflecting a 4.9% reduction in expenditure, and 0.9% growth in premises served.

The range in disposal costs across councils was £44.69 to £189.28 in 2018/19. Variation has narrowed in recent years, with analysis revealing no clear relationships to rurality, deprivation or demography.



Fig 52: Net cost of waste disposal per premise (£)



Source: Council supplied expenditure and visitor figures

Recycling

Over recent years councils have put greater emphasis on the recycling of waste in compliance with Scotland’s Zero Waste Plan to achieve Scotland’s 60% household waste recycling target by 2020 and 75% recycling target by 2025.³⁴ There has also been raised awareness of environmental factors from both producers and consumers, including a greater focus on reducing unnecessary waste packaging which has resulted in less waste in the system overall.

While recycling rates have improved overall across Scotland from 40.1% in 2011/12 to 44.7% in 2018/19, the last 12 months has revealed a slight reduction, with rates falling from 45.6% to 44.7%. This is the first year on year decrease in the household waste recycling rate since the start of reporting under the current definition of household waste in 2011. A seventh consecutive increase in plastics recycled was offset by a decrease in paper and cardboard wastes recycled and organic wastes composted.

From 2014/15, the recycling rate is calculated on a different basis from that used in previous years and so is not directly comparable. It is useful to note that for individual authorities, the new SEPA recycling definition may result in a slightly lower recycling rate than the previous definition. Prior to 2014, household waste composted that did not reach the quality standards set by PAS 100/110 was included in the recycling figures. If such waste was included, as in the previous method, the overall recycling rate in 2018/19 would have been 45.4%, an increase of 5.3 percentage points from the 40.1% achieved in 2011, but still a drop from 46.1% in 2017/18.³⁵

There has been a 7% reduction in the amount of Scottish household waste landfilled in 2018 and a decrease of 29% since 2011. This is the seventh consecutive decrease in household waste landfilled since 2011. For the second consecutive year, in 2018 there was more Scottish waste recycled than landfilled.

34 <https://www2.gov.scot/Publications/2010/06/08092645/11>

35 <https://www.sepa.gov.uk/media/469650/2018-household-waste-commentary.pdf>



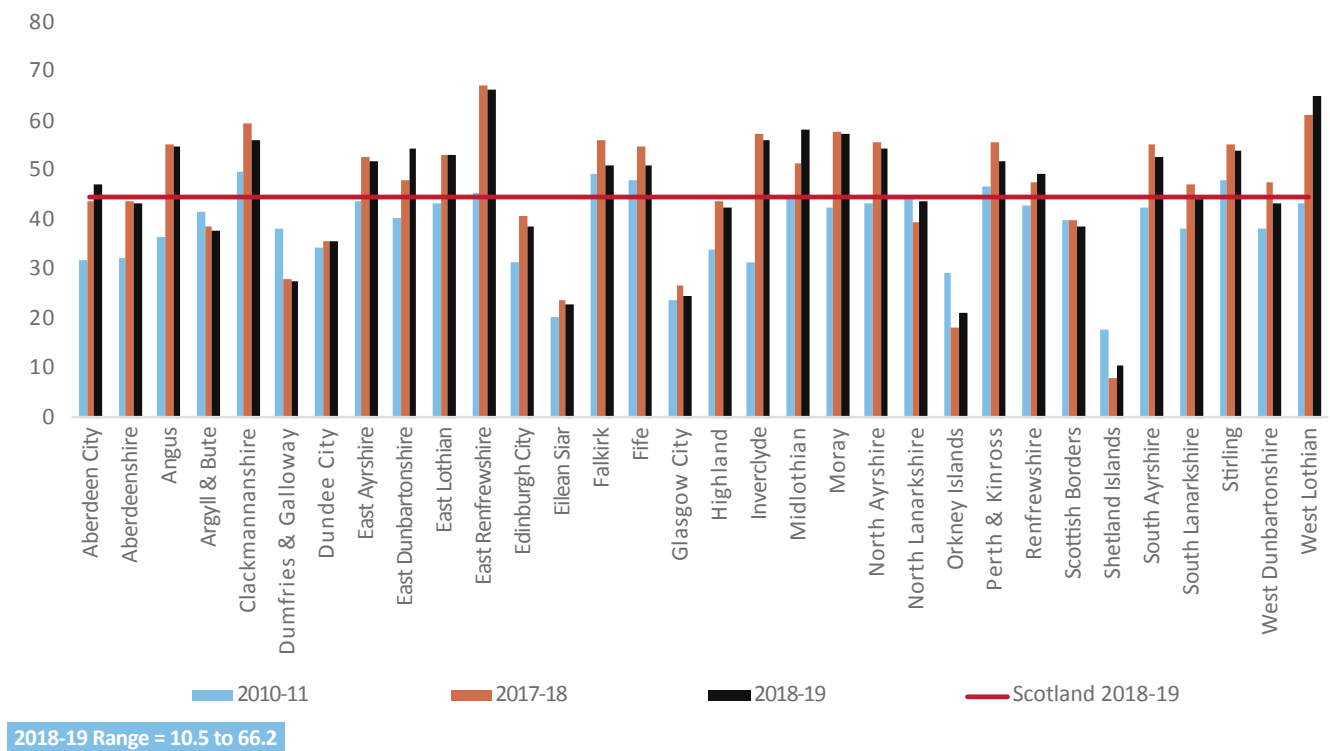
Table 35: Percentage of household waste that is recycled

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2011-12 to 2018-19
38.7	40.1	41.2	42.2	42.8	44.2	45.2	45.6	44.7	-0.9	6.0

*Note: Figures from 2010/11 – 2013/14 use the old recycling definition, while figures from 2014/15 to 2018/19 are calculated using the new definition.

There is significant and widening variation in recycling rates across Scotland, with Island councils reporting significantly lower rates than other areas. Excluding islands, the range across Scotland in 2018/19 is 24.6% to 66.2%.

Fig 53: Percentage of total household waste that is recycled



Source: WasteDataFlow, Scottish Environment Protection Agency (SEPA). Data is calendar year.

Percentage of adults satisfied with waste collection

Satisfaction levels are 6 percentage points lower in 2018/19 than they were in 2010/11, falling from 80.9% to 74.9%. Satisfaction levels are unchanged in the past 12 months. There is widening variation across councils, with rates ranging from 59% to 90% across Scotland in 2018/19. Variation is not systematically related to deprivation, rurality or size of council.

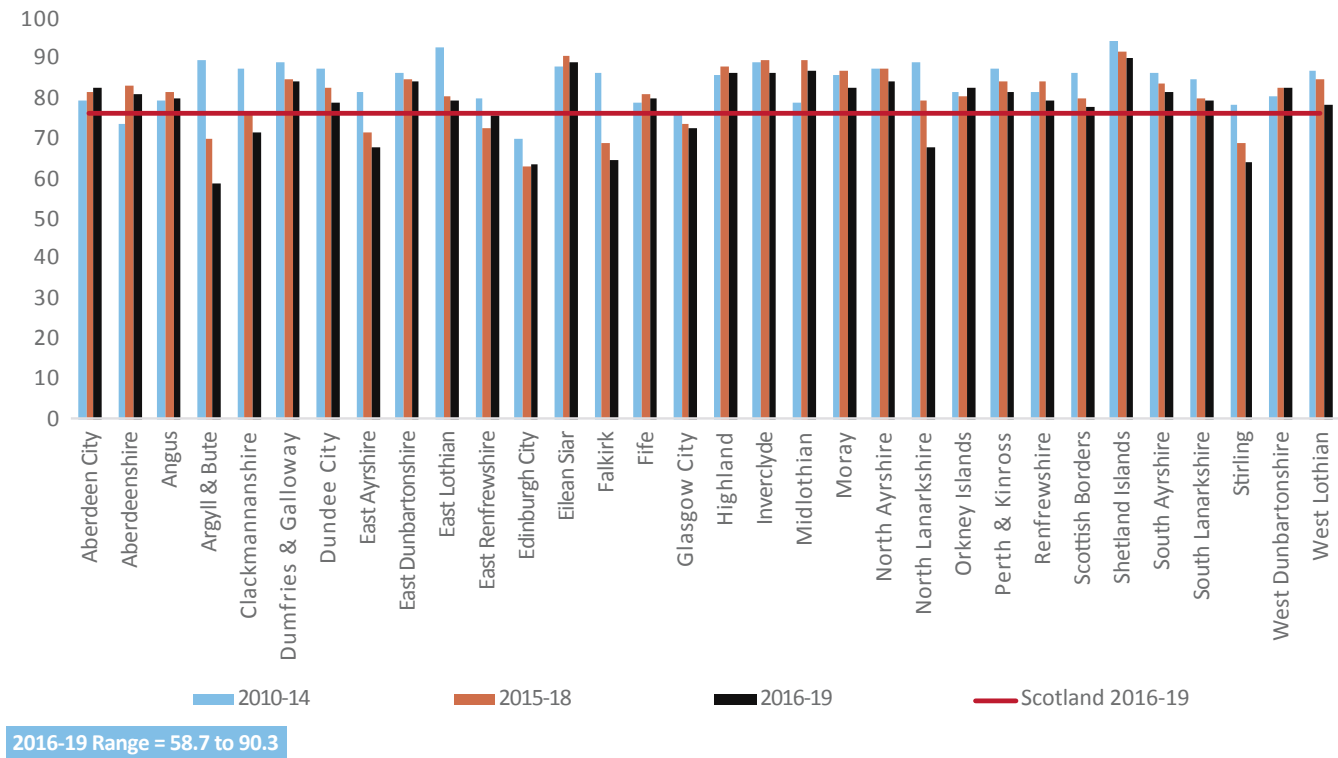
Table 36: Percentage of adults satisfied with refuse collection

2010-11	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2010-11 to 2018-19
80.9	83.0	83.0	84.0	82.0	79.0	75.0	74.9	-0.1	-6.0



As noted previously, the satisfaction data is drawn from the Scottish Household Survey (SHS) and while proportionate at Scotland level, there are limitations at local authority level in relation to the very small sample sizes and low confidence levels. To boost sample sizes 3-year rolled averages have been used to ensure the required level of precision at local levels. From 2018/19, questions used in the LGBF have also been included in the Scottish Surveys Core Questions (SSCQ) which provides a boosted sample size.

Fig 54: Percentage of adults satisfied with refuse collection



Source: Scottish Household Survey

Street cleaning

The cleanliness of Scotland’s streets remains a priority for councils both in terms of improving the appearance of our streetscapes but also in terms of environmental improvements in the quality of people’s lives. The revised Code of Practice on Litter and Refuse (Scotland)³⁶ came into force in 2018 and may affect both costs and standards going forward.

Street cleanliness is presented using the Street Cleanliness Score, which is produced by Keep Scotland Beautiful.³⁷ This measures the percentage of areas assessed as ‘clean’ rather than completely litter free sites (considered impractical in areas of high footfall) and allows authorities to tackle litter problem areas to achieve better results.

The Scottish average for the cleanliness score has remained above 90% since the base year, although scores have shown a reducing trend since 2013/14. In 2018/19, 92.8% of streets were assessed as ‘clean’, a small increase of 0.6 percentage points in the past 12 months. This is down by 2.6 percentage points from 95.4% in 2010/11.

³⁶ <https://www.gov.scot/publications/code-practice-litter-refuse-scotland-2018/>

³⁷ Source: Keep Scotland Beautiful, <http://www.keepsotlandbeautiful.org/>

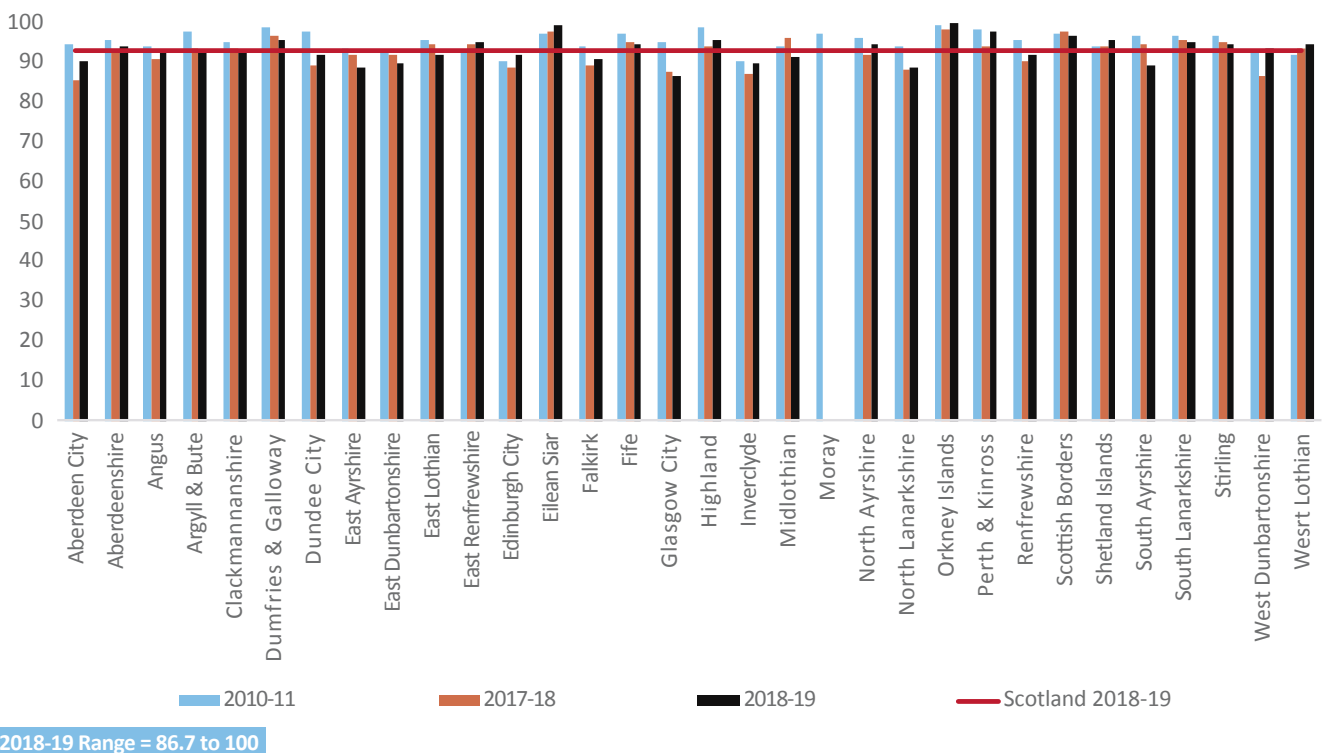


Table 37: Percentage of clean streets

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2010-11 to 2018-19
95.4	96.1	95.8	96.1	93.9	93.4	93.9	92.2	92.8	0.6	-2.6

There is a relatively narrow range of cleanliness scores across Scotland. The level of variation widened between 2013/14 and 2015/16 but narrowed in recent years. In 2018/19, scores ranged from 86.7% to 100%, with urban and deprived areas reporting significantly lower scores (e.g. 88-91% for urban or deprived areas compared to 94-96% for rural or affluent areas).

Fig 55: Cleanliness score (percentage acceptable)



Source: Local Environmental Audit and Management System (LEAMS), Keep Scotland Beautiful Note: Missing values reflect no data returned for that year

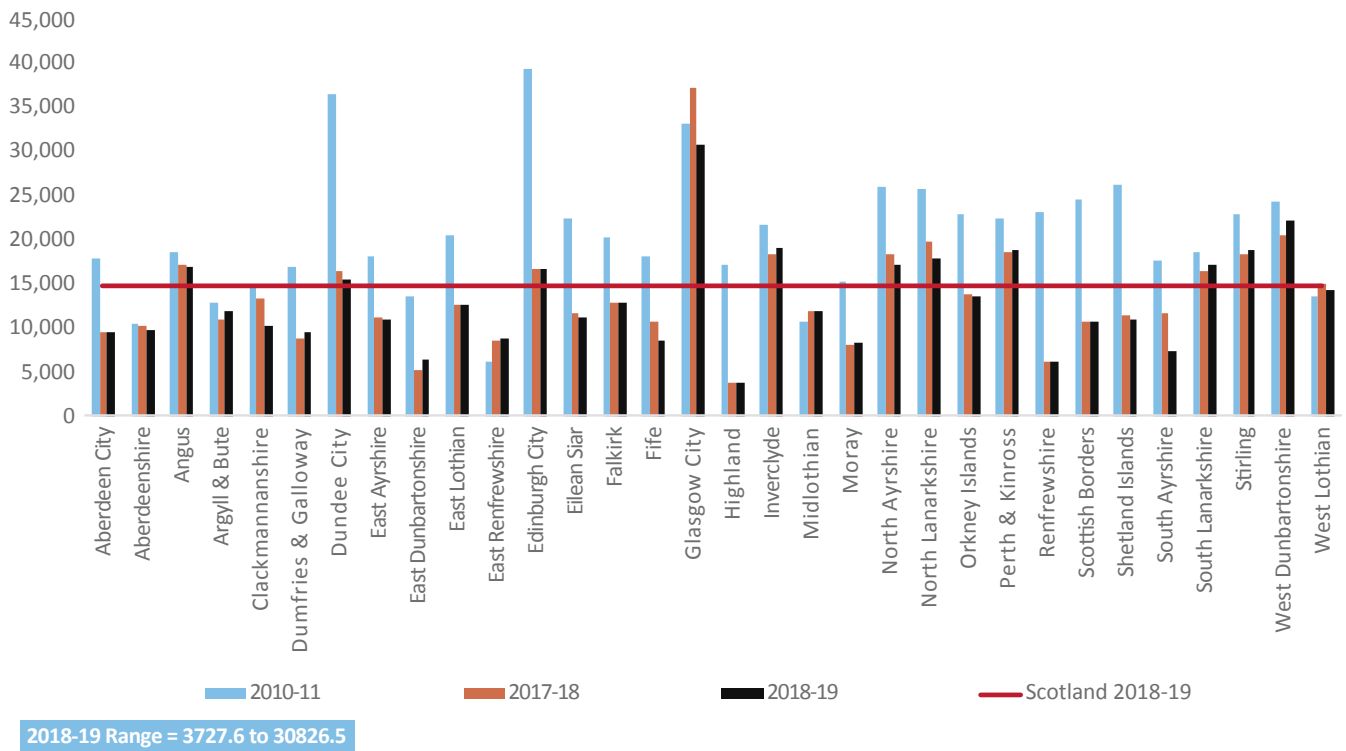
Over the same nine-year period the Scottish average for net cost of street cleaning has reduced by 34.6%, from £22,744 per 1,000 population in 2010/11 to £14,880 in 2018/19. This reflects a year on year reduction in costs, including a 6.4% reduction in the past 12 months.

Table 38: Net cost of street cleaning per 1,000 population

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£22,744	£21,870	£19,387	£17,619	£16,921	£16,381	£15,013	£15,905	£14,880	-6.4%	-34.6%



Fig 56: Net cost of street cleaning per 1,000 population (£)



Source: Mid-year population estimates, National Records Scotland (NRO); council supplied figures

There is significant but narrowing variation across councils, with street cleaning costs ranging from £3,728 to £30,826 in 2018/19. Street cleaning costs vary systematically with deprivation, with higher costs in authorities with higher levels of deprivation (£17,541 for areas with the highest level of deprivation compared to £11,130 for councils with the lowest levels).

Percentage of adults satisfied with street cleaning

As with other services, satisfaction levels for street collection have experienced a downward trend, reducing from 73.3% to 62.9% between 2010/11 and 2018/19. In the past 2 years, the rate of reduction has accelerated with satisfaction levels reducing by four percentage points between 2016/17 and 2017/18, and by a further 3.1 percentage points between 2017/18 and 2018/19. Until 2015-16, it appeared that the substantial efficiencies that have been introduced in delivering this service did not appear to have had a significantly detrimental impact on public satisfaction, indicating the care taken to protect key areas of public concern. The significant recent reductions in satisfaction however indicate a shift in public perceptions in the context of continuing significant reductions in budgets.

Table 39: Percentage of adults satisfied with street cleaning

2010-11	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2010-11 to 2018-19
73.3	75.0	74.0	74.0	73.0	70.0	66.0	62.9	-3.1	-10.4

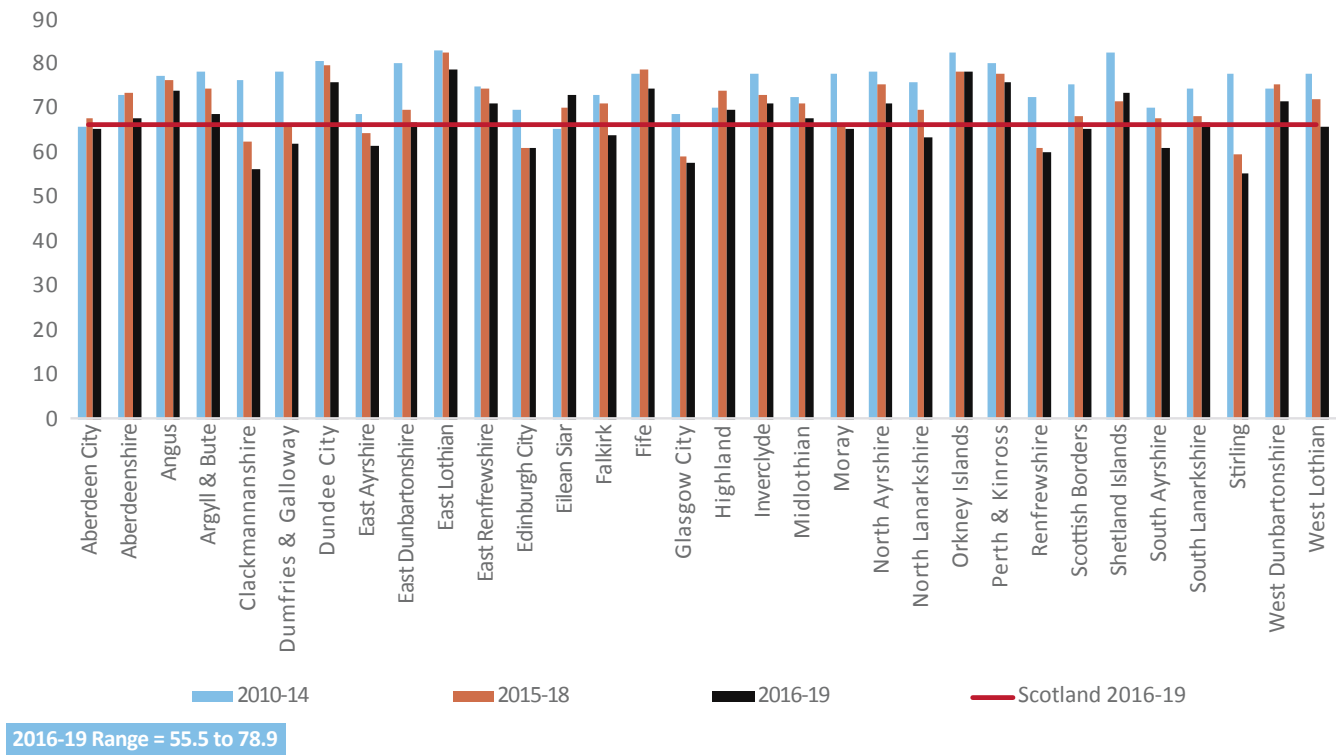
As noted previously, the satisfaction data is drawn from the Scottish Household Survey (SHS) and while proportionate at Scotland level, there are limitations at local authority level in relation to the small sample sizes and low confidence levels. To boost sample sizes, 3-year rolled averages have been used to ensure



the required level of precision at local levels. From 2018/19, questions used in the LGBF have also been included in the Scottish Surveys Core Questions (SSCQ) which provides a boosted sample size.

There is significant and widening variation in satisfaction levels across Scotland, ranging from 55.5% to 78.9%. Variation is not systematically related to deprivation, rurality or size of council.

Fig 57: Percentage of adults satisfied with street cleaning



Source: Scottish Household Survey

Roads

Across the period, there have been significant reductions in expenditure on Roads, while the condition has remained largely unchanged. While it is reassuring that conditions have so far remained relatively static, road condition will generally fall in years following budget reductions, following a lack of investment. Continued close monitoring will be helpful to assess the longer-term impact of these funding reductions.

Roads costs are represented in this framework using a cost of roads per kilometre measure. This measure includes both revenue and capital expenditure. The condition of the roads network is represented by the percentage of roads in various classes which require maintenance treatment.

For the nine years for which we have data, the Scottish average cost per kilometre has reduced by 25.9% from £12,709 to £9,417. This reflects year on year reductions, including an 8.8% reduction in the past 12 months, with costs per kilometre falling from £10,323 to £9,417.

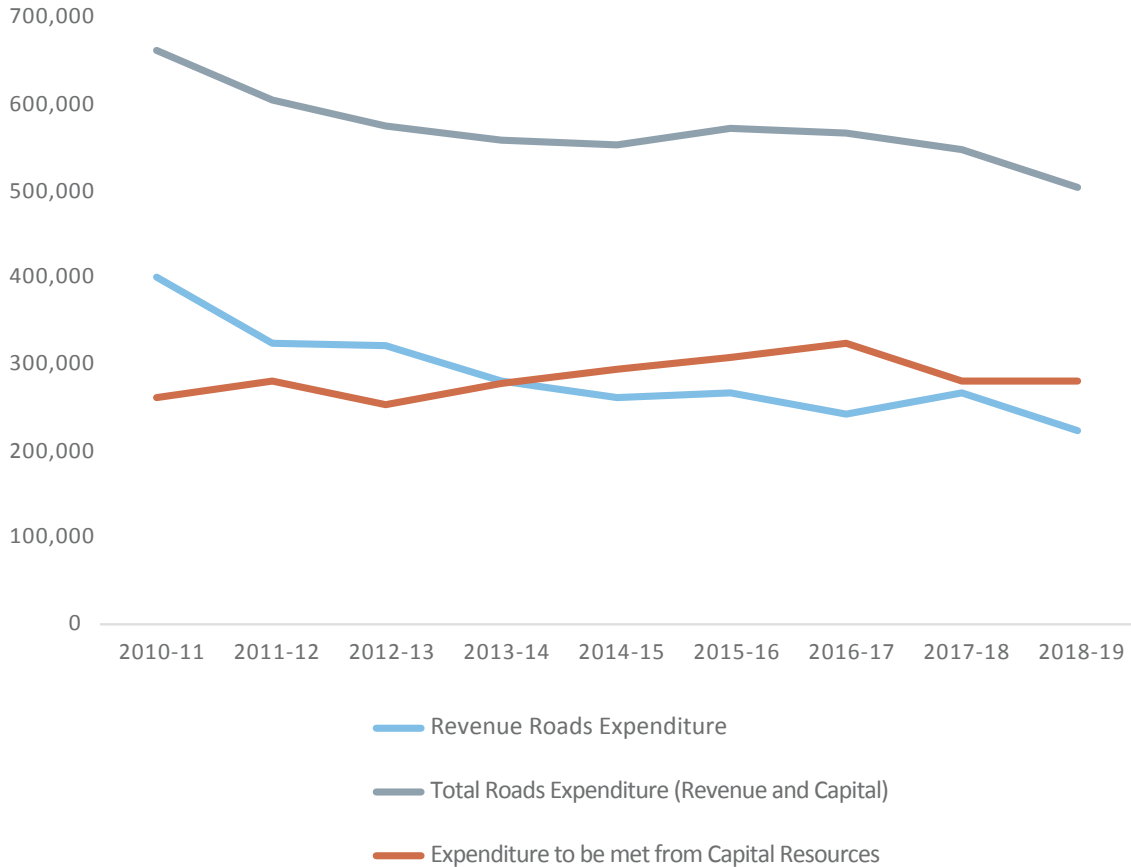
Table 40: Cost of roads per kilometre

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£12,709	£11,572	£10,993	£10,646	£10,535	£10,842	£10,712	£10,323	£9,417	-8.8%	-25.9%



As the graph below shows, overall revenue expenditure on roads has reduced significantly, by 44.0%, since 2010/11, while capital expenditure has increased by 6.6% across the period. In the past 12 months, revenue expenditure has fallen by 15.8%, and capital has fallen by 0.3%.

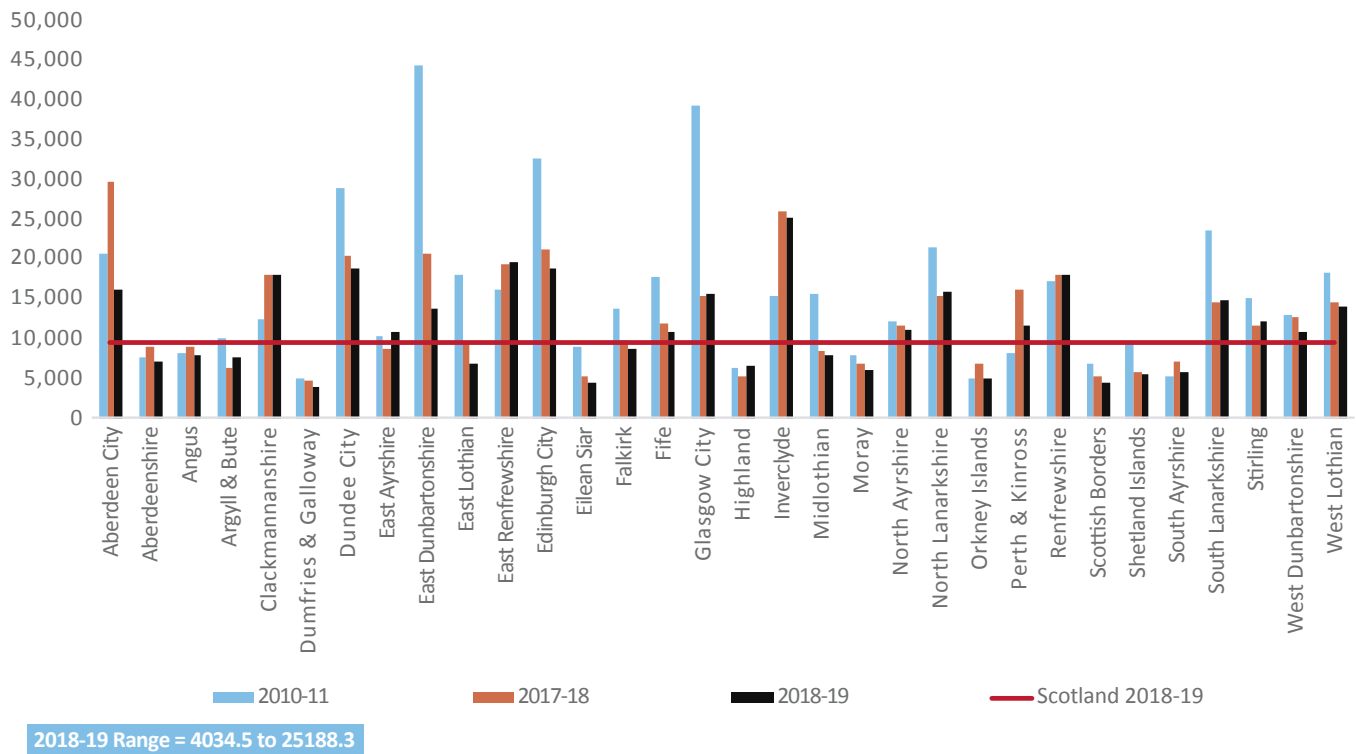
Fig 58: Roads expenditure - revenue and capital (£)



While the variation in roads costs across Scotland is significant, this has narrowed substantially in the last two years. In 2018/19, costs ranged from £4,034 to £25,188. Variation across councils is systematically related to rurality, with significantly higher costs in urban areas (e.g. £15,918 in urban areas compared to £5,549 in rural areas).



Fig 59: Cost of roads per kilometre (£)



Source: Society of Chief Officers of Transportation in Scotland (SCOTS) / Association for Public Service Excellence (APSE) returns; council supplied expenditure figures

In terms of the condition of the road network, the nine-year period covered by this report has seen very little change in the A, B and C class road network overall, with around 30% to 35% of roads continuing to require maintenance. This indicates that despite the significant reductions on spending, the condition of key parts of the roads networks has been maintained.

Over the past 12 months, there has been very small improvements in in A and B class roads and Unclassified class roads, while C class roads have shown a very small deterioration.

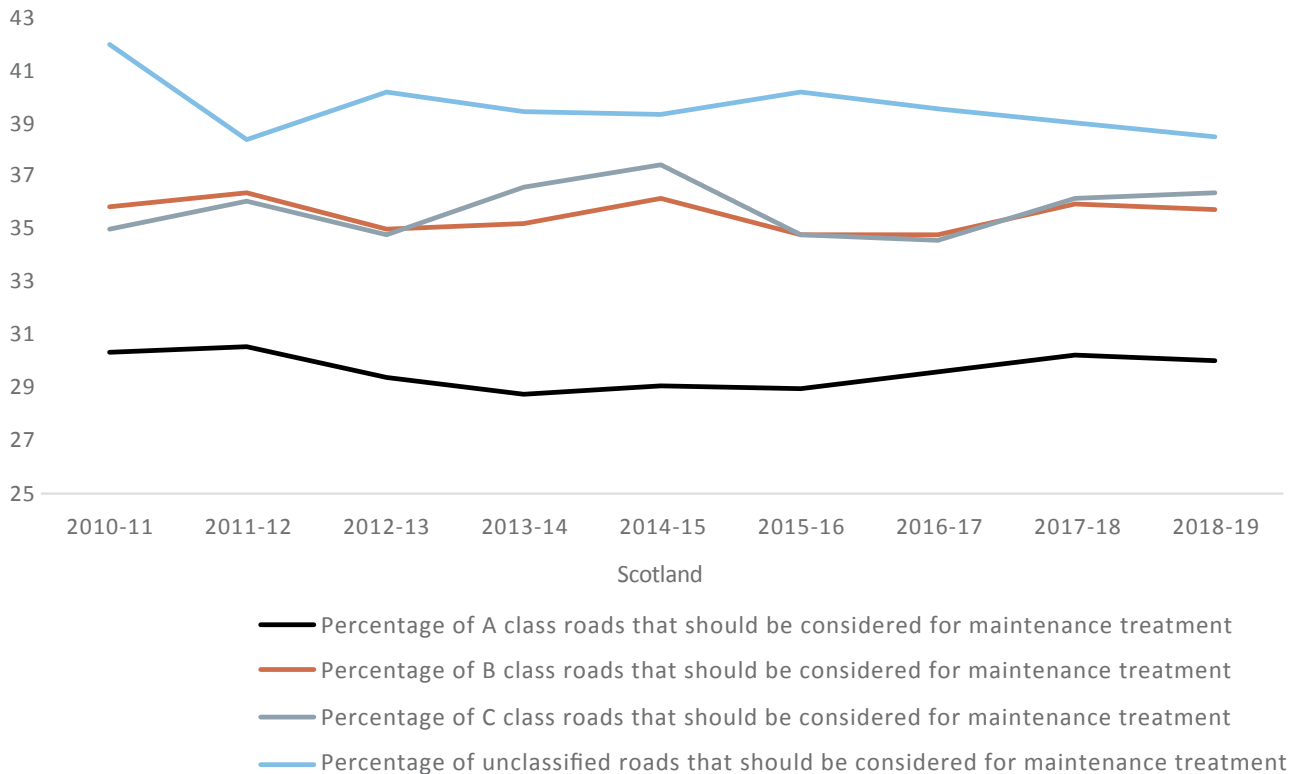
Table 41: Percentage of A, B, C class and Unclassified roads that should be considered for maintenance

	2009-11	2010-12	2011-13	2012-14	2013-15	2014-16	2015-17	2016-18	2017-19	Value Change 2016-18 to 2017-19	Value Change 2009-11 to 2017-19
% A Class Roads	30.3	30.5	29.4	28.7	29.0	29.0	29.5	30.2	30.0	-0.1	-0.3
% B Class Roads	35.8	36.3	35.0	35.2	36.1	34.8	34.8	35.9	35.7	-0.2	-0.1
% C Class Roads	35.0	36.0	34.8	36.6	37.4	34.7	34.6	36.2	36.3	0.1	1.3
% Unclassified Roads	41.9	38.3	40.1	39.4	39.3	40.1	39.5	39.0	38.3	-0.7	-3.7

Source: Roads Asset Management Database, Society of Chief Officers of Transportation in Scotland (SCOTS)



Fig 60: Percentage of A, B, C class and unclassified roads that should be considered for maintenance



The variation in condition varies significantly across Scotland for all classes of road, however this has narrowed since the base year. In 2017/19, the range for A class roads is 17% to 42%; B class roads is 20% to 63%; C class roads is 14% to 60%; and for unclassified roads the range is 20% to 57%. The data reveals that the condition of roads in urban areas is significantly better than that in rural areas. This reflects the above pattern of higher spend in urban areas, although further exploration would be required to understand what, if any relationship, exists between these two factors.

For the recent 2-year period 2017 – 2019, 17 out of 32 authorities have improved or stayed the same in terms of their road condition overall. This could be reflective of capital investment allowing roads to be maintained to a steady state level. Almost half of all roads authorities have a local road network that is in a worse condition than it was over the previous 2 year period, thereby reflecting the gradual decline in revenue investment generally over the longer term, restricting cyclical maintenance work such as drainage maintenance which can have a detrimental effect on the life of the road.

Many local roads authorities are adapting to manage declining investment levels, by using alternative road resurfacing techniques and processes that, whilst providing a short-term improvement in condition, aren't as preventative to decline as some of the treatments that may have been chosen in the past. However, the alternative road resurfacing techniques, whilst less expensive initially, don't result in the same lifespan as treatments that may be preferred, thereby requiring further intervention/expenditure at an earlier stage.



Fig 61: Percentage of A class roads that should be considered for maintenance treatment

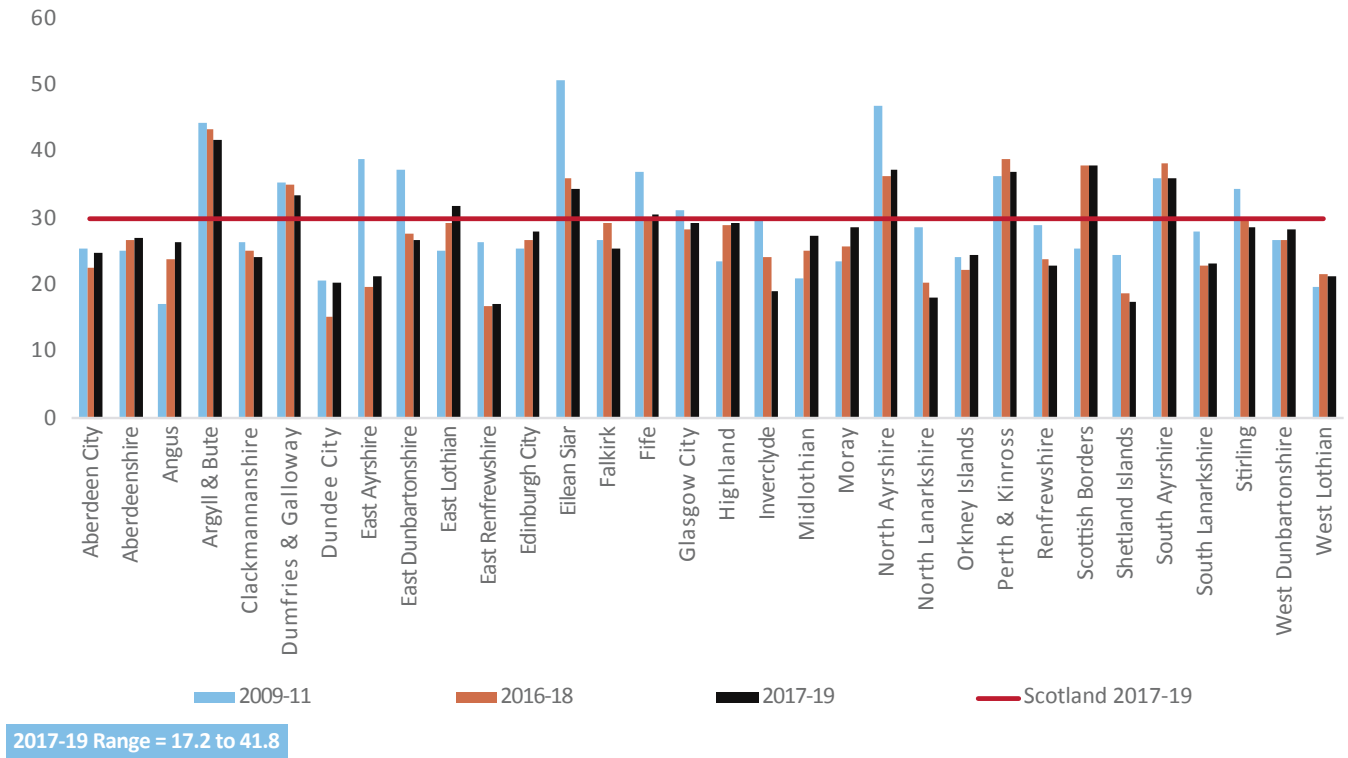


Fig 62: Percentage of B class roads that should be considered for maintenance treatment

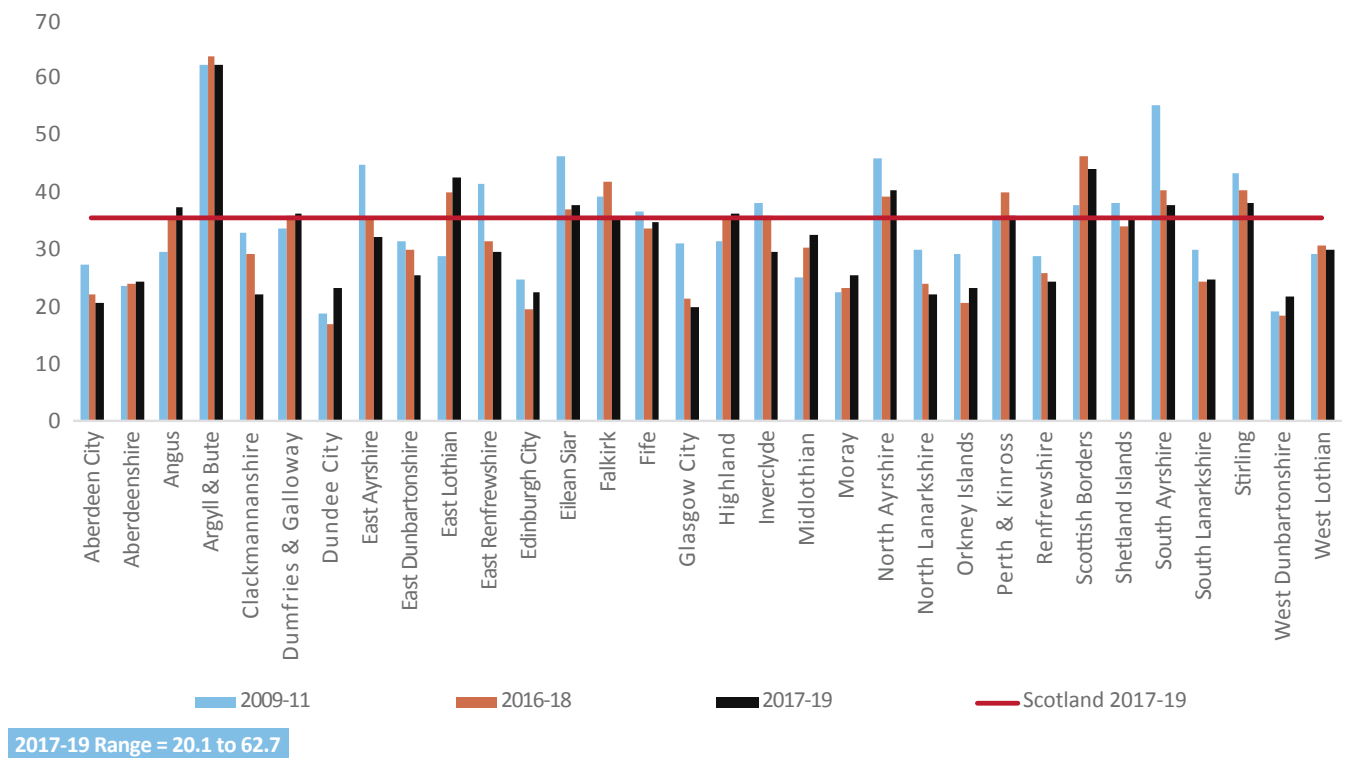




Fig 63: Percentage of C class roads that should be considered for maintenance treatment

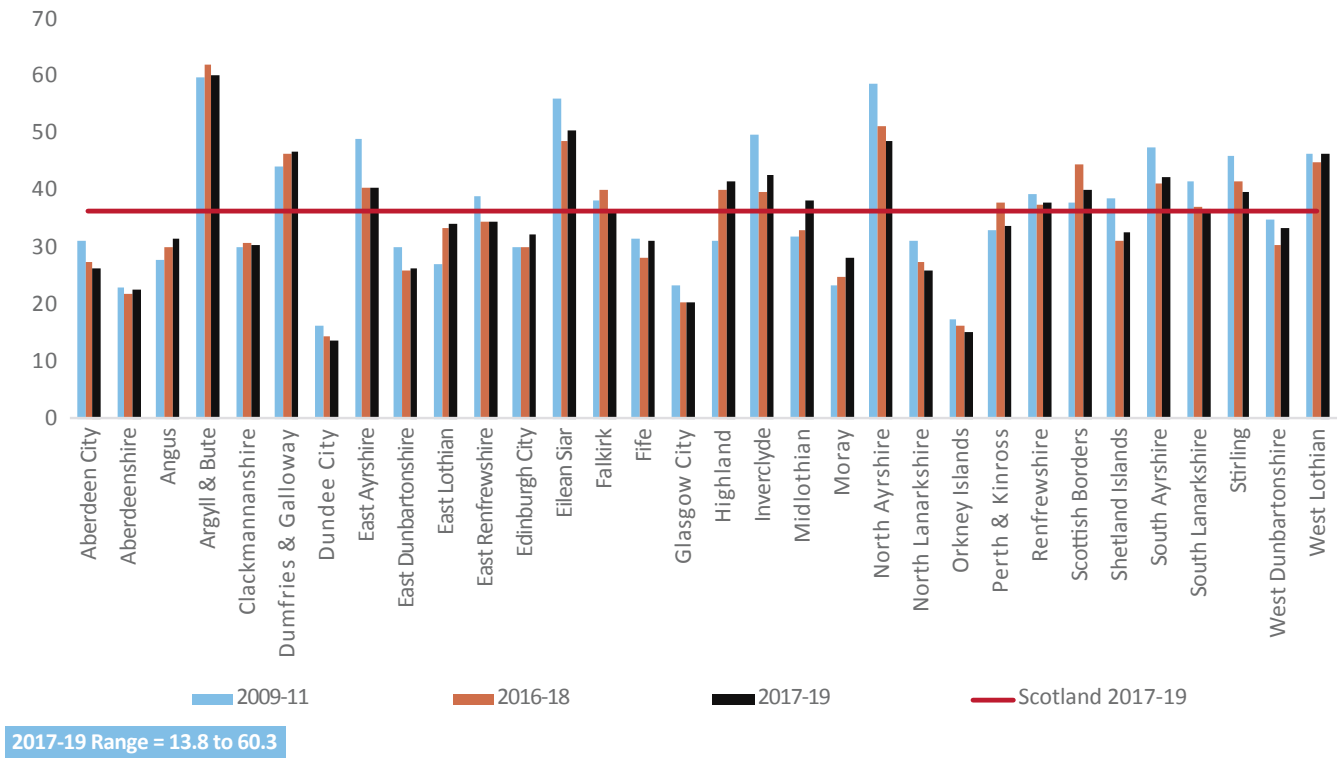
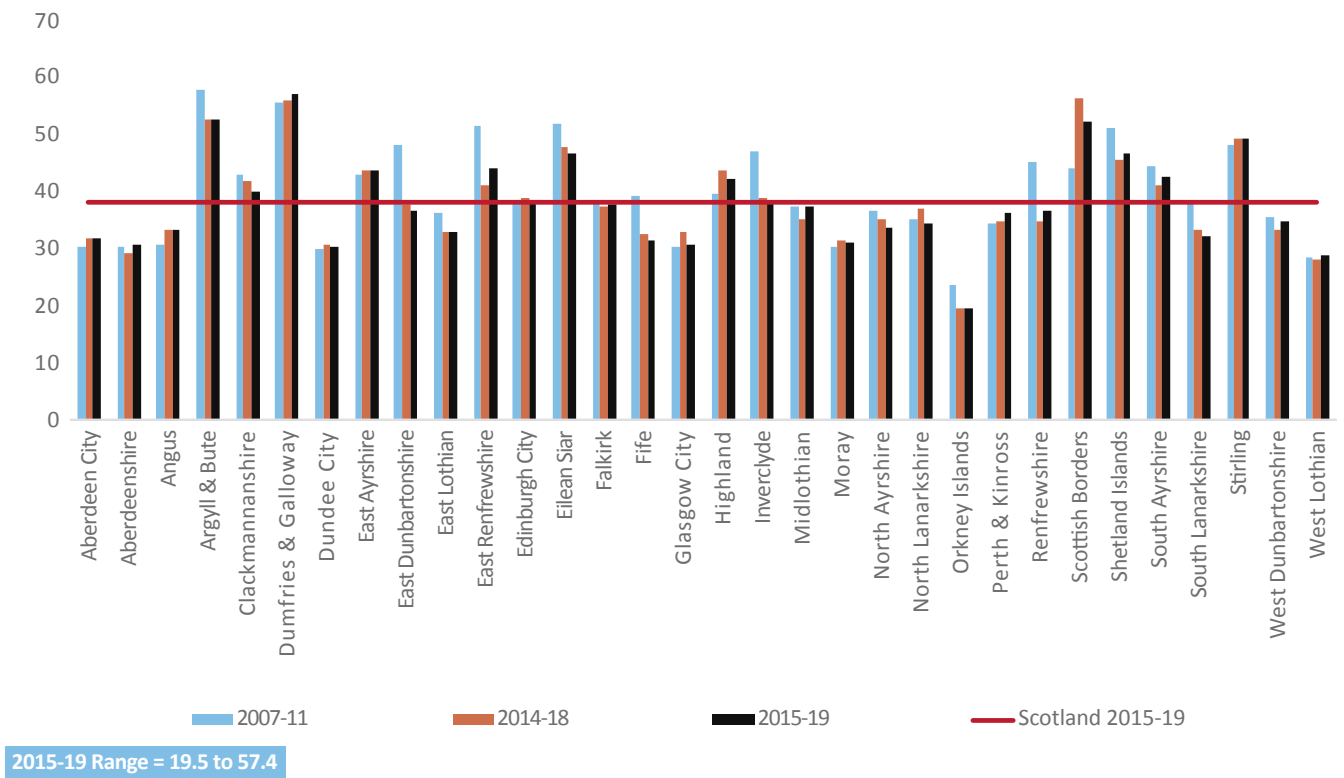


Fig 64: Percentage of unclassified roads that should be considered for maintenance treatment



Source: Roads Asset Management Database, Society of Chief Officers of Transportation in Scotland (SCOTS)



Environmental health and trading standards

Since 2010/11, environmental health and trading standards costs have reduced by 25.1% from £27,881 to £20,884, including a significant reduction of 11.3% between 2010/11 and 2011/12. In 2012/13, the framework split these measures to enable a better understanding of the trends in each of these services.

Trading standards costs include trading standards, money advice and citizen's advice and have been standardised within the framework as costs per 1,000 population. Since 2012/13, the cost of these services, while volatile, increased overall by 4.0%, from £5,661 to £5,890. In the past 12 months, costs have reduced by 1.9%.

At the same time, trading standards services are seeing increasing demands for service in terms of reactive complaints and business support (e.g. export certificates). This workload is likely to increase, in part as a result of Brexit, and there is a need to ensure that there are appropriate regulatory arrangements in place.

In 2018/19, costs ranged from £1,304 to £14,354. Trading standards costs are higher in councils with lower levels of deprivation although this is not significant (£6,704, compared £4,364 for councils with the highest level of deprivation).

Across this same period, there was a 16.5% reduction in the cost of environmental health services per 1,000 population, from £17,955 in 2012/13 to £14,994 in 2018/19. In the past 12 months, costs have fallen by 5.0% from £15,789 to £14,994. There is significant variation across councils which has widened in the past 12 months, with costs ranging from £4,995 to £30,274. Rurality has a systematic impact on the cost of environmental health, with rural councils reporting significantly higher costs than urban or semi-rural authorities (£18,650 compared to £14,862 and £10,760 respectively).

Table 42: Cost of trading standards and environmental health per 1,000 population

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2016-17 to 2018-19	% Change 2012-13 to 2017-18
Trading Standards, Money Advice & Citizens Advice	£5,561	£6,080	£5,984	£6,084	£5,693	£6,001	£5,890	-1.9%	4.0%
Environmental Health	£17,955	£18,744	£17,843	£17,614	£16,457	£15,789	£14,994	-5.0%	-16.5%



Fig 65: Cost of trading standards per 1,000 population (£)

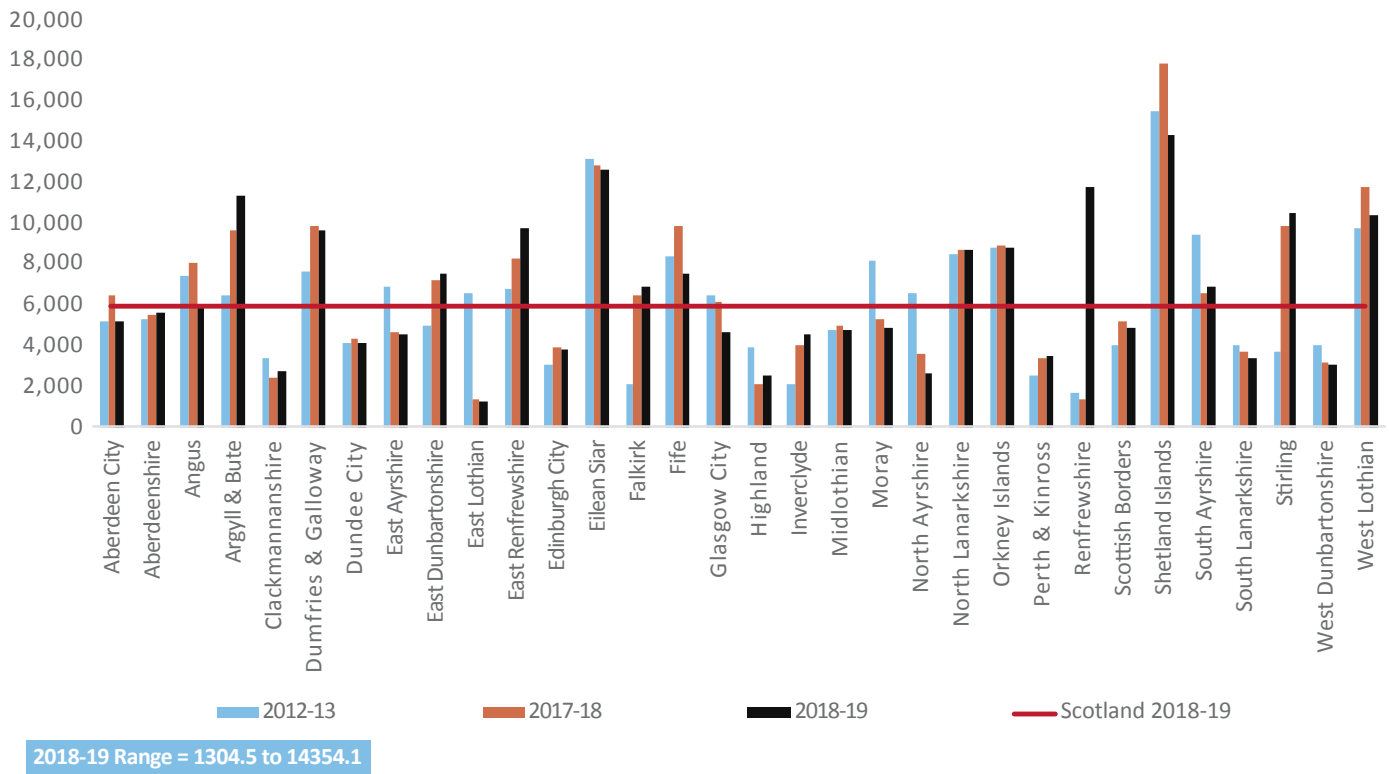
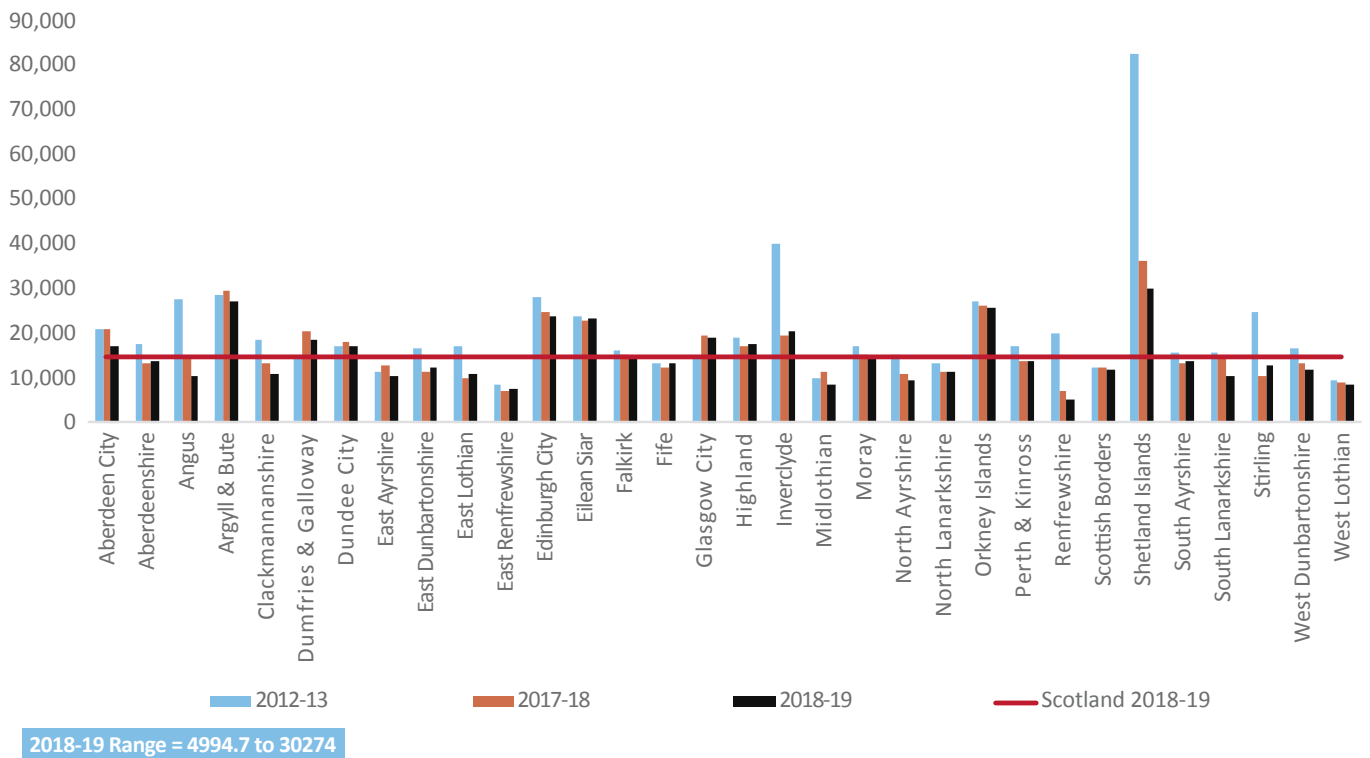


Fig 66: Cost of environmental health per 1,000 population (£)

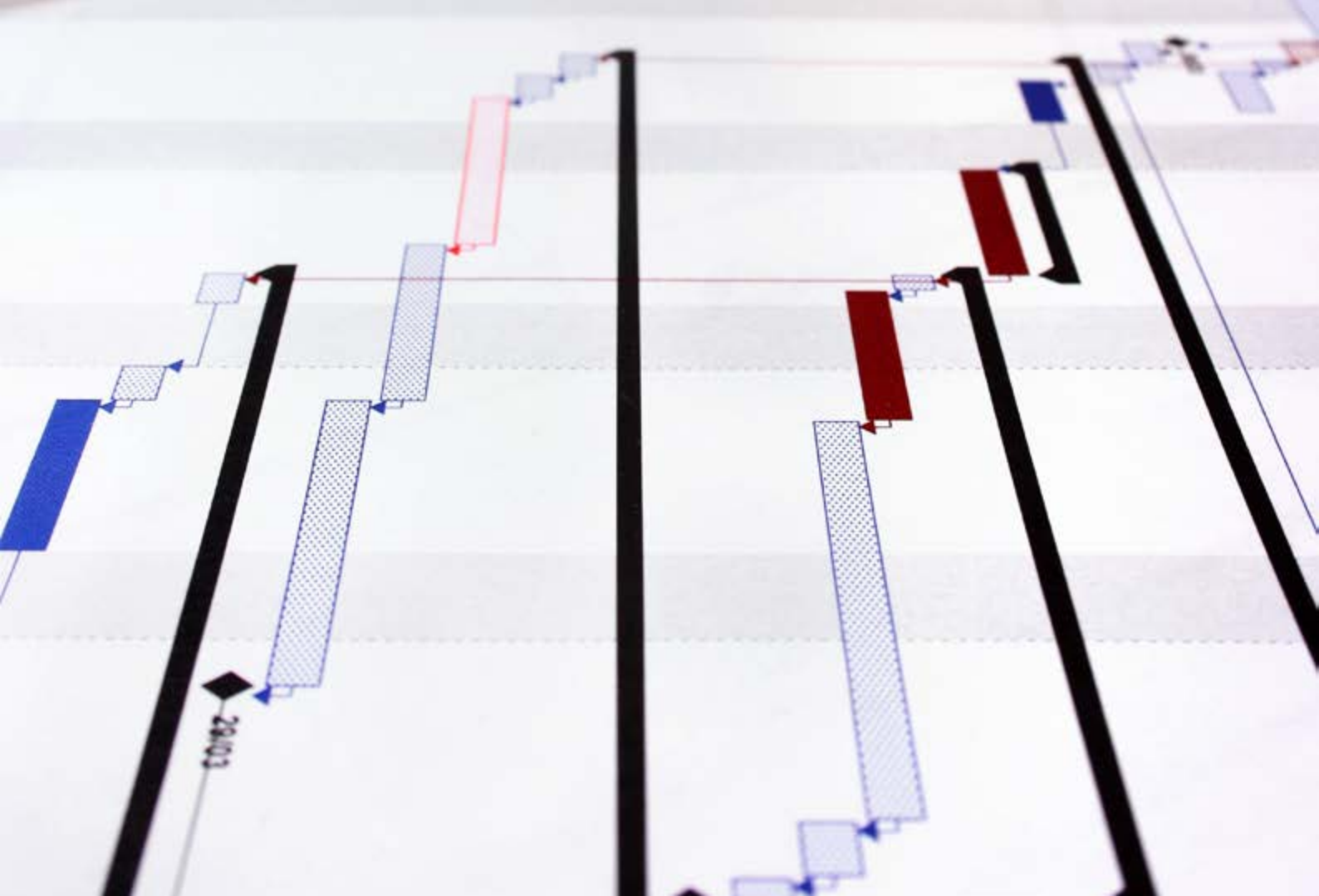


Source: Council supplied figures



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

- *Local political/strategic priority given to the role of environmental services in supporting improvements in wider outcomes and tackling inequalities*
- *Workforce composition and demographic profile*
- *Working practices, e.g. shift patterns*
- *Service integration (e.g. waste management, roads, street cleaning, parks services)*
- *Collection programmes, frequencies and model of service*
- *Asset management approaches – e.g. super depots and leased vehicles*
- *Stage in investment cycle*
- *Whether councils have landfills in their authority area which will require investment up to and beyond their closure dates over the next five years.*
- *Contract and procurement costs*
- *Access to external funding streams*





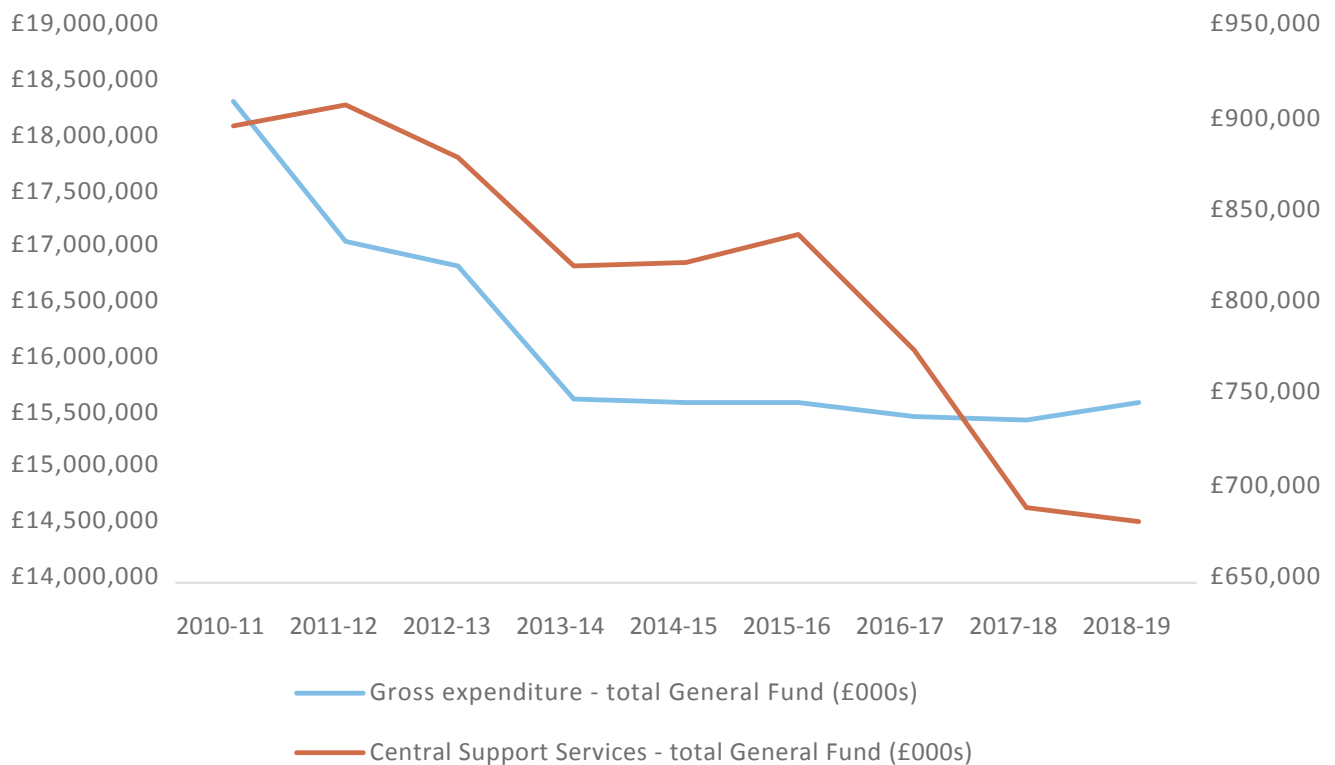
Corporate Services

Support services

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

For standardisation purposes, support services are represented as a % of total gross revenue expenditure in the benchmarking framework. The figure has remained around 5% across the 9-year period. In 2018/19 the Scottish average was 4.4% compared to 4.9% in 2010/11, although there has been fluctuation across the period. The reduction between 2010/11 and 2018/19 reflects a 24.0% reduction in support costs in parallel with a 14.9% reduction in Total General Fund. This both reflects councils' commitment to protect front-line services over 'back office' functions and the maturation of councils' digital strategies. It is possible that an element of this significant reduction is due to improved reporting following refined guidance in relation to the treatment of support costs within the financial return.

Fig 67: Support services expenditure and total gross expenditure (£)

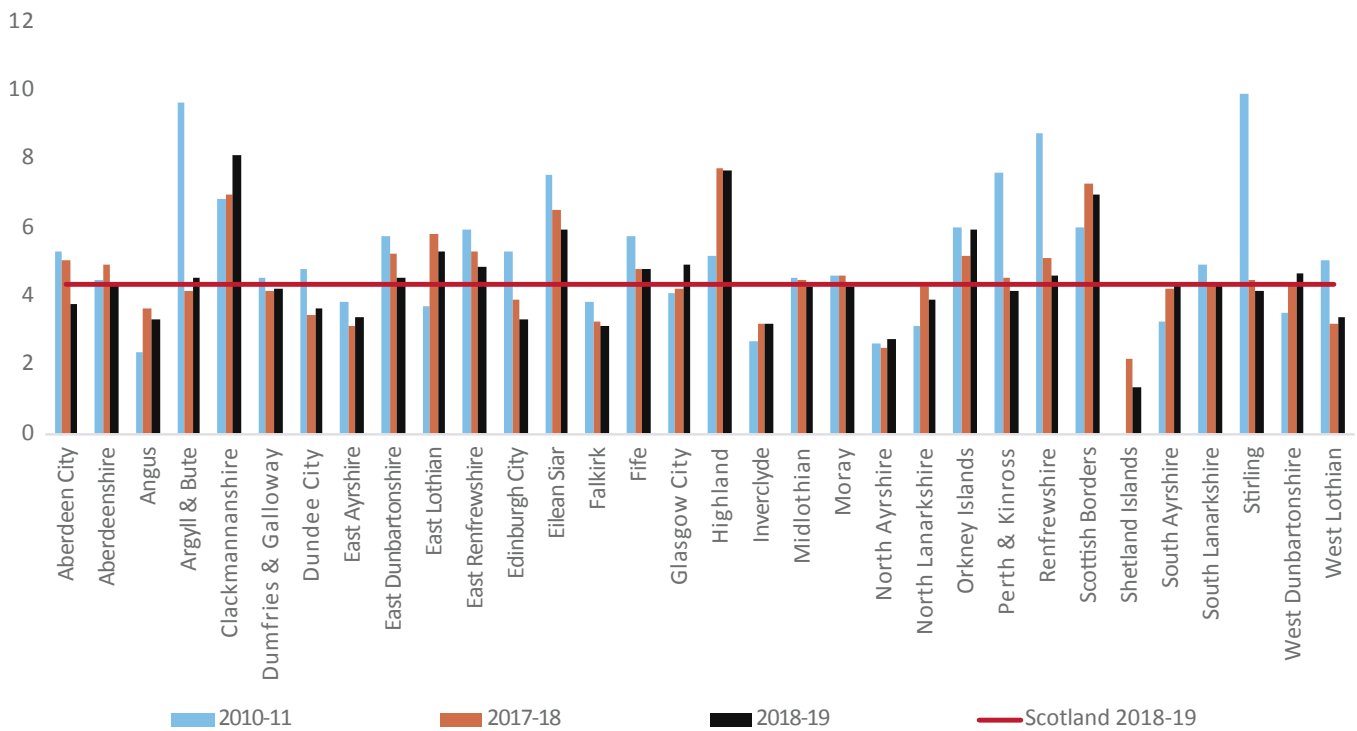


Source: Council supplied expenditure figures

There is significant but narrowing variation between councils in Support Service expenditure. The proportion ranged from 1.4% to 8.1% in 2018/19, with no systematic differences by rurality, deprivation or size of authority.



Fig 68: Support services as a percentage of total gross expenditure



2018-19 Range = 1.4 to 8.1

Source: Council supplied expenditure figures

Note: Missing values reflect no data returned for that year

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

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

Gender equality

The percentage of women in the top 5% of earners in councils is a significant measure of the attempts by councils to ensure equal opportunity between genders. From 2010/11 to 2018/19 this has increased from 46.3% to 55.8%. The range across councils is from 24% to 68%, with rural councils reporting lower rates.

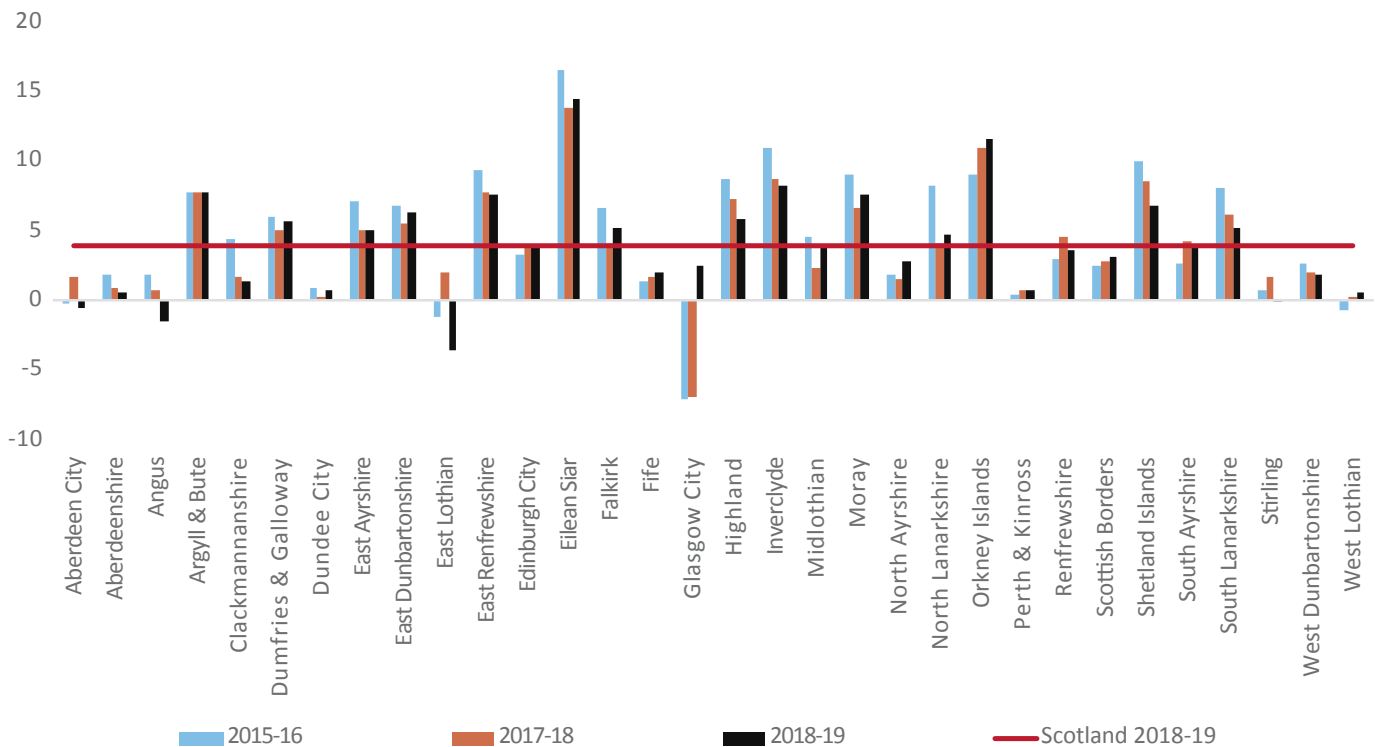
While this is an important measure reflecting the progress which has been made in relation to gender equality in senior positions within Local Government, there is a need to capture the progress being made across the wider workforce. As such, our measure of the gender pay gap represents the difference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



will be subject to review and on-going development across the coming period.

In 2018/19 the Gender Pay Gap was 4.0%. This is an improvement from 4.5% in 2015/16, but a slight increase of 0.1 percentage point from 2017/18. The gap ranges from -3.6% to 14.4%, with rural areas reporting wider gaps on average. Those staff employed via arms-length organisations are not included within the calculation which will influence the variability observed and may be important in understanding the figures observed for some authorities.

Fig 69: The gender pay gap (%)



2018-19 Range = -3.6 to 14.4

Source: Council supplied figures

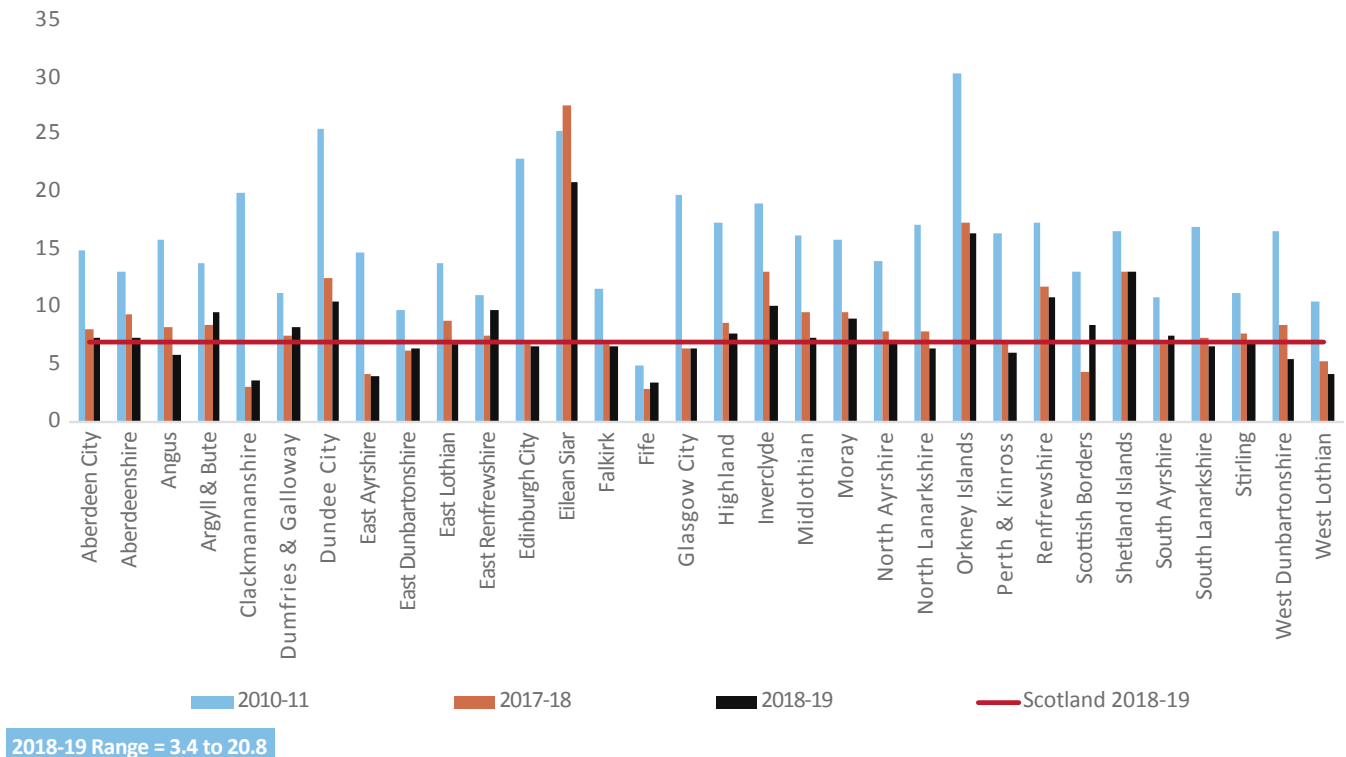
Council tax

The cost of collecting council tax is measured on a per property basis to standardise the measure across councils. Over the nine-year period from 2010/11 to 2018/19 costs have reduced by 56.3%, from £15.83 to £6.92. There has been a year on year reduction in costs, with no slowdown in the rate over recent years. In the past 12 months, costs reduced by 7.6%. A key factor driving the reduction in costs is the continued digital transformation and shift to embrace new technology and automation.

Although narrowing, the range varies significantly from £3.43 to £20.78, with smaller sized and island councils reporting significantly higher costs.



Fig 70: The cost per dwelling of collecting council tax (£)



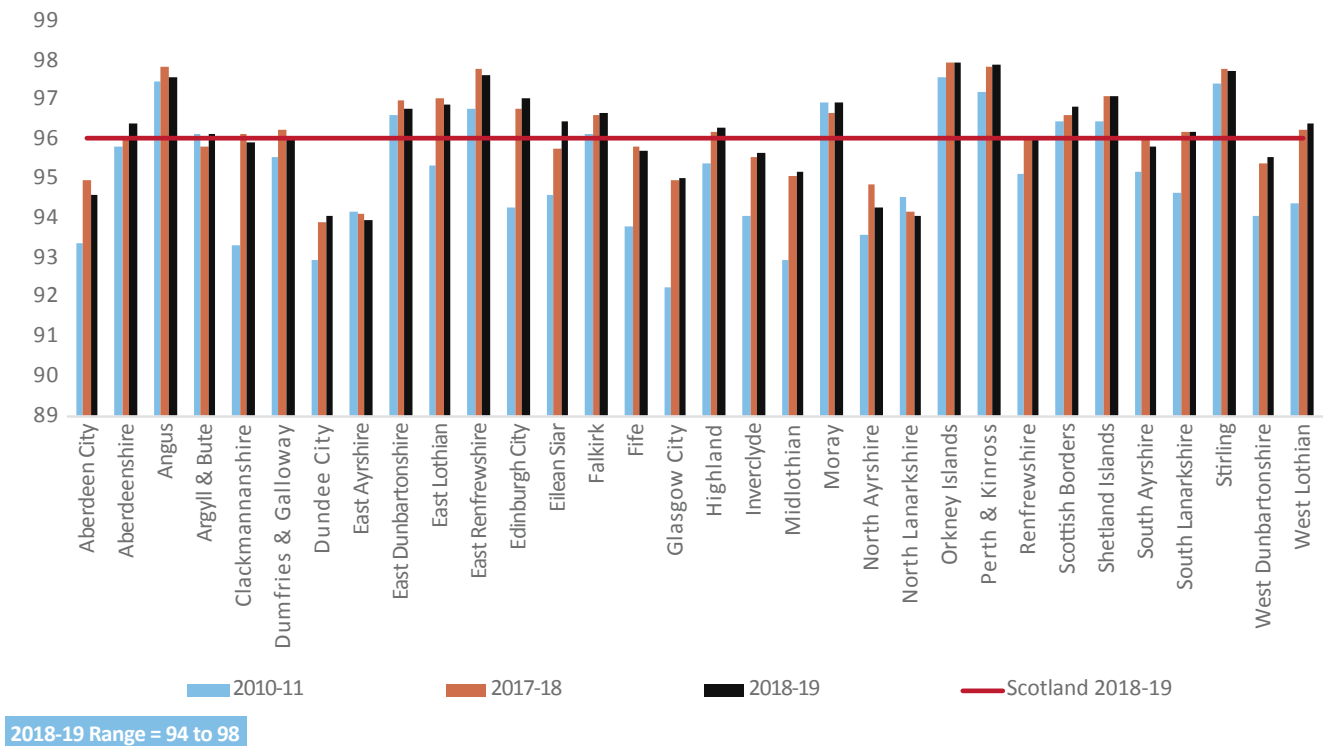
Source: Council supplied figures

At the same time as the reduction in unit costs, the overall rate of in-year collection for council tax has remained high and shown steady improvement from 94.7% in 2010/11 to 96.1% in 2018/19. While council tax collections have improved as a direct result of the council tax freeze from 2008/09 to 2016/17, this has continued despite the challenges created by a difficult economic climate and significant welfare reform. Some areas have reported reducing average payments in the current year, and an emerging trend around debt taking longer to pay in full. It will be important to monitor what impact this may have on collection levels in future years.

The variation across councils is narrowing over time, with rates in 2018/19 ranging from 94.0% to 98.0%. Council tax collection rate shows a significant pattern in relation to level of deprivation, with those councils with higher levels of deprivation reporting significantly lower rates paid on time. The roll-out of Universal Credit is likely to further exacerbate this over the coming period.



Fig 71: Percentage of income due from council tax received by the end of the year



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

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



Sickness absence rates

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

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

Absence levels overall are at their highest since 2010/11, increasing by 3.6%; however, during the same period full time equivalent staff numbers have reduced by 5.2%.³⁸ The data reveals a different pattern for teaching staff and non-teaching staff.

Although there have been fluctuations, sickness absence days for teaching staff have reduced by 6.0% since 2010/11, from 6.6 days to 6.2 days. In the past 12 months however, absence days for teachers have increased by 4.6% from 5.9 days to 6.2 days. The number of absence days ranges from 4.7 to 9.1, with smaller authorities reporting significantly higher levels (7.9 compared to 5.9). 19 out of 32 councils showed an increase in teachers absence between 2017/18 and 2018/19.

Further exploration may be helpful to understand what role the following factors play, if any, in understanding teacher absence:

- Recent pay negotiations
- Pace of change and transformation
- Increase in violence and aggression incidents
- Teacher shortages
- PSA reductions
- Patterns of retirement
- Ageing workforce

Sickness absence days for non-teaching staff are higher than those for teachers, and have increased by 6.4% since 2010/11, from 10.8 days to 11.5 days, which is the highest point since the base year. Although there have again been fluctuations during this period, a clearer increasing trend is observable in absence levels for non-teaching staff over the period. In contrast to teaching staff, there has been a 7% reduction in non-teaching staff numbers since 2010/11, and a 0.1% reduction in total days lost. In the last 12 months, there was a 3.4% increase in staff numbers, which marks the first increase for 5 years. The number of days lost for non-teaching staff ranges from 8.8 to 15.0 with no systematic relationship to size, rurality or deprivation. 21 out of the 32 authorities showed an increase in absence between 2017/18 and 2018/19.

In terms of understanding increasing absence figures, CIPD reports³⁹ that mental ill health, musculoskeletal injuries (including back pain), stress and acute medical conditions are the most common causes of long-

³⁸ FTE calculations used within council supplied figures for LGBF differ slightly from the PSE guidelines (<https://www2.gov.scot/Topics/Statistics/Browse/Labour-Market/PublicSectorEmployment/PSEGuidance>)

³⁹ <https://www.cipd.co.uk/knowledge/work/trends/uk-working-lives>



term absence, as in previous years. In their 2018 report, however, more organisations include mental ill health among their most common causes of short and long-term absence. More than half (55%) of organisations report that reported mental health conditions have increased over the last 12 months.

CIPD reports that stress ranks top amongst public sector organisations' top three causes of long-term absence (71% compared with 45% of private sector services). Workload/volume of work remains by far the most common cause of stress in the public sector (66%), followed by management style (40%), considerable organisational change/restructuring (34%), nonwork relationships/family (26%) and relationships at work (24%). Four-fifths of public sector organisations are taking steps to identify and reduce workplace stress and the most common methods include promoting flexible working options/improved work–life balance, employee assistance programmes, staff surveys and/or focus groups to identify causes, and risk assessments/stress audits. More organisations are providing training aimed at building personal resilience (such as coping techniques, mindfulness) compared with previous years (2018: 44%; 2016: 26%).

Fig 72: Sickness absence days per teacher

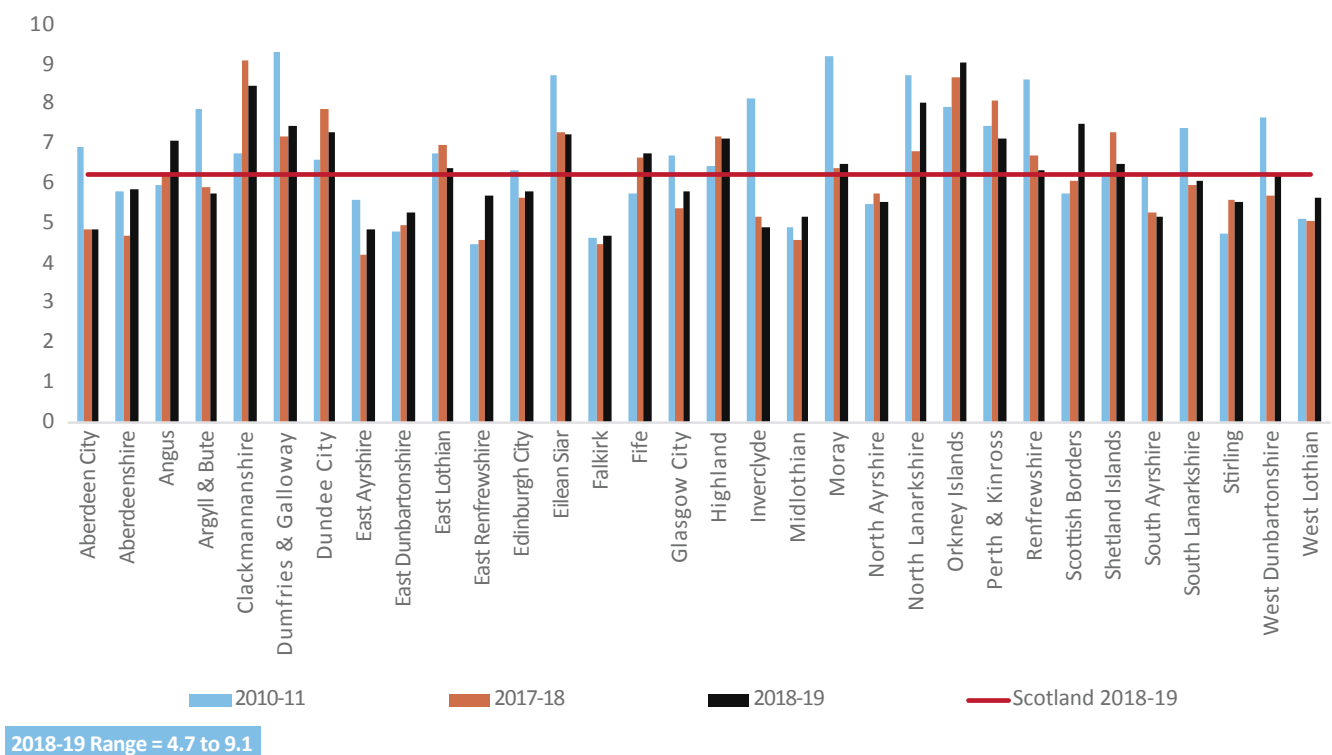
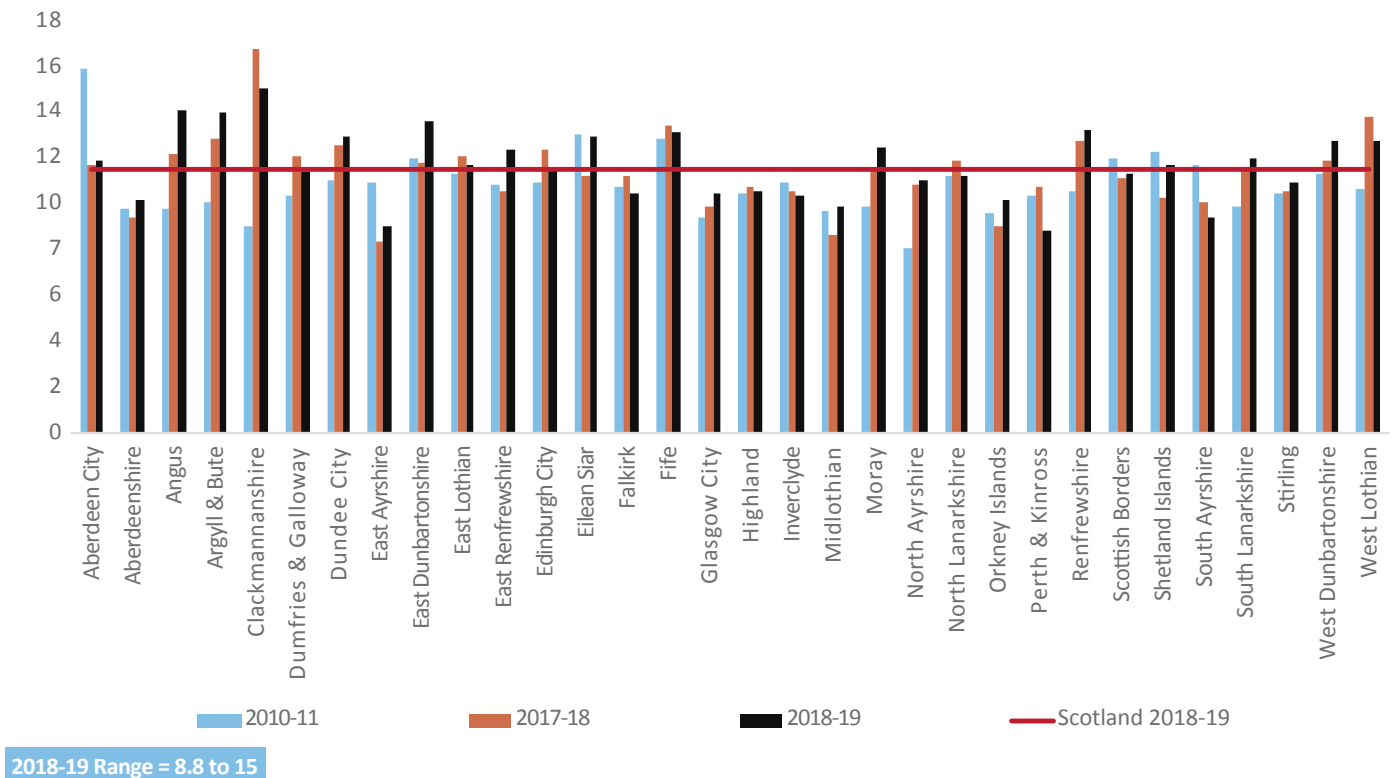




Fig 73: Sickness absence days per employee (non-teacher)



Source: Council supplied figures

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

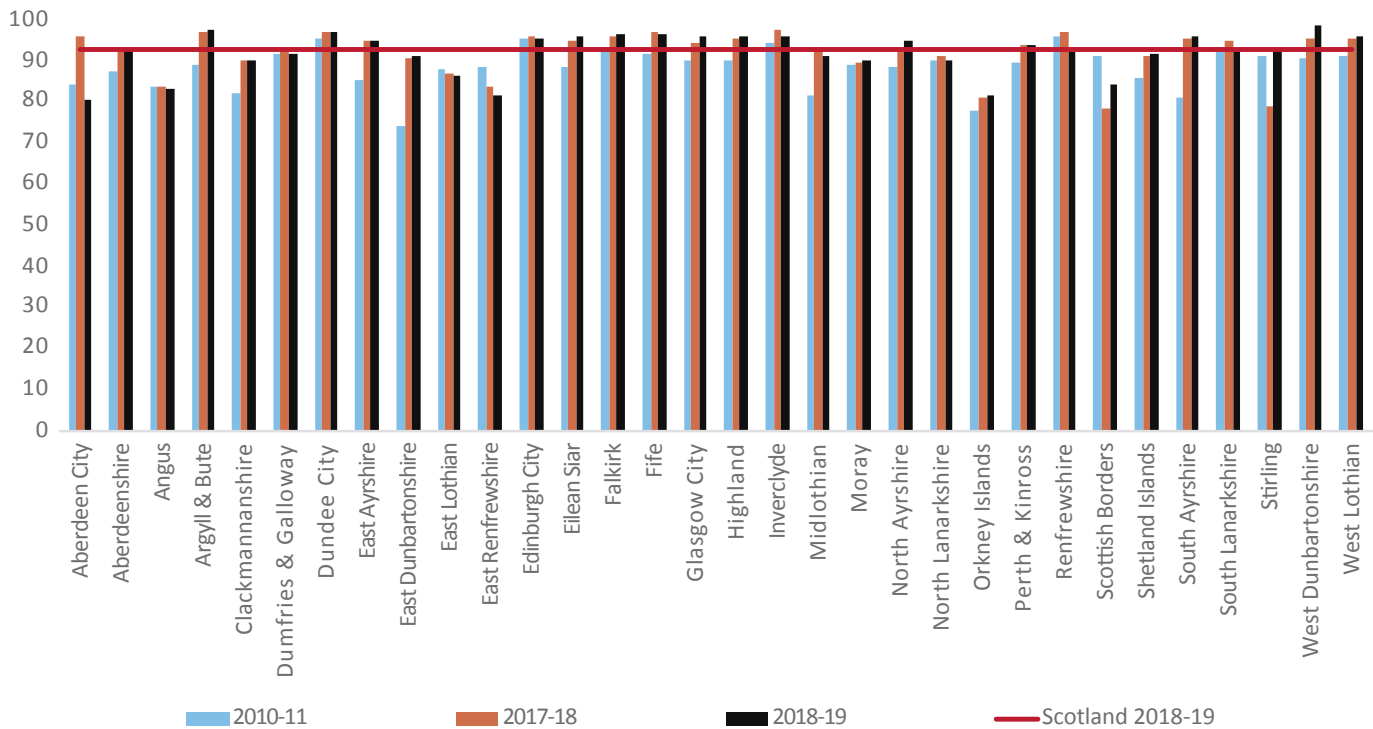
- Workforce composition and age profile
- Priority given to performance management and business intelligence to support early intervention
- Strategic priority given to Health and Wellbeing initiatives
- Level of staff engagement and involvement
- Differences in Absence Management policy and procedures,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

Invoices paid

Councils are major purchasers of goods and services both within their local economies and across the Scottish economy as a whole. The percentage of invoices paid within 30 days has steadily increased from 89.5% to 92.7 (93.2% excluding outliers) over the nine-year period, with levels of variation remaining largely unchanged. In 2018/19, the range across councils was 80.5% to 98.3%.



Fig 74: Percentage of invoices sampled that were paid within 30 days



Source: Council supplied figures

Corporate assets

There has been improvement in the condition of councils' corporate assets over the period. The percentage of operational buildings that are suitable for their current use has improved from 73.7% to 82.1% and the proportion of internal floor area of operational buildings in satisfactory condition has improved from 81.3% to 87.2%.

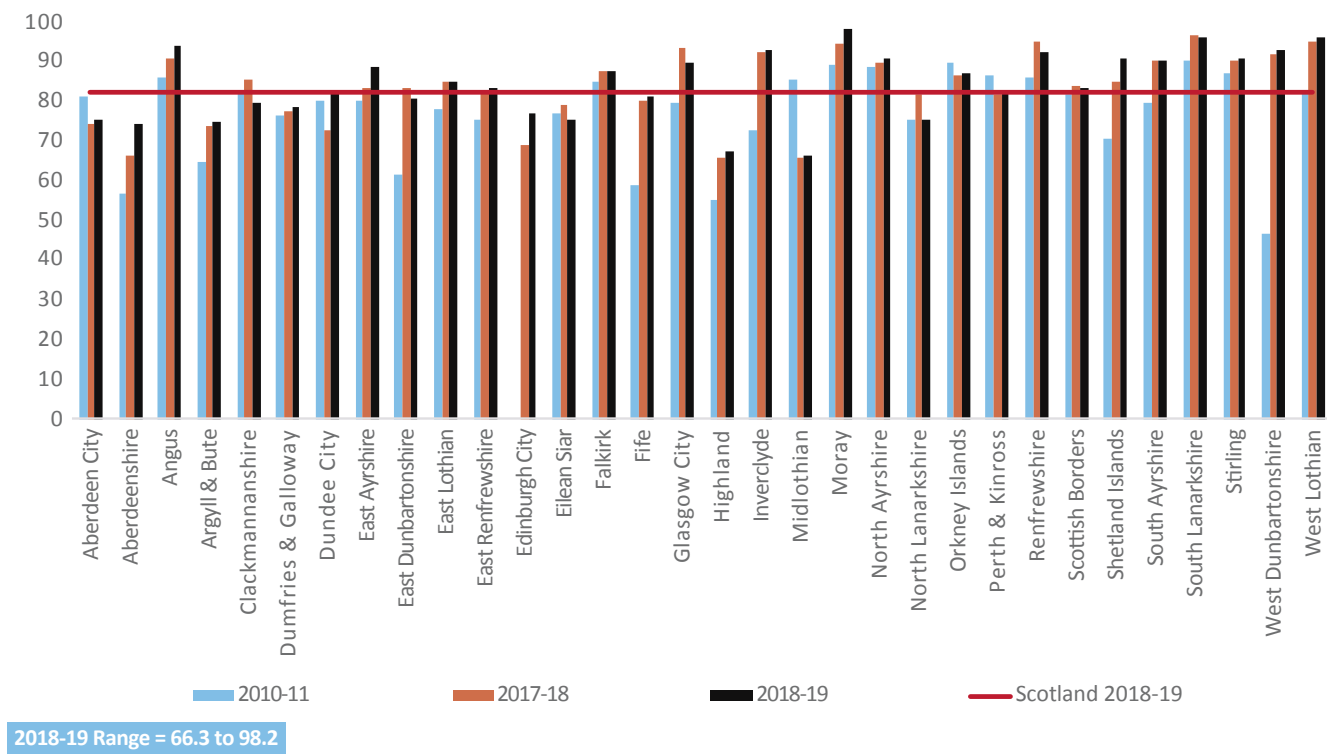
There is significant but narrowing variation across councils in both measures, ranging from 66% to 98% for buildings suitable for use, and 54% to 100% for condition of floor area. There is no relationship with rurality, deprivation or size of authority.

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

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

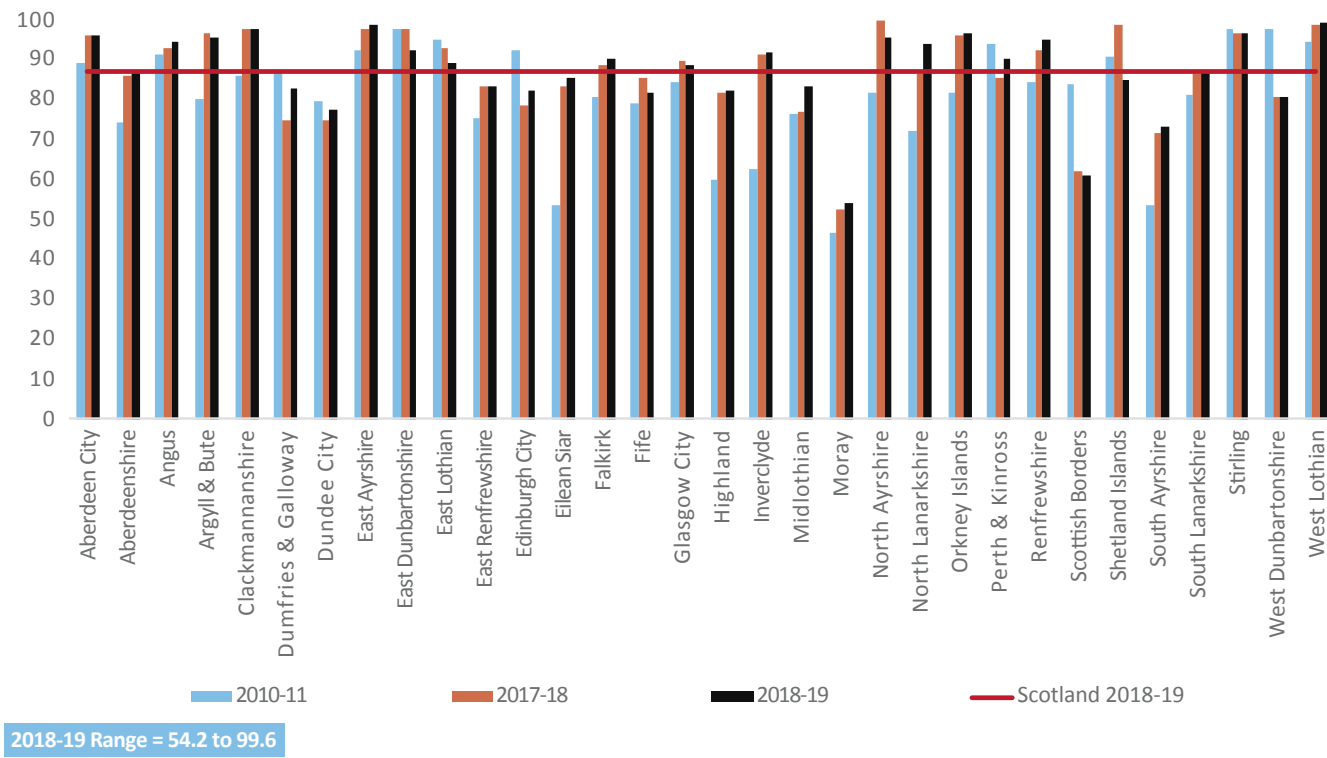


Fig 75: Proportion of operational buildings that are suitable for their current use (%)



Source: Council supplied figures

Fig 76: Proportion of internal floor area of operational buildings in satisfactory condition (%)



Source: Council supplied figures





Housing

The housing information within the benchmarking framework covers housing management, housing conditions and energy efficiency. Only those councils who have responsibility for the provision of Housing Services are included here. Resources for housing services come from the Housing Revenue Account which is funded by tenants’ rents and service charges, rather than from the General fund, which funds the other services covered in the LGBF.

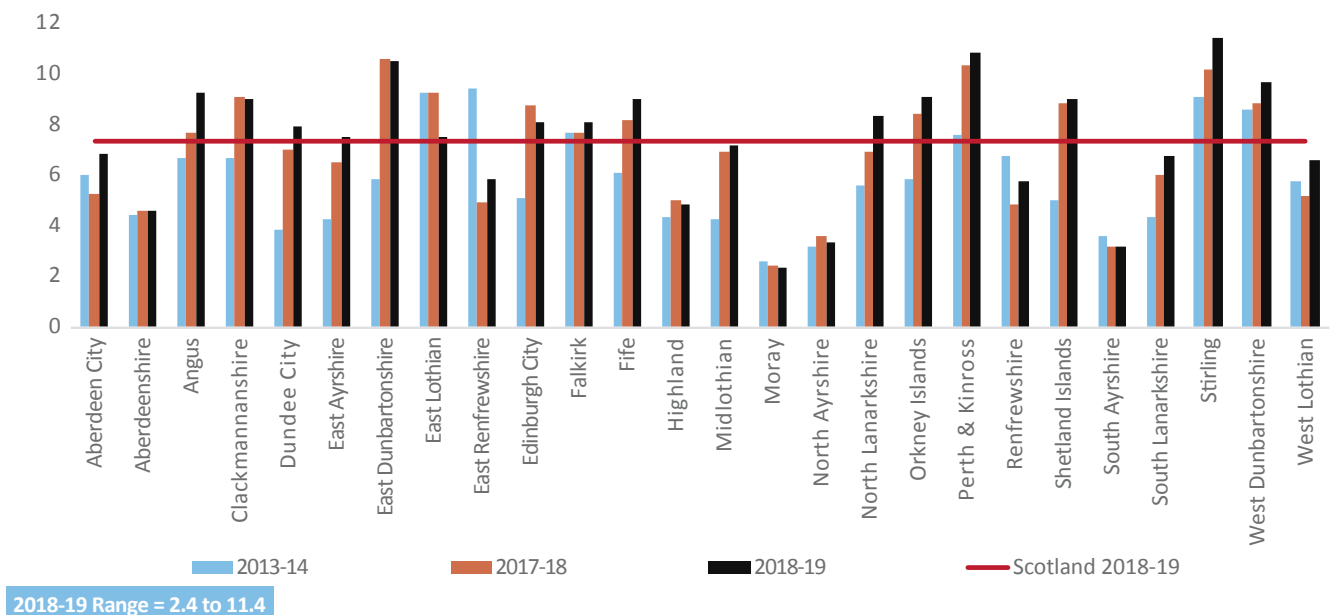
Rent arrears

The average Scottish tenants’ arrears as a percentage of rent due has increased year on year from 5.6% in 2013/14 to 7.3% in 2018/19. This reflects an increase in gross rent arrears during this time of 36.8%, which is an increase of £23 million from £62.2 million in 2013/14 to £85.1 million in 2018/19.

Welfare reform and Universal Credit roll out may create further pressure on this trend and it will be important to monitor this. Where evidence is available from Universal Credit pilot councils, there was a significant increase in rent arrears following the introduction of Universal Credit Full Service. Beyond the immediate impact on some individuals and families, an increase in arrears will result in the loss of rental income for councils and potentially affect the ability to build affordable housing.

In 2013/14, the definition and methodology for this measure changed, therefore it is not possible to provide a direct comparison with previous years. In 2018/19, the percentage of arrears range from 2.4% to 11.4% across councils which indicates a widening variation since 2013/14. Analysis indicates variation is not systematically related to levels of deprivation within a council, rurality or size of authority area.

Fig 77: Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year



Source: Annual Return on the Charter (ARC), Scottish Housing Regulator (SHR)

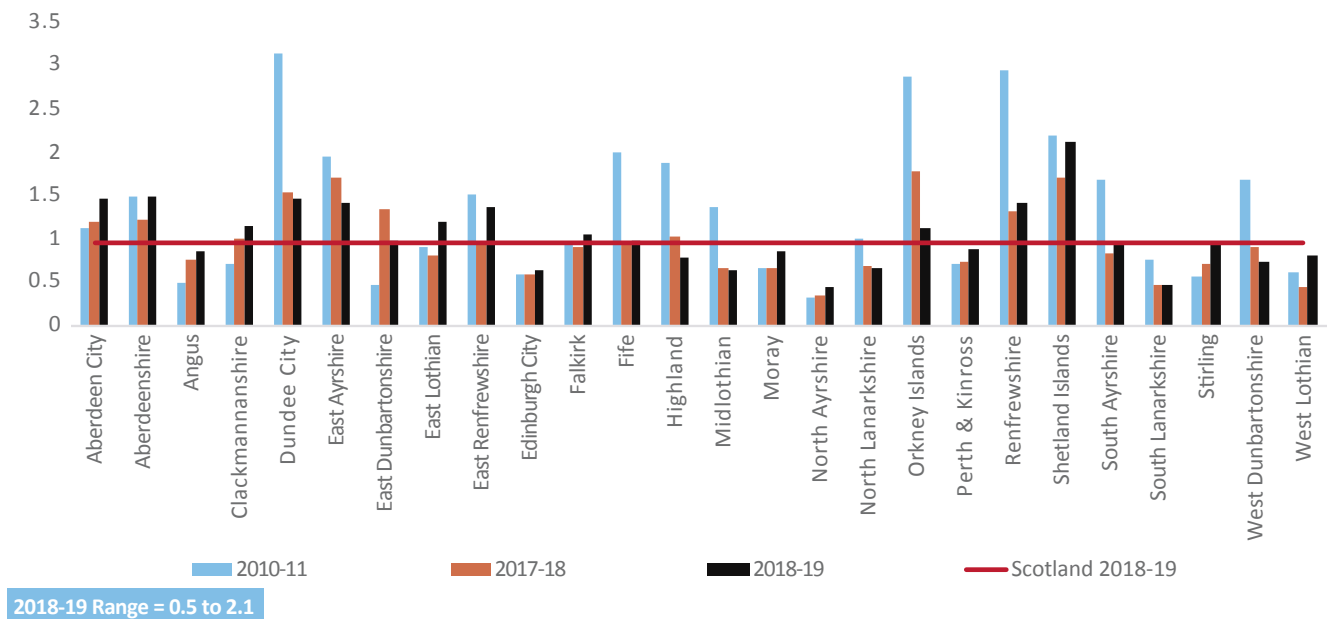
Note: Missing values represent the six councils who do not provide housing services following transfer to Registered Social Landlords



Rent lost due to voids

Rent lost due to voids has reduced from 1.3% in 2010/11 to 1.0% in 2018/19, although this has increased by 0.1% in the past 12 months. Again, figures vary across authorities, from 0.5% to 2.1%, however the level of variation has reduced since the base year. Rural and less densely populated authorities tend to report higher rates of rent loss than urban and semi-rural areas.

Fig 78: Percentage of rent due in the year that was lost due to voids



Source: Annual Return on the Charter (ARC), Scottish Housing Regulator (SHR)

Note: Missing values represent the six councils who do not provide housing services following transfer to Registered Social Landlords

Housing repairs

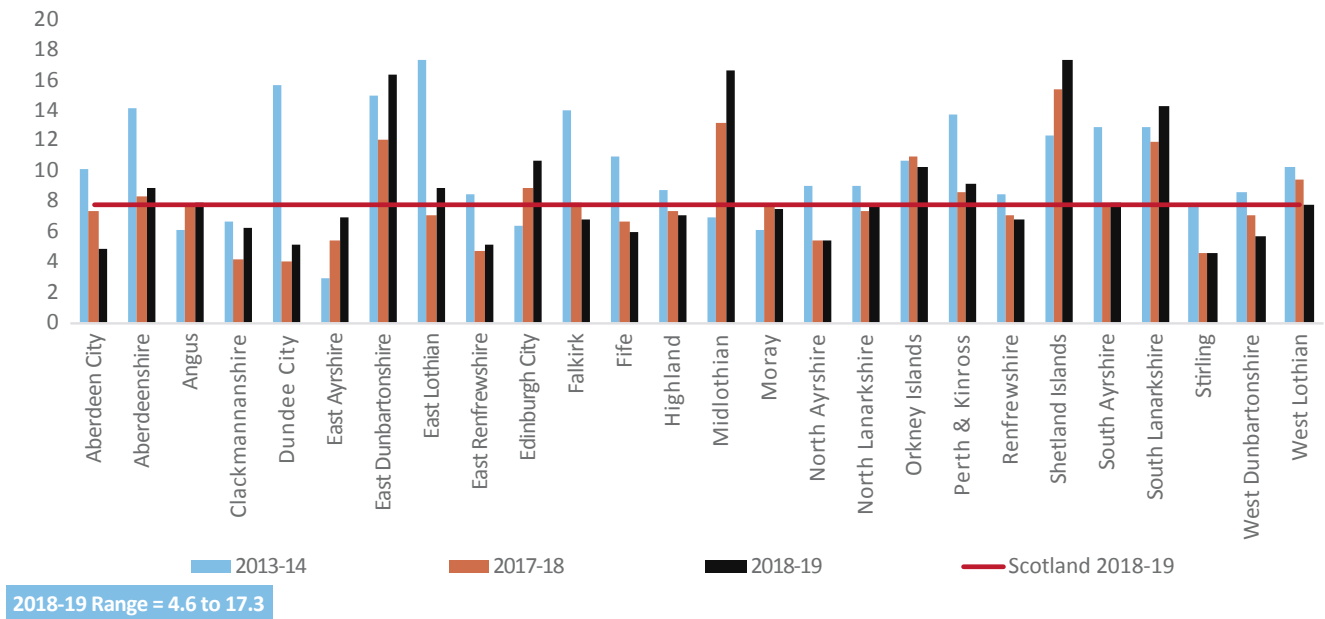
The average length of time taken to complete non-emergency repairs has reduced by 23.3% over the period, from 10.2 days in 2013/14 to 7.8 days in 2018/19. After year on year improvements, there has been a 4% increase over the past 12 months, with repair time increasing from 7.5 days to 7.8 days. As with rent arrears, the definition and methodology for this measure changed in 2013/14, therefore it is not possible to provide a direct comparison with previous years.

There is significant variation across councils since the base year. In 2018/19, length of time ranged from 4.6 days to 17.3 days, with no systematic effects of rurality, deprivation or size of council.

Overall, these figures suggest the councils continue to manage their stock well in the face of mounting pressures, however future performance should be monitored closely to understand if the recent decline in performance indicates the emergence of a longer-term trend.



Fig 79: Average time taken to complete non-emergency repairs (no. of days)



Source: Annual Return on the Charter (ARC), Scottish Housing Regulator (SHR)

Note: Missing values represent the six councils who do not provide housing services following transfer to Registered Social Landlords

Housing quality

In terms of housing quality, there have been significant improvements over the past 9 years in terms of dwellings meeting Scottish Housing Quality Standards (SHQS) and energy efficiency standards.⁴⁰ In 2018/19, 94.3% of council dwellings met the SHQS, an increase of 41 percentage points from 2010/11. The range across councils varies from 83.3% to 100%, although this range has narrowed significantly since 2010/11.

In 2018/19, 97.5% of council dwellings were energy efficient, an increase from 74.9% in 2010/11. Councils range from 86.9% to 100%.

Table 43: Housing quality and energy efficiency (%)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2010-11 to 2018-19
% dwellings meeting SHQS	53.6	66.1	76.6	83.7	90.4	92.5	93.6	93.9	94.3	0.4	40.7
% dwellings that are energy efficient	74.9	81.2	88.8	93.0	96.6	96.2	96.6	97.2	97.5	0.3	22.6

⁴⁰ Energy efficiency standards are based on the SHQS Guidance for properties meeting NHER/ SAP



Fig 80: Properties meeting SHQS (%)

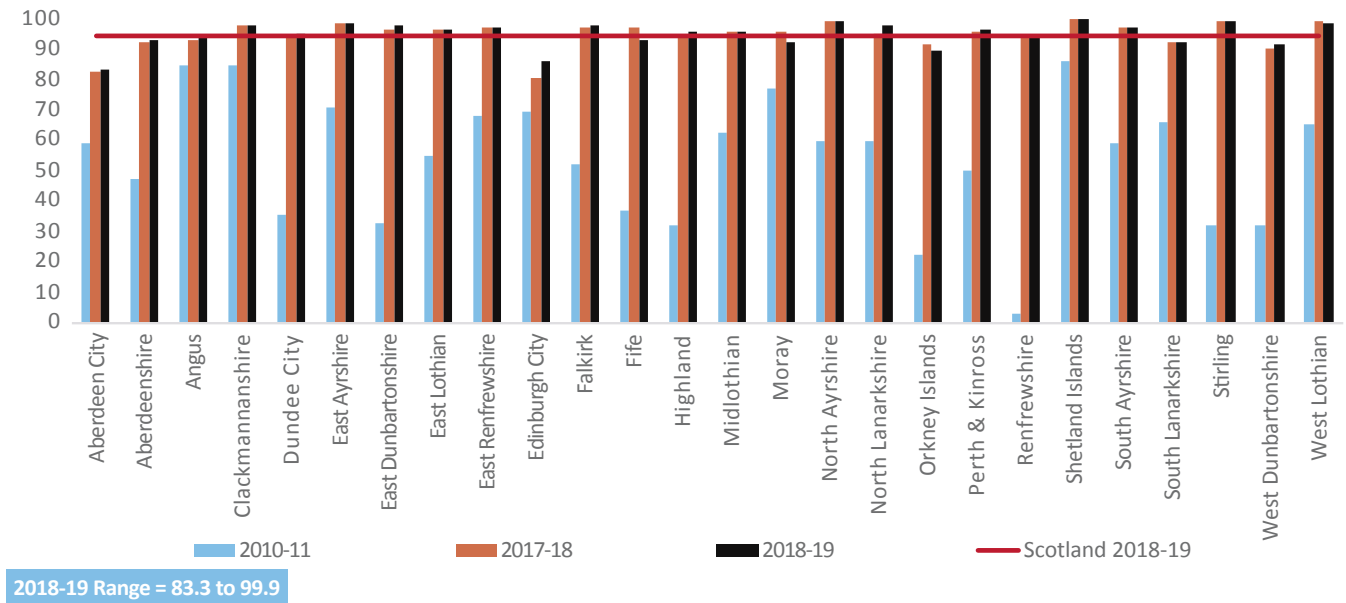
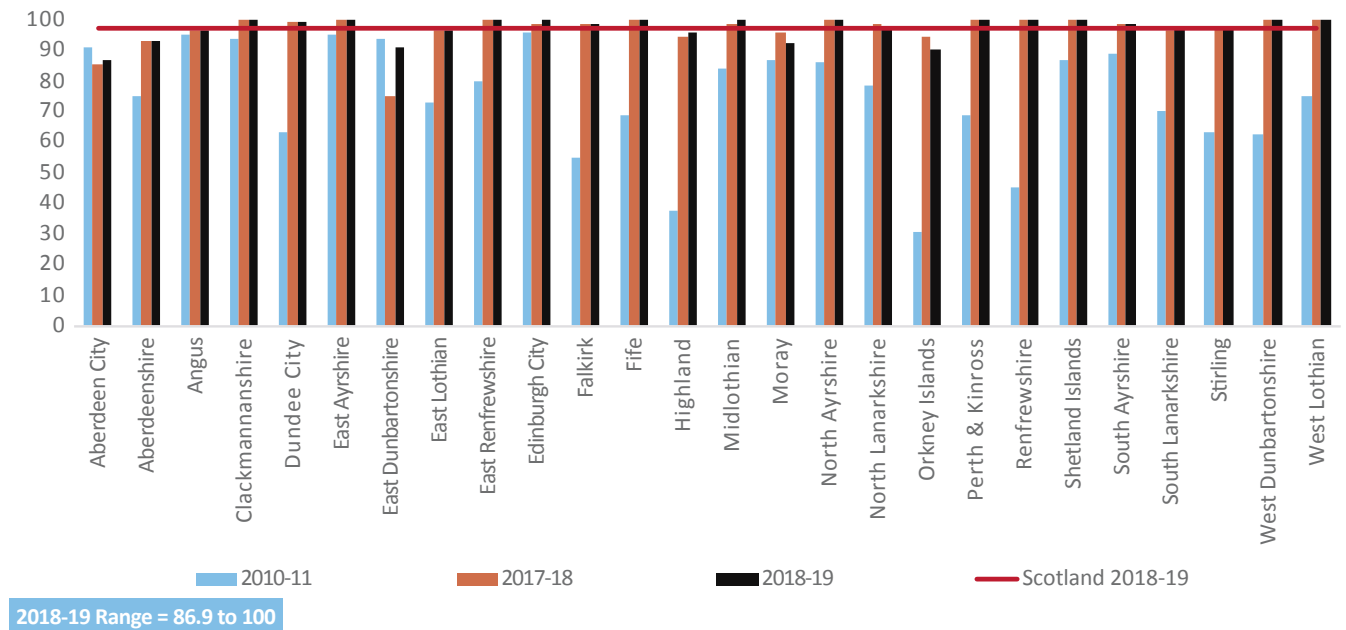


Fig 81: Percentage of council dwellings that are energy efficient



Source: Annual Return on the Charter (ARC), Scottish Housing Regulator (SHR)

Note: Missing values represent the six councils who do not provide housing services following transfer to Registered Social Landlords

It is important to note that the sources used within this publication are not based on the Scottish Government data sources (Housing Revenue Account statistics and Scottish Housing Condition Survey) rather they are based on data collected by the Scottish Housing Regulator. There will be differences between the two sets of data. For example, the data published here reports only on council provision rather than provision by all registered social landlords. Additionally, there are differences in the SHQS methodology between SHR and SHCS. For example, abeyances and exemptions are not taken into account by the SHCS as it is not feasible to collect this kind of information in the survey.





Economic Development and Planning

Investing in economic development and employment opportunities results not just in a positive economic outcome but can typically also lead to improvements across a wider range of social outcomes and reductions in demand for public services. The majority of council Plans and Local Outcome Improvement Plans (LOIPs) assign a high level of strategic priority to local economic growth, job creation and tackling unemployment. As drivers of Community Planning and Regional Growth Partnerships, Councils recognise the importance of delivering better economic outcomes for their communities and understand the impact that local economic prosperity has on wider Local Government spend and income.

In common with other service areas, there has been pressure on economic development budgets in recent times. Against this backdrop, councils have endeavoured to maximise their impact through joint working with community planning partners, developing regional and growth deal proposals and influencing economic impact through procurement and recruitment policies.

Investment in economic development and tourism

As with other service areas, the framework now includes an indicator to capture the amount that each council is spending per capita. This will provide important context when considering performance outputs and outcomes. This measure provides a measure of each council's investment in economic development and tourism services, both in terms of capital projects and revenue costs.

Table 44: Investment in economic development and tourism per 1,000 population

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£95,402	£85,334	£80,108	£78,154	£73,932	£67,723	£83,862	£95,611	£102,086	6.8%	7.0%

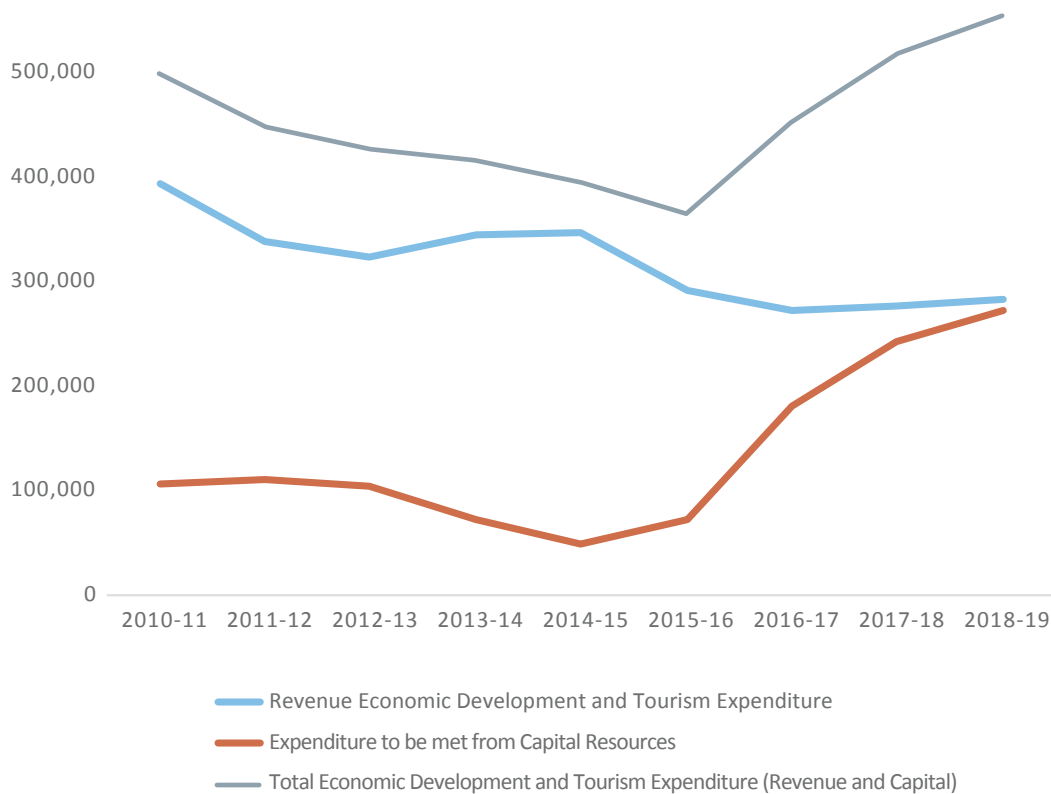
There has been a 7% increase in economic development and tourism investment between 2010/11 and 2018/19 from £95,402 to £102,086 per 1,000. This reflects a real terms growth in expenditure of 11.4%, against a population growth of 4.1%. Across the period, investment per 1,000 reduced by 41% between 2010/11 and 2015/16, before increasing by 50% over the past 3 years, including an 6.8% increase in the last 12 months.

This measure combines the costs of Economic Development and Tourism, with Economic Development accounting for over 90% of expenditure. Closer analysis reveals very different trends within these service areas. Across the period, Economic Development expenditure has grown by 14.2% in real terms, while Tourism has reduced by 25.9%. In the past 12 months, Economic Development expenditure has grown by 7.3%, while Tourism has grown by 2.3%.

There has been significant capital investment in Economic Development and Tourism across this period as part of the current regional growth development programmes, including the Cities deals. While total expenditure has grown by 11.4% since the base year, there has been a 28.2% reduction in revenue funding, and a 160.0% growth in capital (from £105 million to £273 million). In the past 12 months, there has been a 2.0% growth in revenue expenditure and 12.8% growth in capital. As can be seen in the graph below, this has seen capital expenditure grow from 21% of total economic development expenditure to 49% between 2010/11 and 2018/19.



Fig 82: Economic development and tourism expenditure - revenue and capital (£)



Source: Council supplied expenditure figures

Future post-Brexit uncertainty may impact adversely on Economic development funding. Currently, every £1 of council funding invested in economic development, levers an additional £1.63.⁴¹ EU funding makes up a significant element of this. The future demise of EU funding for the UK and its replacement by a, yet to be fully defined, 'Prosperity Fund'⁴² could affect council investment returns in this area, including the outputs/outcomes returned for our investment.

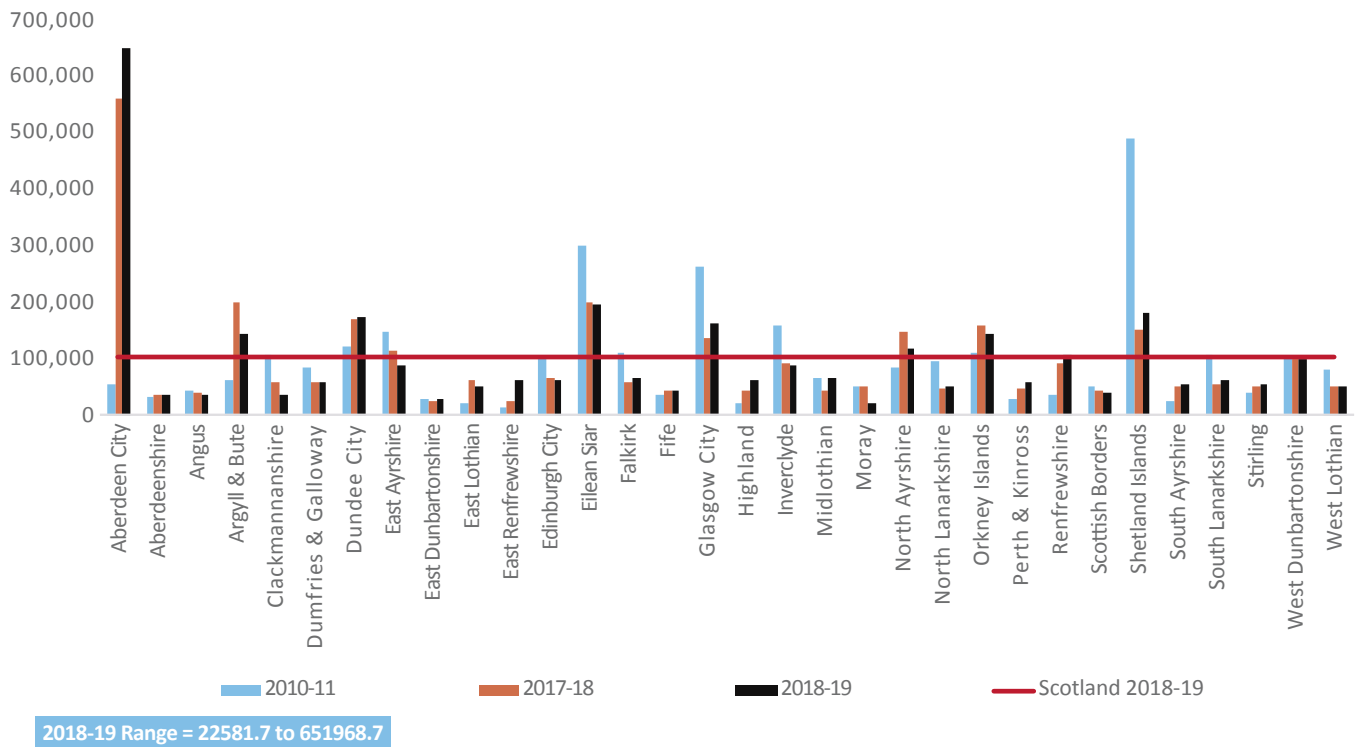
The graph below shows the significant variation between councils in economic development and tourism investment per 1,000. In 2018/19 investment ranged from £22,581 to £651,969 per 1,000. Variation has widened significantly in 2018/19 after narrowing in recent years. There is no significant relationship with rurality, deprivation or size of council.

41 <https://www.improvementservice.org.uk/products-and-services/consultancy-and-support/economic-outcomes-programme/slaed-indicators-framework>

42 <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8527>



Fig 83: Investment in economic development and tourism per 1,000 population (£)



Source: Council supplied expenditure figures

Employment

The second measure is the ‘percentage of total unemployed people in an area assisted into work from council funded/operated employability programmes’. Most councils participate in employment-related support – either via direct provision and/or via funding delivery by third parties. Employability support is often delivered in partnership and this measure seeks to capture data on employability services where the council has either directly delivered and/or funded the intervention. The measure is an indication of the proportion of unemployed people in a council area that are participating in employability responses led or supported by the council, and in this sense, assesses the reach and penetration of the intervention. Currently this measure utilises part of the data submitted by councils as part of their annual Scottish Local Authorities Economic Development group (SLAED) return.

In 2018/19, the Scotland average for the percentage of unemployed people assisted into work from council funded/operated employability programmes was 12.6% of total unemployed. This reflects an increase from 9.1% in 2012/13, but a reduction from 14.3% in the past 12 months. While there has been a reduction in the total number of unemployed people assisted into work across the period (25.2% since 2012/13 and 12.3% in the past 12 months), this has taken place against a much faster drop in the unemployment count, which reduced by 45.8% since 2012/13, although by only 0.6% in the past 12 months.

Table 45: Percentage of unemployed people assisted into work from council funded employability programmes

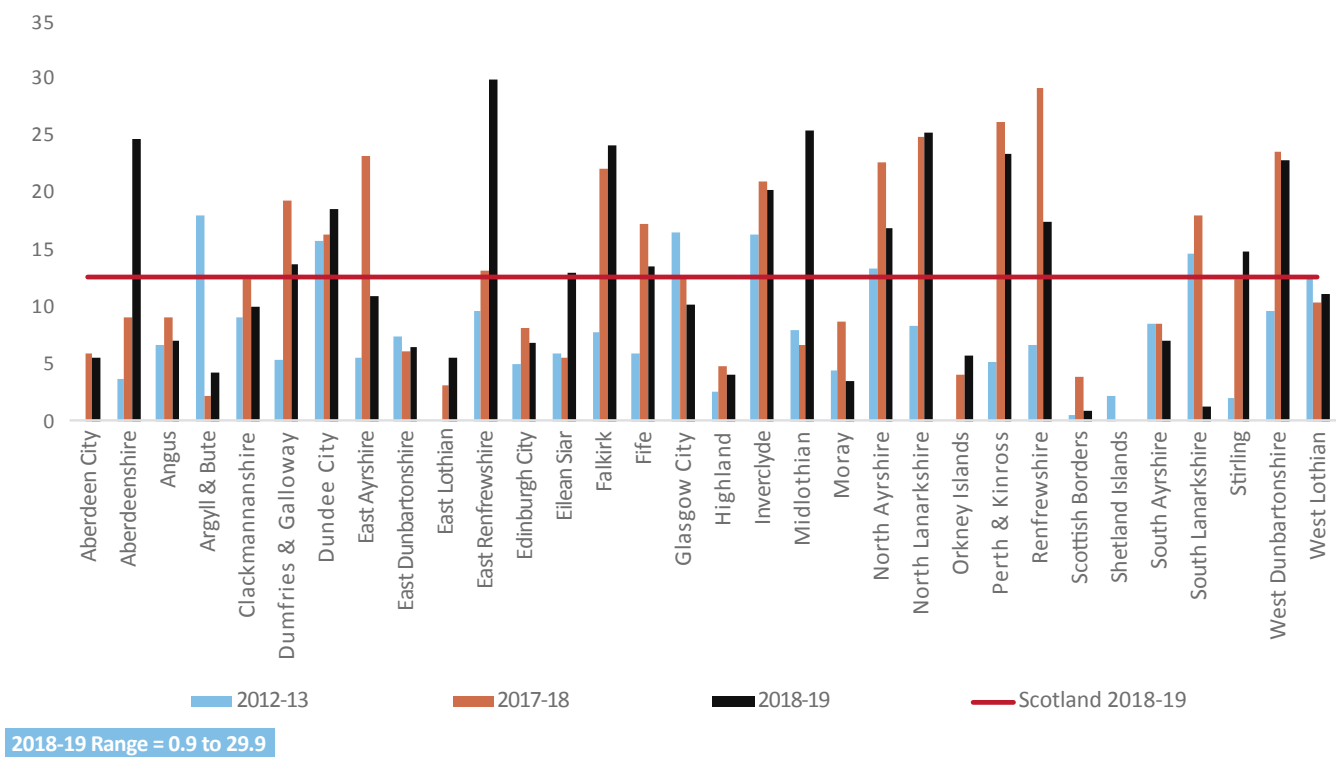
2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2012-13 to 2018-19
9.1	12.5	14.1	14.1	14.0	14.3	12.6	-1.7	3.5



The improvement rate has levelled off since 2014/15, and shown a reduction in the past 12 months. This trend may reflect a number of factors, including: the continuing focus on getting more long term workless people into work and the welfare changes that require these cohorts to undertake job search activities; and the impact of growing budgetary pressures on national funding for wage subsidy schemes. As unemployment has fallen to historically low levels, the focus for Council funded support has increasingly been directed towards long term workless people with multiple barriers. This client group require more intensive support and may take longer to re-enter the labour market.

There is considerable and widening variation across councils, from 0.9% to 29.9%, with lower rates for the least deprived councils compared to the most deprived although the difference is not statistically significant (6.4% compared to 18.1%). Rural authorities also have lower rates than urban authorities (9.3%, compared to 17.5%), although again, this is not statistically significant.

Fig 84: Percentage of unemployed people assisted into work from council funded employability programmes



Source: Model based estimates for unemployment, Office for National Statistics (ONS); SLAED Indicators Framework Note: Missing values reflect no SLAED return for that year

Business support

To capture wider economic development and reflect the significant investment in business development and support (e.g. Business Gateway), the benchmarking framework includes the number of Business Gateway start-ups per 10,000 population. The start-up rate has slowed from 19.0 in 2013/14 to 16.7 in 2018/19, showing a very small reduction in the past 12 months, of 0.1%.

The balance between support for start-ups and support for existing businesses with growth potential shifted a number of years ago which partially accounts for the decrease against the base year. This reflects a longer-term strategic decision by some Business Gateway areas to focus a higher proportion of resources on supporting the growth and development of existing businesses as opposed to business start-ups. In areas where start-up numbers are good this may have greater job creating potential. Volume start numbers can also



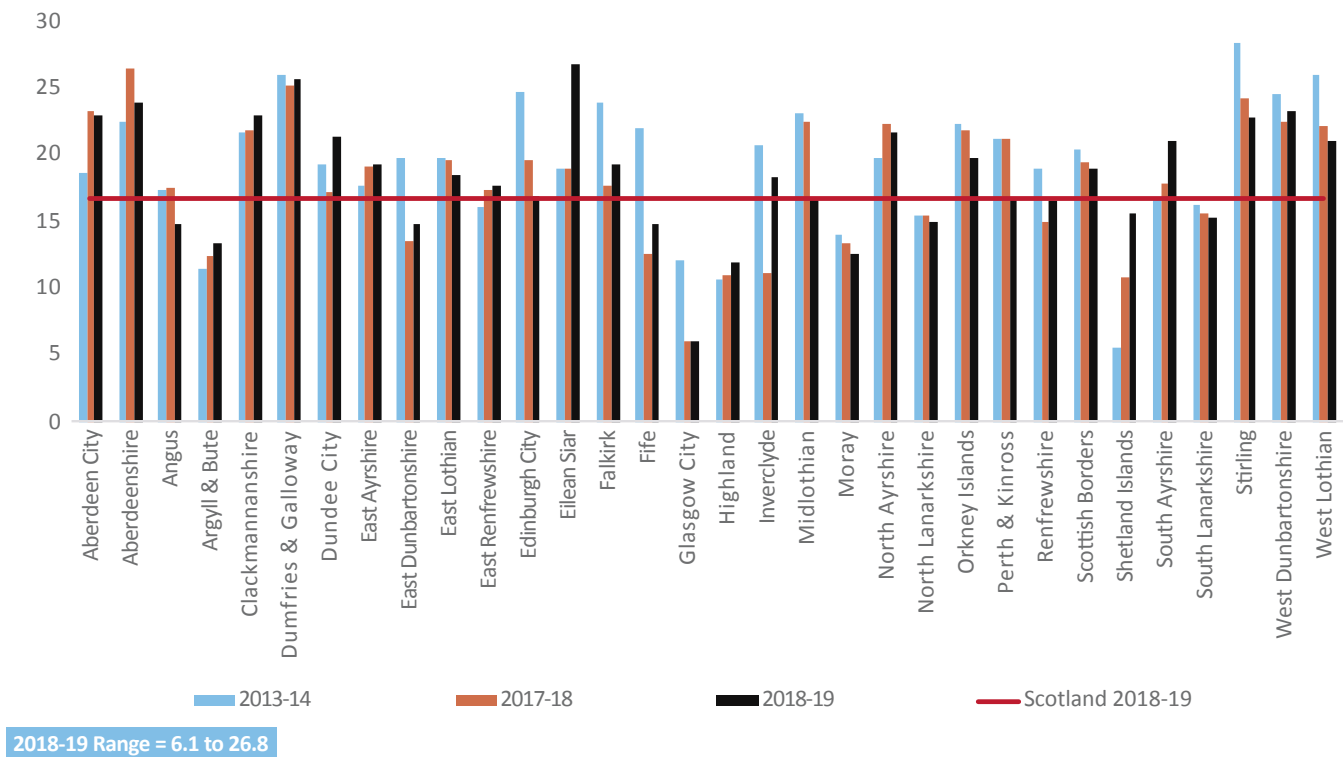
be affected by underlying economic conditions with higher demand for start-up support during periods of economic downturn when people have been made redundant and may look to self-employment as a route back into work.

Table 46: Number of Business Gateway start-ups per 10,000 population

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2013-14 to 2018-19
19.0	18.9	16.9	16.6	16.8	16.7	-0.8%	-12.2%

The graph below shows the significant variation which exists across councils, which has remained constant since 2013/14. In 2018/19, start-up rates ranged from 6.1 to 26.8 with no systematic relationship with rurality, deprivation or size of council.

Fig 85: Number of Business Gateway start-ups per 10,000 population



Source: SLAED Indicators Framework; Annual Population Survey, ONS

Procurement

Procurement spend in Local Government accounts for a significant proportion of total spend. This measure focussing on the proportion of this spend which is targeted at local enterprises is an important indicator of the progress councils are making in delivering on their standing commitment to invest in their local economies and create employment.



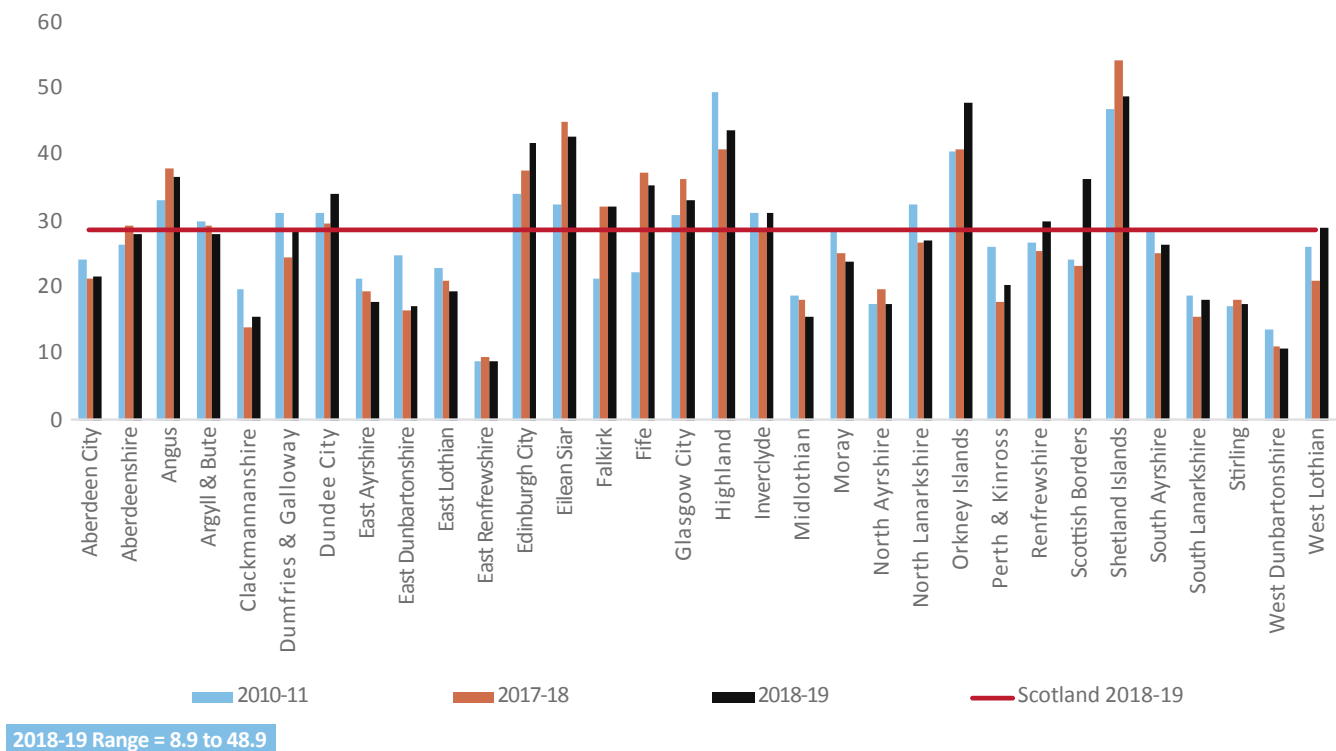
Table 47: Proportion of procurement spent on local enterprises

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2010-11 to 2018-19
27.2	26.2	27.2	27.0	27.5	25.4	26.5	27.4	28.7	1.3	1.5

In 2018/19, the percentage of procurement spend on local enterprises was 28.7%, the highest level reported since the base year. The trend has remained relatively stable since 2010/11, growing slightly in the past 3 years. Given the pressures on council budgets this is a positive outcome as it suggests that the drive to reduce costs has not resulted in local enterprises being displaced by national suppliers of goods and services. This may reflect continuing investment in Council local supplier development activity and the Council funded national Supplier Development Programme. However, while the value of money spent locally has held up well, there has been an overall drop in the number of local suppliers. There has been a commitment in recent months for Local Government economic development and procurement professionals to work on joint initiatives to enhance the impact of Local Government procurement spend.

There is significant variation across councils in relation to procurement spend, ranging from 8.9% to 48.9%. The Islands and rural authorities report higher procurement spend on local enterprises than other authorities, with Island authorities all spending more than 40% locally.

Fig 86: Percentage of procurement spent on local enterprises



Source: Scottish Government Procurement Hub

Planning

Although spend on planning accounts for a relatively small amount of overall spend, this is a strategically important area in terms of the future development and use of land in our towns, cities and countryside. An efficient and well-functioning planning service plays an important role in facilitating sustainable economic



growth and delivering high quality development in the right places. Within this framework, expenditure on planning includes spend on building control, development control, planning policy and environmental initiatives.

Two indicators are included here. A measure of spend on planning which is standardised per planning application and the average time taken to process commercial planning applications (Business and Industry applications).

Cost of planning and building standards per application

The Cost of Planning and Building Standards Services is standardised per planning application. This measure includes costs of both planning and building standards services but does not include the environmental services element.

The cost of planning and building standards per application has increased from £4,079 in 2010/11 to £4,439 in 2018/19, a real terms reduction of 8.8%. Although there have been fluctuations across the period, the trend represents a 21.3% reduction in gross expenditure and a 27.7% reduction in planning applications since 2010/11.

Table 48: Cost of planning and building standards per planning application

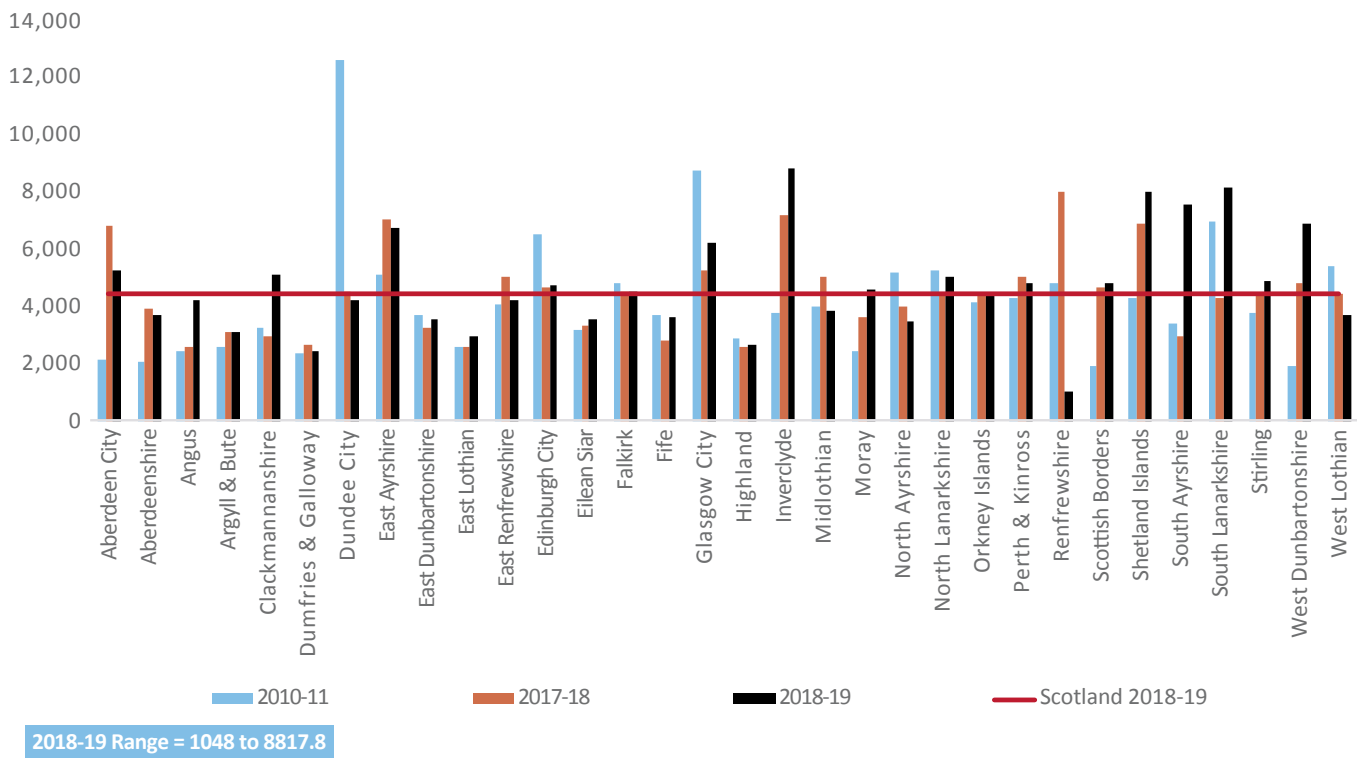
2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change 2017-18 to 2018-19	% Change 2010-11 to 2018-19
£4,079	£4,191	£5,495	£3,700	£3,622	£4,253	£3,969	£4,130	£4,439	7.5%	8.8%

In the past 12 months, costs have increased by 7.5%, reflecting a 3.5% real growth in gross expenditure and a 3.7% reduction in planning applications. This may reflect a small number of councils receiving increased revenue from Major Application Fees and subsequent reinvestment.

There is substantial and fluctuating variation in planning costs across Scotland, ranging from £1,048 to £8,817 in 2018/19. While rural authorities continue to spend less on average than urban and semi-urban authorities, this difference is no longer statistically significant (£3,686 compared to £4,733 and £4,420 respectively).



Fig 87: Cost of planning and building standards per planning application (£)



Source: Planning Authority Performance Statistics, Scottish Government; Council supplied expenditure figures

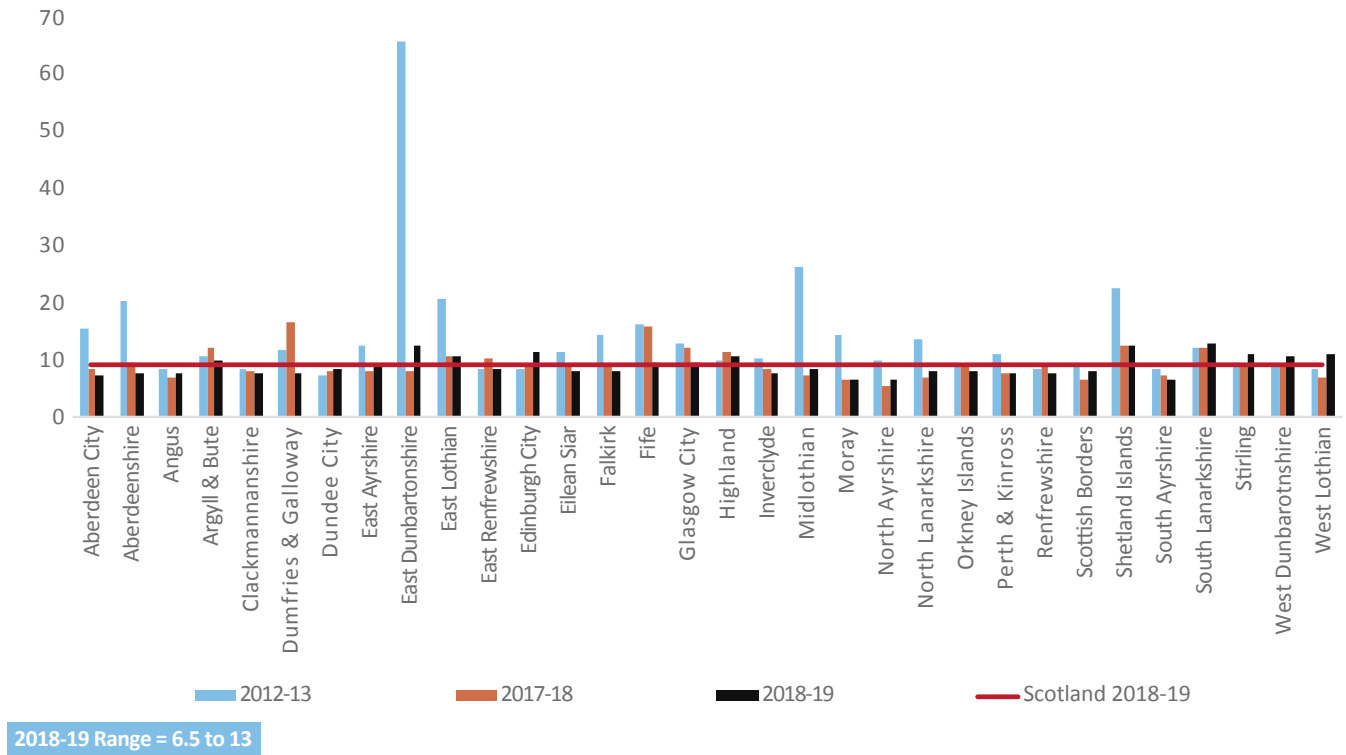
Average time per business and industry planning application

This measure is standardised as the average time in weeks taken to process local commercial planning applications (business and industry applications). Major applications are not included within this calculation. There has been a year on year reduction in the average time per business and industry planning application since 2012/13. In 2018/19 the average time taken was 9.1 weeks, compared to 14 weeks in 2012/13, a 35.1% reduction. During this time, there has been a 42% reduction in the number of business and industry planning applications (reducing from 2,531 down to 1,477).

In the last 12 months, the average time taken per application has fallen by 2.7% from 9.3 weeks to 9.1 weeks. There is significant variation between authorities however, although this is narrowing over recent years. In 2018/19, the time taken ranged from 6.5 weeks to 13.0 weeks, with no statistically significant relationships with deprivation, rurality or size of council.



Fig 88: Average time per business and industry planning application (no. of weeks)



Source: Planning Authority Performance Statistics, Scottish Government

Available employment land

The availability of land for development is a significant factor that affects local economic growth and it falls within councils’ local development planning powers to influence this. This is standardised as immediately available land as a % of total land allocated for employment purposes in the local development plan. Immediately available land is land which is serviced and marketed as opposed to simply being designated for employment use. This measure utilises data submitted by councils as part of their annual SLAED return.

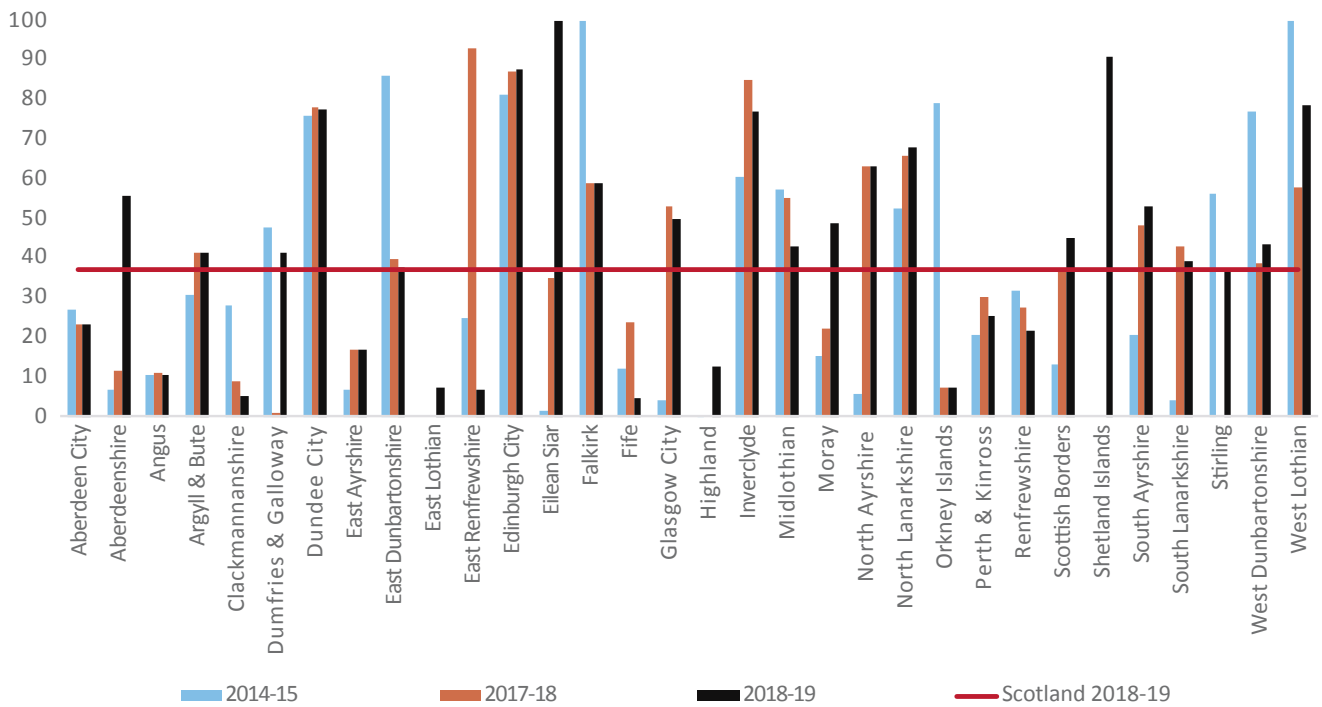
Table 49: Immediately available employment land as a percentage of total land allocated for employment purposes in the local development plan

2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2014-15 to 2018-19
12.9	27.2	38.4	40.8	37.4	-3.4	24.4

Since 2014/15, there has been significant growth in the Scotland average for availability of employment land, from 12.9% to 37.4%, although there has been a 3.4 percentage point reduction in the past 12 months. There is very significant variation across councils, ranging from 4.7% to 100% in 2018/19. As a newly introduced measure, further work will be undertaken with local authorities to ensure consistency of reporting in relation to this indicator.



Fig 89: Immediately available employment land as a percentage of total land allocated for employment purposes in the local development plan



Source: SLAED Indicators Framework

Town vacancy rates

The vibrancy of town centres is a strategic priority for Economic Development and Planning Services. An important measure of the extent to which town centre management / regeneration policies and initiatives are working is the level of vacant units within town centres. Town vacancy rates is a measure of vacant commercial units as a percentage of total units for the local authority’s key town centres. Towns should have a population of at least 5,000 people. This indicator does not include edge of town and out of town retail units. Data for this measure is submitted by councils as part of their annual return under the SLAED Indicators Framework and is available from 2014/15 onwards.

Table 50: Town vacancy rates

2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2014-15 to 2018-19
10.1	11.9	10.2	11.5	10.0	-1.5	-0.1

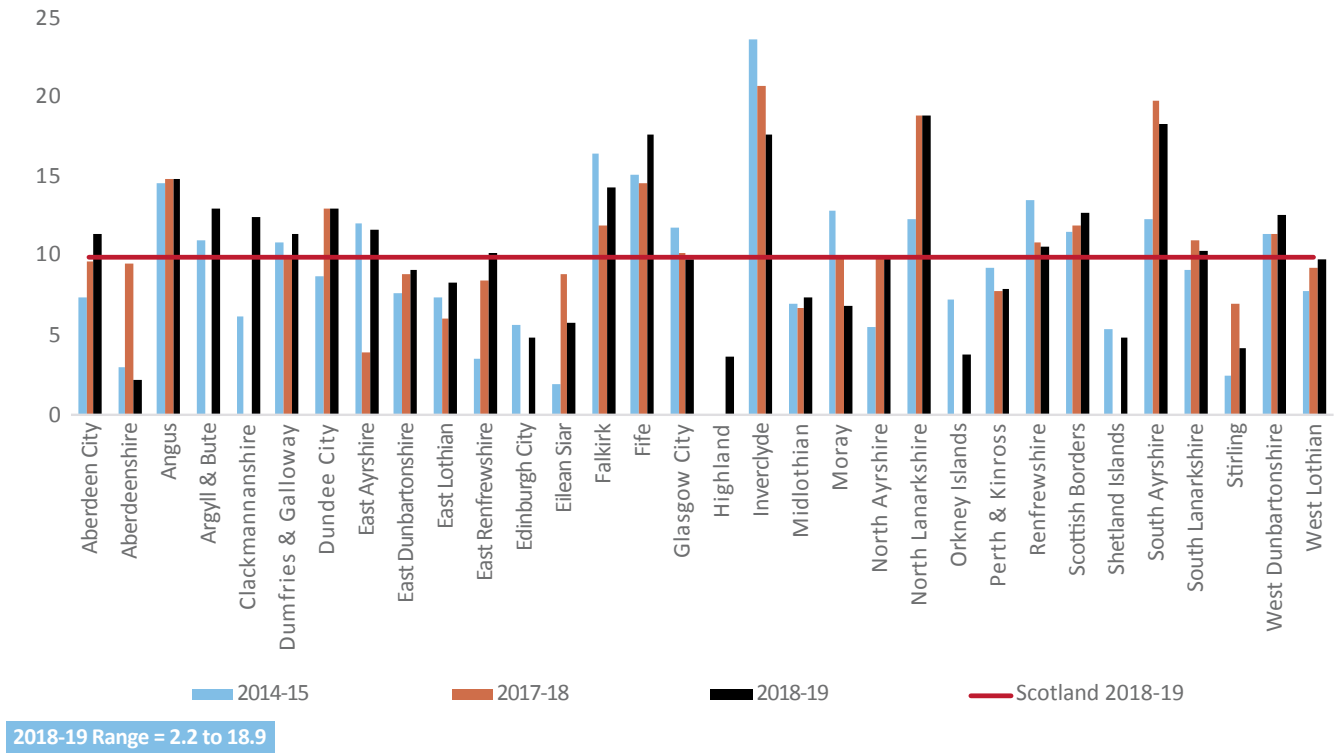
The Scotland figure for town vacancy rates has remained relatively constant since 2014/15. In 2018/19, an average of 10.0% of town centre properties were vacant across Scotland, an improvement from 11.49 in 2017/18. This is a positive finding given the continuing pressure on retailing sector from online trading and out of town shopping.

Some caution is advised when considering the data given a number of councils have submitted this indicator for the first time this year, many of whom have low vacancy rates.



The graph below shows the significant but narrowing variation across councils, with vacancy rates ranging from 2.2% to 18.9% in 2018/19. Rural areas have significantly lower vacancy rates than Urban authorities (5.8% compared to 11.4%).

Fig 90: Town vacancy rates (%)



Source: SLAED Indicators Framework

Proportion of properties receiving superfast broadband

Access to good digital infrastructure is a key driver of economic competitiveness and productivity and this measure captures the proportion of all properties within the local authority area receiving superfast broadband. Local authorities have a role alongside telecoms companies in facilitating and enabling the development of effective digital infrastructure and this indicator measures the impact of this work. The data from this measure is taken from the Ofcom Connected Nations Report and is available from 2013/14 onwards.

Table 51: Proportion of properties receiving superfast broadband

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2013-14 to 2018-19
56.1	67.5	78.6	85.9	91.1	92.0	0.9%	35.9%

Access to superfast broadband has grown significantly across Scotland, with the Scotland figure increasing from 56.1% to 92.0% between 2013/14 and 2018/19.

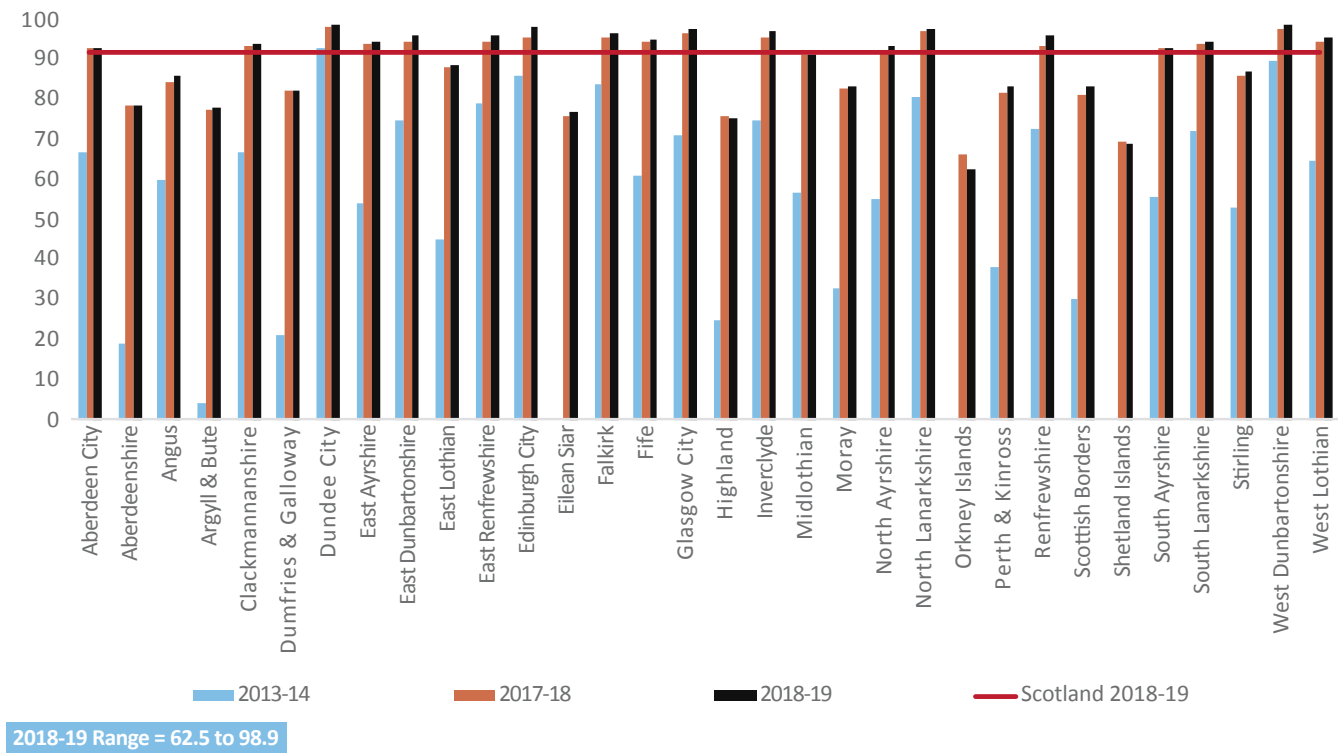
The rate of improvement (0.9pp) has slowed in comparison with previous years suggesting the indicator may be reaching a ceiling. Digital connectivity is an increasingly important consideration in terms of economic competitiveness and the trend observed in terms of access to superfast broadband, underpinned by programmes like R100, is encouraging. There is no scope for complacency however due to low levels of fibre to the premise across Scotland which will necessitate considerable investment over the next few years to



ensure Scotland remains competitive.

The variation between councils has narrowed significantly across the period, although is still substantial with figures ranging from 62.5% to 98.9% in 2018/19. Rural authorities have significantly lower rates of access than urban and semi-urban authorities, 78.3% compared to 97.7% and 93.9% respectively.

Fig 91: Proportion of properties receiving superfast broadband (%)



Source: Ofcom Connected Nations Report

Proportion of people earning less than the living wage

Inclusive growth is a central part of the government’s economic strategy and local authorities are important partners in the drive to reduce income inequality. Economic Development Services play an important role in this through supporting people to develop the skills to progress in the labour market, by attracting higher value employment opportunities and by encouraging employers to pay the living wage. A measure of the % of employees earning below the living wage allows for the impact of interventions in addressing low pay to be monitored. Data for this framework measure comes from the Annual Survey of Hours and Earnings published by the Office for National Statistics (ONS), with figures available from 2012/13 onwards.

Table 52: Proportion of people earning less than the living wage

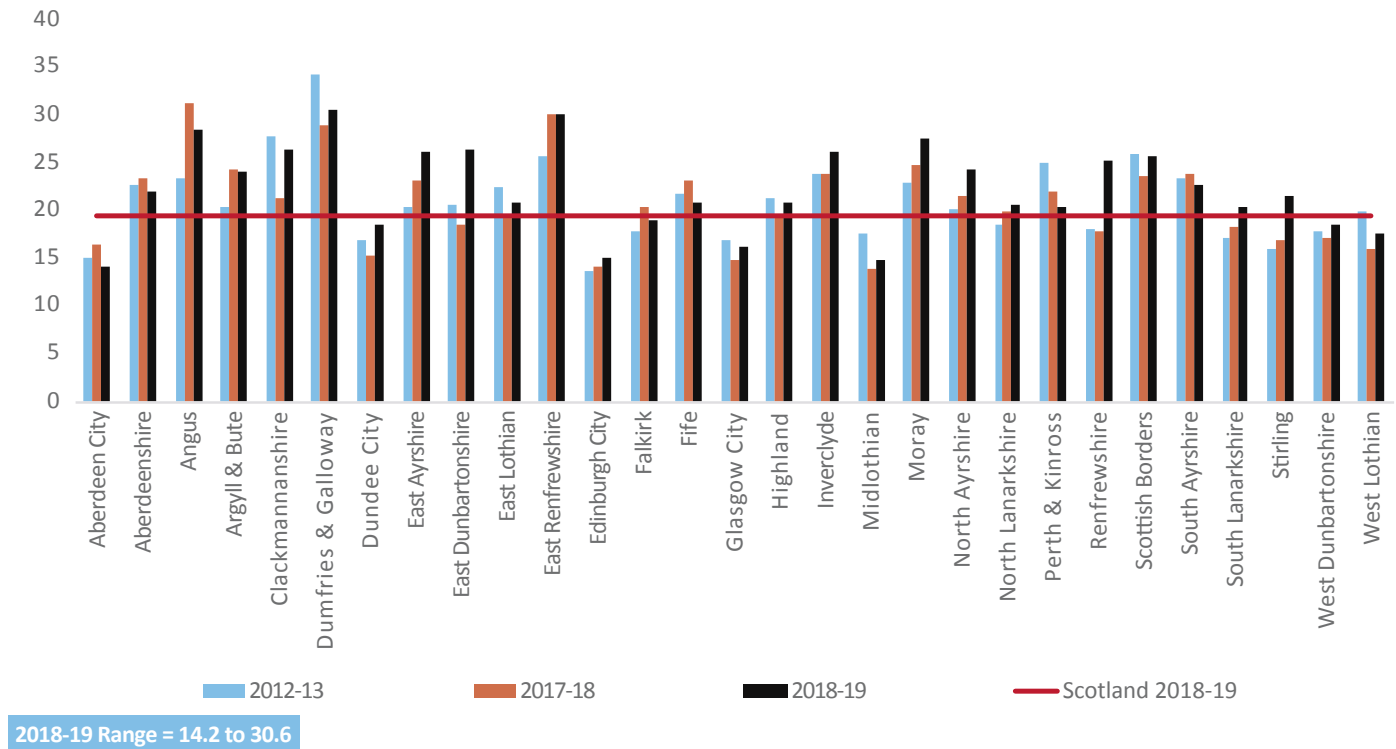
2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Value Change 2017-18 to 2018-19	Value Change 2012-13 to 2018-19
18.8	18.6	19.3	19.6	20.1	18.4	19.4	1.0	0.6

The proportion of people earning less than the living wage in 2018/19 was 19.4%, an increase of 1 percentage point from 2017/18, although lower than the peak of 20.1% in 2016/17. It is worth noting that the decline observed in 2018/19 does not seem to be continuing with figures for 2019/20 showing improvement in this important area.



The graph below shows the significant variation across councils in 2018/19, ranging from 14.2% to 30.6% in 2018/19. This level of variation has remained constant since 2010/11, with urban authorities showing a significantly lower proportion of people earning less than the living wage. In 2018/19, the average proportion for urban authorities was 18.5% compared to 23.0% in rural authorities, and 23.4% in semi-rural.

Fig 92: Proportion of people earning less than the living wage



Source: Annual Survey of Hours and Earnings, 2018, ONS





Conclusions and Next Steps

This last year has seen councils across Scotland continue to strive to improve the quality and performance of key services while continuing to manage pressures to reduce costs. The data presented shows the increasing scale of the demand and budgetary pressures facing councils, the policy choices being made locally to meet the needs of local communities, and the impact of these choices on performance, satisfaction and costs.

While councils have continued to do well providing valuable services and working with communities to achieve strong outcomes, despite growing pressure on their budgets, the evidence emerging from the LGBF shows that improvements gained in previous years are now beginning to slow or decline. Although too early to call a trend, this is a pattern emerging across all key service areas and within all councils. The next phase is expected to be more challenging, and the need for councils to prioritise and collaborate will therefore be greater than ever.

This report highlights the significant variation in both cost and performance which exists between councils. It is these variations which provide the opportunities for learning. They provide 'can openers' which support collaboration and sharing between councils to better understand the differences and the approaches which may deliver improvements. The core purpose of the LGBF is to support councils to target their resources to areas of greatest impact and to ask important questions of key council services. The framework provides councils with insight into their own performance and provides a strengthened evidence base to help drive improvement, promote collaboration and learning, and strengthen public accountability.

The Local Government Benchmarking Board is committed to the continuous improvement of the LGBF to ensure it remains a relevant and valuable improvement tool for councils. In March 2019, the following six strategic priorities were identified for the period ahead to ensure activity is targeted in the most useful areas to drive progress and support transformation.

1. Further promote the credibility and reliability of the LGBF

As the framework has matured, councils use of the LGBF to support collaboration, improvement and strategic decision making has grown and become more sophisticated. To support continued progress in this area, we will strengthen communications and engagement activities to continue to promote the credibility, relevance and reliability of the framework and build confidence and engagement across key stakeholder groups. To help ensure the public and our stakeholders within Local Government have trust in our data and to provide assurances on the statistical rigour and reliability of framework data, the framework is now published under the voluntary adoption of the [UK Statistics Authority Code of Practice](#).

We will continue to work closely with the Accounts Commission and collaborate on areas of common strategic interest. The Commission continues to support the LGBF approach as an example of sector led improvement and have welcomed the significant progress made to date in strengthening the relevance and use of the framework and Local Government's commitment to continuous improvement. We will also continue to strengthen links between the LGBF and the National Performance Framework and Public Health priorities to support Local Government in its efforts to demonstrate how it is supporting progress in these areas. We will continue to work with professional associations and data providers to improve the reliability, consistency and robustness of underpinning data used in the framework and to improve supporting technical guidance and methodology. Improving the timeliness of the framework remains a priority for the LGBF Board and we will continue to build on the recent progress achieved in this area.

2. Continue to build the growing evidence base in relation to LGBF use within councils

We are committed to growing the evidence base showcasing how the LGBF is being used within Local Government. The second edition of '[How Councils are using the LGBF](#)' has been published on the LGBF website and includes examples from authorities on how the framework is being used locally to support



strategic decision making, inform improvement and support scrutiny with Elected Members. We will continue to work with authorities to demonstrate Local Government's continuing commitment to this council-led improvement approach and provide clear evidence that the framework continues to gain traction.

3. Strengthen the suite of measures on adult social care

This year, we have introduced an interim suite of social care measures in collaboration with Social Work Scotland and the Health and Social Care Chief Officer Network. These draw on the Core Suite of Integration measures, with measures aiming to capture the wellbeing agenda at the heart of integration. Within phase 2, the following areas have been prioritised for further exploration with partners: system capacity and workforce planning; the wider complex care agenda; and improved cost measures to better reflect the development of new delivery models and social care markets, and the personalisation agenda

4. Address existing framework gaps

The LGBF Board is committed to the continuous improvement and evolution of the framework to ensure relevance and to reflect the changing Local Government policy context. In recent years we have strengthened the framework in relation to children and young people, adult social care and economic development. We will continue to review framework focus and emphasis, and over the period ahead we are committed to work with key partners to explore potential developments in the following areas:

- Public protection
- The digital agenda
- The climate change agenda
- Financial resilience and sustainability

5. Develop thematic reporting in key strategic/policy areas

The introduction of thematic reporting provides a 'drill down' into key policy areas to re-emphasise the 'can opener' nature of the LGBF information and strengthens the link between performance information and outcomes. The first of these reports focuses on children and young people's services and is available on the [LGBF website](#). This will encourage a more diagnostic use of the data, particularly within family groups. We will continue to develop our approach to thematic reporting in areas of key strategic importance over the period ahead.

6. Improve elected member engagement with the framework

As the framework has matured and councils have grown in confidence in their use of the data, elected members' interest in benchmarking has been growing and their understanding has become more nuanced. To build on this we will continue to work closely with COSLA colleagues to strengthen elected member engagement with the LGBF.





Appendix 1 – LGBF Indicator List

Indicator Ref	Indicator Description
CHN1	Cost per primary school pupil
CHN2	Cost per secondary school pupil
CHN3	Cost per pre-school education registration
CHN4	% of pupils gaining 5+ awards at level 5
CHN5	% of pupils gaining 5+ awards at level 6
CHN6	% of pupils from deprived areas gaining 5+ awards at level 5 (SIMD)
CHN7	% of pupils from deprived areas gaining 5+ awards at level 6 (SIMD)
CHN8a	The gross cost of "children looked after" in residential based services per child per week
CHN8b	The gross cost of "children looked after" in a community setting per child per week
CHN9	% of children being looked after in the community
CHN10	% of adults satisfied with local schools
CHN11	Proportion of pupils entering positive destinations
CHN12a	Overall average total tariff
CHN12b	Average total tariff SIMD quintile 1
CHN12c	Average total tariff SIMD quintile 2
CHN12d	Average total tariff SIMD quintile 3
CHN12e	Average total tariff SIMD quintile 4
CHN12f	Average total tariff SIMD quintile 5
CHN13a	% of P1, P4 and P7 pupils combined achieving expected CFE Level in Literacy
CHN13b	% of P1, P4 and P7 pupils combined achieving expected CFE Level in Numeracy
CHN14a	Literacy Attainment Gap (P1,4,7 Combined) - percentage point gap between the least deprived and most deprived pupils
CHN14b	Numeracy Attainment Gap (P1,4,7 Combined) - percentage point gap between the least deprived and most deprived pupils
CHN17	% of children meeting developmental milestones
CHN18	% of funded early years provision which is graded good/better
CHN19a	School attendance rate
CHN19b	School attendance rate (looked after children)
CHN20a	School exclusion rates (per 1,000 pupils)
CHN20b	School exclusion rates (per 1,000 'looked after children')
CHN21	Participation rate for 16-19 year olds
CHN22	% of child protection re-registrations within 18 months
CHN23	% LAC with more than 1 placement in the last year (Aug-July)
CORP 1	Support services as a % of total gross expenditure
CORP 3b	% of the highest paid 5% employees who are women
CORP 3c	The gender pay gap (%)
CORP 4	The cost per dwelling of collecting council tax
CORP 6a	Sickness absence days per teacher
CORP 6b	Sickness absence days per employee (non-teacher)



Indicator Ref	Indicator Description
CORP 7	% of income due from council tax received by the end of the year
CORP 8	% of invoices sampled that were paid within 30 days
SW1	Home care costs per hour for people aged 65 or over
SW2	Direct payments + managed personalised budgets spend on adults 18+ as a % of total social work spend on adults 18+
SW3a	% of people aged 65 and over with long-term care needs receiving personal care at home
SW4b	% of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life
SW4c	% of adults supported at home who agree that they are supported to live as independently as possible
SW4d	% of adults supported at home who agree that they had a say in how their help, care or support was provided
SW4e	% of adults supported at home who agree that they had a say in how their help, care or support was provided
SW4f	% of carers who feel supported to continue in their caring role
SW5	Residential costs per week per resident for people aged 65 or over
SW6	Rate of readmission to hospital within 28 days per 1,000 discharges
SW7	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections
SW9	Number of days people spend in hospital when they are ready to be discharged
C&L1	Cost per attendance at sports facilities
C&L2	Cost per library visit
C&L3	Cost of museums per visit
C&L4	Cost of parks & open spaces per 1,000 population
C&L5a	% of adults satisfied with libraries
C&L5b	% of adults satisfied with parks and open spaces
C&L5c	% of adults satisfied with museums and galleries
C&L5d	% of adults satisfied with leisure facilities
ENV1a	Net cost of waste collection per premise
ENV2a	Net cost of waste disposal per premise
ENV3a	Net cost of street cleaning per 1,000 population
ENV3c	Street cleanliness score
ENV4a	Cost of roads per kilometre
ENV4b	% of A class roads that should be considered for maintenance treatment
ENV4c	% of B class roads that should be considered for maintenance treatment
ENV4d	% of C class roads that should be considered for maintenance treatment
ENV4e	% of U class roads that should be considered for maintenance treatment
ENV5	Cost of trading standards and environmental health per 1,000 population
ENV5a	Cost of trading standards per 1,000
ENV5b	Cost of environmental health per 1,000 population
ENV6	% of total household waste arising that is recycled
ENV7a	% of adults satisfied with refuse collection
ENV7b	% of adults satisfied with street cleaning



Indicator Ref	Indicator Description
HSN1b	Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year
HSN2	% of rent due in the year that was lost due to voids
HSN3	% of council dwellings meeting Scottish housing standards
HSN4b	Average number of days taken to complete non-emergency repairs
HSN5	% of council dwellings that are energy efficient
CORP-ASSET1	% of operational buildings that are suitable for their current use
CORP-ASSET2	% of internal floor area of operational buildings in satisfactory condition
ECON1	% of unemployed people assisted into work from council operated/funded employability programmes
ECON2	Cost of planning and building standards per planning application
ECON3	Average time per business and industry planning application (weeks)
ECON4	% of procurement spend spent on local enterprises
ECON5	No of Business Gateway start-ups per 10,000 population
ECON6	Investment in economic development & tourism per 1,000 population
ECON7	Proportion of people earning less than the living wage
ECON8	Proportion of properties receiving superfast broadband
ECON9	Town vacancy rates
ECON10	Immediately available employment land as a % of total land allocated for employment purposes in the local development plan



Appendix 2 List of Family Groups

To understand why variations in cost and performance are occurring, councils work together to ‘drill-down’ into the benchmarking data across service areas. This process has been organised around ‘family groups’ of councils so that we are comparing councils that are similar in terms of the type of population that they serve (e.g. relative deprivation and affluence) and the type of area in which they serve them (e.g. urban, semi-rural, rural). The point of comparing like with like is that this is more likely to lead to useful learning and improvement.

People Services	Children, Social Work & Housing Indicators			
	Family Group 1	Family Group 2	Family Group 3	Family Group 4
	East Renfrewshire	Moray	Falkirk	Eilean Siar
	East Dunbartonshire	Stirling	Dumfries & Galloway	Dundee City
	Aberdeenshire	East Lothian	Fife	East Ayrshire
	Edinburgh, City of	Angus	South Ayrshire	North Ayrshire
	Perth & Kinross	Scottish Borders	West Lothian	North Lanarkshire
	Aberdeen City	Highland	South Lanarkshire	Inverclyde
	Shetland Islands	Argyll & Bute	Renfrewshire	West Dunbartonshire
Orkney Islands	Midlothian	Clackmannanshire	Glasgow City	

Least deprived ← → Most deprived

Other Services	Environmental, Culture & Leisure, Economic Development, Corporate & Property indicators			
	Family Group 1	Family Group 2	Family Group 3	Family Group 4
	Eilean Siar	Perth & Kinross	Angus	North Lanarkshire
	Argyll & Bute	Stirling	Clackmannanshire	Falkirk
	Shetland Islands	Moray	Midlothian	East Dunbartonshire
	Highland	South Ayrshire	South Lanarkshire	Aberdeen City
	Orkney Islands	East Ayrshire	Inverclyde	Edinburgh, City of
	Scottish Borders	East Lothian	Renfrewshire	West Dunbartonshire
	Dumfries & Galloway	North Ayrshire	West Lothian	Dundee City
Aberdeenshire	Fife	East Renfrewshire	Glasgow City	

Rural ← → Urban



Appendix 3

LGBF Credibility, Relevance and Reliability

10 Key Messages

The LGBF is a Local Government led improvement approach reflecting a commitment by SOLACE to develop better measurement/comparable data as a catalyst for improving services and enhancing public accountability.

The purpose of the LGBF is to provide comparative information which offers high-level 'can openers' which can be used strategically and diagnostically. The framework provides a robust foundation for benchmarking practice through the application of comprehensive and well-established quality assurance and verification processes to ensure a high level of accuracy and comparability across local authorities.

Credibility

- 1.** The LGBF voluntarily complies with the UK Statistics Authority Code of Practice which provides assurances on the trustworthiness, quality and value of LGBF data.
- 2.** The Accounts Commission supports and trusts Local Government in their commitment to embed and develop this improvement approach as evidenced by the reference to LGBF within statutory direction (replacing the previous SPI regime) and the use of LGBF within BVAR.
- 3.** There is significant wider interest in the LGBF data e.g. Parliamentary Committees, First Minister Questions, COSLA campaigns, SPICe Briefings and within the National Media. There is also interest among other public sector partners in learning from Local Government's journey in developing benchmarking.

Relevance

- 4.** The LGBF Board works closely with council Chief Executives and professional associations to continuously review and improve the framework to ensure the relevance of measures included. SOLACE, Professional associations and data providers are represented on the LGBF Board to ensure the relevance, appropriateness, and accuracy of indicators used within the framework. Priorities for development are set out in the LGBF Strategic plan and regularly reviewed by the board, SOLACE and the Accounts Commission. Recent developments include strengthening the suite of measures in relation to Children and Young People, Economic Development and Adult Social Care.
- 5.** Local Government's ongoing commitment to this sector-led improvement approach can be evidenced in the significant progress achieved to date in embedding LGBF within strategic decision making, scrutiny, improvement and public performance reporting, and in its commitment to continuous improvement going forward.

Reliability

- 6.** Detailed guidance and metadata for all LGBF indicators have been produced in collaboration with professional associations and data owners to ensure consistent and comparative data is returned. The metadata is freely available and published together with our data on our website. This metadata outlines all the methods used, data sources, and limitations with the data.



- 7.** Councils are responsible for assuring the quality of underpinning data provided for the framework and are required to confirm compliance with the associated guidance upon submission. Family Group Benchmarking events provide opportunities for councils to understand and resolve any methodological differences. The IS also offers bespoke support to councils to drill down into their data to better understand and address any anomalies within their own methodology.
- 8.** In most cases, LGBF indicators are drawn from existing published data sources, all of which are audited and quality assured by the relevant data owners (e.g. Scottish Government; Scottish Housing Regulator). Where indicators rely on sample data (e.g. satisfaction data is provided via Scottish Government national surveys) the data used within the LGBF is accurate at 95% confidence intervals. To further improve the accuracy of estimates, particularly for smaller authorities, the data is rolled into 3-year averages which improves the sample size and narrows confidence intervals.
- 9.** Where the LGBF collects administrative and performance data directly from local authorities, the robust protocols for validating and cleaning the data are significantly enhanced compared to those in place under the previous SPI regime. All data received is compared against previous years and other local authorities to check consistency and all outliers are checked, queried and confirmed with the source and with relevant professional associations.
- 10.** A range of cluster, variation and outlier analysis is carried out across the 9 years of data available in the LGBF to ensure the quality of the data. Analysis of the variance within LGBF data highlights significant improvements in data quality over time, confirms the accuracy and consistency of the current data presented, and does not reveal evidence of significant differences in current counting or recording techniques. In the very small number of cases where inconsistencies may remain, we work with individual councils and professional associations to resolve these.



Children's Services



Adult Social Care



Culture and Leisure



Environmental Services



Corporate Services



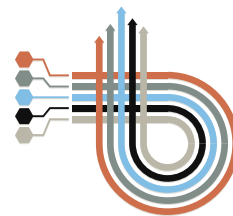
Housing



Economic Development & Planning

Improvement Service
iHub
Quarrywood Court
Livingston
EH54 6AX

T: 01506 282012
E. info@improvementservice.org.uk
W. www.improvementservice.org.uk



Local
Government
Benchmarking
Framework

www.improvementservice.org.uk/benchmarking



MEETING: 12 MARCH 2020

REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE

BRIEFING: THE 2020/21 BUDGET

Purpose

1. The purpose of this paper is to brief the Commission on the Scottish Government’s Budget 2020/21, highlighting some of the key implications for local government finances.

Background

2. The 2020/21 budget process has been characterised by delay, ongoing uncertainty and unexpected events. The Scottish Budget was announced on 6 February, and approval of stage 3 of the budget bill is planned to occur on 5 March. This allows less time between the stages of the budget bill compared to a standard year. The UK budget is scheduled to proceed as planned on 11 March 2020, the date by which local authorities must have set their council tax.
3. 2020/21 will be the first year that Social Security will become a significant part of the Scottish Budget, with forecast spending of £3.6 billion, or around 10 per cent of resource spending. This is forecast to reach a minimum of £3.8 billion by 2024/25.
4. The team have developed a briefing on the 2020/21 budget, split into two sections:
 - The first focuses on the Scottish Government’s overall budget and trends.
 - The second focuses on budget plans for local government, using information from the Scottish Government’s budget and local government finance settlement.
5. The main sources for these briefings are the Scottish Government’s budget for 2020/21; the local government finance settlement published alongside the budget, and the Scottish Parliament’s associated briefing papers published shortly after the budget.¹
6. These briefings have been prepared after the publication of the budget in February 2020. At time of writing, the budget has passed stage 1, but has not yet been finalised and there may be changes at stages 2 and 3.

Conclusion

7. The Commission is invited to note this report.

Fraser McKinlay
Director of Performance Audit and Best Value
4 March 2020

¹ *Scottish Budget: Budget 2020/21*, Scottish Government, 6 February 2020. *Local Government Finance Circular 01/2020*, Scottish Government, 6 February 2020. *Financial Scrutiny Unit briefings: Scottish Budget 2020-21*, Scottish Parliament Information Centre, 10 February 2020, *Local Government Finance: Budget 2020-21 and Provisional Allocations To Local Authorities*, Scottish Parliament Information Centre, 14 February 2020

The 2020/21 Budget

Accounts Commission briefing

Introduction

1. This paper outlines some of the headlines and themes arising from the 2020/21 Budget and how it will impact on the Accounts Commission's and Audit Scotland's work. This is split into two sections:

- Part 1 gives an overview of the Scottish budget and puts it in context of government plans
- Part 2 summarises the funding for Local Government for 2020/21, as shown in the Scottish budget and the Local Government Funding Settlement.

2. The total expenditure as set out in the 2020/21 Scottish budget is £49.3 billion, a 13.5 per cent increase compared to 2019/20. Much of this increase is due to additional social security payments and farm payments which are new to the budget; excluding these, the like-for-like real terms increase is 3.7 per cent.

3. A further £123 million of resource expenditure and £50 million capital expenditure was added to the budget as a result of the agreement between the SNP and the Greens.

4. SPICe note that for local government, following the budget deal, there is a real terms increase in revenue funding. However, funding through capital grants has decreased in real terms.¹

¹ SPICe, *Budget Bill Stage 1 – a deal, but questions over how it will be funded*, 27 February 2020

Part 1

the 2020/21 Scottish budget

The bespoke budget process in 2020/21

5. The 2020/21 budget process is characterised by ongoing uncertainty and unexpected events. The resignation of the Cabinet Secretary for Finance on the day of the budget meant that the budget was instead delivered by the Public Finance Minister, who has now been appointed to the Cabinet Secretary role.

6. The Scottish budget “bespoke” timetable, culminating in approval of Stage 3 of the budget bill on 5 March, remains unchanged, but there is less time between the stages of the budget bill compared to a standard year. In Westminster, the Chancellor of the Exchequer, Sajid Javid, resigned on 13 February and a new Chancellor, Rishi Sunak, previously Chief Secretary to the Treasury, has been appointed. The UK budget is scheduled to proceed as planned on 11 March 2020.

7. Fundamentally, approving a Scottish budget in the absence of a UK budget means that the funding levels estimated as the basis for spending and fiscal decisions in Scotland are more prone to significant change. This is because the UK budget affects all the constituent parts of the Scottish budget funding calculation.

8. The Cabinet Secretary highlighted in her budget statement that the budget “contains our best estimate, minimum level of funding that will be available to the Scottish Government in 2020/21.”² Nevertheless, Scottish local authorities are setting their budgets based on a Scottish Government Budget and Local Government Finance Settlement that may change over the course of the year.

9. As in previous years, to pass the Budget Bill, the minority SNP government must gain the support of at least some MSPs from another party. A deal was agreed with the Green Party the day before the Stage 1 vote, meaning that with the Green Party’s six MSPs, the Stage 1 vote was passed 65 for, and 54 against.³ The deal agreed between the SNP and the Green Party includes an additional £173 million of spending in total.

The Scottish Fiscal Framework

Taxes

10. The funding for the 2020/21 Budget includes revenue from Income Tax, Land and Buildings Transaction Tax and Scottish Landfill Tax. The revenues raised from these taxes is forecast to be £13,147 million. Income Tax revenue is forecast to be £12,365 million, or 94 per cent of this.

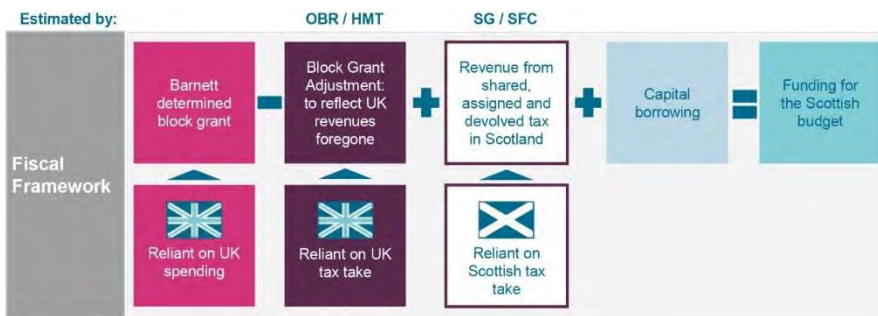
11. The Fiscal Framework determines the funding for the Scottish budget (excluding ringfenced AME funding). The Barnett formula is used to calculate the block grant. As new tax powers are implemented, a deduction is made to the block grant, known as a block grant adjustment (BGA). This based on a forecast made by the Office for Budget Responsibility (OBR) and represents the tax revenues the UK Government has foregone. The Scottish Fiscal Commission (SFC) then forecasts the devolved tax revenues, which is added on to the block grant (Exhibit 1).

² [Minister of Public Finance and Connectivity, Budget Statement, Scottish Parliament, 6 February 2020](#)

³ [Chamber Official Report, Scottish Parliament, 27 February 2020](#)

Exhibit 1

The relationship between Scottish and rest of the UK in determining the budget



Source: Audit Scotland

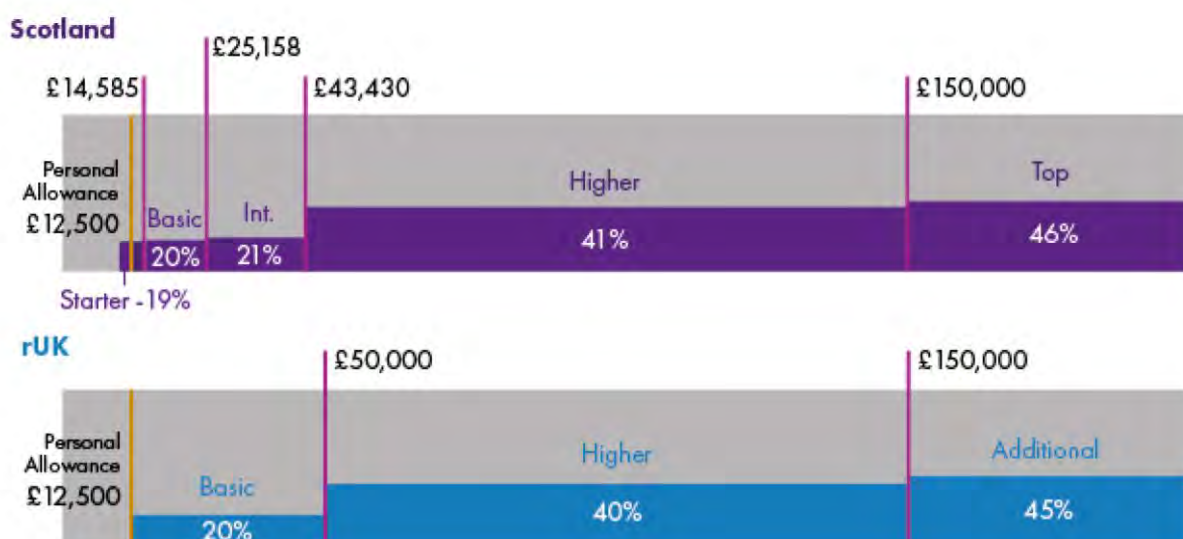
12. In 2020/21 the difference between the OBR and SFC forecast taxes results in a net increase to the Scottish budget of £160 million. OBR forecasts have not been fully updated since March 2019, and new forecasts will be published alongside the 2020/21 UK budget. As a result of changing this OBR figure, the net difference will change, perhaps significantly.

13. The tax policies proposed in the Scottish budget for 2020/21 are for the most part very similar to those set in 2019/20 and result in a small net increase to the Scottish budget of £54 million, of which £51 million relates to income tax. The Fraser of Allander Institute concluded that "income tax policy [is] unchanged, to all intents and purposes".⁴

14. The proposed rates and thresholds for Scottish Income Tax, compared to those currently in place in the rest of the UK are presented in Exhibit 2 below.

Exhibit 2

Income tax rates and thresholds



Source: SPICe

⁴ Scottish Budget 2020/21, Presentation at Budget Event, 7 February 2020, Fraser of Allander.

15. For fully devolved taxes there were similar minimal changes:

- Non-Domestic Rates (NDR)– slight reduction in the large business supplement for properties with rateable value between £51,000 and £95,000. This is expected to reduce NDR revenues by £7 million in 2020/21. The distributable amount of NDR has been set for 2020/21 to a level that will lead to a negative balance of £100 million on the NDR account.
- Land and Buildings Transaction Tax – increased tax rate for high value non-residential leases expected to increase tax take by £10 million.
- Scottish Landfill Tax - no changes to tax policy, but the delay of the full enforcement of the ban on biodegradable municipal waste (BMW) until 2025 (previously January 2021) significantly increases SLfT revenues because BMW continues to be landfilled. While this is a windfall for the Scottish Budget, this delay does not appear to be consistent with the Scottish Government's climate commitments.

16. The Scotland Act 2016 states that half of Value Added Tax raised in Scotland will be assigned to the Scottish Government. On 31 October 2019 the Chief Secretary to the Treasury wrote to the Convener of the Finance and Constitution Committee stating that the full implementation of VAT assignment will be delayed to April 2021.

Social Security spending

17. Social Security will account for around 10 per cent of resource spending for the first time in 2020/21. There remain risks that if the budget for 2020/21 does pass, that this new spending could be delayed.

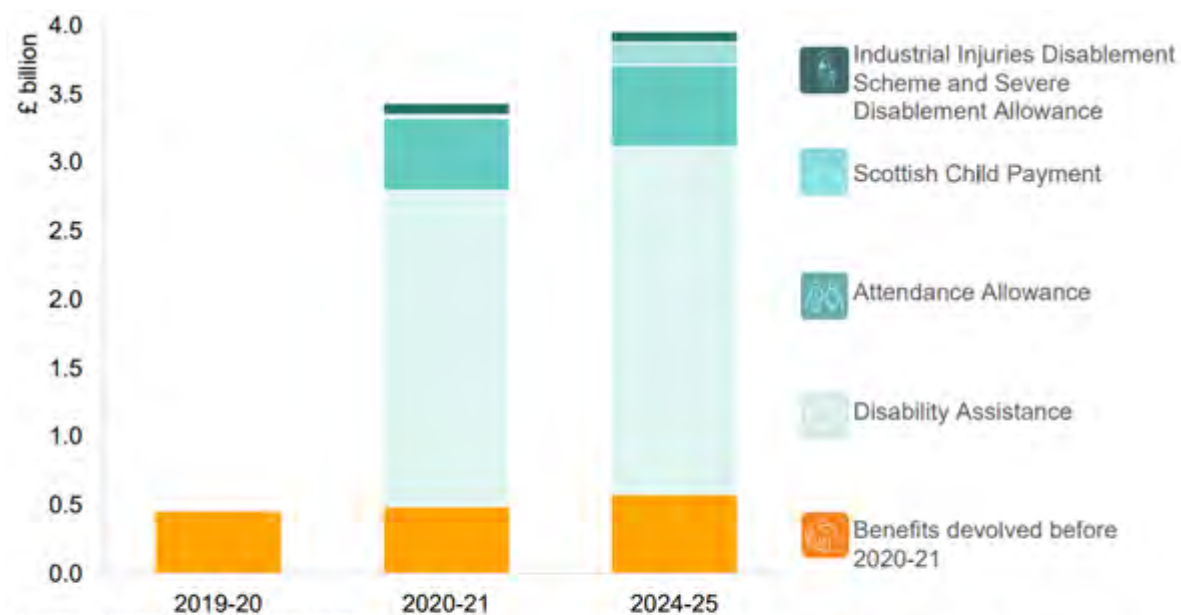
18. From April 2020 onwards, the Scottish Government becomes financially responsible for disability benefits, such as Personal Independence Payments and Disability Living Allowance, taking spending to a forecast £3.6 billion in 2020/21. Overall Social Security spending is forecast to reach a minimum £3.8 billion by 2024/25, based on no divergence from UK policy. (Exhibit 3)

19. The SFC note that its forecasts for the medium term are based on UK social security policy. As responsibility for delivery of the benefits transfers to Social Security Scotland, the Scottish Government can diverge Scottish policy from the UK equivalent, such as choosing to increase age thresholds for children's disabilities payments. The SFC conclude that Scottish policy intentions will likely increase spending on social security, and this will affect future years' forecasts. For 2020/21, the SFC state that "As there is not yet sufficient policy or operational detail available, our forecasts do not include the effect of these changes and are therefore likely to underestimate expenditure."⁵

⁵ SFC, [Economic and Fiscal Forecasts](#), February 2020 (our emphasis)

Exhibit 3

Total social security spending forecast



Source: Scottish Fiscal Commission

Disability Assistance includes spending for Child Disability Assistance, Disability Living Allowance Adult and Personal Independence Payment.

Total social security spending includes all social security portfolio spending as well as spending on Best Start Foods, Employability Services and Scottish Child Payment.

Source: SFC

20. In addition to uncertainties around policies, social security spending is variable and harder to control than other areas of spending, because it is demand-led. The Scottish Government will have to meet this expenditure as it arises. Funding for the Social Security benefits that are being devolved is transferred from the UK Government, through positive Block Grant Adjustments. For the 2020/21 budget, these are provisional BGAs based on OBR forecasts from March 2019. These are likely to change. The Scottish Government faces a risk that if spending in Scotland increases and spending in England and Wales decreases, compared to the figures used in the Scottish Budget, then there could be a significant in-year cash shortfall to manage.

The new Scottish Child Payment

21. The Scottish Child Payment (SCP) was announced in June 2019 as a new benefit to help tackle child poverty by providing additional support for low income families. This will be administered by Social Security Scotland. For children under six years old, the Scottish Government plans to have SCP open for applications in autumn 2020, with first payments made by Christmas 2020. The SFC forecast that the SCP will cost £22 million in 2020/21, £65 million in the first full year of implementation for children under six in 2021/22, and £157 million in the first full year of implementation for all eligible children in 2023/24. As there is no equivalent UK payment, this expenditure is not funded through block grant additions, and instead must be met fully by the Scottish Government from existing budgets each year.

How the 2020/21 budget will be spent

Please note that the analysis below draws on the Budget document as published 6 February, and does not include the £173 million agreed in advance of the Stage 1 debate.

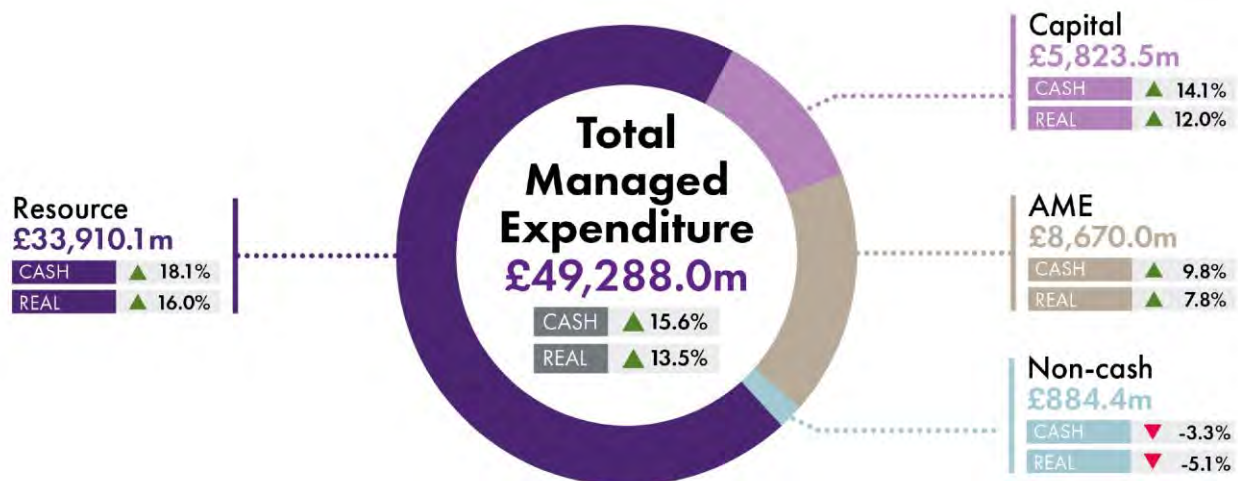
22. The Scottish public spending budget for 2020/21 as proposed is £49,288 million. The budget is made up of:

- Fiscal resource budget (spending on the operating costs for public services)
- Capital budget (investing in capital projects, such as new hospitals or schools. This also includes financial transaction funding, which can be used to make investments in organisations outside the public sector)
- Non-cash budget (used to cover technical accounting and other non-cash items)
- Annual Managed Expenditure (AME; ringfenced funding from the UK Government to cover items such as NHS and Teacher pensions and student loans).

Together, these add to Total Managed Expenditure, TME (Exhibit 4).

Exhibit 4

Total Managed Expenditure 2020/21



If we remove Social Security spending and Farm Payments from the Resource budget, it increases by 5.6% in cash terms and 3.7% in real terms.

Source: SPICe

23. The combined resource and capital budget (a good proxy for the Scottish Government's real spending power) has increased by 17.5 percent in cash terms and 15.4 percent in real terms - growing by slightly more than overall TME. However, both this and the Total Managed Expenditure in the 2020/21 budget include social security payments included for the first time in 2020/21 and newly devolved farm payments, which previously came through the EU. If these are removed, the like-for-like real terms increase is 3.7%.

Breakdown by Scottish Government portfolio

24. Based on the figures provided within the Scottish Budget 2020/21, the Local Government and Communities portfolio overall saw a very small real terms decrease of 0.2 per cent, or £20.3 million. It was the only portfolio that saw a decrease in funding. Overall, there was significant variations across portfolios and spending areas (Exhibit 5).

Exhibit 5

Largest real terms changes (figures in 2019/20 prices)

Largest real terms increases in 2020/21 on 2019/20	Largest real terms decreases in 2020/21 on 2019/20
Change in percentage terms	
Travel Strategy and Innovation (Transport, Infrastructure and Connectivity) (+1059%)	Business Development (Rural Economy) (-802%)
Natural Resources, Peatland and Flooding (Environment, Climate Change and Land Reform) (+534%)	Less Favoured Area Support Scheme (Rural Economy) (-43%)
Social Security Scotland (Social Security and Older People) (+341%)	General Capital Grant (Communities and Local Government) (-35%)
Change in absolute terms (£ million)	
NHS Territorial Boards (restated) (Health and Sport) (+440)	General Capital Grant (Communities and Local Government) (-245)
Specific Resource Grants (Communities and Local Government) (+190)	Business Development (Rural Economy) (-193)
Social Security Scotland (Social Security and Older People) (+142)	Specific Capital Grants (Communities and Local Government) (-90)

Source: SPICe Budget 2020-21 spreadsheet, January 2020. These are the largest percentage changes above £20m in the Level 3 budget lines, and the largest absolute changes in the Level 3 budget lines. Level 3 is the breakdown below portfolio and level 2 budget level. These exclude any increases/decreases in AME expenditure which are funded by UK Govt. as well as any increases/decreases in rail infrastructure which are independently determined by the Office of Rail and Road. Also exclude any obvious anomalies such as the £300m transfer from resource to capital in the SFC's budget within the Education portfolio.

25. There are various reasons for the largest increases in spending. Spending on travel strategy and investment in peatlands are a result of the Government's Green agenda and featured heavily in the budget statement. The increase in Social Security spending is part of the planned transfer of specific budgets to Scotland. The increase in Health spending reflects additional UK spending and additional Barnett Consequentials that have been transferred directly to Health – though the Budget document notes that an additional £100 million has been added to the Health budget on top of Barnett Consequentials.

26. The reasons for the largest reductions in spending are less clear. Business Development is shown as a negative as a result of repayments in loans across the portfolio - the Budget describes this as a 'technical adjustment'. The reasons for the large drop in Local Government Capital Grants was discussed at the Finance and Constitution Committee session with the Cabinet Secretary for Finance. She highlighted that this was a result of a number of one-offs in the previous financial year – reprofiling of capital spending and additional funding that year for the Town Centre Fund.⁶

⁶ Meeting of the Finance and Constitution Committee, 12 February 2020

Issues emerging from budget scrutiny relevant to local government

Pre-budget scrutiny

27. As part of their pre-budget scrutiny process, the Local Government and Communities Committee (LGCC) Committee took evidence from Account's Commission in May 2019 on the Local Government in Scotland: Challenges and Performances report, and took further evidence from the Commission on the Local Government in Scotland: Financial Overview 2018/19 in early January 2020.

28. The LGCC's pre-budget scrutiny focused on the challenge of delivering medium to long-term planning in the face of single-year budget settlements. They also highlighted their concern that preventative spending is being curtailed, as much of this spending falls in areas that are non-statutory and suggested that these areas of spending need to be ring-fenced because of the savings they deliver - not just to local government but to the NHS. There was also the suggestion that IJB budgets do not reflect the contribution of Local Government to achieving efficiencies and savings to NHS.

29. The Scottish Government responded to the LGCC pre-budget scrutiny in the budget document. The Scottish Government attributes the current environment of single-year budget settlements to the lack of future funding figures provided at UK Government level and acknowledges preventative spending as a priority.

30. COSLA had raised the issue in its evidence to the Social Security Committee as part of pre-budget scrutiny that the Scottish Welfare Fund (SWF) was under increasing pressure since its introduction due to increasing demand on the fund combined with inflation, and that as a result some authorities were choosing not to advertise the fund due to a lack of resource to cope with resulting demand. The committee in response had raised this in its pre-budget scrutiny as one of the key issues to be addressed in the budget. The SWF then saw a 6 per cent increase in real terms in the Budget, the first rise of any kind since its introduction in 2013.

31. The Health and Sport Committee identified Social Care as its key priority; it highlighted the limited and varied progress of Integration Authorities in achieving their objective of reducing successfully shifting the balance of care into the community and away from the hospital sector and reducing delayed discharges. As a result, funding in the area of Additional Support for Social Care within the Health and Sport Portfolio increased by 80 per cent in real terms in the budget.

Budget scrutiny

32. The Local Government and Communities Committee met with representatives from COSLA, SOLACE, and the Scottish Local Government Directors of Finance, followed by the Cabinet Secretaries for Communities and Local Government and Finance on 19 February.

33. This discussion focused on the difference between the new policy commitments (which COSLA estimate to be £590 million in total) and the funding provided for these commitments, which COSLA estimate to be £495 million, as well raising the issue of local autonomy for council budget.

34. The session considered the link between council services and health and wellbeing and the savings that council spending brings to health services, but the Cabinet Secretary highlighted the commitment to pass on all Health consequentials to the NHS. The change in capital budgets (and the potential for councils to re-profile capital spend) was also discussed.

Developments within the Scottish Budget 2020/21

Partnership working

35. Partnership working is referred to throughout the 2020/21 Budget. The Scottish budget increases investment in Health and Social Care Partnerships to over £9.4 billion and highlights that its priorities are to continue to improve the availability of, and people's access to, community-based services.

36. With regards to City Deals and regional partnerships, the Scottish Government has set its priorities for 2020/21 as being: to secure full City Region Deals for Stirling and Clackmannanshire and Tay Cities, as well as Growth Deals for the Ayrshires and the Borderlands. The Scottish Government has committed to continue to discuss Growth Deals for Moray, Argyll and Bute, Falkirk, and the Islands; and support the development of a Scotland-wide network of Regional Economic Partnerships. £205.6 million is provided to support the City Deals budget in 2020/21.

Scottish Government priorities

37. The 2020/21 Scottish Budget statement was presented as a budget with "wellbeing and fairness at its very heart." As such it aligns with the 2019/20 Programme for Government and the 2019 Scotland's Fiscal Outlook in its focus on:

- Wellbeing – driven by Scotland's National Performance Framework;
- sustainable and inclusive economic growth;
- tackling child poverty; and
- tackling climate change.

38. Previous priority areas, reflected in the 2019/20 budget and 2018 SFO, were more specifically aligned to services, such as healthcare and policing, as opposed to overall outcomes. Key public spending policy measures promoted in the budget to support these priorities are:

- investing around £645 million in the expansion of early learning and childcare
- £220 million funding for the Scottish National Investment Bank
- increasing investment in health and care services by more than £1 billion
- funding to establish the new Scottish Child Payment
- an above real-terms increase to the police budget
- £1.8 billion of investment in low emission infrastructure, including £500 million specifically designed to respond to the climate emergency.

39. Outcomes-based budgeting is a central theme of the new budget process, but there are challenges in the approach that the Scottish budget takes. Firstly, while wellbeing is mentioned throughout the budget document, it is unclear what specifically wellbeing refers to. At its broadest, wellbeing is the central vision encompassing all 11 national performance framework outcomes. As such, all Scottish Government spending should be targeted towards at least one outcome. This means it is difficult to see how wellbeing relates through to the prioritisation of spending towards services or initiatives.

40. The budget includes a number of measures specifically aimed at promoting sustainable and inclusive growth, which is a specific outcome in the NPF. There is limited detail in the budget about how growth will be achieved inclusively.

Chapter 3 of the budget states that infrastructure investment is "vital to deliver the Scottish Government's long-term ambitions for inclusive economic growth", yet the recent report from the Infrastructure Commission is less certain about the link. Citing commissioned research from the Fraser of Allander Institute, the report notes that evidence of the link between infrastructure and traditional economic growth is weak or unavailable.

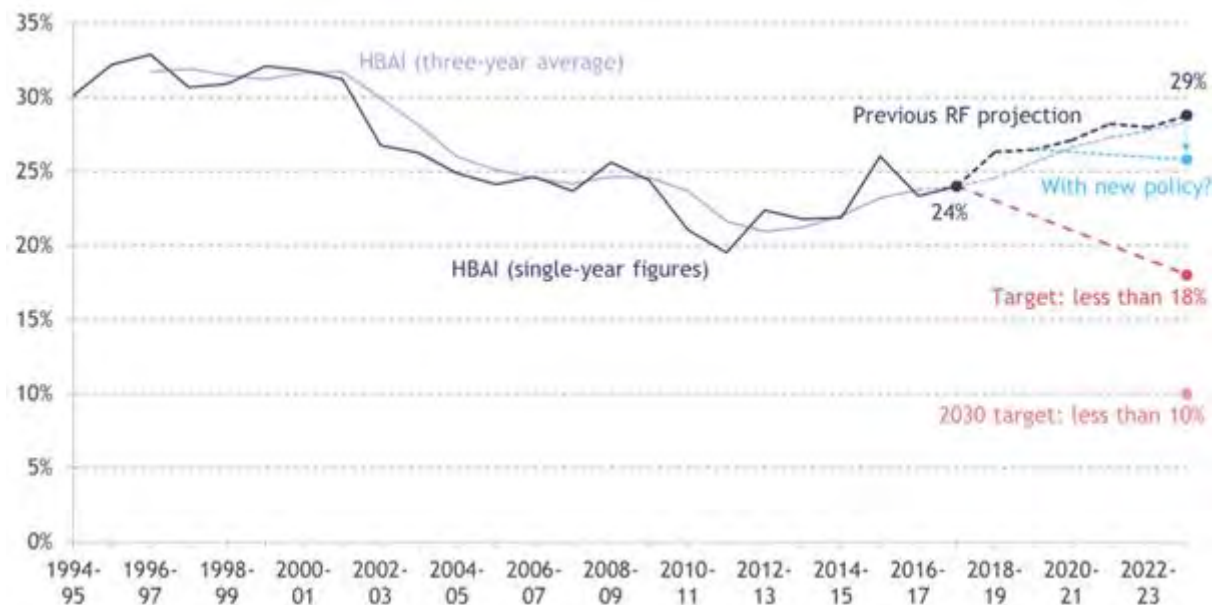
41. Social security spending and the new Scottish Child Payment is highlighted as part of measures tackling child poverty. Outside of this, the largest single spending initiative highlighted in the budget relating to child poverty outcomes is £645 million for the expansion of early learning and childcare. This is included as part of the local government financial settlement, resulting in an overall increased funding proposal for local government. This spending is however reserved for a specific Scottish Government budget initiative and must be spent specifically on this by local authorities, effectively acting as an agent for the Scottish Government.

42. COSLA has stated that the reduction in the amount of core funding over several years will impact local government's ability to contribute towards Scottish Government's objectives on inclusive growth, child poverty, wellbeing and climate change.

43. The Scottish Child Payment was widely welcomed by poverty action groups. The Resolution Foundation has pointed out that while this is expected to reduce child poverty by three percentage points, this is still some way off the Scottish Government's targets for child poverty reduction for 2022/23, and further steps will need to be taken if this is to be achieved (Exhibit 6).

Exhibit 6

Expected impact of SCP on child poverty rates in Scotland



Source: Resolution Foundation

Part 2

Local Government Budget 2020/21

44. This section presents our analysis of local government funding for 2020/21. This follows on from the [Local government financial overview](#), as published in December. The local government performance and challenges report will publish in March 2020 and will develop on these issues further.

45. This summary complements the [Local Government Finance: Budget 2020-21 and provisional allocations to local authorities](#) briefing paper produced by SPICe. SPICe have used the 2019/20 budget figures as set out in the 2020/21 budget, which are based on the 2019/20 Budget Bill. We have used the final budget figures for 2019/20, as published alongside the provisional 2020/21 figures. These are set out in [Circular 01/2020](#), released alongside the 2020/21 budget.

Local Government funding in 2020/21

46. The Scottish budget contains funding for local government spread across several portfolios. The Budget also presents the total figure for local government funding in 2020/21 and reconciles this to the Local Government Finance Settlement (the Finance Settlement), which was published 6 February. Exhibit 7 shows our initial analysis of how the Local Government Settlement is made up, and how this agrees to the Scottish Budget.

Exhibit 7

Local Government funding 2020/21

Local government funding, £ million	Note	Cash terms			Real terms (19/20 prices)		
		2019/20 Budget	2020/21 budget	% change	2019/20 Budget	2020/21 budget	% change
<u>Revenue</u>							
Total Revenue	1	10,308.8	10,572.8	2.6	10,308.8	10,381.6	0.7
Specific Resource Grants	2	507.7	709.8	39.8	507.7	696.9	37.3
General Revenue Grant (as per circular)		6,948.06	7,073.06	1.8	6,948.1	6,945.1	0.0
Non Domestic Rates		2,853.0	2,790.0	-2.2	2,853.0	2,739.5	-4.0
<i>Total GRG + NDR</i>		<i>9,801.1</i>	<i>9,863.1</i>	<i>0.6</i>	<i>9,801.1</i>	<i>9,684.7</i>	<i>-1.2</i>
<u>Capital</u>							
Total Capital	-	1,092.2	763.0	-30.1	1,092.2	749.2	-31.4
General Capital Grant		712.0	467.9	-34.3	712.0	459.4	-35.5
Specific Capital Grants	3	380.2	295.1	-22.4	380.2	289.8	-23.8
Total funding set out in the Finance Settlement		11,401.0	11,335.8	-0.6	11,401.0	11,130.8	-2.4
Other Scottish Government Funding	4	447.9	580.3	29.6	447.9	569.8	27.2
Total local government funding in the Scottish Budget		11,848.9	11,916.1	0.6	11,848.9	11,700.6	-1.3

Notes - sums may not add due to rounding.

1. The Finance Settlement shows that £53 million of this funding is still to be distributed, for national programmes such as the Teacher Induction Scheme, Discretionary Housing Payments, Mental Health Officer shortfall and the implementation of the Barclay Review. Annex B of Local Government Finance Circular No. 01/2020 shows how the remaining £10,520 million distributable revenue funding is shared between councils
2. Includes grants for Early Learning and Childcare Expansion, Pupil Equity Fund, and Criminal Justice Social Work grants.
- 3 Includes the capital element of the Early Learning and Childcare expansion (£121 million) and the Transfer of Management of Development Funding (£92 million).
- 4 Includes revenue funding for programmes such as the Attainment Scotland Fund (£62 million) and the Schools for the Future Programme (£72.4 million), and capital funding for programmes such as City Deals (£201 million) and the Future Transport Fund (£18 million). See Budget Table 6.15

Source: Scottish Budget 2020/21; Local Government Finance Circular No 01/2020, Scottish Government, February 2020

47. The budget deal since agreed between the Government and the Green Party adds £45 million to the GRG and £50 million to the NDR, meaning that total GRG and NDR is almost flat in real terms (a 0.2 per cent decline between 2019/20 and 2020/21). £15 million is added to specific capital grants, but this still means that capital shows 30 per cent real terms drop in year. Overall, including all the Stage 1 additions, total local government funding in the Scottish Budget decreases by 0.3 per cent in real terms.

Commitments to be funded from general revenue funding

48. The Budget sets out that the Scottish Government and COSLA have agreed to allow Council Tax to increase by a maximum of 4.84 per cent (3 per cent plus inflation) in 2020/21. In 2019/20, 12 councils increased Council Tax by the maximum amount.⁷

49. The Local Government Performance and Challenges report, which will be published in March, will comment more on the pressures on local government funding and services.

Capital grant funding

50. Capital funding has increased since 2013/14 in real terms, but for 2020/21 saw a 30 per cent drop in available spending from 2019/20. The change between 2019/20 has been explained by the Scottish Government as resulting from the removal of one-off items that took place in 2019/20. However, the capital allocation is still 15 per cent lower in real terms than in 2018/19. In her evidence on this issue, the Cabinet Secretary for Finance has emphasised local authorities' ability to borrow.⁸

51. However, trend analysis of capital allocations in both the short-term and long-term must be treated with caution, as the Scottish Government has reprofiled capital grant allocations on a number of occasions in recent years. In addition, slippage in projects will impact on the grant figures for individual councils.

Trends in local government funding since 2013/14

52. Based on analysis of Local Government funding in the circulars, funding has declined over the period 2013/14 to 2020/21 in real terms (decreasing by 2.7 per cent). Revenue funding from the General Revenue Grant and Non-

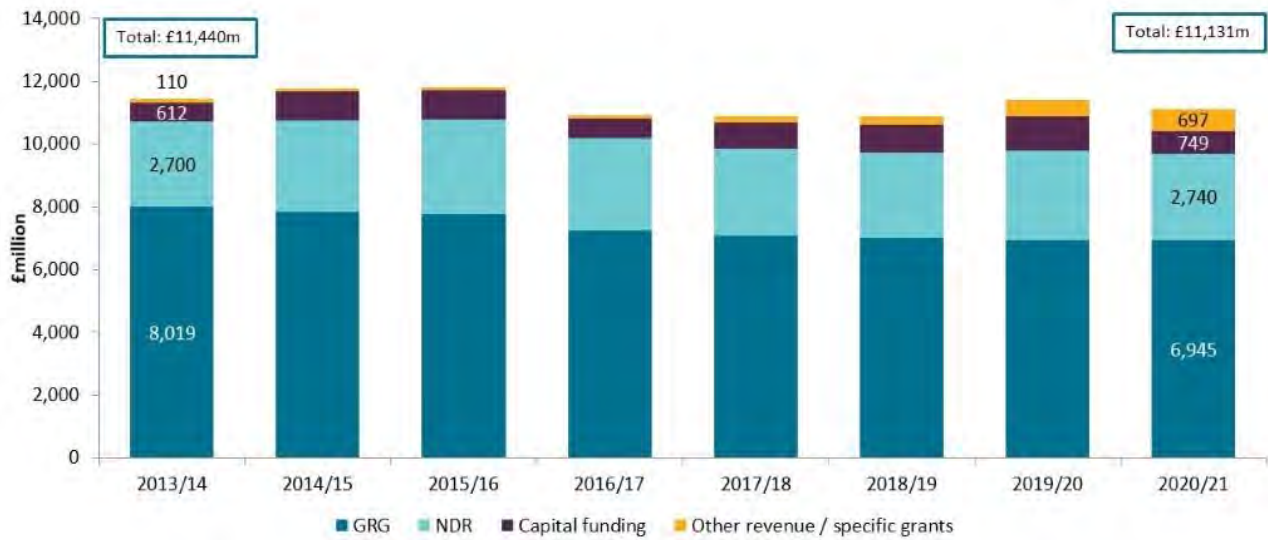
⁷ SPICe, [Local Government Finance: Budget 2020-21 and provisional allocations to local authorities, February 2020](#)

⁸ [Evidence to the LGCC, col 52](#)

Domestic Rates has decreased by 9.6 per cent over the same period. (Exhibit 8).

Exhibit 8

Trends in funding (2013/14 to 2020/21)



Source: Audit Scotland's analysis of Local Government Funding Settlements, 2013/14 to 2020/21, in real terms on 2019/20 basis

Links to further information

There is a large amount of useful analysis performed by commentators and researchers if you are interested in finding out more of the detail.

- [Audit Scotland October briefing paper: Scotland's new financial powers: operation of the Fiscal Framework, 2018/19](#)
- [Fraser of Allander Budget Report](#)
- [Fraser of Allander Budget Report slides](#), from event 7 February 2020
- [SPICe: Local Government Finance: Budget 2019/20 and provisional allocations to local authorities](#)
- [SPICe: Scottish Budget 2020/21 overview](#)
- [SPICe: Tax in Scotland: 2020/21 infographic](#)

MEETING: 12 MARCH 2020**REPORT BY: SECRETARY TO THE COMMISSION****ACCOUNTS COMMISSION AND AUDITOR GENERAL ROLLING WORK PROGRAMME:
ANNUAL REFRESH 2020/21 TO 2024/25**

Introduction

1. The purpose of this report is to introduce Audit Scotland's proposals for the annual refresh of the five-year rolling work programme.

Background

2. The Commission's Strategy sets out that the Commission will maintain a five-year rolling programme of work. This programme covers all aspects of the work done on the Commission's behalf by Audit Scotland beyond the financial audit, and thus covers overview reporting, shared risk assessment and scrutiny planning, Best Value Assurance Reports, performance audits, statutory reporting, the *How Councils Work* series, impact reporting, and outputs from programme development activity. The programme is published jointly with the Auditor General. The programme is refreshed on an annual basis, setting out detailed work for the first two years and an indication of likely areas of work for the subsequent three years.
3. The current work programme is set out in Appendix 1.

Commission Strategy

4. The Commission's current Strategy states that its work programme will reflect the following:
 - Ensuring that our overview reporting provides an assessment of the performance of local government that informs discussion and debate about the issues that it faces.
 - Taking forward our new approach to the annual audit and auditing Best Value to clearly set out the Best Value expectations of councils and report on councils' delivery of key public services and their use of public money.
 - Ensuring that our national performance audit work appropriately covers the key areas of public policy and is facilitating improvement in those areas.
 - Ensuring that our work follows the public pound by reporting upon the range of approaches that are used by councils in delivering services and improving communities.
 - In conjunction with our scrutiny partners, continuing to coordinate the audit, inspection and regulation of local government in Scotland.
 - Better reflecting the interests of the citizen, service user and communities in our work, including Best Value auditing, in performance audits and in our joint work with our scrutiny partners.
 - Promoting good practice and innovation in our work and making more effective use of data and analysis in our reports.
5. The Commission's Strategy also sets out a set of strategic audit priorities on which it will use its approach to auditing Best Value to assess how councils are progressing, thus:

- Having clear priorities with a focus on outcomes, supported by effective long-term planning.
 - Demonstrating the effective appraisal of options for changing how services are delivered in line with their priorities.
 - Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future.
 - Empowering local communities and involving them in the design and delivery of local services and planning for their local area.
 - Reporting the council's performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes.
6. While these strategic audit priorities feature mainly in the integrated approach to the financial audit and auditing Best Value, Audit Scotland is also mindful of these in the rest of its programme development work on behalf of the Commission.

Work programme consultation

7. At its last meeting, the Commission considered my report presenting the responses to the Commission's November 2019 consultation on its work programme for 2020-25. The Commission:
- Noted, in relation to good practice, advice from the Secretary about ongoing discussion with the Improvement Service around articulating respective roles in relation to reporting and promoting good practice.
 - Endorsed the usefulness of briefing papers as a medium for setting out its position on policy areas.
 - Agreed that the points raised in the consultation exercise be considered by Audit Scotland in developing work programme proposals, to be considered at its next meeting.

Proposals

8. Audit Scotland is proposing a refresh of the work programme as set out in Appendix 2.
9. The proposals have been subject to initial high-level discussion between Audit Scotland officials and the Commission Chair.
10. The Commission has in recent years encouraged different features in the direction and development of its work programme. The programme reflects flexibility and responsiveness, thus including significant amounts of work done jointly with the Auditor General. It has an increasingly wide range of outputs beyond performance audits arising from programme development work, such as briefings and other activities. Audits are of varying size depending on the policy area covered. Audit outputs are also increasingly varied with different ways of presenting messages from reports. Promotion of audit work is also becoming increasingly creative and varied.

Recent areas of interest from Commission

11. The Commission may wish to consider a number of areas of interest that have arisen in recent meetings.
12. At its meeting on 10 October, the Commission endorsed the view of the Performance Audit Committee that it consider public health and wellbeing as themes in future refreshes of the

work programme.

13. At its meeting on 12 December, the Commission noted advice from the Secretary in response to a query from Sophie Flemig that the Commission would consider the implications for its work including its stakeholder engagement strategy of a proposed Scottish parliamentary bill implementing the United Nations Convention on the Rights of the Child.
14. At its meeting on 20 February, the Performance Audit Committee agreed:
 - To recommend to the Commission that it consider the following areas for future investigation and reporting in the work programme (including through overview and Best Value auditing work):
 - Interconnectedness between public policy and the citizen (suggested by Stephen Moore)
 - A theme around women and girls (Christine Lester)
 - A theme around corporate parenting (Christine Lester).
 - To recommend to the Strategic Scrutiny Group that it expedite proposed joint scrutiny work on drug and alcohol policy, and recommend to the Commission that it consider featuring such work in its work programme refresh exercise.
 - In relation to the planned performance audit *Scotland's Economic Growth: the role of councils*, agreed to recommend to the Commission:
 - Not to proceed with at this time.
 - Meantime, that the Director continue to monitor councils' economic development services, with a view to programming a performance audit at a later point in the 2020-2025 programme, with the scope to be determined nearer the time.
 - That such consideration includes inclusive growth.
15. As the attached paper identifies, Audit Scotland addresses the Commission's strategy in its refresh proposals. The proposals also address areas of interest that the Commission has identified in its work since publishing the current work programme.
16. It is important for the Commission to assure itself at today's meeting, in agreeing proposals for the refresh of the work programme, that these and indeed any other policy areas of interest are covered appropriately either by performance audits, other outputs from programme development work, or by ongoing monitoring through policy cluster work.

Conclusion

17. The Commission is invited to
 - Consider the attached draft work programme as proposed by Audit Scotland, including detailed proposals for 2020/21 and 2021/22, particularly the points in paragraph 57 of the attached paper.
 - Consider recent areas of interest from the Commission, as set out in paragraphs 21 to 23.

Paul Reilly
Secretary to the Accounts Commission
6 March 2020

APPENDIX 1: Current Accounts Commission work programme

2019/20	2020/21	2021/22 provisional	2022/23 provisional	2023/24 provisional
---------	---------	------------------------	------------------------	------------------------



Annual audit

For 32 councils, 32 joint boards, 30 health and social care integration boards, and 11 pension funds.



Overview reporting

Local government financial overview	Local government financial overview	Local government financial overview	Local government financial overview	Local government financial overview
Local government overview	Local government overview	Local government overview	Local government overview	Local government overview



Auditing Best Value

7 BV Assurance reports:	7 BVARs:	6 BVARs:	End of five-year appointment cycle	New appointment cycle
<ul style="list-style-type: none"> • Highland • Midlothian • N Lanarkshire • Perth and Kinross • Scottish Borders • S Lanarkshire • Stirling 	<ul style="list-style-type: none"> • Aberdeenshire • Argyll and Bute • City of Edinburgh • Dundee City • Falkirk • Moray • N Ayrshire 	<ul style="list-style-type: none"> • Aberdeen City • Angus • East Dunbartonshire • Eilean Siar • Shetland Islands • South Ayrshire 	Approach to Best Value audit in councils to be agreed	Approach to Best Value audit in councils to be agreed
Progress reported in other 25 annual audit reports	Progress reported in other 25 annual audit reports	Progress reported in other 26 annual audit reports		

2019/20	2020/21	2021/22 provisional	2022/23 provisional	2023/24 provisional
---------	---------	------------------------	------------------------	------------------------



Performance audits (* joint with Auditor General)

Themes: Education and economy Resources and infrastructure Health and wellbeing

<p>City Deals*</p> <p>Early learning and childcare – impact and follow-up*</p> <p>Educational outcomes*</p> <p>Affordable housing*</p> <p>EU withdrawal*</p> <p>Revenue financing of assets (NPD / Hub models) *</p>	<p>Commonwealth Games legacy*</p> <p>Waste management*</p> <p>Outcomes for children with additional support needs*</p> <p>Social care sustainability*</p> <p>Digital progress in local government</p> <p>Supporting economic growth: the role of local authorities</p>	<p>City Deals 2*</p> <p>Community justice*</p> <p>Digital services: learning or justice (joint or AGS)</p> <p>Early learning and childcare series*</p> <p>Improving outcomes for looked after children and young people*</p> <p>Workforce planning post-EU withdrawal*</p> <p>Specific local government services</p>	<p>Housing for an older population*</p> <p>Mental health*</p> <p>Progress in addressing child poverty*</p> <p>Replacing Structural Funds*</p> <p>Strategic capital investment (joint or AGS) *</p> <p>Specific local government services</p>	<p>Health and social care 3*</p> <p>Specific local government services</p>
--	--	---	--	--



Scrutiny co-ordination and shared risk assessment

National scrutiny plan



How Councils Work

No reports planned To be confirmed To be confirmed To be confirmed To be confirmed



Benefits administration audit

Annual report To be confirmed To be confirmed To be confirmed To be confirmed

Thematic reports:

- Overpayments
- Resourcing

2019/20	2020/21	2021/22 provisional	2022/23 provisional	2023/24 provisional
---------	---------	------------------------	------------------------	------------------------



Briefing papers

Drug and alcohol policy	Teacher workforce planning	To be confirmed	To be confirmed	To be confirmed
Public health				
EU withdrawal				
Cyber security				



Impact reports

Equal pay	To be confirmed	To be confirmed	To be confirmed	To be confirmed
-----------	-----------------	-----------------	-----------------	-----------------

APPENDIX 2: WORK PROGRAMME REFRESH PROPOSALS

(see attached Audit Scotland paper)

Introduction

1. This paper sets out proposals for refreshing the Auditor General for Scotland (AGS) and Accounts Commission five-year rolling work programme (2020/21 – 2024/25). The paper has been prepared specifically for the Commission and covers both Commission-only audit and programme development work (e.g. performance audits, Best Value auditing in Councils and IJBs, Local Government Overviews, briefing papers and How Councils Work reports) and joint AGS/Commission performance audit work.
2. A separate complementary report has been prepared for the Auditor General covering AGS-only work (e.g. NHS and central government performance audits, NHS and colleges overviews, New Financial Powers audit work, and S22 reports) and joint AGS/Commission performance audit work. That report will be discussed with the Auditor General on the 9 March 2020.
3. The proposals have been developed to respond to: the changing nature of public service risks; the Commission's and the AGS' [strategic priorities](#); consultation and wider stakeholder engagement [feedback](#); and the outcomes of the Commission's recent engagement with the [Interim Chief Executive of the Improvement Service \(IS\)](#).
4. The paper is in eight parts:
 - Part 1 - Strategic context and Accounts Commission priorities
 - Part 2 - Consultation feedback
 - Part 3 - Work programme refresh proposals (2020/21 – 2024/25)
 - Part 4 - Best Value auditing in councils and IJBs
 - Part 5 - Local government services and overview reporting
 - Part 6 - Improvement support and best practice (including future How Councils Work reports)
 - Part 7 - Adding value through insights on key issues and risks
 - Part 8 - Resources
5. In addition to asking the Commission to approve the refreshed work programme, the paper also asks the Commission to identify priority themes and topics for Audit Scotland to consider when targeting future local government-related programme development and audit work. This includes themes for future Local Government overview reporting, How Councils Work, 'other outputs' such as briefings, or dedicated performance audits. The proposals seek to provide some clarity for the Commission and stakeholders around the programme, while ensuring that we are agile and flexible in response to emerging issues and the use of the Commission's powers.

Part 1: Strategic context and Accounts Commission priorities

The context and scope of the work programme

6. The work programme is designed to reflect the Commission's assessment of local government risks and covers all aspects of the Commission's work. This includes annual audits and Best Value audits, overview reports, performance audits (including housing benefit work), and How Councils Work reports (Exhibit 1):

Exhibit 1: Local Government risks and audit responses



Source: Accounts Commission, November 2019

7. This year's work programme refresh is taking place in the context of an increasingly uncertain environment for public services in Scotland as a consequence of the impact of the UK's departure from the EU, the COSLA and Scottish Government Local Governance Review, and the impact of a potential further referendum on Scottish Independence. These developments are likely to significantly impact councils, IJBs and their partners in ways that are difficult to predict. 2020 will also see a change of Auditor General, with Caroline Gardner's successor taking up their 8-year appointment on 1 July 2020.
8. Flexibility therefore needs to be built into the work programme to enable it to adapt and respond to changes in the public sector operating environment and the evolving priorities of the Commission and new AGS.
9. Audit Scotland supports the Commission in responding in a flexible and proportionate way to the constantly changing environment in which councils and their partners are operating. This dynamic approach is underpinned by our monitoring of public sector audit risks and extensive external engagement and programme development activity. An important part of this work is considering key cross-cutting issues on behalf of the AGS and the Commission (e.g. digital, workforce, leadership, inclusive growth).
10. Our response to new or emerging risks may not necessarily be formal audit work but, depending on the nature of the issue, might include programme development activity, round table discussions with stakeholders, blogs or briefing papers.

Accounts Commission strategic priorities

Strategic development priorities: 2020/21 – 2022/23

11. In [August 2019](#) Audit Scotland agreed with the Commission that there would be four key development priorities which we would focus our effort on over the next two years (i.e. the final two years of the current local government audit appointments). These are:
 - **New Code of Audit Practice:** developing the new Code of Audit Practice which will apply to new five-year audit appointments, ensuring that the Code reflects the Commission's desire to have Best Value at the core of the wider audit scope.
 - **Best Value in councils:** developing a new approach to auditing Best Value in councils, building on the integrated audit approach introduced in 2016, and reflecting the new Best Value statutory guidance.

- **Best Value in IJBs:** developing audit arrangements that will offer assurance to the Commission on the extent to which IJBs are meeting their duty to secure Best Value.
- **Local Government Overview reporting:** further developing overview reporting as a central strand of the Commission's commentary on the performance of Scotland's councils and the strategic challenges facing the local government sector.

Accounts Commission strategic audit priorities (SAPs) and wider local government risks

- At its strategy seminar in March 2019, the Commission agreed to continue to apply its current Strategic Audit Priorities (amended to incorporate options appraisal reflecting innovation and joint working) for the remaining two years of the current audit appointments for Best Value audit work in local government. In March 2020, the Commission also agreed to use Exhibit 1 of the most recent AAAR from the Controller of Audit to inform any future articulation of its SAPs (e.g. in the Commission's annual report). These SAPs will continue to be used to inform local government Best Value audit work, overview reporting and AAAR reporting to the Commission from the Controller of Audit during 2020/21 and 2021/22.
- At its mid-year strategy seminar in September 2019, the Commission considered its approach to responding to the local government risk environment and highlighted several topics and themes that it wished to see reflected in the Commission's work programme. Our proposed response to these issues is set out below:
 - **Collaborative leadership:** programme development work on public sector collaborative leadership is taking place during 2020. This will involve reviewing current academic research alongside findings from relevant national and local audit work. It will also include stakeholder engagement with groups such as the Scottish Leaders Forum (SLF) and the third sector. This activity will inform our audit response to this increasingly important public sector audit risk.
 - **Community empowerment:** Audit Scotland is continuing to engage with scrutiny partners on this topic through the Strategic Scrutiny Group (SSG), the Community Empowerment Advisory Group and wider stakeholders. We are also working closely with the Deputy Chair of the Commission who has been taking a lead on this topic on behalf of the Commission. Based on this work, we are proposing a new performance audit in 2022/23 on implementation of community empowerment approaches in local government and will bring an options paper for consideration by the Commission in May or June.
 - **Climate change:** We are proposing to give greater prominence to this important topic in the work programme by preparing a briefing paper on the climate change emergency in 2020/21 or early 2021/22. This briefing paper will set out how public bodies are responding to the climate change emergency. It will also be used to inform the scope and timing of our proposed audit on progress against the Scottish Government Climate Change Plan and will inform our thinking on how these issues should be addressed through the annual audit. We will also ensure that the 2020/21 *Waste Management* audit addresses issues relevant to sustainability and climate change.
 - **Equalities and socio-economic disadvantage:** We will continue to incorporate this as a key theme in relevant performance audits (e.g. *Fair access to higher education, Community empowerment, Educational outcomes, Public health, Progress in addressing child poverty*); local government Best Value audits; and the Performance and Challenges local government overview. The PIE cluster is also undertaking monitoring and programme development work on inclusive economic growth.
 - **Outcomes:** Ongoing programme development is taking place to further develop our approach to auditing outcomes in the context of the refreshed National Performance Framework (NPF) and the United Nations Sustainable Development Goals.

- **Services for older people:** This issue will be addressed in our proposed audit on *Social care sustainability*, future work on IJBs and the proposed performance audits on *Housing for an older population* and *Mental health services for older people*. It will also feature in future local government overview reporting.
- **Risk management in councils:** Risk management is currently addressed as part of the annual audit assessment of the control environment in all audited bodies. Any concerns are highlighted in individual annual audit reports. Any significant issues of concern would be brought to the attention of the Commission through a CoA S102 report.
- **Local government services:** We are proposing to use the *Local Government Overview* as the main vehicle for reporting on local government services. See Part 5 of the report for more details on the proposed approach.

Action point: The Commission is invited to note how the work programme reflects its strategic areas of interest (see paras 11-13).

Strategic Scrutiny Group

14. The Strategic Scrutiny Group (SSG) is the main vehicle through which the Commission oversees and manages the co-ordination local government scrutiny - a responsibility which was given to the Commission following the [Crerar review](#) in 2007.
15. The SSG continues to be an important element of the Commission's work and which requires significant support from Audit Scotland in relation to both supporting the group itself and managing the Shared Risk Assessment (SRA) process on the Commission's behalf. This process involves all local government appointed auditors and scrutiny partners (e.g. Education Scotland and the Care Inspectorate).
16. Beyond its core role of overseeing the SRA, the SSG has also been taking forward a range of collaborative scrutiny developments in areas of shared interest such as community empowerment, drug services and self-evaluation. These were set out in the update on the work of the SSG at the Commission's [February meeting](#). These various streams of development activity all involve support and resource commitments from Audit Scotland.

Part 2 – Consultation feedback

Consultation feedback

General feedback

17. The Commission received a [report in February](#) summarising the outcomes of its recent consultation on the work programme. Respondents were very positive about the content of the programme and there was strong continued support for the Commission's core products including overview reporting, the How Councils work series, and the Commission's use of alternative outputs such as briefing papers.
18. The main headline comments on the work programme and our proposed responses are set out in Table 1:

Table 1: Proposed responses to general consultation feedback

- **Local government funding and reform:** This will continue to be a key theme in future local government overview reporting and Best Value audit work in councils. Public service reform, and the funding provided to local government to support its implementation, also continues to be

a key theme across the performance audit programme (e.g. Early learning and childcare, social care sustainability, improving educational outcomes, health and social care integration, etc.)

- **European Union (EU) withdrawal and its impact on workforce and funding:** We will continue to monitor the impact of the UK's departure from the EU on public services and public finances in Scotland and will adapt the work programme in response to emerging risks and issues.
- **Climate Change:** Given the weight of responses on this topic and the priority given to it by the Auditor General for Scotland in our engagement with her over the work programme refresh we are proposing to give greater prominence to this topic by preparing a briefing paper on the climate change emergency in 2020/21 or early 2021/22 which will set out how public bodies are responding to the climate change emergency, including highlighting any innovative practice. The briefing paper will also be used to inform the scope and timing of our proposed audit on progress against the Scottish Government Climate Change Plan which is currently scheduled for years 3-5 of the programme (between 2022/23 to 2024/5).
- **Health:** This continues to be a key area of audit interest for the Auditor General for Scotland through NHS Overview reporting, NHS S22 reports and a suite of performance audits contained in the work programme (e.g. public health, drug and alcohol services, mental health service (older people or learning disability services), several of which will be joint AGS/Commission audits.
- **Community Empowerment:** Audit Scotland is continuing to work with scrutiny partners on this topic through the Strategic Scrutiny Group (SSG) and with the Community Empowerment Advisory Group. We are proposing a performance audit in 2022/23 and we are engaging with several Commission members to inform the approach to be taken to this work.
- **Collaborative leadership:** Public sector leadership continues to be an important area of focus as part of our programme development activity as well as featuring as a key theme in relevant performance audits (e.g. Local Government Overview reporting, health and social care)
- **Economic growth:** This is already a prominent theme in the work programme, with performance audits on the Scottish Government Enterprise and Skills Review, Scottish Investment Bank, City Region and Growth Deals 2, and Planning for economic development post-EU withdrawal. It also continues to feature as a key area of interest for the PIE policy cluster.
- **Good practice:** We will continue to engage routinely with the Improvement Service to consider how best to respond to the interest shown by some respondents in the sharing of good practice examples of transformation, prevention, shared services, and making more fundamental service delivery decisions. This engagement will also help inform plans for future HCW products.
- **Feedback on the timing of audits:** A small number of respondents suggested potential changes to the timing of the Waste Management, Health and Social Care Integration Part 3, and Replacing Structural Funds audits contained in the draft work programme.

The relevant policy clusters have considered the points raised and are not proposing to change the timing of these audits for the reasons set out below:

- **Waste Management:** An early audit will provide insight into the state of councils' readiness to introduce the Biodegradable Municipal Waste (BMW) Landfill Ban and will provide a basis for potential further work in this area. Scoping will inform our thinking, and should it indicate that the timing should change we will discuss this with the AGS and Commission.
- **Health and social care integration Part 3:** The argument for pulling this audit forward suggested that the respondent was unaware of the Commission's plans to introduce Best Value auditing in IJBs and/or that IJBs will continue to be subject to annual audit with any significant failings leading to a S102 report to the Commission from the CoA.

- **Replacing Structural funds:** Given the ongoing uncertainty around the impact of EU withdrawal, this audit has been removed from the programme and an audit on planning for economic growth post-EU withdrawal is now proposed in years 3-5 of the rolling work programme in its place.

19. Appendix 2 summarises how we have responded to the work programme consultation feedback as it relates to both thematic performance audit work, local government topics and future HCW activity.


Action point: The Commission is invited to note how stakeholder feedback has been reflected in the work programme (See paras 17-19 and Appendix 2).

Part 3: Work programme refresh proposals (2020/21 – 2024/25)

20. This year's work programme refresh is taking place in the context of an increasingly uncertain environment for the Commission, AGS and public services in Scotland. The level of uncertainty and unpredictability is unlikely to decrease in the foreseeable future, making it even more important that the work programme can adapt and respond flexibly to changes in the public sector operating environment.
21. 2020 will also see a transition in Auditor General. Flexibility therefore needs to be built into the work programme to respond to the evolving priorities of the Commission and the new AGS. We will use our ongoing engagement with stakeholders across the public sector to inform our regular discussions with the Commission and AGS about new and emerging risks and how they should be reflected in the work programme.
22. The proposed changes to the programme have been developed based on our consideration of audit intelligence, changes to the policy and fiscal environment, risks and issues and the strategic priorities of the AGS and Commission. These proposals are summarised in Exhibit 2 (page 7).

Exhibit 2: Refreshed performance audit proposals 2020/21 – 2024/25 (AGS and Commission)

★ **New** ➔ **Move** ⊕ **Change** ✖ **Remove**

	2020/2021	2021/2022	2022 to 2025 areas of longer-term audit interest which are being considered for inclusion in the future work programme
 <p>Performance audits</p>	<ul style="list-style-type: none"> • Highlands and Islands Enterprise: Cairngorm Funicular (AGS) • Skills – planning and investment (ASG) • Social Security (AGS) • Affordable housing (Joint) ✖ Commonwealth Games legacy (Joint) • Educational outcomes (Joint) • Waste management (Joint) • Digital progress in local government (AC) ✖ Supporting economic growth: the role of local authorities (AC) 	<ul style="list-style-type: none"> ✖ Development of Scotland's new agriculture and fishing policy (AGS) • Fair access to higher education (AGS) • Social Security (AGS) ➔ Digital in health (Joint) (was 22/23) ⊕ Implementation of Justice Strategy (Joint) ➔ Outcomes for children with additional support needs (Joint) (was 20/21) ✖ Workforce planning post-EU withdrawal (Joint) ⊕ Local government services (AC) 	<p>Health, Care and Communities</p> <ul style="list-style-type: none"> ★ Disability (Joint) ★ Drug and alcohol services (Joint) ★ Public health arrangements (Joint) • Health and social care 3 (Joint) • Housing for an older population (Joint) • Mental health: older people or learning disability (Joint) • Progress in addressing child poverty (Joint) ★ Community empowerment (AC) <p>Justice, Education and Lifelong Learning</p> <ul style="list-style-type: none"> ➔ Digital services: justice (AGS) (was 21/22) • Digital: progress against the Digital Strategy (AGS) ★ Early learning and childcare (Joint) ➔ Improving outcomes for looked after children and young people (Joint) (was 21/22) ★ School education: follow up audit (Joint) <p>Public finances, investment and economic impact</p> <ul style="list-style-type: none"> • Climate change plan (AGS) • Public energy company (AGS) • Social Security (AGS) • Support to rail services (AGS) • Supporting economic growth: Enterprise and Skills Review (AGS) • Scottish Investment Bank (AGS) ★ Planning for economic growth post-EU withdrawal (Joint) ★ Public finances and economy (AGS or Joint) ✖ Replacing Structural Funds (Joint) • Strategic capital investment (AGS or Joint) ➔ Scotland's City Region and Growth Deals 2 (Joint) (was 21/22)
	<p>⊕ Social Care Sustainability (Joint)</p>		

23. The rationale for proposed changes to the programme are set out in Table 2:

Table 2: Rationale for proposed changes to the work programme

Year	Proposed changes to the programme
2020/21	<p>Remove</p> <ul style="list-style-type: none"> • Commonwealth games legacy (Joint): propose remove from programme. Given the significance of other audits in the programme, in our view the legacy of the Commonwealth Games is a lower priority. A full audit would deliver lower impact given the one-off nature of the Games. For example, it is unlikely that focused recommendations could be made. The Games' legacy has now merged with business-as-usual which would make identifying legacy outcomes directly attributable to the Games difficult. • Supporting economic growth: the role of local authorities (AC): on behalf of the Commission, we invited the Improvement Service to provide a general briefing on its work to the Commission in January. At its meeting on the 20 February, the Performance Audit Committee considered an options paper from Audit Scotland on how the Accounts Commission might take forward its interest in the role of councils in supporting inclusive economic growth at its meeting on 20 February and agreed to recommend to the Commission that this audit be removed from the work programme, with the issue of inclusive economic growth continuing to be monitored by the PIE policy cluster. <p>Revised timing</p> <ul style="list-style-type: none"> • Outcomes for children with additional support needs (ASN) (Joint): move to 2021/2022. The Scottish Government has commissioned a review of services for children with ASN that is due to report with recommendations at the end of February 2020. We want to allow at least 9 months after the report for bodies to start acting on the recommendations, but not so long that the momentum that has been built up by the review is lost. Children's Rights legislation is due to be enacted in Scotland in 2021. This audit will not be able to look at the impact of this but could potentially look at bodies' planning for it. • Social care sustainability (Joint): we have this audit straddling across two years. It will be a large, complex joint audit and requires considerable scoping to keep it focused and manageable. We are due to start the audit in Summer 2020 and therefore will not be reporting until after Summer 2021. We are also exploring new audit approaches, including citizen-based audit which will take time to develop.
2021/22	<p>Remove</p> <ul style="list-style-type: none"> • Workforce planning post-EU withdrawal (Joint): propose remove from the programme. Given the potentially significant impact of EU withdrawal for local government services and health we propose workforce planning be featured in the <i>Local Government Overview</i> and <i>NHS in Scotland Overview</i>. We are producing a briefing on <i>Teacher workforce planning</i> in 2020/2021 and will consider workforce issues through our ongoing programme development activity across all three policy clusters. • Development of Scotland's new agriculture and fishing policy (AGS): propose remove from the programme because of the delay in the UK's departure from the EU and associated ongoing uncertainty in this policy area. <p>Change of timing or approach</p> <ul style="list-style-type: none"> • City Region and Growth Deals part 2 (Joint): move to 2022/2023. The current audit started later than originally planned therefore 2021/2022 feels too soon to conduct a second audit. Revising the timing of the second audit to 2022/2023 will allow Deals to progress and the recommendations of the current audit to be implemented. • Digital in learning or justice (AGS): move to 2022/2023 and bring forward the <i>Digital in health</i> audit which we propose becomes a joint audit. We understand that progress in delivering the Digital Health and Care Strategy has been slow. Looking at this earlier than

	<p>currently planned would add more value. We are also aware of potential delays to the Digital Justice programme where we feel an audit later in the programme would be preferable.</p> <ul style="list-style-type: none"> • Implementation of Justice Strategy (Joint): this audit was previously titled <i>Community Justice</i>. In addition to the previous audit focus on community justice reform, we propose the scope of the audit be broadened to include an evaluation of the delivery of the Scottish Government's strategy Vision and Priorities for Justice (2017-20) with a primary audit focus on the custodial/community sentencing balance, significant civil and criminal law reform and efforts to improve the experience of victims and witnesses. A briefing paper to inform the scoping of this work is planned in 2020. • Outcomes for looked-after children (Joint): move to 2022/2023. This move is linked to the proposed rescheduling of the <i>Outcomes for children with additional support needs</i> audit. We want to avoid scheduling too many audits in the same sector within a short period. Moving this audit would provide an appropriate gap in the audit 'burden'. The independent care review commissioned by the Scottish Government reported in February 2020. The revised timing gives bodies time to act on the review's recommendations.
<p>2022 to 2025</p>	<p>Audits in years 2022 to 2025 represent areas of longer-term audit interest which are being considered for inclusion in the future work programme. These are kept under regular review and are subject to change in response to audit intelligence and risk analysis. As part of this work programme refresh, we are proposing the following adjustments to the longer-term work programme:</p> <p>Remove</p> <ul style="list-style-type: none"> • Replacing Structural Funds (Joint): propose replace with new joint audit <i>Planning for economic development post-EU withdrawal</i>. Current European Structural Funding streams will end at the end of 2020. There remains significant uncertainty about what replacement funding will look like or how it will be administered (including the role of devolved administrations). The planned consultation on the UK Shared Prosperity Fund has been delayed until later in 2020. Until there is clarity it is difficult to know what the audit angle would be. As the aim of Structural Funds is to deliver sustainable economic growth, we propose covering this in a new audit <i>Planning for economic development post-EU withdrawal</i> <p>Change of timing or approach</p> <ul style="list-style-type: none"> • Digital in health (change to Joint): move to 2021/2022 for the reasons outlined under the <i>Digital in learning or justice</i> audit. We propose changing this audit to a joint audit (from an AGS-only audit) given the focus on the Digital Health and Care Strategy. <p>Addition</p> <ul style="list-style-type: none"> • Community Empowerment (AC - 2022/2023): given the levels of interest in (both consultees and Commission members), and the significance of this key legislation for local government, we are considering adding a new performance audit. It is likely the audit would be a Commission-only audit. <p>Although we cover aspects of community empowerment in BVARs, this work does not allow us to get into the level of detail required to understand how well it is being implemented and what some of the potential challenges are. The <i>Principles for community empowerment</i> output was very well received with a strong message that there is an appetite and need for us to carry out further work in this area.</p> <p>We have prepared an options paper for future performance audit work for consideration by the Commission in May or June. An audit may consider the impact of community empowerment approaches in local government on reducing inequalities and improving outcomes for communities. We are also in early discussions with Education Scotland about potential joint work around community empowerment and development.</p> <ul style="list-style-type: none"> • Planning for economic development post-EU withdrawal (Joint): proposed new audit, with flexibility in both scope and timing. Further scoping work would be undertaken but at this stage potential options include assessing how the Scottish Government (and public bodies)

are planning for and responding to the impact of EU withdrawal on local economies, and the impact of changes to structural funds and the initiatives these funds support.

- **Drug and alcohol services (Joint):** proposed new audit. This is a priority area for the Scottish Government with a new strategy published in 2019. Scotland has the highest rate of drug-related deaths in Europe and one of the highest alcohol-related death rates. Our 2019 briefing paper highlighted a lack of progress since our last audit ten years ago. The scope of any work will be informed by engagement with Strategic Scrutiny Group members given their shared interest and intelligence in this area.
- **Public health arrangements (Joint tbc):** proposed new audit later in the programme. The audit would build on the work undertaken for the 2019 briefing. The scope will be refined further but would focus on the implementation of the new arrangements.
- **Early learning and childcare series (Joint):** proposed new audit as part of the *Early learning and childcare* series of audits. The programme already contains an audit for 2021/2022 but it will be too early to assess impact at that point. Instead the 2021/2022 audit will be a short audit looking at whether the expansion was delivered as planned and its cost. We propose a further audit in 2024/2025, the timing of which will allow us to review the Scottish Government's final evaluation report on the expansion (due 2024). The proposed audit timing also allows additional time for the expansion to have an impact on outcomes.
- **Education (Joint):** proposed new audit assessing the impact of education reform and key Scottish Government policies such as the Scottish Attainment Challenge over a longer time period. Significant changes took place from 2018 with education reforms – it is too early for the current audit to make judgements on the longer-term impact of these reforms. The audit will also follow up on the recommendations within the current 2020 *Educational attainment* performance audit, and potentially recommendations that are relevant to school education in other audits such as *Outcomes for children with additional support needs* and *Outcomes for looked after children and young people*.

Housing Benefit thematic and risk-assessed performance audit work

24. In the changing context of social security and welfare reform in Scotland, in September 2017, the Commission expressed a wish to establish a higher profile around benefit auditing and to consider a more strategic approach. In December 2018, the Commission agreed a new approach to the housing benefit (HB) performance audit work by moving to a more thematic approach for 2019/20.
25. In March 2019, the Commission agreed to undertake two thematic studies (overpayments, and resourcing models), and two individual council risk-assessments.
26. A HB benefit performance audit has been completed at Shetland Islands Council and we are currently preparing a HB performance audit on East Dunbartonshire Council. The report for the East Dunbartonshire Council audit is expected to be published in March or April 2020. A formal report for Shetland Islands Council was not required.
27. The Commission is due to consider the HB overpayments thematic study report at its meeting on 12 March 2020, and we are at the early stages of scoping the 'Resourcing the Benefit Service' thematic study. It is expected that this study will be completed in the Summer of 2020.

Action point: The Commission is invited to approve the work programme refresh proposals (See paras 20-23, Exhibit 2 and Appendix 1)

Part 4 - Best Value auditing in councils and IJBs

Best Value auditing in councils

28. As well as delivering the remaining BVARs needed to conclude the current cycle of local government Best Value auditing, we continue to support the Commission in designing and planning the implementation of the next iteration of the Commission's integrated Best Value audit approach. This new approach will be introduced as part of the new Code of Audit Practice and will build on the model that was introduced in 2016 and reflect the new Best Value statutory guidance.
29. The audit of the accounts is at the centre of the integrated audit approach providing the foundation for audit work necessary to support the conclusions on wider-scope audit including Best Value. The integrated approach also informs other audit work and outputs (e.g. overview reports, HCW and, where appropriate S102 reports).
30. The new Best Value auditing approach will require auditors of local government bodies to assess and report on audited bodies' performance in meeting their Best Value and community planning duties in line with a programme of coverage of Best Value themes, which will be determined by the Commission, and integrate that assessment with the annual audit. Auditors will:
 - consider, within the wider-scope areas set out in the Code of Audit Practice, the Best Value statutory guidance, and include the risks they identify in their annual audit plan and report their conclusions
 - report progress against findings and recommendations on previous reports on Best Value and subsequent annual audit reports
31. During 2020, we will develop the arrangements and guidance needed to support the implementation of the new audit approach. This will include considering how Best Value themes identified by the Commission can best be reflected in annual audit planning guidance and how best the Commission can report nationally on thematic aspects of local authorities' approaches to delivering Best Value.

Best Value auditing in IJBs

32. Following discussions at the Best Value Working Group (BVWG) and at the Accounts Commission, the Commission confirmed that it would like Audit Scotland to develop an approach to Best Value (BV) in Integration Joint Boards (IJBs). The approach is to focus on making the best use of the wide range of existing available evidence, culminating in a report by the Controller of Audit (CoA) to the Commission:
 - Best Value audit work will remain integrated in annual audit work and reported in the IJB Annual Audit Reports (AARs). The new Code of Audit Practice will reflect this. Auditors will report on BV in their IJB on an ongoing basis over the five-year-audit appointment and will build on the auditors' current reporting of BV findings in AARs. This ongoing reporting will remain minimal and high-level.
 - Once during the five-year audit appointment, the Commission will review the AAR for each IJB. In the year that an IJB is to be considered by the Commission, more in-depth work and reporting will be undertaken with the support of PABV. The AAR will be presented under the cover of a S102 Controller's report. This

will provide the Commission with assurance on BV in each individual IJB. No separate Best Value Assurance Reports (BVARs) will be published.

33. We are in the process of working with the Commission to agree the new approach.

Part 5 - Local government services and overview reporting

34. Given the significant programme of development work we are undertaking for the Commission, resources do not allow for the introduction of an additional programme of local government service specific performance audits. Instead, as agreed with the Commission in [June 2019](#), we intend to use the local government overview (LGO) report as the primary vehicle for reporting on the performance of local government services. This will involve:

- adopting a more strategic three-year outlook to overview reporting, informed by Commission in-year priorities
- engaging with key stakeholders to ensure that the proposed areas of focus (i.e. services and themes) for the three-year outlook will add value
- ensuring that the key themes and content of the local government overview are informed by, and inform, other audit work (e.g. local annual audit, How Councils Work, AAR, BVARs).

35. This new model of working will allow us to more closely tailor the focus of the LGO to the Commission's strategic priorities. Where appropriate and necessary we may use other approaches such as round table discussion with practitioners to inform the content of the LGO. Subject to resources, and based on need, we may also supplement the content of the LGO with briefing papers on specific services or themes.

36. Based on previous engagement with the Commission on their strategic priorities at strategy seminars, Committees and Commission meetings, recent consultation feedback and our analysis of key local government risks, we are proposing the following themes for coverage in future local government overview reports (Table 3).

Table 3: Proposed themes for future LGO reporting

- **Culture, libraries and leisure services** - important community services which have seen significant cuts in recent years
- **Community infrastructure services** - transport, digital facilities, libraries – important local services impacting on access and wellbeing
- **Regulatory services** - trading standards, environmental health and licencing - community services important to community safety and wellbeing
- **Core infrastructure services** - schools, social care facilities, roads, street lighting and bridges - areas of deteriorating performance affected by budget cuts
- **Council organisational capacity** – important back office functions of HR, finance, legal, ICT, payroll affected by staffing reductions

37. The Commission may wish to consider the relative risks associated with each of these areas and the preferred sequencing of the three-year overview thematic reporting programme at its strategy seminar in March 2020.

Action point: The Commission is invited to:

- agree to adopt an LGO-driven response to local government-specific themes and issues
- consider sequencing of LGO themes at its March strategy seminar.

(See paras 34-36 and Table 3)

Part 6 - Improvement support and best practice (including future HCW reports)

38. As part of its recent engagement with the interim Chief Executive of the Improvement Service (IS), the Commission acknowledged that the IS was the body with primary responsibility for supporting improvement in local government in Scotland. It was stressed, however, that the Commission also had an important and complementary role to play in this area.
39. In particular, the Commission has committed to consulting with the IS and COSLA over any future HCW reports and is considering preparing a joint statement with the IS on each bodies' respective roles in relation to improvement.
40. Table 4 sets out a list of potential HCW topics for discussion with the IS and COSLA. Once those discussions have taken place their views will be brought back to the Commission before a final decision is made on whether and when any further HCW reports should be prepared.

Table 4: Potential HCW topics for discussion with the IS and COSLA

- Emergency/resilience planning - planning for weather, infrastructure, utilities, cybercrime, terrorist and transport disruptions
- Financial planning and reporting - longer-term, integrated, and transparent financial planning linked to impact on services and delivery of outcomes
- Public Performance Reporting (PPR) - transparent reporting demonstrating the delivery of outcomes
- Service reviews - collaboration to deliver fundamental change in the way services are delivered
- Workforce planning - designing a workforce fit for the future

Action point: The Commission is invited to consider the outcomes of its engagement with the Improvement Service and COSLA over future HCW reporting at a future meeting (see paras 38-40 and Table 4).

Part 7 - Adding value through insight on key issues and risks

Programme development activity

41. Identifying issues and key risks that lie ahead is an essential part of the programme development work we do on behalf of the Commission and the AGS. Cluster briefings, round tables, blogs and briefing papers are the main vehicles through which we do this. Our work with the AGS and the Commission on these types of activities helps them to respond quickly and flexibly to new and emerging public sector risks.
42. We will continue to work with the Commission as it considers how it wishes to further develop flexibility in the use of its reporting powers. We will continue to explore innovative new products and approaches, working with the Commission to consider how these might affect the role of sponsors and how the Commission's committees might operate in future.

Round Tables

43. Part of this responsive work can involve hosting round table meetings for organisations to discuss key public sector risks and challenges, such as our session in 2019 with bodies such as Universities Scotland, British Medical Association Scotland, and the Society of Chief Officers of Environmental Health in Scotland to explore how the public sector and its partners are being affected by and preparing for EU withdrawal.
44. Round tables can also be used to promote the findings of audit reports, helping public bodies identify and overcome barriers to change in support of improving public services. We anticipate greater involvement of Commission members in this work in future, in line with the Commission's commitment to actively collaborate with stakeholders set out in its draft strategy and work programme (2020-25).

Briefing papers

45. An increasingly important tool which we have developed over recent years to offer insights and add value on issues of topical interest are briefing papers. During 2019 we published a suite of briefing papers for the AGS and the Commission, including: [Drug and alcohol services](#); [Enterprise and Skills review – core areas of audit interest](#); [Operation of the Fiscal Framework](#); [Planning for outcomes](#); [Preparing for withdrawal from the European Union](#); [Principles for community empowerment](#); and [Student loans](#)
46. These briefing papers are an important tool which the AGS, Accounts Commission and Audit Scotland can use to respond in a flexible and agile manner to key emerging issues across the public sector.
47. At present, we are planning to prepare the following briefing papers during 2020/21 and 2021/22:
 - **Teacher workforce planning (2020/21)**: briefing paper containing analysis of future demand for the teaching workforce in Scotland, drawing in part on data gathered as part of the improving education outcomes performance audit and offering comparisons with the 2017 NHS workforce planning audit.
 - **Cyber outputs (2020/2021)**: blog and auditor guidance linked to Scottish Government's recently published Cyber-resilience framework.

- **Climate change (2020/21 or early 2021/2022):** new briefing drawing together how public bodies are responding to the climate emergency, including highlighting any innovative practice. Within the briefing we may also consider the role of the new Scottish National Investment Bank in supporting the green economy and sustainable economic growth.
- **Implementation of SG Justice Strategy (2020/21):** The work programme currently contains a proposal to undertake an audit of community justice in 2021/22 but we believe a broader piece of audit work may be more appropriate. Given the scale of the justice system, and the number of bodies involved, we propose to prepare an initial briefing paper in 2020 which will provide a high-level overview of the key issues facing the sector to inform the scoping of any further audit work we might undertake in this area.
- **Capital investment (2021/2022):** new briefing looking at plans to manage growth in infrastructure spend, capacity and capability. This briefing would also look at the purpose of capital spend against outcomes and the National Infrastructure Mission.

48. As mentioned earlier in Part 5 of this report, subject to resources, and based on need, we may also supplement the content of the LGO with briefing papers on specific local government services or themes.

49. The proposal is that briefing papers for the Accounts Commission would:

- be factual in nature, and contain no audit judgements
- be considered in the public sessions of Commission meetings
- draw primarily on existing and publicly available data and audit evidence.

Promotion and impact

50. Audit Scotland and the Commission have a shared interest in ensuring that the messages from our work reach the right audiences and generate the greatest impact. We will continue to work closely together during 2020 to implement the Commission's engagement strategy and Audit Scotland's new communications strategy, with its emphasis on:

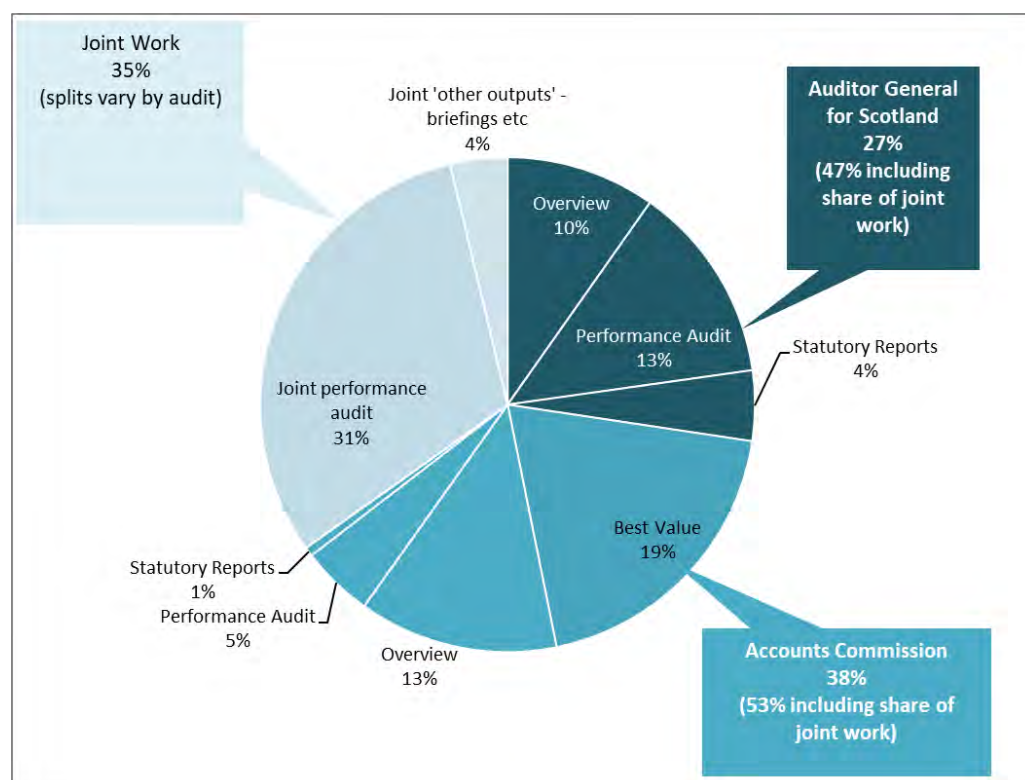
- key messages about independence, quality and transparency
- taking an audience-led approach to communication
- making use of partnerships and networks to leverage more impact from our work
- being simple, clear and bold about our messages.

51. This will involve working closely with Commission sponsors during and after audits to ensure that our messages are communicated effectively to key audiences, using a range of channels and mediums such as conferences, social media, blogs and round tables.

Part 8 - Resources

52. In the region of 80% of all audit work undertaken by Audit Scotland on the Commission's behalf is the annual financial statements audit of councils and other local government bodies. The remaining 20% comprises performance audit, overview reporting, How Councils Work reports, and other outputs such as briefings, round tables and online material. The 20% also includes PABV support for Best Value audit work and statutory reporting in councils and IJBs. The analysis relates to the 20% of the Commission's resources which come from Audit Scotland's PABV Group.
53. In planning and resourcing the complex work programme PABV delivers on behalf of the Commission, we need to ensure sufficient flexibility to respond to emerging audit and policy risks and issues while also meeting our commitment to delivering audits and wider scope work to international auditing standards.¹ With finite resources this requires an agile and flexible approach to delivering the programme and our wider development work. This can also have implications for the scheduling of particular pieces of work.
54. The work programme contains a balance of AGS only, Commission only and joint audit and programme development work. Exhibit 4 shows the indicative resources needed to deliver the programme broadly reflecting the overall balance of funding received by the AGS (47%) and the Commission (53%).

Exhibit 4: Programme resource allocation AGS/Commission split 20/21 and 21/22 combined

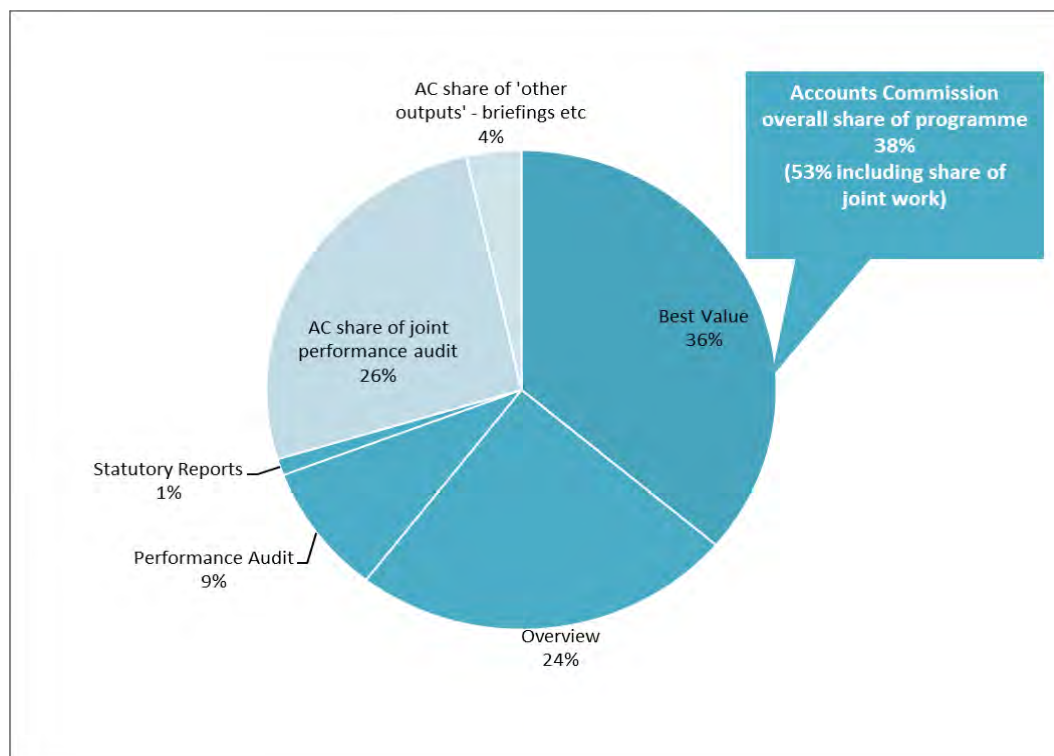


Source: Audit Scotland, February 2020

¹ International Standards of Supreme Audit Institutions (ISSAI) 3000 – Standards for Performance Auditing (requirement 63) and International Standards on Auditing (ISA) 300 (A8)

55. Exhibit 5 shows the proposed allocation of audit resources across the range of audit work undertaken on the Commission's behalf (ex. annual financial statement audit).

Exhibit 5: Programme resource allocation by audit type 20/21 and 21/22 – Accounts Commission only



Source: Audit Scotland, February 2020

56. The indicative resource allocation is based on a combination of approved audit budgets where audits have commenced, appraisal and scoping work, and in some instances a cost comparison with completed audits of a similar scope, scale and duration. These are refined as the detailed planning for audits is undertaken by the respective audit teams. Appendix 4 sets out the indicative resource allocation for 2020/21 to 2021/2022.

Recommendations

57. The Commission is invited to:

- a) Note how the programme reflects Commission strategic areas of interest.
- b) Note how stakeholder consultation feedback has been reflected in the programme (Part 2 and Appendix 2).
- c) Consider and approve the refreshed work programme proposals (Part 3).
- d) Agree to adopt an LGO-driven response to LG-specific service performance (Part 5).
- e) Agree to consider sequencing of LGO themes at March strategy seminar (Part 5).
- f) Agree to engage with IS and COSLA over future HCW (Part 6).
- g) Agree to consider a response to engagement with IS and COSLA over future HCW and next steps at a future meeting (Part 6).

Appendix 1: High-level performance audit scopes 2020/2021 and 2021/2022

2020/2021

Accounts Commission

Digital in local government

Digital technology can fundamentally change how council services are delivered. It has the potential to improve experiences and outcomes for service users, improve how councils interact with citizens, and make councils more efficient. Digital transformation, as with any major change also presents risks to councils and can bring considerable challenges.

This is our first audit looking at digital progress in local government. It follows on from other work looking at digital progress across the public sector. The audit aims to look at what progress councils are making in becoming digital councils that improve services and deliver better outcomes for citizens. This will include looking at what it means to be a digital council, how well councils are putting in place the building blocks to become a digital council, and what barriers councils are facing.

Joint audits

Affordable Housing

The Scottish Government's vision is to provide an affordable home for all by 2020, with four key targets for housing (covering homelessness, fuel poverty, energy efficiency and the quality of social housing). The government has also set targets for new homes for the current and previous parliamentary terms. Councils have a long-standing legal duty to assess and respond to housing need for their area. Council plans also need to consider people in the private sector in terms of housing need.

Our [2013 report](#) identified that a focus on numbers alone creates a risk that homes could be built where it is easy and most cost-effective, not where they are most needed. Since 2013 there have been changes to funding, for example the Scottish Government launched the Housing Infrastructure Fund in 2016 to help councils with the costs of supporting infrastructure such as roads and drainage.

The audit will consider what progress has been made against the national new build target, and how has this supported the policy objectives of reducing homelessness and increasing access to affordable housing for those most in need. It will consider local planning arrangements, variability between council areas, barriers to building enough homes in Scotland, and how the Scottish Government and councils are working together to address these barriers.

Educational outcomes

This audit will follow up on the Accounts Commission's [2014 report](#). Since then the Scottish Government has identified improving educational outcomes and closing the poverty-related attainment gap as its top priority. It has committed an additional £750 million to improve outcomes over the lifetime of this Parliament. Since 2014 there has also been significant change within the education sector, including development of the Scottish Attainment Challenge and Pupil Equity Funding. The audit will look at trends in educational outcomes and spending across Scotland and assess the impact of actions by the Scottish Government and councils to improve outcomes. It will also follow up on progress against the recommendations in the 2014 report.

Social Care Sustainability

There are major risks around social care financing, governance and accountability. While we have reported on these in several previous reports, we believe there to be a strong case for carrying out performance audit work looking at the risks in this area.

With increasing pressure on council and health budgets, and complicated arrangements in health and social care, the audit work would likely explore:

- *how social care services are provided across Scotland at a high-level*
- *how much is being spent, how this has changed and future spending plans*
- *what the main pressures and risks are, particularly in relation to financing and cost pressures*
- *the level of medium to long-term planning for the provision of social care*
- *outcomes for local populations*

Waste management

This audit will review councils' progress in reducing the amount of waste sent to landfill in the context of tighter targets and the Scottish Government's overall climate change objectives. It will compare performance and seek to identify good practice.

The timing of audit work at this time corresponds with EU targets for 2020, and action to meet Scottish Government's 2025 targets.

Auditor General for Scotland

Skills planning and investment

Having the right skills available within the working age population and equity of opportunity for learners are central to the Scottish Government's priority of economic growth. This audit will look at how effectively the Scottish Government works with relevant stakeholders (including the Scottish Funding Council and Skills Development Scotland) to identify and develop the skills needed for the economy and wider society. The audit will assess the effectiveness of skills planning, and what progress has been made with changes proposed through the Enterprise and Skills Review.

Social Security

This is the next in the series of performance audits of Scotland's new social security powers.

2021/2022

Accounts Commission

No Commission-only performance audits planned.

Joint audits

Digital in health

This audit will look at what progress has been made in delivering the Scottish Government and Cosla's Digital Health and Care Strategy published in April 2018. This will be the third in our series of audits looking at Digital across the public sector. It immediately follows on from our audit looking at Digital in Local Government which will publish in October 2020. We will be able to use the themes and issues identified in these previous audits to inform our work.

The strategy will have been in place for around 3 years at the point of undertaking the audit. Our current understanding is that progress to implement the strategy and establish governance arrangements etc. has been slower than expected. We will explore what progress has been made, what current plans are, and identify areas of good practice. We will continue to look at developments in other countries and use case studies to highlight examples of how digital is improving outcomes for citizens in the area of health and care.

Early learning and childcare

This short audit is part of a series of audits looking at the Scottish Government's expansion of funded early years provision. The audit will look at whether the expansion was delivered as planned and how much it cost. We will undertake a further audit in 2024/2025, the timing of which will allow us to review the Scottish Government's final evaluation report on the expansion (due 2024).

Implementation of Justice Strategy

A series of statutory reports in the last few years have highlighted issues in several organisations within the justice portfolio (the Scottish Police Authority, Community Justice Scotland and, most recently, the Scottish Prison Service). The reports suggest that there could be value in looking beyond the performance of individual organisations to take a 'whole systems approach' to examine the Scottish Government's approach to justice, as set out in its Vision and Priorities for Justice. The report on the Scottish Prison Service, in particular, indicates that actions taken to date have not shifted the balance from custodial sentences to more community sentences or early diversion from the courts.

The work programme currently contains a proposal to undertake an audit of community justice in 2021/22 but we believe a broader piece of audit work may be more appropriate. Given the scale of the justice system, and the number of bodies involved, we propose to prepare an initial briefing paper in 2020 which will provide a high-level overview of the key issues that inform and influence the justice system; and assess what further specific work we might undertake in this area.

Outcomes for children and young people with additional support needs

This audit will build on the work undertaken as part of the educational outcomes audit. In 2019, 31 per cent of all school pupils were recorded as having at least one additional support need. The number of pupils identified has been increasing each year, partly due to better identification of pupils' needs. There is also some evidence that number of pupils with more complex additional support needs is increasing. There are concerns about the number of specialist support staff in schools is not keeping pace with the increasing numbers of pupils identified, but changes in the way staffing data is recorded mean that trends are not clear. Available data on outcomes from school education shows a significant gap in attainment and positive destinations between children with additional support needs and all children. However, data on wider outcomes is not available to better understand the impact of education and other services on outcomes for young people with additional support needs. The audit will look across services and across the learner journey from early learning and childcare through to college / higher education / skills / employment.

Auditor General for Scotland

Fair access to Higher Education

The Scottish Government's Programme for Government 2014-15 set out the ambition that a child born at that time in one of Scotland's most deprived communities should, by the time of leaving school, have the same chance of going to university as one born in one of the country's least deprived areas. The Commission on Widening Access was established to advise Ministers on how to meet this ambition. Its final report, A Blueprint for Fairness, was published in March 2016. The Scottish Government subsequently set a national target that specified that, by 2030, students from the 20 per cent most deprived backgrounds should represent 20 per cent of entrants to higher education. This was supported by a further series of targets and actions. The Commissioner for Fair Access ('fair access' being the current term used to refer to the Scottish Government's ambition) was appointed in December 2016 and is responsible for leading a system wide effort to deliver fair access in Scotland.

The audit would look at progress in delivering the Scottish Government's ambitions and targets for fair access. It is widely recognised by stakeholders that access is only part of the ambition. Many of those to whom the Scottish Government's ambitions apply are likely to require specific support to allow them to participate fully and effectively in higher education, both prior to entry and during their studies. In addition to looking at progress against published targets, the audit would also examine how support is being provided and how effective and sustainable it is.

Social Security

This is the next in the series of performance audits of Scotland's new social security powers.

Appendix 2: Potential local government service topics identified by consultees and proposed responses

Respondents highlighted additional topics for the Commission to consider in its programme. Some of these were made specifically in response to the Commission's request for topics relevant to proposed audit work on local government services. These topics and our proposed responses are below:

Consultation feedback	Proposed response
Culture and leisure services, given contribution to improving public health.	Culture, libraries and leisure services are proposed as a theme for future LGO reporting.
Planning (Act). The Licensing Act and the role of licensing boards and partnerships. Skills gaps in trading standards and environmental health.	Regulatory services – The Commission is already covering Planning services as a theme in the 2020 performance and challenges overview report. Other regulatory services (including trading standards, environmental health and licencing) are proposed as a theme for future LGO reporting.
Public health reform.	The Commission has already received a briefing on public health in 2019. A performance audit on public health is also now included in the rolling work programme.
Organisational capacity in councils to maintain effective support services, including for HSCPs. Procurement of people services. Workforce planning (e.g. ageing workforce).	Council organisational capacity is proposed as a theme for future LGO reporting.
Public transport.	Community infrastructure services (including transport) are proposed as a theme for future LGO reporting.
Cyber security. Data sharing.	A briefing paper on Cyber security is being published later in 2020. Digital also continues to be a key theme across the work programme.
Financial and demographic planning.	This issue already features as a common theme in all Best Value audit reports and is also a common theme across the performance audit programme (e.g. health and social care integration, social care sustainability). In addition to this existing audit coverage this issue is also proposed as a topic for consideration as a future HCW topic.
Good practice in transformational change and making fundamental service delivery decisions.	This issue already features as a common theme in all Best Value audit reports and is also a common theme across the performance audit programme (e.g. health and social care integration, social care sustainability). The Commission has already agreed that it will engage further with the IS over its work programmes to avoid duplication of effort and ensure that the Commission's work (including good practice identified during audits) is being used to best effect by the IS to support improvements in the local government sector. This topic will feature as part of that discussion.
Housing management (to incorporate homelessness).	This is a core function for most councils and one where previous audit work has identified room for improvement, however, SHR has a clear role in reporting performance and it has found generally improving

Consultation feedback	Proposed response
	results. Audit work in this area may therefore not add much value and has not been included in the work programme.
Revenue services, including increase in rent arrears.	<p>Revenue services is included in a potential How Councils Work topic of 'council organisational capacity' which includes back office functions of HR, finance, legal, ICT, payroll and revenue.</p> <p>Rent arrears monitoring is a core responsibility of SHR therefore there is good coverage of that. Increases in rent arrears as a result of social security changes is monitored as part of our ongoing Housing Benefit and social security work.</p>
'Greenspace' services.	'Community infrastructure services' is a potential How Councils Work topic which includes services connected to access and wellbeing such as transport, digital facilities, libraries, greenspace services.
Employability.	Employability features as an area of interest to both our JELL and PIE policy clusters which are monitoring implementation of the SG's skills planning and investment reforms. Based on that monitoring this is a topic which will be considered for future audit work as part of next year's work programme refresh.

Appendix 3: outputs published on behalf of the AGS and Accounts Commission (excluding financial statements audit outputs)

	Reports	Total
2019/20	8 performance audit, 7 Best Value (6 BVAR, 1 follow-up), 3 Overview*, 1 How councils work, 23 'other'	42 reports
2018/19	6 performance audit, 7 Best Value, 5** overview, 18 'other'	36 reports
2017/18	7 performance audit, 8 Best Value (6 BVAR, 2 follow-up), 3** overview, 11 'other'	29 reports
2016/17	7 performance audits, 3 Best Value, 4 overview, 1 How councils work, 8 'other' (briefings and statutory reporting)	23 reports
2015/16	7 performance audits, 6 Best Value, 3 overview, 1 Community Planning, 1 How councils work, 9 'other'	27 reports
2014/15	6 performance audits, 4 Best Value, 6 Community Planning, 3 overview, 5 'other'	24 reports
* the 2019/20 Local government overview: challenges and performance will publish April 2020		
** the 2017/18 Local government overview: challenges and performance was published in April 2018		

Appendix 4: Indicative resource allocation (2020/21 – 2021/22) (excluding financial statements audit)

Below are indicative programme costs based on 2020/2021 and 2021/2022 audits. Financial statements audit, Scottish Exchequer/New financial powers work, and ongoing programme development activity are not included. Actual audit budgets and costs will be informed by scoping and appraisal work and are therefore subject to change as audit planning takes place. Audit costs will vary dependent on the grade and skill mix deployed. For comparison the *Self-Directed Support 2* audit required 497 audit days/£197,458, and the ALEOs audit 352 audit days/£140,142.

Auditor General for Scotland 2020/21 – 2021/22	Indicative audit Size	Indicative budget (£,000s)	Indicative budget (days)
NHS in Scotland x2	Overview	400	800
Scotland's colleges x1	Overview	85	180
HIE: Cairngorm funicular	Actual budget	92	141
Fair access to Higher education	Medium PA	175	350
Skills – planning and investment	Medium PA	175	350
Social Security 2020 and 2021	Medium PA	190	462
Statutory reports x30 (over 2 years)	Varies	240	460
Total		1357	2743

Accounts Commission 2020/21 – 2021/22	Size	Indicative budget (£,000s)	Indicative budget (days)
Best Value Assurance Reports x 13	BVAR	910	1950
Local government in Scotland: financial overview x 2	Overview (small)	230	540
Local government in Scotland: performance and challenges x 2	Overview	350	766
Digital progress in local government	Actual budget	218	473
Statutory reports x4	Varies	42	60
Total		1750	3789

Joint work (split varies depending on topic) 2020/2021–2021/2022	Size	Indicative budget (£,000s)	Indicative budget (days)
Affordable housing	Actual budget	185	428
Digital in health	Medium PA	175	350
Early learning and childcare	Small PA	100	175
Educational outcomes	Actual forecast	267	613
Justice	Medium PA	175	350
Outcomes for children with additional support needs	Medium PA	175	350
Social care sustainability	Large PA	225	500
Waste management	Medium PA	175	350
'Other outputs' – briefings, guidance etc	Varies	175	375
Total		1652	3491

****All figures approximate and based on initial assumptions around audit cost/size****

Overall indicative total 2020/2021 and 2021/2022: £4,758,797 / 10023 days

AGS indicative share adjusted for share of joint work: £2,246,768 / 4636 days (47% / 46%)

AC indicative share adjusted for share of joint work: £2,512,029 / 5387 days (53% / 54%)

Appendix 5: Previous audits follow-up considerations

Published 2019/20

Audit / output	Follow up – yes or no	If yes, why and when?
Social security: implementing the devolved powers	Yes	An annual performance audit of Scotland's Social Security arrangements is already included within the work programme.
Scottish Public Pensions agency	No	The appointed auditor will continue to monitor developments with the pensions administration and payments programme. The digital team will also continue to monitor this through general monitoring of the Scottish Government's Digital Assurance activity.
Enabling digital government	No	Currently down for 2021/22 impact report which should be sufficient. We are due to look at the implementation of the Scottish Government's digital strategy in 2023/24, so this is in effect the follow up.
Finances of Scottish universities	No	Impact report planned in 2020/21 or 2021/22.
NHS Workforce planning part 2	No	Impact report planned in 2020/21 or 2021/22.
Scotland's City Region and Growth Deals (January)	Yes	Remains a significant policy initiative. Further performance audit proposed for 2022/23 (one year later than current programme identifies). This audit will focus more on the delivery of projects and what has been achieved from them
Revenue financing of assets (NPD) (January)	No	Follow-up work can be accommodated as part of proposed 'Strategic capital investment' performance audit in 2022/23
Early learning and childcare follow up (March)	Yes	Two further audits proposed within the work programme.
Plus: Operation of the fiscal framework ; Principles for community empowerment ; Planning for outcomes ; Drug and alcohol services: an update ; Guide to the GMS contract ; Public health reform in Scotland ; Enterprise and skills review ; EU withdrawal (December)	Yes	Annual output already in programme
Drug and alcohol services: an update ; Guide to the GMS contract ; Public health reform in Scotland	No	We will continue to monitor these areas through the HCC policy cluster.

Published 2018/19

Audit / output	Follow up – yes or no	If yes, why and when?
Councils use of arm's length organisations (ALEOS)	No	This topic has already been reported on several times by the Accounts Commission and governance arrangements of ALEOs are routinely considered by local government appointed auditors as part of the annual audit.
Scottish Fire and rescue service: an update	No	No – this was an update to previous report
Forth replacement crossing	No	Implementation of report recommendations will be considered as part of 2019/20 Transport Scotland annual audit
Superfast Broadband for Scotland: a further progress update	No	We will continue to monitor the roll-out but have no specific audits planned
Children and young people's mental health	Yes	Impact report currently in the work programme for 2020/21 (suggest towards end of 2020). To consider progress with service and the recommendations in the audit report.
Health and social care integration: an update on progress	Yes	Third performance audit report in the programme in 2023/24. Plan to look at the outcomes being achieved.
Plus: Withdrawal from the EU ; Major project and procurement lessons ; What is integration? guide	No	No - follow up to the What is Integration Guide. But, some of the issues raised in the Major project and procurement lessons paper are likely to be of interest as part of the Strategic capital investment performance audit

Published 2017/18

Audit / output	Follow up – yes or no	If yes, why and when?
CAP Futures: a further update	No	CAP Futures programme will change post EU-withdrawal
NHS Workforce planning (1)	No	No – an NHS Workforce planning (2) report was published in 2019
Self-Directed Support: 2017 progress report	No	Impact report published in 2019.
Equal Pay in Scottish councils	No	Impact report due to be published in April 2020.

Transport Scotland's ferry services	No	Impact report published during 2019. We will continue to monitor ferry developments as part of Transport Scotland annual audit.
Early learning and childcare	Yes	Further report published in March 2020. Two additional audits proposed within the work programme.
Managing the implementation of the Scotland Acts	No	Being picked up through other work (i.e. Scottish Government and Revenue Scotland audits and work of social security and Scottish Exchequer teams)
Plus: Principles for a digital future	No	Already pick this up through our Digital work

Published 2016/17

Audit / output	Follow up – yes or no	If yes, why and when?
CAP Futures: an update	No	No point as programme will change post Brexit
Audit of Higher Education in Scottish Universities	No	Follow up audit Finances of Scottish universities was published in 2019/20.
Support Scotland's Economic Growth: role of Scottish Government and enterprise agencies	No	Audit work on Supporting Economic Growth: Enterprise and Skills Review, which will assess the effectiveness of these organisations is being considered as part of the 2022 to 20225 audit programme. In the meantime, Scottish Enterprise, and HIE will continue to be subject to wider scope annual audit.
Maintaining Scotland's roads maintenance: a follow-up report	No	Impact report published in 2018.
Superfast broadband for Scotland: a performance update	N/A	Follow-up performance audit published in 2018/19
Social work in Scotland	No	The themes identified during this audit are being picked up in other audits, including social care sustainability, health and social care integration series.
i6: a review	No	This programme has ended and been replaced.
Managing new financial powers: an update	No	The issues raised by this audit are being picked up through other work (i.e. Scottish Government and Revenue Scotland audits and work of social security and Scottish Exchequer teams)

Published 2015/16

Audit / output	Follow up – yes or no	If yes, why and when?
The Scottish Fire and Rescue Service	No	A follow-up audit on this topic has already been done
Managing ICT contracts in central government: an update	No	The issues raised by this audit will be picked up through continuing Digital work
Efficiency of prosecuting criminal cases through the sheriff courts	No	The systemic issues raised by this audit may feature as part of the Justice Strategy performance audit planned for 2021/22.
Health and social care integration (1)	No	No - Health and social care integration: an update on progress Already published in 2018
Implementing the Scotland Act 2012: an update	No	Being picked up through other work (ie Scottish Government and Revenue Scotland audits and work of social security and Scottish Exchequer teams)
Major capital investments in councils: follow-up	No	Some of the issues raised in the report may be followed-up as part of the 'Strategic capital investment' performance audit
Community planning: an update	No	The Commission and AGS decided not to undertake further audit work in this area when it considered the 2018 CPP audit impact report
Changing models of health and social care	No	The issues highlighted in this report and action against relevant recommendations will be picked up as part of our ongoing audit work in IJBs, future health and social care integration performance audit work and potentially in any future BV audit work in IJBs.

MEETING: 12 MARCH 2020

REPORT BY: SECRETARY TO THE COMMISSION

ACCOUNTS COMMISSION STRATEGY REFRESH 2020-25

Purpose

1. This paper presents, for comment and approval, the Commission's refreshed strategy for 2020-25.

Background

2. The Commission's [five-year rolling Strategy](#) is updated annually and until this year has been accompanied by a rolling engagement strategy. The Commission reports progress against these annually through its [annual report](#).
3. Ats September 2019 meeting, the Commission agreed, as part of a review of its planning and reporting cycle, proposals to streamline its corporate reporting by combining the Commission's strategy and engagement strategy into a single document, with progress in these areas to be reported through the Commission's annual report.
4. Combining the strategy and engagement strategy into a single document reduces the Commission's corporate reports from four to two in number. It also allows for a more rounded strategic statement of the Commission's aims and engagement priorities. Such rationalisation also allows the Commission to include its five-year work programme in its strategy document, thus providing coherence and clarity for stakeholders.
5. The Commission agreed to publish the strategy and annual report separately to allow these key reports to be individually promoted. This reports proposes that the strategy be published in March together with the five-year work programme refresh (elsewhere on today's agenda), with the annual report published in May.

The strategy and next steps

6. The proposed refreshed strategy is in the Appendix. As indicated above, it provides a much fuller statement of the Commission's aims and priorities, along with its work programme and engagement priorities. It reflects the Commission's discussions at its 2019 mid-year strategy seminar, including its discussion of its priorities and the key risk areas facing local government.
7. The strategy also reflects the Commission's discussion at its February meeting of the Controller of Audit's Annual Assurance and Risks Report. The Commission noted that its strategic audit priorities remain relevant, and noted the importance of its annual report in reporting councils' progress against BVAR findings and recommendations. At the same meeting, the Commission considered a report by the Secretary outlining Audit Scotland's communications and engagement strategy. It noted the importance of securing stakeholder confidence and the need to 'maximise its work'. Both of these themes are reflected in the engagement aspects of the Commission's draft strategy.
8. The strategy sets a template for future reporting. It reflects key strategic developments currently underway including the revised Code of Audit Practice, and developing the audit of Best Value including its application to health and social care. In summary, the Commission's draft strategy:

- Sets out the purpose of the Commission and its role in developing the public audit in Scotland
- Makes a bolder statement of the aims of the Commission, including its strategic audit priorities for councils
- Includes the refreshed work programme (Commission-specific) and indicates how the Commission's work responds to the local government context and risks (please note that the current work programme is provided in the appended document for illustrative purposes; the refreshed work programme will be incorporated here)
- Sets out the core role of its engagement activities in promoting its messages.

Publication arrangements

9. It is proposed to publish the strategy on 26 March, along with the Commission and Auditor General's refreshed 2020-25 work programme. A Commission-specific version of the work programme will be provided in the Commission strategy and will also be made available on the Commission's website.
10. We are working with Audit Scotland's communications team to promote the report. We plan to send the report to all elected members, chief officers in councils, COSLA, SOLACE and other key local government stakeholders. We will also promote the report on our website and through social media.

Conclusion

11. Commission members are asked to:
 - a) Consider for comment and approval the refreshed the strategy 2020-25
 - b) Approve the proposed associated publication arrangements.

Paul Reilly
Secretary to Commission
3 March 2020

Strategy and work programme

2020-25

Who we are

The Accounts Commission is the public spending watchdog for local government. We use our powers to hold local government to account and help it improve, and we assure the public about the performance of their council. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

The Accounts Commission was established in 1975 to secure the audit of local government in Scotland. We expect councils to achieve the highest standards of governance, financial stewardship and value for money in how they use public funds to deliver our services. We ensure that councils publish the right information to enable citizens to assess their council's performance.

We deliver public audit in Scotland along with the Auditor General who audits the remainder of the public sector in Scotland. Audit Scotland was created in 2000 to provide services to the Commission and to the Auditor General.

[Public audit in Scotland](#), our joint publication with the Auditor General and Audit Scotland, sets out the principles for public audit and how it responds to the public policy environment in Scotland in which we operate.

You can find out more about our role, powers and meetings on the [Accounts Commission](#) web pages.

Contents

Our work and our priorities	4
The Commission work programme 2020-25	7
How we engage	9

Our work and our priorities

We expect councils to show how they are making the best use of public resources and are improving local services for the communities they serve. This is fundamental to their Best Value obligations.

Our aims

As the public's independent watchdog for local government, we assure the public over how their money is spent. We also help councils to improve. We operate impartially and independently, and we meet and report in public. Through our audit work we aim to:

- provide assurance over how public money is spent; and support improvement in local government, and by doing so -
- support public scrutiny by informing the public about the quality and value for money of local services.

We do this by:

- engaging with the public and our other stakeholders to ensure the value of our work
- working collaboratively with the Auditor General and Audit Scotland and our other scrutiny partners to better co-ordinate Scotland's public sector audit.
- reporting on the quality and impact of our work.

The local context

In planning our audit work, we need to be responsive to the environment in which councils operate, which sees:

- continued uncertainty in public funding with spending likely to decline in real terms for the foreseeable future
- demographic change – Scotland's population is ageing, and more people are living in poverty, which puts more pressure on services and resources
- increasing expectations over public services and the empowerment of citizens and communities in their relationship with councils
- flexibility in how local public services are delivered, with a greater emphasis on collaborative working and different options for delivering services
- the ongoing implementation of the UK decision to leave the European Union, enhanced devolution to the Scottish Parliament, and ongoing reform of local government.

We recognise these factors place significant pressures on councils as they strive to deliver high-quality services and improve outcomes for local people.

Our audit priorities

In 2016, the Commission established its strategic audit priorities as priority areas on which we ask auditors to report on across Best Value and other audit work in councils.

We review the priorities each year based on our work, to ensure that they reflect current issues and challenges in councils. This year we are continuing our current priorities as they remain relevant to the challenges faced by councils and our expectations of them. These are:

- Having clear priorities with a focus on outcomes, supported by effective leadership and long-term planning.
- The strategic appraisal of options to re-shape services in line with priorities. This should consider good practice, innovation and collaborative working with partners.
- Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future.
- Empowering local communities and involving them in the design and delivery of local services and planning for their local area.
- Reporting councils' performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes.

The Controller of Audit – who we appoint to report on matters arising from the audit – reports to us annually on progress made by audited bodies against these strategic audit priorities.

Public audit in Scotland

Together, the Commission, Auditor General and Audit Scotland uphold [*Public audit in Scotland*](#). Public audit helps create a strong and effective system of financial accountability and transparency to support the best use of public money.

We are working with the Auditor General to put in place a new Code of Audit Practice setting out how together we will continue to deliver public audit in Scotland through a new round of appointments of auditors from April 2021.

The Commission coordinates local government scrutiny through a strategic group of scrutiny partners including the Care Inspectorate, Education Scotland, and the Scottish Housing Regulator. We engage internally with the Controller of Audit, Audit Scotland and our partners including the audit firms we work with, to plan and deliver our work. We report on progress with our strategy through our Annual Report each year.

In tandem with developing the new Code, we are reviewing our audit of Best Value in councils, including applying Best Value auditing to health and social care integration joint boards.

The current eight-year term of the Auditor General for Scotland (AGS) comes to an end in June 2020. The Chair of the Commission will work closely with the new AGS to take forward public audit in Scotland.

Reporting our work

We design our work to respond to key areas of risk facing local government. Each year we consult with our stakeholders to update our rolling five-year work programme.



We give assurance over public spending, and support improvement in local government. The Commission's current five-year work programme is available on our [website](#). We report our work publicly through a range of audit outputs. Annual audit reports and Best Value assurance reports focus on individual councils; our performance audits and overview reports look across councils and services nationally. We prepare a range of reports and information including:

- **Annual Audit Reports** which report on the financial probity and performance of each council. This work is at the core of how we provide assurance over councils' use of public money. It also covers wider aspects of governance, improvement, and council performance.
- **Best Value** assurance reports on how individual councils are fulfilling their statutory duty of Best Value. These take a deep look at how councils manage public resources, with a focus on improvement, to deliver the best possible outcomes for the public. Annual audit reports also report progress made by councils against their Best Value duty.
- **Local Government Overview reports.** We publish two reports each year bringing together significant issues: our local government performance and challenges report; and our local government financial overview report.
- **Performance audits** to focus on the quality, efficiency and effectiveness in services and the use of resources across local government. These can be reported jointly with the Auditor General for Scotland where there are areas of common interest such as health and social care.
- **Briefing papers** to update the public and stakeholders on issues affecting local government and the Commission's position on what its audit response should be.
- **How Councils Work** series to report on specific topics to share good practice to help councils improve, for example, our recent report on safeguarding public money.
- **Impact reports** are short follow-up reports that track progress with the recommendations from previous performance audits around 18 months after publication.

Our [website](#) includes all our reports and other resources such as podcasts, and our [e-hubs](#) to provide more detailed information resources on the work of the Commission and the Auditor General.

Our work programme 2020-25

We update our five-year **work programme** each year to keep our work relevant to the public and our stakeholders.

We consult widely over our work programme each year, with councils, third sector representatives and trade unions. This helps us plan our work to reflect current risks and issues in local government.

[2019-24 used for illustration only - to be updated]

2019/20	2020/21	2021/22 provisional	2022/23 provisional	2023/24 provisional
---------	---------	---------------------	---------------------	---------------------

Annual audit reports

For 32 councils, 32 joint boards, 30 health and social care integration boards, and 11 pension funds.



Overview reporting

Local government financial overview	Local government financial overview	Local government financial overview	Local government financial overview	Local government financial overview
Local government overview	Local government overview	Local government overview	Local government overview	Local government overview



Auditing Best Value

7 BV Assurance reports:	7 BVARs:	6 BVARs:	End of five-year appointment cycle	New appointment cycle
<ul style="list-style-type: none"> Highland Midlothian N Lanarkshire Perth and Kinross Scottish Borders S Lanarkshire Stirling 	<ul style="list-style-type: none"> Aberdeenshire Argyll and Bute City of Edinburgh Dundee City Falkirk Moray N Ayrshire 	<ul style="list-style-type: none"> Aberdeen City Angus East Dunbartonshire Eilean Siar Shetland Islands South Ayrshire 	Approach to Best Value audit in councils to be agreed	Approach to Best Value audit in councils to be agreed

Progress reported in other 25 annual audit reports	Progress reported in other 25 annual audit reports	Progress reported in other 26 annual audit reports
--	--	--



Performance audits (* joint with Auditor General)

Themes: **Education and economy** **Resources and infrastructure** **Health and wellbeing**

City Deals*	Commonwealth Games legacy*	City Deals 2*	Housing for an older population*	Health and social care 3*
Early learning and childcare – impact and follow-up*	Waste management*	Community justice*	Mental health*	Specific local government services (topic and means of reporting, e.g. performance audit or briefing papers, to be confirmed)
Educational outcomes*	Outcomes for children with additional support needs*	Digital services: learning or justice (joint or AGS)	Progress in addressing child poverty*	
Affordable housing*	Social care sustainability*	Early learning and childcare series*	Replacing Structural Funds*	
EU withdrawal*	Digital progress in local government	Improving outcomes for looked after children and young people*	Strategic capital investment (joint or AGS)*	
Revenue financing of assets (NPD / Hub models)*	Supporting economic growth: the role of local authorities	Workforce planning post-EU withdrawal*	Specific local government services (topic and means of reporting, e.g. performance audit or briefing papers, to be confirmed)	
		Specific local government services (topic and means of reporting, e.g. performance audit or briefing papers, to be confirmed)		

You can read more about the scope of our planned performance audits in the next year [here](#).



How Councils Work

No reports planned To be confirmed To be confirmed To be confirmed To be confirmed

Briefing papers and related products

Here Here To be confirmed To be confirmed To be confirmed

Impact reports

Early learning and childcare To be confirmed To be confirmed To be confirmed To be confirmed

Equal pay

How we engage

We need to understand issues relevant to the people of Scotland to keep our work relevant and help improve our public services.

We engage with the public and a wide range of stakeholders: councils, Scottish Parliament, and the various professional bodies and representative groups we deal with. Our engagement has three main purposes:



Inform – promoting our audits and related information.

The Commission communicates externally with the public and other stakeholders to inform them about our audit work and key messages. We use different channels or tools to do this, for example:

- our performance audits and other major reports each have a promotion plan, for example we use community newsletters to report on Best Value in councils.
- we use social media and podcasts, blogs, animations to share key messages in an accessible way
- we direct councils to report locally on their own performance through our [Statutory Performance Information Direction](#)

Consult – seeking the public and our partners' views on our work

We meet with and consult councils, parliament and other stakeholders to discuss our work and seek their feedback, for example:

- we consult with councils, the third sector, and other stakeholders over our work programme.
- we hold *Council Conversation* events (currently every two years) with leaders and chief executives from all councils to discuss issues at first hand.
- we brief the Scottish Parliament's committees, most notably the Local Government and Communities Committee on reports, helping to inform the budget scrutiny process.
- we meet with individual councils after the publication of each Best Value Assurance report.

Collaborate – working with others to shape and deliver what we do.

We plan and deliver our audits jointly with others, to co-ordinate our work and reflect current public issues, for example





- we coordinate local government scrutiny through a strategic group of scrutiny partners including the Care Inspectorate, Education Scotland, and the Scottish Housing Regulator.
- we use advisory groups of public sector practitioners to plan and deliver our performance audits, and ‘roundtable’ discussions to explore issues.
- we collaborate with other bodies such as the Improvement Service to support learning events, in areas such as elected member development.

Involving the wider public more in our work is an increasing focus for us. We participate in an Equalities and Human Rights Group chaired by Audit Scotland, and our auditors’ work has been informed by a youth panel run by Youth Scotland and Audit Scotland to seek the views of school-age people of various backgrounds.

Who are our stakeholders and how do we engage?

The public covers many and varied groups, for example people who use services, taxpayers and disadvantaged or minority groups. We recognise that the requirements of those we consult with – and how they may use of our work – will be different. We need to use different ways to communicate with and involve them. In turn, this will help to increase the impact of our work.

The potential ‘asks’ or interests of our different audiences are outlined below. We will continue to develop our understanding of the expectations or ‘asks’ of our stakeholders. We will report on significant engagement activities at the end of each year through the Accounts Commission annual report.

	<p>The public</p> <p>Our work is relevant to people who use services, taxpayers, citizens and communities. We use local promotion plans to sign-post our work and promote our messages in different ways.</p>	<p>How good are my services? Does my council offer good value? Does it need to improve?</p>
	<p>Press and broadcast media</p> <p>The media is vital to help us reach the public and communities. We use press releases, video blogs, podcasts and other means to promote our messages.</p>	<p>What has the watchdog found? Where is the council doing well? Where do things need to improve?</p>
	<p>Councils</p> <p>We engage with councils and their partners to keep updated on the issues they face and make clear our role in assurance and improvement.</p>	<p>How do we perform and where do we need to improve? How will your audit add value? Do you recognise the pressures we face?</p>
	<p>Scottish Parliament and Government</p> <p>Our national audit work supports Parliamentary scrutiny of public services. We engage to assure our activities fit with the wider agenda for public service reform.</p>	<p>How well is local government working? How do councils contribute to national priorities? How do they improve outcomes for local people?</p>

Strategy and work programme

2020-25

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

MEETING: 12 MARCH 2020

REPORT BY: SECRETARY TO THE COMMISSION

STATUTORY REPORT: RENFREWSHIRE COUNCIL

Purpose

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's statutory report on a matter arising from the 2018/19 audit of Renfrewshire Council.

The Controller of Audit report

2. The attached statutory report is made by the Controller of Audit on a matter arising from the 2018/19 audit of Renfrewshire Council. The Controller reports that the most significant issue in the annual audit report relates to the late closure of the Council's 2018/19 accounts and the auditors unqualified but modified audit opinion in relation to the adequacy of accounting records maintained by the Council.
3. This report 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).
4. 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.
5. 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.

Procedure

6. 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.
7. 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.

8. 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.
9. 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

10. The Commission is invited to:
 - a) consider the Controller of Audit's statutory report on a matter arising from the 2018/19 audit of Renfrewshire Council; and
 - b) decide in private how it wishes to proceed.

Paul Reilly
Secretary to the Commission
3 March 2020

Renfrewshire Council - 2018/19 Audit Report on Accounts Closure

ACCOUNTS COMMISSION 

Prepared for the Accounts Commission
March 2020

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents

Executive Summary	4
Introduction and background	4
Reporting the 2018/19 audit	4
Context.....	5
Key aspects of the 2018/19 audit	5
Subsequent events.....	7
Conclusion	9
Appendix 1 - Renfrewshire Council 2018/19 Report to those charged with Governance	11
Appendix 2 - Renfrewshire Council 2018/19 Annual Audit Report	12

Executive Summary

Introduction and background

1. The Code of Audit Practice requires auditors to produce a report summarising the significant matters arising from their work at the conclusion of each year's audit. For local authorities, these reports are addressed to elected members and the Controller of Audit.
2. I have received the 2018/19 annual audit report for Renfrewshire Council (the Council) from Audit Scotland, the appointed auditor. The most significant issue in their report relates to the late closure of the Council's 2018/19 Accounts and the auditors unqualified, but, modified audit opinion in relation to the adequacy of accounting records maintained by the Council. I have therefore decided to use the reporting powers available to me under s102 (1) of the Local Government (Scotland) Act 1973 to bring this issue and subsequent developments to the Commission's attention.
3. This report also provides an update on the position outlined in the Auditors' reports.

Reporting the 2018/19 audit

4. It is normal practice within Audit Scotland for the Auditor to report the outcome of both their financial statements (annual accounts) audit and their wider dimensions work in the Annual Audit Report. At the same time, the Auditor would normally issue a brief letter to the Council outlining the Auditors' compliance with International Standard on Auditing (ISA260) "*Reporting to Those Charged with Governance*". However, due to the issues outlined further in this report the Auditor took the decision to separately report, under ISA260, the issues arising from their financial statements audit and to then summarise the outcome of the completed audit in their Annual Audit Report.
5. The Auditors' ISA260 Report was considered at the meeting of Renfrewshire Council on 26 September 2019 and is included at Appendix 1.
6. The Auditor's Annual Audit Report was considered by the Council's Audit, Risk and Scrutiny Board (ARSB) on 4 November 2019. The report has also been published on Audit Scotland's website and is included at Appendix 2.
7. I draw the Commission's attention to the following points in relation to the closure of the Council's 2018/19 accounts.

Context

8. Renfrewshire Council has a strong track record of good financial management. Having reviewed the last five years audit reports, it is clear that the final accounts process has historically been straightforward, with auditors reporting that the draft accounts have consistently been submitted on time and to a good standard.
9. In addition, the annual audit report for the 2018/19 audit highlights several positive aspects from this year's audit work, for example:
 - The Council's strategic financial management is effective, with strong budgeting, financial monitoring and reporting processes
 - The Council's financial position is sustainable into the foreseeable future
 - Appropriate action is being taken through the Council's Transformation Programme to address the projected funding gap of £45m
 - The Council continues to make good progress addressing the recommendations contained in the 2016/17 Best Value Assurance Report.
10. It was therefore disappointing for all concerned that these issues arose at the end of the audit process for 2018/19.

Key aspects of the 2018/19 audit

System changes

11. Renfrewshire Council undertook significant changes to its core systems during October 2018 through the implementation of an Enterprise Resource Planning (ERP) system (Business World). The ERP system combines finance, human resources, payroll and procurement into a single integrated application. The Council appropriately identified the ERP system implementation risk within its corporate risk register prior to commencing the project. Having delivered a series of actions to mitigate against this risk, the system change was well managed.
12. In their Annual Audit Plan for 2018/19, considered by the Council's ARSB on 21 January 2019, the Auditor highlighted the increased risk of financial reporting errors inherently arising from the implementation of the new system. In particular, the Auditor noted risks in relation to the implementation of a new control environment.
13. The Auditor provided a summary of the key findings arising from their interim work in their Management Report presented to the Council's ARSB on 28 May 2019. In their report the Auditor noted that the implementation of Business World, including the "bedding-in" of the system, was still ongoing and elements of the system, for example procurement, had yet to be

brought on line. Additionally, the Auditor noted that, as expected, the application and adjustment to a new system of this scale had put additional pressure on staff involved with the implementation process throughout the Council.

Accounts closure

14. The unaudited accounts were approved by the Council in June 2019 and presented for audit on 27 June 2019 in line with the agreed timetable set out in the 2018/19 Annual Audit Plan. During the audit process the Auditor identified several issues that required adjustments to be made to the Financial Statements. Whilst it is entirely normal for adjustments to result from the audit process, the Auditor identified five material adjustments which were reported in Exhibit 2 of the ISA260 Report (page 5 and 6 in Appendix 1 of this report) and Exhibit 3 of the Annual Audit Report (page 12-14 in Appendix 2 of this report).
15. Of these five adjustments the most significant is in relation to trade receivables and trade payables. It is this issue alone, in a complex implementation plan for a suite of system changes, which resulted in the late closure of the Council's 2018/19 Accounts and the Auditors' modified audit opinion in relation to the adequacy of accounting records maintained by the Council.
16. The Auditor has reported that balances in the Council's financial ledger in respect of trade receivables and trade payables were not properly reflected within the Balance Sheet in the accounts presented for audit. These differences arose because council finance staff had identified issues with intra-group balances between the Council and Renfrewshire Leisure Limited (RLL), an Arm's Length External Organisation (ALEO) included in the Council's group accounts. Journals continued to be posted to the ledger after the accounts had been presented to the Auditor at the end of June 2019 to try and correct this issue.
17. However, this resulted in a difference between the accounts presented for audit, supporting working papers and the ledger and the journal postings did not appropriately correct the identified issues. Therefore, further correcting adjustments were required once the mismatch between the accounts, working papers and ledger came to light through the audit process.
18. The Council provided a revised set of Accounts for audit on 16 September 2019 and these accounts were presented, by Officers, for approval at the Council Meeting on 26 September 2019. The Auditor reported to the Council at the same meeting (through the ISA260 Report) that:
 - They would not be able to issue their audit opinion by the statutory deadline of 30 September 2019

- The Audit Opinion would be modified to include a report by exception highlighting that the Council had not maintained adequate accounting records in respect to the trade receivable and trade payable balances disclosed in the Balance Sheet; and
 - There were five key elements of audit work still outstanding at that date, specifically:
 - Work to ensure all expected adjustments had been made to the version of the accounts presented for audit on 16 September;
 - Completion of substantive testing on this set of accounts;
 - Receipt and assessment of component auditor assurances for Renfrewshire Leisure Limited, following resolution of the issues highlighted in paragraphs 16 and 17 above;
 - Final Audit Director review of the completed work and revised financial statements; and
 - Peer review of the proposed modification to the audit opinion.
19. At the meeting on 26 September the Council resolved to "*approve the audited annual accounts for signature in accordance with the relevant regulations, subject to any further minor adjustments which may arise in concluding the audit process; in which case authority is delegated to the Director Finance and Resources, in consultation with the Convener of the Finance, Resources and Customer Services Policy Board to make any required minor adjustments to the audited annual accounts.*"
20. Following the Council meeting, a further set of accounts was presented for audit in line with the agreed delegation. The Auditor completed their work on this final set of accounts and issued an unqualified opinion on the 2018/19 accounts on 9 October 2019, seven working days after the statutory deadline of 30 September. This opinion was in line with the position outlined in paragraph 14 above.
21. There had been a process of continuous engagement between the Auditor and Council Officers throughout the key phases of the audit. Council Officers had updated and engaged with Elected Members on this matter through briefings to the Group Leaders and a meeting of the ARSB on the 23 September 2019.

Subsequent events

Trade receivables and trade payables

22. Senior officers at the Council have taken the issues arising from the audit of the 2018/19 accounts seriously and responded in a positive and constructive manner to the matters identified

through the audit. Actions initiated by Officers during the audit process to redress the identified issues clearly, and appropriately, fell into two categories:

- Immediate actions required to successfully correct the issues in the 2018/19 accounts; and
- Permanent, corrective changes to the system to prevent the recurrence of the same issues in the accounts for 2019/20 and beyond. The Council has further reinforced these changes through enhancements to non-system process including:
 - Focussed review of debtors and creditors;
 - Improved reconciliation and monitoring procedures;
 - Full balance sheet review at the end of October 2019 (period 7) and January 2020 (period 10);

23. The Auditor is content that these actions and the detailed work that underpins them are an appropriate and credible response to the specific issues giving rise to the late and modified Opinion on the 2018/19 accounts. It is the Auditor's view that, assuming no other major problems are identified, these actions should prevent a recurrence of those issues.

24. Nevertheless, the Auditor has made clear to Council Officers that the key measures of success will be Council's ability to produce a materially accurate, complete and timely statement of accounts for 2019/20, supported by good quality working papers and a clear audit trail. Success in this respect will be measured, ultimately, through the outcome of the audit process.

Wider developments

25. The Council has taken the opportunity to look beyond the minimum actions required to address the trade receivable and trade payable issues and has agreed an ambitious closedown timetable for 2019/20 that seeks to advance the preparation of the annual accounts by more than a month compared to previous years. The Council is planning to present the 2019/20 Accounts for audit on Wednesday 20 May, some five weeks earlier than the previous year and to present the unaudited accounts for consideration by ARSB on 26 May. Officers are clear that 2019/20 is a pilot year for the proposed new timetable and recognise the risks inherent within the plan. Appropriate action has been taken to mitigate against such risks, notably:

- Consulting with other Councils who demonstrate a track record of successfully delivering early closure;

- Leaving the governance and approval timetable unchanged from previous years, so that the ARSB and Council meetings, to consider and approve the accounts respectively, remain in September 2020. Thereby providing some contingency within the accounts completion timetable;
 - Reinvigorating cross-departmental engagement and communication to secure acceptance and ownership of the proposed timetable under a single project manager;
 - Refreshing and enhancing the finance team by actively recruiting to previously vacant posts and a placing a renewed and greater emphasis on focussed CPD;
 - Continued close liaison and engagement with the Auditor and wider audit team.
26. The Auditor supports the Councils approach, to achieving an earlier closedown and has committed to working with the Council, within their remit as external auditor, to help the organisation realise this ambition. The aim of both the Council and Auditor is to achieve an earlier sign-off and opinion date for the 2020/21 statement of accounts.

Conclusion

27. Renfrewshire Council has a strong track record of presenting high quality financial statements and supporting working papers for audit and a sound and robust approach to closing its accounts. The issues experienced as part of the 2018/19 audit were therefore unusual and uncharacteristic of the organisation. It is clear that both Officers and Elected Members at the Council took the issues very seriously and implementing appropriate and sustainable solutions is a key priority for the Director of Finance and Resources and the wider Finance Team.
28. The implementation of the ERP system was a significant and complex undertaking by the Council and the process of system change was well managed. The matter which resulted in the delayed and modified auditors' opinion arose from the operation of a specific aspect of the system.
29. I recognise that the Council acted to identify and address the underlying issues with trade receivables and trade payables in the 2018/19 Financial Statements and that these solutions ultimately enabled the Auditor to issue an unqualified opinion on the financial statements. The identification of these solutions and the reworking of the financial statements to ensure their correct implementation added further time pressures into an already tight timetable, which, in itself, presented a risk of further errors and misstatements occurring. The additional time required to audit the revisions to the accounts further contributed to these pressures.
30. Therefore, I fully support the Auditor's decision to delay issuing their opinion on the financial statements in order to reduce the level of pressure in the process and allow sufficient and

appropriate time for finance officers to work through the adjustments and for the audit team to complete their work to an appropriate standard.

31. I agree with the Auditor's assessment as to the adequacy of the Council's response to prevent a recurrence of the same issues in 2019/20. However, I acknowledge that work remains to be completed by both the Council and the Auditor in preparing and auditing the 2019/20 financial statements. The key test will be the timely delivery of a high-quality set of accounts, supported by an equally high standard of working papers for audit, and a successful audit outcome.
32. I welcome the Council's wider review of its closedown process and support the Council's ambition to achieve an early accounts closure and sign-off. I recognise the risks associated with this, as does the Council, and the Auditor will report to me again on the outcome of the 2019/20 audit.

Appendix 1 - Renfrewshire Council 2018/19 Report to those charged with Governance

Renfrewshire Council

2018/19 Report to those charged with governance



 AUDIT SCOTLAND

Prepared for the Members of Renfrewshire Council and the Controller of Audit
26 September 2019

Audit of 2018/19 annual accounts

The Council and its group annual accounts are the principal means of accounting for the stewardship of resources and performance in the use of resources.

Independent auditor's report

1. Our audit work on the 2018/19 annual accounts is at an advanced stage. Subject to the satisfactory conclusion of the outstanding matters referred to below (see paragraph 10) and receipt of a revised set of annual accounts for final review, we anticipate being able to issue an unqualified but modified audit opinion in the independent auditor's report (see significant issue 1). For the reasons outlined in more detail at paragraphs 2 to 7 below, we will not be in a position to issue our audit opinions by the statutory deadline of 30 September 2019.

Submission of the Council and its group annual accounts for audit

2. The unaudited annual accounts were approved by the Council in June 2019 and then passed to Audit Scotland on 27 June 2019 in line with the agreed audit timetable set out in our 2018/19 Annual Audit Plan. During the audit process we have identified a number of issues that required adjustments to be made to the financial statements. We have been working with finance officers within the Council to ensure any corrections or presentational changes agreed over the course of the audit process are reflected within revised working papers, and also within the Annual Accounts document itself.

3. Under the Council scheme of delegation, the Council has responsibility for approving the audited annual accounts, taking into account any recommendation from the Audit, Risk and Scrutiny Board in terms of this approval. For the 2018/19 audit, securing this recommendation has not been possible as outlined in the paper submitted by the Director of Finance and Resources.

4. It has been recommended in the paper by the Director of Finance and Resources that the Council agree to delegate authority to the Director of Finance & Resources, in consultation with the Convener of the Finance, Resources and Customer Services Policy Board, to agree any further immaterial adjustments to the annual accounts to satisfy audit requirements.

Annual audit report

5. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance in sufficient time to enable appropriate action. Our significant findings relating to audit work completed to date are included in Exhibit 1.

6. The Renfrewshire Council audited Annual Accounts for 2018/19 were scheduled to be considered by the Audit, Risk and Scrutiny Board on 23 September 2019, together with our Annual Audit Report which sets out the issues identified in respect of the annual accounts and the conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice. Due to the delays referred to above the report is not yet finalised.

7. Our Annual Audit Report (as opposed to the Report to those charged with governance) will be available for full consideration at the next Audit, Risk and Scrutiny Board meeting in November 2019. The Annual Audit Report will provide further detail in respect of the issues encountered in finalising the audited annual accounts.

Fraud, subsequent events and compliance with laws and regulations

8. In presenting this report to the Council we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Section 95 Officer

9. As part of the completion of our audit, we are seeking written representations from the Section 95 Officer on aspects of the annual accounts, including the judgements and estimates made. This letter of representation should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Outstanding audit work

10. The key elements of audit work outstanding as at 24 September 2019 are:

- Audit review to ensure all expected adjustments have been included throughout the revised financial statements provided by the Council on 16 September;
- Completion of substantive audit testing in respect of the revised financial statements provided by the Council on 16 September 2019;
- Receipt and assessment of component auditor assurances for Renfrewshire Leisure Limited;
- Final review by Audit Director of the completed work and revised financial statements; and
- Peer review of the proposed modification to the audit opinion.

Audit opinions on section 106 charities

11. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of Renfrewshire Council are sole trustees, irrespective of the size of the charity.

12. The Council has made progress in reducing the number of charitable trusts where it is the sole trustee. Renfrew Burgh, Paisley Burgh and Renfrewshire Council Citizens Funds were fully wound up as at 28 March 2018 as agreed by the Office of the Scottish Charity Regulator (OSCR). There is one remaining trust fund, Coats' Observatory Trust.

13. The Common Good Funds continue to make grants available to local organisations through grant making process and will continue to fund recurring commitments. The Council will also continue to review the funding provided by the Common Good Funds to ensure it remains appropriate and in line with the objectives of the Funds and to the benefit of the inhabitants of the relevant Burghs.

14. We received the charities' accounts in line with the agreed timetable and after completing our audit we reported in the independent auditor's reports that:

- the financial statements give a true and fair view the section 106 charity's financial position and are properly prepared in accordance with charities legislation
- the trustees' annual report is consistent with the financial statements and prepared in accordance with proper accounting practices.

15. These were considered by the Audit, Risk and Scrutiny Board on 23 September and are included as a separate paper for Council approval.

Whole of Government Accounts

16. The deadline to submit the Whole of Government Accounts (WGA) consolidation pack for the 2018/19 unaudited accounts was 27 July 2019. The Council submitted the return to external audit on 8 September 2019. The audit of the WGA consolidation pack is ongoing.

Materiality

17. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement and involves considering both the amount and nature of the misstatement.

18. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 1](#). With regards [1](#).

to the annual accounts, we assess the materiality of uncorrected misstatements both individually and collectively.

19. On receipt of the unaudited annual accounts we reviewed our planning materiality calculations and concluded that they remained appropriate. We subsequently revisited our planning materiality following receipt of the revised accounts on 16 September 2019. We concluded that our planned levels of materiality remain appropriate despite the adjustments made to the accounts outlined in Exhibit 2 below.

Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£7.539 million
Performance materiality	£3.770 million
Reporting threshold	£0.188 million

Source: Audit Scotland, Annual Audit Plan 2018/19

Significant findings from the audit in accordance with ISA 260

20. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.

21. The significant findings are summarised in [Exhibit 2](#).

Subjective aspects of the audit

22. We have no significant findings to report around the subjective aspects (e.g. accounting policies, accounting estimates/judgements, significant financial statements disclosures, impact of uncertainties etc) of the 2018/19 accounting practices.

Exhibit 2

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Trade receivables and trade payables</p> <p>We noted that balances within the financial ledger in respect of trade receivables and trade payables were not properly reflected within the accounts presented for audit. Journals continued to be posted to the ledger, after the accounts had been provided to us at the end of June 2019. This resulted in a difference between the accounts presented for audit and the ledger. This also resulted in the working papers to support the accounts not reflecting the financial ledger position.</p> <p>Officers provided a revised set of accounts and updated working papers on 16 September to reflect the adjustments that had been processed through the ledger and to reflect additional adjustments requested as part of the audit.</p>	<p>Audit work is ongoing to complete the review of the required adjustments to the annual accounts.</p>
<p>2. Restructure of trading operations</p> <p>The Council has changed the disclosure / accounting treatment for trading operations in 2018/19. In prior years trading operations were presented in a separate note to the accounts and the net surplus/deficit for the year was reflected within the Comprehensive Income and Expenditure Statement (CIES).</p> <p>For 2018/19 the note is no longer disclosed. The Council correctly reflected the gross figures within the CIES. However as this was a material change in accounting treatment the 2017/18 comparative figures should have been restated to reflect this change. Additional disclosure notes to explain the change in accounting treatment should be provided</p>	<p>The financial statements have been updated to reflect the recommended change.</p>
<p>3. Removal of Internal recharges</p> <p>To comply with a change in the 2018/19 guidance internal transactions cannot be included in the Comprehensive Income and Expenditure Statement (CIES).</p> <p>Our audit highlighted that the presentation within the CIES was inconsistent with the LASAAC advisory note. The removal of internal recharges should be applied directly to relevant service. The unaudited accounts disclosed this an adjusting item as a single line after the cost of services within the CIES.</p>	<p>The financial statements have been updated to reflect the recommended change.</p>

Issue	Resolution
Additional disclosure notes to explain the change in accounting treatment should be provided	
<p>4. Comprehensive income and Expenditure Statement (CIES)</p> <p>The format of the CIES within the unaudited accounts had been updated in the 2018/19 accounts with the incorrect removal of the gross expenditure and income figures from the 2017/18 comparative column.</p>	<p>The financial statements have been updated to reflect the recommended change.</p>
<p>5. Non Domestic Rates (NDR)</p> <p>We noted that the council recognised debtor and creditor balances in relation to the collection of NDR in its unaudited accounts.</p> <p>The council acts as an agent of the Scottish Government in NDR transactions. While it is necessary for the council to maintain records relating to the collection of NDR, only amounts due to or from the NDR rate pool should be recognised in the annual accounts.</p> <p>To apply the correct accounting treatment an adjustment has been required to decrease debtors by £5.194 million with a corresponding increase in creditors.</p> <p>The 2017/18 figures have also been restated to show a decrease in debtors of £2.083 million with a corresponding increase in creditors.</p>	<p>The financial statements have been updated to reflect the recommended change.</p>

Source: Audit Scotland

How we evaluate misstatements

23. It is our responsibility to request that all misstatements above the reporting threshold are corrected. The final decision on this lies with those charged with governance considering advice from senior officers and materiality. In discussions with officers we anticipate that all misstatements will be corrected within the revised set of accounts.

Amendments to the accounts arising from legal and other judgements made after the accounts had been submitted for audit

24. Legal cases were brought against the government regarding the transition arrangements made in each of the pensions schemes for judges and firefighters. These arrangements came into effect as part of the move from a Final Salary Pension Scheme to a Career Average Pension Scheme in 2015 and included certain protections for active members of the schemes. The claimants successfully argued, in the resultant Employment Tribunal hearing, that some elements of the protection measures were unlawful on the grounds of age discrimination. The Employment Tribunal's ruling on this matter was upheld by the Supreme Court in June 2019. As this would have an impact on the transition arrangements of all government backed pension schemes, the council instructed the actuary to the Strathclyde Pension Fund to quantify the impact on the council's pension fund liability.

25. The actuary estimated that the impact from this case is to increase the councils'

pension fund liability by £14.459 million. This also results in a £14.459 million

increase in the pension cost charge incorporated within the Comprehensive Income and Expenditure Statement in the accounts. As these adjustments are fully mitigated by a statutory adjustment, they have no impact on the general fund reserve balance in the unaudited accounts.

Other findings

26. Our audit identified several presentational and disclosure issues which were discussed with management. This included the need to disclose more information regarding the restatement of prior year group accounts figures. These were adjusted and reflected in the audited annual accounts. This is normal audit practice and none of the presentational changes have any impact on the council's outturn for the year.

Objections

27. The Local Authority Accounts (Scotland) Regulations 2014 required the Council to give public notice for inspection and objection of the 2018/19 unaudited annual report and accounts by 17 June 2019. The public notice was published on the Council website on 26 June 2019 and in a newspaper on 28 June 2019, meaning the Council did not comply with the regulations.

Renfrewshire Council

2018/19 Report to those charged with governance

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

Appendix 2 - Renfrewshire Council 2018/19 Annual Audit Report

Renfrewshire Council

2018/19 Annual Audit Report



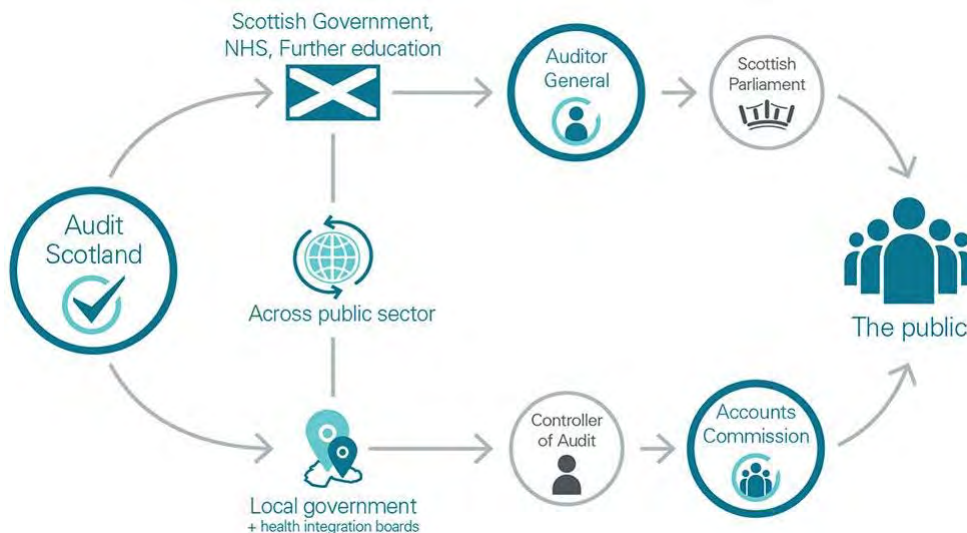
 AUDIT SCOTLAND

Prepared for the Members of Renfrewshire Council and the Controller of Audit
28 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.

Contents

Key messages	4
Introduction	6
Part 1 Audit of 2018/19 annual accounts	9
Part 2 Financial management	16
Part 3 Financial sustainability	21
Part 4 Governance and transparency	27
Part 5 Value for money	30
Appendix 1 Action plan 2018/19	35
Appendix 2 Significant audit risks identified during planning	38
Appendix 3 Summary of national performance reports 2018/19	42

Key messages

2018/19 annual accounts

- 1** The financial statements for Renfrewshire Council and its group present a true and fair view of its financial position as at 31 March 2019. We issued an unqualified opinion on the 2018/19 accounts on 9 October 2019, however, the opinion was modified to reflect that the Council had not maintained adequate accounting records in respect of the year end debtor and creditor balances. The balances within the ledger for these items of account were not properly reflected in the accounts presented for audit as journals continued to be posted through the ledger after the unaudited accounts had finalised. The Council is currently reviewing its procedures for preparing the annual accounts and closing the ledger at the end of the financial year to avoid a repetition of this going forward. The opportunity exists for the Council to revisit the findings contained in our Management Report, presented to the Audit, Risk and Scrutiny Committee on 28 May 2019 to inform this review.
- 2** Additionally, changes to the CIPFA Accounting Code of Practice (the Code) for 2018/19 required internal recharges to be removed from the service. The accounts originally presented for audit at the end of June 2019 did not fully comply with this requirement and there is scope for further improvement in the Council's processes to accurately and efficiently identify internal recharge transactions.
- 3** More broadly the wider components of the Annual Accounts, including the Management Commentary, Annual Governance Statement and the audited elements of the Remuneration Report have been prepared in accordance with relevant regulations and guidance and are consistent with the Financial Statements and our knowledge of the Council.
- 4** Additionally, the financial statements for the Section 106 Charities administered by the Council are free from material misstatement.

Financial management

- 5** The Council's strategic financial management is effective with strong budgeting, financial monitoring and reporting processes that are aligned to its corporate priorities which enables robust financial management to be focussed on the delivery of key outcomes.
- 6** There are a number of areas where the Council could usefully enhance the transparency of the budget reports, including for example, producing an amended budget to reflect decisions made by Elected Members at the budget approval meeting. More detail on this, and other suggested improvements, are contained in Part 2 of this report.

Financial sustainability

- 7** The Council and its wider group financial position is sustainable into the foreseeable future, although rising demand and increased acuity of demand coupled with increasing costs and reductions in central funding will continue to place a strain on the Council's capacity to deliver services at current levels.
- 8** Medium financial plans are aligned to the Council's corporate priorities and clearly demonstrate how the organisation intends to address future financial challenges. The Council undertakes robust financial modelling

based around the three scenarios of “best case”, “worst case” and “most likely” outcome. It has forecast that the funding gap for the three-year period from 2020 to 2023 is in the range of £26 million to £67 million. Prudently the Council is focussing on the “most likely” outcome as the basis for its medium term financial projects which still results in an estimated budget gap of some £45 million.

- 9** Appropriate action is being taken through the Council’s Transformation Programme to address the projected funding gap of £45 million and financial projections are regularly reviewed to ensure that they remain as reliable as possible. The transformation programme has a broad scope and includes ambitious solutions to the financial challenge including assessing alternative means of service delivery and possible service reductions.
- 10** The scale of the financial challenge is such that the Council will not be able to successfully deliver the required savings in isolation and it will need to actively engage with local and national partners to identify areas, and initiate action, to deliver the required level of efficiencies and savings. Success in this area will inevitably require difficult decisions on the part of Elected Members.

Governance and transparency

- 11** The Council has appropriate governance arrangements in place that support the scrutiny of decisions, and, it is open and transparent in the way it conducts business. For example, members of the public can attend meetings of the Council and its standing boards.
- 12** Constructive and effective challenge is essential to good governance and meaningful scrutiny. Historically, we have reported that Elected Members do not take full advantage of the training and development opportunities available to them. Whilst we recognise that there have been improvements in this area, further action is required by Elected Members to review their individual training requirements with a view to agreeing tailored personal development plans to ensure they deliver, and are seen to deliver, the challenge and scrutiny that is expected of them.

Value for money

- 13** The Council continues to make good progress addressing the recommendations contained in our 2016/17 Best Value Assurance Report. Key to this has been the development and implementation of a performance management framework. The framework is now well embedded across the organisation and Managers and Councillors clearly understand the framework and how it works, which, provides a sound base for further improvement across the Council.
- 14** Overall, Renfrewshire sits in the middle ground for performance when compared to the rest of its family group within the Local Government Benchmarking Framework. Performance is in the top quartile for nearly one-third of the 70 indicators and over the last 12 months the Council has demonstrated improved performance in 41 indicators. At the same time performance has remained stable in a further 10 indicators but declined against the remaining 19 indicators.
- 15** The Council actively considers performance against its corporate priorities and objectives and has established a range of improvement activities working in parallel which are clearly linked to key objectives and the budget setting process.
- 16** A locality plan for Renfrewshire was published in 2017 and focussed on a community of interest; the outcomes being experienced by people living in the 5% most deprived communities. The locality plan identifies broad improvement outcomes it does not make clear the localities where the actions will be focussed, and nor does it set out key milestones or timescales against which progress can be measured.

Introduction

1. This report summarises the findings arising from the 2018/19 audit of Renfrewshire Council and its group (the Council).
2. The scope of the audit was set out in our 2018/19 Annual Audit Plan presented to the 21 January 2019 meeting of the Audit, Risk and Scrutiny Board. This report comprises the findings from:
 - an audit of the annual report and accounts
 - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

Exhibit 1 Audit dimensions



Source: *Code of Audit Practice 2016*

3. The main elements of our audit work in 2018/19 have been:
 - an audit of the Council and its group 2018/19 annual report and accounts and the statement of accounts of the section 106 charities administered by the Council including the issue of independent auditor's reports setting out our opinions
 - a review of the Council's key financial systems
 - audit work covering the Council's arrangements for securing Best Value relating to a follow up of the recommendations in the 2016/17 Best Value Assurance Report (BVAR)
 - consideration of the four audit dimensions.

Added value through the audit

4. We add value to Renfrewshire Council through the audit by:

- working closely with finance officers in a positive and constructive manner during the financial audit to discuss and resolve the challenges as they were identified
- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
- reporting our findings and conclusions in public
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

5. In so doing, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

6. The Council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.

7. The Council is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

8. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK.

9. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:

- the effectiveness of the Council's performance management arrangements
- the suitability and effectiveness of corporate governance arrangements, and financial position
- the arrangements for securing financial sustainability
- best value arrangements.

10. In doing this we aim to support improvement and accountability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).

11. This report raises matters from the audit of the annual accounts and consideration of the audit dimensions. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

12. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

13. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services for the 2018/19 financial year.

14. Aspects of accounting records relating to the operation and closure of the Council's financial ledger, specifically for Debtor and Creditor balances, were poorly managed at the end of the financial year which resulted in additional audit work. As a result, an additional audit fee of £12,000 was levied.

15. The audit fee of £351,500 as set out in our Annual Audit Plan, has therefore increased to £363,500. We are not aware of any relationships that could compromise our objectivity and independence.

16. This report is addressed to both the Council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

17. We would like to thank all management and staff for their cooperation and assistance during the audit.

Part 1

Audit of 2018/19 annual accounts



Main judgements

The financial statements for Renfrewshire Council and its group present a true and fair view of its financial position as at 31 March 2019. We issued an unqualified opinion on the 2018/19 accounts on 9 October 2019, however, the opinion was modified to reflect that the Council had not maintained adequate accounting records in respect of the year end debtor and creditor balances. The balances within the ledger for these items of account were not properly reflected in the accounts presented for audit as journals continued to be posted through the ledger after the unaudited accounts had finalised.

Changes to the CIPFA Accounting Code of Practice (the Code) for 2018/19 required internal recharges to be removed from the service. The accounts originally presented for audit at the end of June 2019 did not fully comply with this requirement and there is scope for further improvement in the Council's processes to accurately and efficiently identify internal recharge transactions.

The wider components of the Annual Accounts, including the Management Commentary, Annual Governance Statement and the audited elements of the Remuneration Report have been prepared in accordance with relevant regulations and guidance and are consistent with the Financial Statements and our knowledge of the Council.

The financial statements for the Section 106 Charities administered by the Council are free from material misstatement.

The financial statements are the principal means by which the Council accounts for the stewardship of its resources and its performance in the use of those resources.

Submission of annual accounts and audit opinions

18. The financial statements for Renfrewshire Council and its group present a true and fair view of its financial position as at 31 March 2019. We issued an unqualified opinion on the 2018/19 accounts on 9 October 2019, however, the opinion was modified to reflect that the Council had not maintained adequate accounting records in respect of the year end debtor and creditor balances.

19. The unaudited annual accounts were approved by the Council in June 2019 and then passed to Audit Scotland on 27 June 2019 in line with the agreed audit timetable set out in our 2018/19 Annual Audit Plan. During the audit process we identified a number of issues that required adjustments to be made to the financial statements. We worked with finance officers within the Council to ensure any corrections or presentational changes agreed over the course of the audit process were reflected within the revised working papers, and also within the Annual Accounts document itself.

20. Under the Council scheme of delegation, the Council has responsibility for approving the audited annual accounts, taking into account any recommendation from the Audit, Risk and Scrutiny Board in terms of this approval. For the 2018/19 audit, securing this recommendation was not possible.

21. The annual accounts for the Council and its group for the year ended 31 March 2019 were presented to the full Council meeting on 26 September 2019. At the meeting the Council was asked to:

- approve the audited annual accounts for signature in accordance with the relevant regulations, subject to any further minor adjustments which may arise in concluding the audit process; in which case to further agree that authority is delegated to the Director of Finance & Resources, in consultation with the Convener of the Finance, Resources and Customer Services Policy Board to make any required minor adjustments to the audited annual accounts.

22. Further to the Council meeting on 26 September 2019 a revised set of accounts was presented to audit in line with the agreed delegation. The above delays resulted in the opinion on the financial statements being issued after the 30 September 2019 statutory deadline.

23. The Council is currently reviewing its procedures for preparing the annual accounts and closing the ledger at the end of the financial year to avoid a repetition of this going forward.

24. As detailed in exhibit 3 the balances within the ledger for trade receivables were adjusted after the accounts were presented for audit. These adjustments, while reflecting appropriate corrections should have been posted in a timelier manner and as part of the agreed audit adjustment process. Working papers included a large number of complex balances resulting from the change in accounting system.

25. The opportunity exists for the Council to revisit the findings contained in our Management Report, presented to the Audit, Risk and Scrutiny Committee on 28 May 2019 to inform this review.



Recommendation 1

We recommend that the Council's review of the audit findings highlighted within our management report inform the future close-down procedures for the preparation of the year end accounts.

26. In exhibit 3 we note that a change in the 2018/19 Code of Practice on Local Authority Accounting required the Council to remove internal recharges from each service within the CIES. We confirmed that management had processed this change and concluded that the figures are materially accurate.. However, we noted that there is scope for improvement in the Council's process to accurately and efficiently identify recharge transactions.



Recommendation 2

The 2018/19 Code requires that internal recharges are removed from each service within the CIES. There is scope for improvement in the Councils process to accurately and efficiently identify internal recharge transactions.

Audit opinions on section 106 charities

27. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of Renfrewshire Council are sole trustees, irrespective of the size of the charity.

28. The Council has made progress in reducing the number of charitable trusts where it is the sole trustee.

29. Renfrew Burgh, Paisley Burgh and Renfrewshire Council Citizens Funds were fully wound up as at 28 March 2018 as agreed by the Office of the Scottish Charity Regulator (OSCR). There is one remaining trust fund, Coats' Observatory Trust.

30. The Common Good Funds continue to make grants available to local organisations through grant making process and will continue to fund recurring commitments. The Council will also continue to review the funding provided by the Common Good Funds to ensure it remains appropriate and in line with the objectives of the Funds and to the benefit of the inhabitants of the relevant Burghs.

31. We received the charities' accounts in line with the agreed timetable and after completing our audit we reported in the independent auditor's reports that:

- the financial statements give a true and fair view the section 106 charity's financial position and are properly prepared in accordance with charities legislation
- the trustees' annual report is consistent with the financial statements and prepared in accordance with proper accounting practices.

32. These were considered by the Audit, Risk and Scrutiny Board on 23 September, approved by the Council on 26 September and signed by the statutory deadline of 30 September.

Whole of Government Accounts

33. The deadline to submit the Whole of Government Accounts (WGA) consolidation pack for the 2018/19 unaudited accounts was 27 July 2019. The Council submitted the return to external audit on 8 September 2019. The audit of the WGA consolidation pack is ongoing.



Recommendation 3

The Council's WGA submission was late in both 2016/17 and 2017/18, resulting in a qualified audit opinion on the 2017/18 WGA return. Management should put in place processes to ensure future WGA submissions are prepared in accordance with the required NAO timetable.

Risk of material misstatement

34. Appendix 2 provides a description of those assessed risks of material misstatement in the annual accounts and any wider audit dimension risks that were identified during the audit planning process. It also summarises the work we have done to gain assurance over the outcome of these risks.

35. We have reported at [ap pe n dix 2](#) and [ex hi bit 3](#) issues related to our work on the risks of material misstatement highlighted in our 2018/19 Annual Audit Plan.

Materiality

36. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement and involves considering both the amount and nature of the misstatement.

37. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit and is summarised in [Ex h ib it 2](#). With regards

to the annual accounts, we assess the materiality of uncorrected misstatements both individually and collectively.

38. On receipt of the unaudited annual accounts we reviewed our planning materiality calculations and concluded that they remained appropriate.

Exhibit 2 Materiality values

Materiality level	Amount
Overall materiality	£7.539 million
Performance materiality	£3.770 million
Reporting threshold	£0.188 million

Source: Audit Scotland, Annual Audit Plan 2018/19

Significant findings from the audit in accordance with ISA 260

39. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.

40. The significant findings are summarised in [Exhibit 3](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included.

Qualitative aspects of the audit

41. We identified five significant findings in relation to the qualitative aspects of accounting practices and these are highlighted in [Exhibit 3](#) and where appropriate at [Appendix 1](#).

Subjective aspects of the audit

42. We have no significant findings to report around the subjective aspects (e.g. accounting policies, accounting estimates/judgements, significant financial statements disclosures, impact of uncertainties etc) of the 2018/19 accounting practices.

Exhibit 3 Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Trade receivables and trade payables</p> <p>We noted that balances within the financial ledger in respect of trade receivables and trade payables were not properly reflected within the accounts presented for audit. Journals continued to be posted to the ledger, after the accounts had been provided to us at the end of June 2019. This resulted in a difference between the accounts presented for audit and the</p>	<p>The financial statements have been updated to reflect the recommended change.</p>
<p>ledger. This also resulted in the working papers to</p>	

Issue	Resolution
<p>support the accounts not reflecting the financial ledger position.</p> <p>Officers provided a revised set of accounts and updated working papers on 16 September to reflect the adjustments that had been processed through the ledger and to reflect additional adjustments requested as part of the audit.</p>	
<p>2. Restructure of trading operations</p> <p>The Council has changed the disclosure / accounting treatment for trading operations in 2018/19. In prior years trading operations were presented in a separate note to the accounts and the net surplus/deficit for the year was reflected within the Comprehensive Income and Expenditure Statement (CIES).</p> <p>For 2018/19 the note is no longer disclosed. The Council correctly reflected the gross figures within the CIES. However as this was a material change in accounting treatment the 2017/18 comparative figures should have been restated to reflect this change. Additional disclosure notes to explain the change in accounting treatment should be provided</p>	<p>The financial statements have been updated to reflect the recommended change.</p>
<p>3. Removal of Internal recharges</p> <p>To comply with a change in the 2018/19 guidance internal transactions cannot be included in the Comprehensive Income and Expenditure Statement (CIES).</p> <p>Our audit highlighted that the presentation within the CIES was inconsistent with the LASAAC advisory note. The removal of internal recharges should be applied directly to relevant service. The unaudited accounts disclosed this an adjusting item as a single line after the cost of services within the CIES.</p>	<p>The financial statements have been updated to reflect the recommended change.</p>
<p>4. Comprehensive income and Expenditure Statement (CIES)</p> <p>The format of the CIES within the unaudited accounts had been updated in the 2018/19 accounts with the incorrect removal of the gross expenditure and income figures from the 2017/18 comparative column.</p>	<p>The financial statements have been updated to reflect the recommended change.</p>
<p>5. Non Domestic Rates (NDR)</p> <p>We noted that the council recognised debtor and creditor balances in relation to the collection of NDR in its unaudited accounts.</p> <p>The council acts as an agent of the Scottish Government in NDR transactions. While it is necessary for the council to maintain records relating to the collection of NDR, only amounts due to or from the NDR rate pool should be recognised in the annual accounts.</p> <p>To apply the correct accounting treatment an</p>	<p>The financial statements have been updated to reflect the recommended change.</p>

adjustment has been required to decrease debtors

Issue	Resolution
<p>by £5.194 million with a corresponding increase in creditors.</p> <p>The 2017/18 figures have also been restated to show a decrease in debtors of £2.083 million with a corresponding increase in creditors.</p> <p>The adjustment does not impact on the reported outturn position.</p>	

Source: Audit Scotland

How we evaluate misstatements

43. It is our responsibility to request that all misstatements above the reporting threshold are corrected. The final decision on this lies with those charged with governance considering advice from senior officers and materiality. All individual misstatements which exceeded our reporting threshold have been amended in the audited financial statements.

Amendments to the accounts arising from legal and other judgements made after the accounts had been submitted for audit

44. Legal cases were brought against the government regarding the transition arrangements made in each of the pensions schemes for judges and firefighters. These arrangements came into effect as part of the move from a Final Salary Pension Scheme to a Career Average Pension Scheme in 2015 and included certain protections for active members of the schemes.

45. The claimants successfully argued, in the resultant Employment Tribunal hearing, that some elements of the protection measures were unlawful on the grounds of age discrimination. The Employment Tribunal's ruling on this matter was upheld by the Supreme Court in June 2019. As this would have an impact on the transition arrangements of all government backed pension schemes, the council instructed the actuary to the Strathclyde Pension Fund to quantify the impact on the council's pension fund liability.

46. The actuary estimated that the impact from this case is to increase the councils' pension fund liability by £14.459 million. This also results in a £14.459 million increase in the pension cost charge incorporated within the Comprehensive Income and Expenditure Statement in the accounts. As these adjustments are fully mitigated by a statutory adjustment, they have no impact on the general fund reserve balance in the unaudited accounts.

Integration Joint Board

47. The Council appropriately included its share of the financial transactions of Renfrewshire Integration Joint Board (RIJB) within its group financial statements. Our audit testing confirmed that the Council properly identifies transactions that relate to work commissioned by RIJB. Further information regarding the services transferred to RIJB is included in [Part 4 section on Integration of H&S C.](#)

48. RIJB reported a net surplus of £2.031 million against total funding received of £254.007 million on both health and social care services in 2018/19. RIJB's result for 2018/19 included planned use of additional recurring funding of £2.511 million and reserves of £0.824 million from Renfrewshire Council in addition to the agreed delegated budget allocation. As at 31 March 2019, Renfrewshire Council held earmarked reserves (£1.232 million) and other balances (£1.203 million) relating to services delegated to RIJB.

49. We noted in our RIJB annual audit report that, although these arrangements have been properly accounted for, RIJB should discuss the existing additional funding arrangements with partners and consider how any future arrangements will be processed to improve transparency. Similarly, as Renfrewshire Council is the other party involved, we recommend that management should review balances it holds on behalf of RIJB and consider how any future funding arrangements will be processed.



Recommendation 4

Renfrewshire Council holds earmarked reserves of £1.232 million and other balances of £1.203 million relating to services that have been delegated to RIJB. We recommend that the Council review the existing funding arrangements with RIJB and consider how any future arrangements will be processed to improve transparency.

Other findings

50. Our audit identified several presentational and disclosure issues which were discussed with management. This included the need to disclose more information regarding the restatement of prior year group accounts figures. These were adjusted and reflected in the audited annual accounts. This is normal audit practice and none of the presentational changes have any impact on the council's outturn for the year.

Objections

51. The Local Authority Accounts (Scotland) Regulations 2014 required the Council to give public notice for inspection and objection of the 2018/19 unaudited annual report and accounts by 17 June 2019. The public notice was published on the Council website on 26 June 2019 and in a newspaper on 28 June 2019, meaning the Council did not comply with the regulations.



Recommendation 5

The Council should review its procedures to ensure the statutory deadline to give public notice for inspection and objection is achieved in future years.

Follow up of prior year recommendations

52. We have followed up the action previously reported and assessed progress made. One agreed action was raised in 2017/18 and has been fully actioned.

Part 2

Financial management



Main judgements

The Council's strategic financial management is effective with strong budgeting, financial monitoring and reporting processes that are aligned to its corporate priorities which enables robust financial management to be focussed on the delivery of key outcomes.

There are a number of areas where the Council could usefully enhance the transparency of the budgetary process, including for example, producing an amended budget to reflect decisions made by Elected Members at the budget approval meeting.

Good financial management is based on financial capacity, sound budgetary processes and an effective control environment.

Budgetary process

53. The [Local Government in Scotland: Financial overview 2017/18](#) (November 2018) highlighted that the need for budgets and forecasts to reflect actual spending becomes increasingly important for Councils with decreasing (or low levels) of usable reserves to rely on. While Renfrewshire Council has comparatively high levels of usable reserves, it is still important that an accurate and transparent budgetary process is in place.

54. The annual revenue and capital budgets are considered and approved by the council before the start of each financial year. Detailed budget proposals are prepared in advance and included in council meeting papers for councillors to consider.

55. We noted that the Council's budget is aligned to the Council priorities as set out in its Council Plan, which is consistent with good practice.

56. During the 2018/19 financial year, each Policy Board scrutinised revenue and capital monitoring reports for services relevant to that Policy Board, and in addition the Finance, Resources and Customer Services Policy Board received Council-wide revenue and capital monitoring overview reports.

57. A year end budget report is also produced but this is not in the same format as the regular budget reports considered by the respective Boards throughout the financial year.

58. Overall, the Council's budget setting and monitoring arrangements are adequate. We noted in our [May 2019 management report](#) that the Council could improve the transparency of its budget reporting by:

- publishing an amended budget to reflect decisions made by members during budget approval
- outlining budget changes from the prior period in each finance report.



Recommendation 6

We recommend the Council reviews the budgetary process by:

producing the year end budget report in the same format as the regular budget reports considered by the respective Boards throughout the financial year

publishing an amended budget to reflect decisions made by members during budget approval

outlining budget changes from the prior period in each finance report.

Financial performance in 2018/19

59. The Council approved its 2018/19 budget in March 2018. Budgeted net expenditure was £375.129 million and estimated total income was £388.767 million, resulting in a budget surplus of £13.638 million. Decisions made by the Council at the budget approval meeting to commit this surplus to a number of different projects, resulted in the amended projected year end position for 2018/19 being a deficit of £1.131 million.

60. The budget was aligned to the Council's strategic priorities. To inform the budget each directorate produces income and expenditure estimates based on the Service Improvement Plans (SIPs). SIPs outline the activities of each directorate and how these support the delivery of the Council Plan.

61. The Council has a good track record in delivering services within budget. The Council achieved a surplus of £5.936 million in 2018/19 against a budget of £5.893 million. Note that decisions during 2018/19 resulted in changes to the original budget projection (a £1.131 million deficit as per paragraph 59).

Housing revenue account

62. The Council is required by legislation to maintain a separate housing revenue account (HRA) and to ensure that rents are set to at least cover the costs of its social housing provision. The HRA recorded expenditure in 2018/19 of £55.513 million (2017/18: £55.291 million). Overall the HRA recorded a breakeven position in 2018/19 against budget for the year and maintains a positive balance of £6.807 million.

Reserves

63. One of the key measures of the financial health of a local authority is the level of reserves held. The Council has increased its useable reserves steadily since 2013/14 and has historically had a high level of reserves in comparison to most other councils in Scotland. The majority of reserves are statutory or ring-fenced and aligned to future spending plans and strategic objectives.

64. The overall level of usable reserves held by the Council increased by £5.199 million from £149.407 million in 2017/18 to £154.606 million in 2018/19, this was primarily driven by the £5.936 million surplus reported on service expenditure for 2018/19. A table showing all reserves movements is included in Exhibit 4.

Exhibit 4

Movements in useable reserves in 2018/19

	Opening £m	Used £m	Added £m	Closing £m
General Fund (Unallocated)	7.094	-	0.043	7.137
General Fund (Ring-fenced)	38.114	(8.673)	22.566	52.007
Housing Revenue Account	6.807	-	-	6.807
Revenue Statutory Funds	2.858	-	-	2.858
Capital Receipt Reserve	7.617	(2.532)	2.932	8.017
Capital Statutory Funds	86.917	(11.406)	2.269	77.780
Total	149.407	(22.611)	27.810	154.606

Source: Audited Accounts 2018/19

65. Other than the Capital Statutory Funds, which is being maintained for future capital investment and future loan payments, the general fund reserve is the largest reserve, with a balance of £59.144 million. Although the general fund reserve has no restrictions on its use, £52.007 million has been ring-fenced for future expenditure plans.

66. The Council reviews the level of its unallocated reserves when setting the budget each year. The Council's approved reserves strategy specifies that uncommitted reserves should be between 1% and 2% of net revenue and not be lower than £7 million. The level of uncommitted general fund reserves as at 31 March 2019 was £7.137 million (1.7% of net revenue), which is within the limits set out by the strategy and provides a contingency fund to meet unexpected expenditure.

Capital programme 2018/19

67. Three year rolling plans for capital expenditure are approved by the Council as part of the budget setting process each year. In March 2018, Renfrewshire Council approved a capital budget of £78.836 million for 2018/19 (including £15.440 million of spend on housing related projects). A further £9.184 million of capital spend was approved in year. A table setting out capital budget and spend is included in Exhibit 5.

68. Capital expenditure in 2018/19 was primarily funded through borrowing (£27.738 million) and capital grants (£30.880 million). With the remainder being funded from revenue and asset sales.

Exhibit 5

Analysis of capital spend in 17/18 and 18/19

Year	Approved Capital Spend*	Capital Spend Relating to Plans Approved in Prior Years	Capital Spend Relating to Current Year Plan	Total in Year Capital Spend
	(£ millions)	(£ millions)	(£ millions)	(£ millions)
2017/18	£104.4	£19.3	£53.3	£72.5
2018/19	£88.0	£21.5	£45.2	£66.7

*Includes spend approved by committee during the year

69. As noted in our [M a y 201 9 m a n a g e m e n t r e p o r t](#), the Council has a history of rescheduling its capital programme, which has continued in 2018/19. We made the following recommendations in our management report:

- Management should put in place processes to improve the accuracy of forecasting within the capital budget monitoring reports.
- Management should consider including details of the estimated completion date (or key milestones), the total project budget and the total project spend for key projects in monitoring reports.

70. Capital rescheduling has led to the deferral of spend to future periods. In total, £42.828 million of capital expenditure was decelerated as a result of changes to the capital plan. £21.513 million of commitments were brought forward into 2018/19. All services experienced deceleration with Development and Housing disclosing the greatest figure.

Systems of internal control

71. As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that the Council has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

72. The Council implemented an enterprise resource planning system (Business World), in October 2018 which combines finance, HR, payroll and procurement into a single integrated application. As part of our audit work we reviewed and assessed the new processes and related controls in the following systems:

- General Ledger
- Payroll
- Accounts Receivables
- Accounts Payable
- Bank and Treasury Management
- Capital.

73. Our findings were included in our management report that was presented to the Audit, Risk and Scrutiny Board in May 2019 as summarised below:

- following the introduction of Business World, the monthly accounts receivable reconciliation has been carried out at council group level rather than for the individual group components, increasing the risk of error in the annual accounts

- the implementation of Business World has required additional manual processes to be put in place for the daily processing of payments. Where these additional procedures have been put in place, adequate controls have also been implemented. However manual processes are less efficient and with an increased risk of error
- a large number of staff can post journals without the standard approval process, increasing the risk of inaccurate journals being posted.

Standards of conduct for prevention and detection of fraud and error and National Fraud Initiative

74. The Council has appropriate arrangements in place for the prevention and detection of bribery and corruption. We are not aware of any specific issues we require to bring to your attention.

75. The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise coordinated by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity.

76. NFI activity is summarised in [Exhibit 6](#). This covers the latest NFI review which covered 2018/19 matches and was completed in 2019. The NFI secure website lists a total of 5,963 data matches for this review with 285 of these classed as 'recommended' matches (high risk) for investigation.

Exhibit 6 NFI activity



5,963

Matches



285

Recommended for
investigation



1,489

Completed/closed
investigations

Source: NFI secure website: www.nfi.gov.uk

77. The Internal Audit Annual Report was presented to the Audit Committee in May 2019 which summarised the NFI activity carried out to date. The Chief Internal Auditor, who is responsible for directing and reviewing NFI work, continues to coordinate and support the work of key officers involved in investigating or re-checking matches.

78. From our review, we concluded that the Council are reasonably engaged with the NFI exercise. NFI is factored into the counter fraud team's workplan, and there are arrangements in place to monitor NFI work across the organisation. Also, the NFI database is being used for all matches, and is being appropriately updated.

79. However, progress in processing matches (including high/medium risk matches) is slower than the sector average, and the detail of reporting of NFI progress to the audit committee could be improved,

Part 3

Financial sustainability



Main judgements

The Council and its wider group financial position is sustainable into the foreseeable future, although rising demand and increased acuity of demand coupled with increasing costs and reductions in central funding will continue to place a strain on the Council's capacity to deliver services at current levels.

Medium financial plans are aligned to the Council's corporate priorities and clearly demonstrate how the organisation intends to address future financial challenges. The Council undertakes robust financial modelling based around the three scenarios of "best case", "worst case" and "most likely" outcome. It has forecast that the funding gap for the three-year period from 2020 to 2023 is in the range of £26 million to £67 million. Prudently the Council is focussing on the "most likely" outcome as the basis for its medium term financial projects which still results in an estimated budget gap of some £45 million.

Appropriate action is being taken through the Council's Transformation Programme to address the projected funding gap of £45 million and financial projections are regularly reviewed to ensure that they remain as reliable as possible. The transformation programme has a broad scope and includes ambitious solutions to the financial challenge including assessing alternative means of service delivery and possible service reductions.

The scale of the financial challenge is such that the Council will not be able to successfully deliver the required savings in isolation and it will need to actively engage with local and national partners to identify areas, and initiate action, to deliver the required level of efficiencies and savings. Success in this area will inevitably require difficult decisions on the part of Elected Members.

Financial sustainability looks forward to the medium and long term to assess whether a body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Financial planning

80. The Council approved its 2019/20 budget in February 2019. The forecast net expenditure was set at £402.816 million, as shown in Exhibit 7. A surplus of £5.832 million was forecast in the original budget paper, however the budget was amended by a motion at the council meeting which made significant changes to the proposed budget, including:

- a 4.79% increase to council tax charges across all bands
- £67 million of investment into road, cycling and pathways, and schools
- various other allocations of revenue funding.

81. The Council does not publish an updated budget for decisions made during the approval process, therefore the impact of the changes on the planned surplus is not clear. As noted in paragraph 58, we recommended that the Council publishes

an amended budget to reflect decisions made by members during the budget approval process in our [May 2019 management report](#).

Exhibit 7 Budget overview 2019/20

	(£ millions)
Forecast Income	408.648
Forecast Expenditure	402.816
Forecast Surplus*	5.832

*Per original budget paper, subsequently amended by council decision

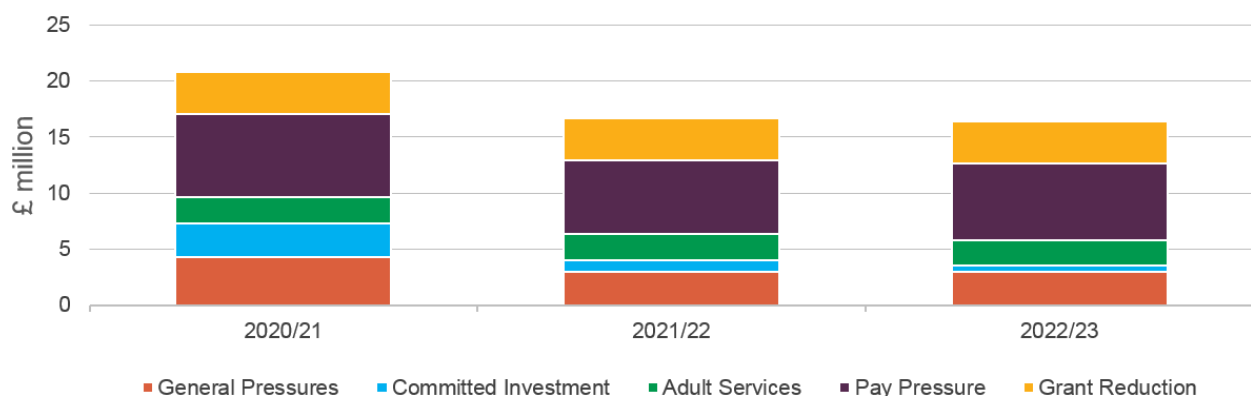
Source: 2018/19 Budget Proposal

82. It is important that long-term financial strategies (typically covering five to ten years) are in place which link spending to the Council's strategies. Although Councillors only approve the budget for a single year, this should be supported by indicative future spending plans that forecast the impact of relevant pressures on the Council.

83. Renfrewshire Council's Financial Outlook 2020 – 2023 was presented to the Leadership Board in September 2019 and highlighted a net budget gap of between £26 - £67 million over the three year period.

84. For financial planning purposes, the Council is progressing on a central financial planning scenario with an estimated forecast budget gap of approximately £45 million due to a combination of pressures on pay and adult services, committed investment and also an expected reduction in grant funding. The expected impact across the period 2020/21 to 2022/23 is illustrated in Exhibit 8.

Exhibit 8 Identified future funding pressure 2020/21 – 2022/2023



Source: Renfrewshire Council Financial Outlook 2020 - 2023

85. Renfrewshire Council plans to address the funding pressures through a combination of service savings and the proposed transformational change programme. Council plans also acknowledge the option of further council tax increases to balance future budgets.

Business transformation

86. Audit Scotland's [*Local government in Scotland – challenges and performance 2019*](#) (April 2019) highlighted that local authorities have not made enough progress in developing alternative forms of service delivery to meet the challenges of tightened budgets and to transform public services in Scotland.

87. In June 2019 the Council presented a paper to the Leadership Board to announce the next phase of the transformation and change programme. In September 2019 a further report provided additional detail on the next phase of the programme.

88. This is the fourth major phase of a longer term programme and is a permanent and recurring feature of the Council's strategic agenda. The current (third phase), known as the Better Council Change Programme (BCCP) will be superseded by phase 4, branded '**Right for Renfrewshire**'.

89. The Council intends to implement a structured service redesign process and this will be progressed in phases over a number of years. The Council's ambition is to modernise how it operates as an organisation and to support a greater pace of change in the use of new digital resources.

90. To manage the estimated £45 million budget gap over the three year period, the Council recognises this will be achieved through a range of measures in addition to the transformation programme. The Council has estimated that up to £20 million of net saving/cost mitigation measures can be secured out-with the transformation programme. Therefore, the Council expects to deliver sustainable and recurring savings of up to £25 million over the next three years as part of the next phase of the Transformation Programme.

91. The Council has outlined the service areas for inclusion in phase 1 of the new transformational programme and which will contribute to the Council's budget setting cycle for 2020/21.

92. The Council's transformation programme has identified projects aimed at reviewing and changing the way some services are delivered. The Council will need to work closely with all partners as it develops its approach to achieving future savings and efficiency requirements. It is essential that the Council's transformation agenda identifies alternative means of service delivery that will deliver sustainable savings to meet the projected cumulative budget gap.



Recommendation 7

The Council will not be able to successfully deliver the required savings in isolation. We recommend the Council continues to actively engage with local and national partners to identify areas, and initiate action, to deliver the required level of efficiencies and savings.

Changing landscape for public financial management and medium to long term financial planning

93. Scottish public finances are fundamentally changing, with significant tax-raising powers, new powers over borrowing and reserves, and responsibility for some social security benefits. This provides the Scottish Parliament with more policy choices but also means that the Scottish budget is subject to greater uncertainty and complexity

94. A new Scottish budget process has been introduced, which is based on a year-round continuous cycle of budget setting, scrutiny and evaluation. As part of the new budget process, the Scottish Government published an initial five-year

Medium-Term Financial Strategy (MTFS) in May 2018. The five-year outlook for the Scottish budget, set out in the MTFS, provides useful context for bodies' financial planning.

95. In November 2016 the Council's Leadership Board approved the establishment of an Economic Leadership Panel to develop a collaborative approach to the development of the Renfrewshire economy and to lead and advise on the development of a longer-term economic strategy for Renfrewshire.

96. In addition to private sector representation on the Panel, other senior stakeholders have joined from the University of the West of Scotland, West College Scotland, Scottish Enterprise and Skills Development Scotland. The Council is represented on the Panel by the Council Leader and Chief Executive.

97. The Panel has been meeting since August 2017 to consider how best to develop, grow and support Renfrewshire's economy. A series of sectoral groups have supported the main Panel to look at specific issues relating to manufacturing, creative industries, tourism, care and transport/infrastructure.

98. The Strategy was approved in September 2019 and sets out the Council and partners' mission to strengthen the Renfrewshire economy in ways which people, businesses and places can contribute to and benefit from that growth.

City Deals

99. The £1.13 billion Glasgow City Region City Deal (GCRCD) is an agreement between the UK Government, the Scottish Government and eight local authorities across the Glasgow City Region. Renfrewshire Council is the lead authority on three City Deal infrastructure projects with funding of £274 million.

- **The Glasgow Airport Investment Area Project** (GAIA £39.1 million) will deliver a new bridge across the White Cart and new cycle routes; all aimed at improving connections between the Westway and Airport Business Parks. The GAIA works will act as an enabler for the delivery of an internationally recognised district for innovation, research and manufacturing – The Advanced Manufacturing Innovation District Scotland (AMIDS). The project has already attracted major investments including:
 - Lightweight Manufacturing Centre (LMC)
 - National Manufacturing Institute for Scotland (NMIS) £65 million
 - Medicines Manufacturing Innovation Centre (MMIC) £56 million.
- The core AMIDS and GAIA Infrastructure contracts have been awarded and construction commenced in June 2019. Capital expenditure to 31 March was £7.952 million to 31/03/2019.
- **The Clyde Waterfront and Renfrew Riverside Project** (CWRR - £90.7 million) includes the construction of a new opening bridge across the River Clyde, which will accommodate vehicles, pedestrians and cyclists, and the construction of the Renfrew North Development Road to better link communities and businesses on both sides of the river. In November 2018, planning permission was granted by the Scottish Government. Capital expenditure to 31 March was £14.134 million.
- **The Airport Access Project** (AAP - £144.3 million), due to its importance to the overall Infrastructure Fund Programme, is designated as one of only two 'regional' projects in the programme. The project is being jointly delivered by Renfrewshire Council and Glasgow City Council. The project originally aimed to deliver a new direct rail link between Glasgow Airport and Glasgow Central Station.

- In April 2019 a report was considered by the Glasgow City Region – City Deal Cabinet in relation to the AAP. The report identified the implications of the work that has been undertaken on the way forward for the project, and in particular the recommendation that Personal Rapid Transport (PRT) is adopted as the new preferred option for the Airport Access Project. The report recommended that further work is done to develop out the PRT option and note that the costs required shall be contained within existing approvals. Capital expenditure to 31 March was £2.404 million.

Workforce planning

100. Audit Scotland's [Local government in Scotland – challenges and performance 2019 \(April 2019\)](#) report highlighted the need to plan and manage reductions to Council workforces. Failing to do this can affect the skills mix and ability of the organisation to deliver, manage and scrutinise services effectively.

101. The report advises Councils to have effective systems in place for managing their workforce and monitoring staffing levels, and that information should be aligned to other long-term plans such as financial plans.

102. The Council's Workforce Plan was approved by the Finance, Resources and Customer Service Policy Board in November 2017. Since then the Council has made good progress in developing workforce planning arrangements and provide regular progress updates on the Council's Organisational Development Strategy to both the Corporate Management Team (CMT) and Trade Unions. Since February 2019 CMT also carry out spotlight sessions on each service workforce plan which provides a more focussed review by service.

103. In June 2017 the Council launched the managerial and leadership development programmes over 150 delegates, across middle and senior management groups attending in the initial tranche. In 2018/19 the 'Leaders of the Future', 'ASPIRE' and the Chartered Management Institute (CMI) Levels 2 and 3 development programmes have continued to be rolled out, with 417 managers and leaders from throughout the Council participating across the various programmes. A new CMI Level 5 programme was launched in May 2019 and a level 7 CMI qualification is currently being scoped.

104. The Council has undertaken a corporate people development review. This has resulted in a new range of flexible development opportunities and accredited qualifications which the Council will roll out later in 2019. It is intended that the provision of future corporate training will offer more accessible, on-demand and digital training courses, to support the transformational change programme.

105. Since 2017/18 the Scottish Government has allocated £10 million each year to the Flexible Workforce Development Fund (FWDF). Eligible employers can use the FWDF to address priority skills gaps in their organisation by accessing up to £15,000 in funding to create tailored training programmes with their local college.

106. The Council accessed this funding to help support the digital skills programme in 2018 which provided 100 front line employees with basic training to improve their digital skills. For 2019, funding of £15,000 has been secured from the FWDF to support digital skills training across the wider workforce.

107. Carer Positive aims to encourage employers to create a supportive working environment for carers in the workplace. The **Carer Positive award** is presented to employers in Scotland who have a working environment where carers are valued and supported. Carer Positive employers recognise the importance of retaining experienced members of staff, reducing absence, and cutting down on avoidable recruitment costs. The Carer Positive award is presented to employers in Scotland who have a working environment where carers are valued and supported. Carer Positive employers recognise the importance of retaining experienced members of staff, reducing absence, and cutting down on avoidable recruitment costs. In January 2019 the Council was recognised as a "Carer Positive Employer".

108. In May 2019 the Council reported progress in reducing the Council's gender pay gap to 3.58% or £0.55 in favour of men. This is a drop of just over 1% from April 2018, with ongoing action by the Council to reduce the pay gap further.

EU Withdrawal

109. There remains significant uncertainty surrounding the terms of the UK's withdrawal from the European Union (EU). EU withdrawal will inevitably have implications for devolved government in Scotland and for audited bodies. It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas:

- Workforce – the extent to which potential changes to migration are likely to affect the availability of the people and skills needed to deliver services.
- Funding – the extent to which potential changes to existing EU funding programmes are likely to affect the finances of public bodies and the activity that such funding supports.
- Regulation – the extent to which potential changes to EU regulations are likely to affect the activities of some public bodies.

110. Regular updates are being provided by the Council's Leadership Board. Papers presented in May 2019 highlight three main areas of concern:

- Impact in relation to contracts for goods and services through supply chain issues
- Impact on regulatory services such as trading standards and food inspection
- Implications for employees and services in relation to residency and immigration.

111. These updates provide assurance for the Council that they are as well prepared as possible for the outcome of EU withdrawal and to deal with any issues which may arise. EU withdrawal is a regular agenda item at the Leadership Board meetings and consideration is given to a wide range of potential issues, such as legal and trade implications, that could occur on EU withdrawal.

112. Consideration has also been given to how these might impact Renfrewshire Council, and the Council's arrangements for addressing these issues. The Chief Executive previously chaired a weekly Brexit Readiness Group which co-ordinated and implemented all actions required to prepare for a no deal scenario. Regardless of the outcome the longer term impacts will require to be effectively managed by the Council and partners. To respond to these impacts, a Strategic Brexit Officer Group has been established within the organisation. This is a senior officer group which is chaired by the Director of Finance and Resources.

113. The Council has recognised the risks associated with EU withdrawal in its risk register. This lists various risks, together with a risk score. Controls in place to mitigate the impact to the Council are recorded in the risk register.

114. The Council is well prepared to deal with the impact of EU withdrawal.

Part 4

Governance and transparency



Main Judgements

The scale of the financial challenge is such that the Council will not be able to successfully deliver the required savings in isolation and it will need to actively engage with local and national partners to identify areas, and initiate action, to deliver the required level of efficiencies and savings. Success in this area will inevitably require difficult decisions on the part of Elected Members.

Constructive and effective challenge is essential to good governance and meaningful scrutiny. Historically, we have reported that Elected Members do not take full advantage of the technical and behavioural skills training and development opportunities available to them. Whilst we recognise that there have been improvements in this area, further action is required by Elected Members to review their individual training requirements with a view to agreeing tailored personal development plans to ensure they deliver, and are seen to deliver, the challenge and scrutiny that is expected of them.

Good governance and transparency is the result of effective scrutiny and decision making arrangements, leadership and clear, public reporting, of financial and performance information.

Governance arrangements

115. Renfrewshire Council has a board structure in place which is underpinned by clear roles for members and officers; and procedural documentation regarding decision making. Business is conducted through the Council meeting, the Leadership Board and a number of other policy boards as well as the Audit, Risk and Scrutiny Board. The Council's decision and delegation arrangements are regularly reviewed to ensure they support its key priorities.

116. All boards have members from the different political parties. The administration has a majority membership in each of the four policy boards with the remaining membership being from the opposition groups and parties. The conveners of policy boards are members of the administration. The Convener of the Audit, Risk and Scrutiny Board is an opposition member.

117. Governance arrangements within the Council are operating effectively and support good governance and accountability.

118. Papers provided by Council officers to the Council and its Boards are of a high standard and provide members with a good overview of the issues being covered as well as additional information, where appropriate. This supports constructive debate of issues at meetings.

Openness and transparency

119. There is an increasing focus on how public money is used and what is achieved. In that regard, openness and transparency supports understanding and scrutiny. There are increasing public expectations for more openness and

transparency as citizens want to understand how public money is used and, to support their participation in local service design and delivery.

120. A transparent organisation shows the basis for its decisions and shares information about performance and outcomes, including when targets have and have not been achieved as well as how it is using its resources such as money, people and assets.

121. The Council conducts its business in an open and transparent manner.

122. There is evidence from several sources which demonstrate the Council's commitment to transparency. Members of the public can attend meetings of the full Council and other boards. Minutes of these committee meetings and supporting papers are available on the Council's website. Most items on committee agendas are covered in open session at meetings rather than in private.

123. The Council webcasts its main Council meetings and all agenda papers and minutes, including the annual accounts are on the Council's website and made available in the public gallery and its reception.

124. The Council's website allows the public to access a wide range of information including the register of members' interests, current consultations and surveys and how to make a complaint. In addition, the website is encouraging the public to sign up for e-alerts. The service became available from 1 August 2018 and allows the public sign-up to news they want to receive on the website and get it delivered straight to their inbox. Initially this will cover information on Council news, What's On, Business news, Paisley town centre updates and updates for parents on schools and nurseries.

125. The management commentary that accompanies the financial statements clearly explains to readers how the council has performed against its revenue and capital budgets and how this is reconciled to the financial statements.

Training and development for Councillors

126. In our 2016/17 BVAR we noted that while the Council has provided training, historically Councillors have not made the most of the training and development opportunities available to them.

127. Officers continue to make changes to the training and development programme, including the use of external speakers, offering twilight sessions and delivering focused weeks of training and development once a year.

128. In our 2017/18 Annual Audit Report, we highlighted that the register of all training courses run for members during the year identified that there was a mixed level of attendance, including some members who have attended very few of the training courses offered. We recommended that to ensure members continue to attend training that is relevant to their role within the Council it would be beneficial for all Councillors to have a personal development plan (PDP) in place which is reviewed on an annual basis.

129. Elected members are reminded regularly of the support available to develop their own PDPs. The Improvement Service recognises that not all elected members will make use of the learning opportunities offered regardless of the support available and will choose to access learning at their own pace.

130. To make it easier for elected members to access continuing professional development (CPD) training resources at a time and place of their choosing, the full range of Improvement Service workbooks are now available in the online Members' Library.



Recommendation 8

We recommend that further action is required by Elected Members to review their individual training requirements with a view to agreeing tailored personal development plans to ensure they deliver, and are seen to deliver, the challenge and scrutiny that is expected of them.

Integration of health and social care

131. The Renfrewshire Integration Joint Board (RIJB) is provided as a partnership between Renfrewshire Council and NHS Greater Glasgow and Clyde Health Board. Both partners agree delegated budgets for health and social care services with RIJB on an annual basis, which has control over how these services are delivered. For Renfrewshire Council the services delegated to the IJB are broadly adult social care.

132. Renfrewshire Council includes its share of RIJB's result for the year and reserves within the Renfrewshire Council group accounts.

133. Despite the surplus generated in 2018/19, RIJB is forecasting significant budget pressures in the medium term which will require mitigation through service savings and potentially require additional funding from partners, including Renfrewshire Council. As noted in Exhibit 10, the Council has factored expected pressures on adult social care into its financial planning.

134. Audit Scotland published [*Health and Social Care Integration - Update on Progress*](#) in November 2018. This report set out six areas it considers need to be addressed nationally to demonstrate integration is making a meaningful difference to the people of Scotland. Following this, the Ministerial Strategic Group developed a self-evaluation template to allow integration authorities to assess their current positions and identify required actions to progress key areas. RIJB has developed an action plan in collaboration with integration partners (including Renfrewshire Council) in response to the report.

Part 5

Value for money



Main judgements

The Council continues to make good progress addressing the recommendations contained in our 2016/17 Best Value Assurance Report. Key to this has been the development and implementation of a performance management framework. The framework is now well embedded across the organisation and Managers and Councillors clearly understand the framework and how it works, which, provides a sound base for further improvement across the Council.

Overall, Renfrewshire sits in the middle ground for performance when compared to the rest of its family group within the Local Government Benchmarking Framework. Performance is in the top quartile for nearly one-third of the 70 indicators and over the last 12 months the Council has demonstrated improved performance in 41 indicators. At the same time performance has remained stable in a further 10 indicators but declined against the remaining 19 indicators.

The Council actively considers performance against its corporate priorities and objectives and has established a range of improvement activities working in parallel which are clearly linked to key objectives and the budget setting process.

A locality plan for Renfrewshire was published in 2017 and focussed on a community of interest; the outcomes being experienced by people living in the 5% most deprived communities. The locality plan identifies broad improvement outcomes it does not make clear the localities where the actions will be focussed, and nor does it set out key milestones or timescales against which progress can be measured.

Value for money is concerned with using resources effectively and continually improving services.

Best value

135. Best value is assessed over the five-year audit appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each Council will be considered by the Accounts Commission at least once in this five-year period. The BVAR report for the Council was published on 31 August 2017.

136. The BVAR concluded that the Council has a clear and ambitious vision for Renfrewshire to revitalise the area's economy and address poverty and inequality. This vision is supported by the Council's partners and the Council Plan; management structures and performance management processes are also well aligned to the vision.

137. We also highlighted key areas where the Council should focus its improvement activities on going forward. The report made seven recommendations relating to areas for further development including cross party working, community engagement, partnership working, financial sustainability, workforce planning and governance arrangements.

138. The latest update on progress against the recommendations was reported to the Leadership Board in June 2019. Progress in implementing the recommendations continues to be monitored by the Corporate Management Team on a 6 monthly basis, with the next update to elected members scheduled for December 2019.

139. The Council continues to make good progress in implementing the recommendations from the 2016/17 Best Value and Assurance Report. We will continue to monitor the Council's progress against the improvement actions.

Community planning

140. The 2016/17 BVAR reported that Community Planning partners need to plan their budgets and finances together to provide a clearer picture of the overall resources available.

141. A key priority within Renfrewshire's Community Plan 2017-2027 is to develop a Community Planning Partnership that is sustainable and connected. Partners continue to provide regular feedback on the financial outlook for their respective organisations, and identify opportunities to work together to deliver more efficient services and improved outcomes.

142. The Community Planning Partnership reported progress against the Community Plan in September 2018. This highlighted positive achievements in terms of narrowing of the attainment gap, increased levels of volunteering and implementation of new governance arrangements.

143. A positive example is the recently established Alcohol and Drug Commission whose first meeting was held in March 2019. This is a Community Planning Partnership sponsored commission which aims to assess the true impact of drug and alcohol misuse on local communities in Renfrewshire, and to make recommendations which would enable partners to support improved outcomes for local people and communities.

144. The Commission will hear evidence between March to December 2019 and initial recommendations are due to be reported in early 2020. The Commission has been asked to establish a true picture of drug and alcohol use in Renfrewshire, and to make recommendations on what partners can do together to support local people and communities adversely affected by drug and alcohol use and to improve life outcomes. Employability will be a key element of the recovery focus.

Community engagement

145. The 2016/17 BVAR report also concluded that the Council and its partners need to continue to involve communities and work together on joint priorities to strengthen partnership working and to ensure the Community Empowerment (Scotland) Act 2015 is fully implemented.

146. The community planning partnership has an appropriate structure in place which reflects community planning guidance. The membership of the various groups which form the wider governance structure includes a wide range of stakeholders. A Forum for Empowering Communities is well established to encourage community engagement with community planning matters. This meets quarterly and involves a variety of third sector and community groups.

147. The Community Empowerment (Scotland) Act 2015 requires community planning partnerships to identify areas experiencing significantly poorer outcomes and to prepare a locality plan which provides details on local outcomes, proposals for improvements and timescales for achieving these.

148. A locality plan for Renfrewshire was published in 2017 and focussed on a community of interest; the outcomes being experienced by people living in the 5% most deprived communities. Targeted activity in these areas is being delivered

through the Tackling Poverty programme and through the new Improving Life Chances Board.

149. The plan identifies broad outcomes for improvement, but it does not refer to localities where action will be focused nor are clear timescales for achieving these set out. While the locality plan makes reference to broader Council activities, the links between these and the locality plan objectives are not clear. Progress against the Locality Plan as published was reported in September 2018.



Recommendation 9

The council should clarify within the locality plans the localities where outcomes for improvement will be focused and specify the timescales for achieving these.

150. Seven local partnerships have been formed to replace the previous local area committees, each covering an area within Renfrewshire. These aim to promote community involvement in the process of community planning. First official meetings were held in early 2019, with every partnership agreeing on specific priorities for their areas and actions to address these. The next phase of work will involve developing participatory budgeting arrangements and more detailed local action plans during 2019/20.

151. Local area partnerships will play a key role in grant distribution locally. Guided by the priorities they have identified, they will have responsibility for distributing three funding streams in Renfrewshire. Guidance has been updated by the Council to support this process. The first round of applications was considered in June 2019.

152. The Council has appropriate governance arrangements in place for community asset transfers. The Act requires that an annual report on community asset transfers is completed by 30 June. The Council did not complete this until August 2019.

153. Overall, the Council and its Community Planning Partners have put in place policies and procedures designed to ensure compliance with the Community Empowerment (Scotland) Act 2015. There remains some areas where compliance could be improved.

Performance management

154. The Council reports their progress against the Council Plan to the Leadership Board every six months. The most recent update showed that, as of May 2019, good progress was being made. Of the 55 actions within the Council Plan, 22 had been completed, 32 were in progress and 1 was overdue.

155. There are Service Improvement Plans (SIPs) for all key service areas. They contain detailed action plans which link to the priorities in the Council Plan. They are also closely linked to other relevant plans, including Renfrewshire's Community Plan and Local Outcome Improvement Plan. Progress against SIP indicators is reported to relevant policy boards every six months. These are the forums where Councillors can challenge how services are performing.

156. Performance information is also accessible through the Council's "[Our Current Performance](#)" webpage. This includes performance progress updates on the SIPs and the Council Plan. The webpage also links to the Council's annual report, *It's all about you*. This reports performance against indicators that the public have told the Council they are most interested in. The presentation of the report has been refreshed to take account of public requests to have a more accessible and easier to read format. The Council reports performance against the full set of 70 indicators

in the Local Government Benchmarking Framework to the Audit, Risk and Scrutiny Board.

157. The Council has launched a new digital news service which provides a variety of updates covering all of council services, schools and nurseries, what's on in the area, the town centre investment and news for businesses. The digital news service is being rolled out by Renfrewshire Council for residents and businesses.

158. The Council has an established performance management framework that managers and Councillors clearly understand, which provides a sound base for ongoing and continuous improvement.

Overview of performance targets

159. The Council participates in the [Local Government Benchmarking Framework work](#) (LGBF). The framework aims to bring together a wide range of information about how all Scottish Councils perform in delivering better services to local communities, including the cost of services and how satisfied citizens are with them.

160. The most recent [National Benchmarking Overview Report 2017/18](#) by the Improvement Service was submitted to the Audit, Risk and Scrutiny Board (AR&SB) in March 2019. The overall conclusion was that the Council performed well in comparison to other Councils.

161. The Audit, Risk and Scrutiny Board receives regular performance reports throughout the year and an annual performance report. These reports monitor progress against the Council's key priorities. Based on the most recent report several positives were highlighted including:

- Cost per primary school pupil - rank 1
- Cost of trading standards and environmental health per 1,000 population - rank 1
- Percentage of unemployed people assisted into work from Council operated/funded employability programmes – rank 1

162. At the same time the Council recognises that it can improve service delivery in several key areas such as percentage of adults satisfied with street cleaning, net cost of waste disposal per premises and the cost of museums per visit.

163. Action plans have been developed that set out in SMART terms (Specific, Measurable, Action-oriented Realistic, Timescales) what is being done to improve performance. These are monitored and reviewed by Policy Boards, with national benchmark performance being reviewed by the AS&RB to assess progress.

164. The Local Government Benchmarking Framework allows Councils to compare themselves to the Scottish average. It also groups Councils with similar profiles into family groups based on factors such as population density and levels of deprivation. This allows similar Councils to compare and benchmark performance.

165. Compared to 2016/17, and based on the partial data reported to the AR&SB in March 2019, Renfrewshire Council's performance has improved on 41 indicators, declined on 19 and remained stable for 10 indicators. The Council is in the top quartile for 22 of the 70 indicators. Relative to its family group, Renfrewshire tends to sit in the middle ground for performance.

Statutory performance indicators (SPIs)

166. The Accounts Commission places great emphasis on Councils' responsibility for public performance reporting. The commission does not prescribe how Councils should report this information but expects them to provide the public with fair, balanced and engaging performance information.

167. For 2018/19 two SPIs were prescribed:

- SPI 1: covering a range of information relating to areas of performance such as improving local public services, improving local outcomes, engaging with communities and achieving best value
- SPI 2: relates to the reporting of performance information as required by the [Local Government Benchmarking Framework](#).

168. We reviewed the Council's arrangements for collecting, recording and publishing data in 2018/19. Information is publicly available on the Council website, with the main SPI report published as well as a summary version. 'It's all about you' provides a graphical and pictorial presentation of performance data.

169. An internal audit report in December 2018 sampled a small number of performance indicators and noted issues with the collection and/or verification process in a majority of cases. The findings have been communicated to those responsible in collation of performance indicator data and management have re-enforced the need for staff to follow protocol. Management should continue to monitor the collection process to ensure the performance data is accurate and verifiable.

Housing benefits performance work

170. As part of our remit to carry out Housing Benefit Audit Risk Assessments across Local Authorities in Scotland, an assessment was undertaken at the Council in October 2018.

171. The main objective of the risk assessment is to determine the extent to which the benefit service within the Council is meeting its obligations to achieve continuous improvement in all its activities. A risk assessment report was issued in December 2018 to the Council which incorporated an agreed action plan to address the risks identified.

172. The report noted that the Council demonstrates an awareness of what an effective, efficient and secure benefit service needs to deliver and made three recommendations to address risks to continuous improvement. The report also noted that actions agreed following a previous risk assessment in 2015 have been completed.

173. At the Audit, Risk and Scrutiny Board in May 2019, the Council reported that the recommendations have been well progressed and will make a positive contribution to the continuous improvement of the benefits service.

National performance audit reports




174. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2018/19, Audit Scotland published a number of reports were issued which are of direct interest to the Council. These are outlined in [Appendix 3](#).

175. Arrangements are in place for the Council to consider national reports. These are presented to the Audit, Risk and Scrutiny Board and members are made aware of key issues. The Council routinely reports the Council's position in respect of the key issues reported. Action taken in response to reports is dependent on the nature of the national report and the service to which it relates.

Appendix 1

Action plan 2018/19




No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Preparation of Annual Accounts</p> <p>Balances within the financial ledger in respect of trade receivables and trade payables were not properly reflected within the accounts presented for audit. Journals continued to be posted to the ledger after the accounts had been provided to audit at the end of June 2019 and working papers included a number of complex balances resulting from the change in accounting system.</p> <p>Risk – There is a risk that similar issues result in errors within the 2019/20 annual accounts.</p>	<p>We recommend that the Council's review of the audit findings highlighted within our management report inform the future close-down procedures for the preparation of the year end accounts.</p> <p>Paragraph 25</p>	<p>The operation of trade receivables and trade payables within Business World is under review with reconciliations being undertaken more frequently. Development of the system is being undertaken to ensure the risk is mitigated in future years.</p> <p>Responsible officer: Head of Finance</p> <p>Agreed date: 31 March 2020</p>
2	<p>Process for Identification of Internal Recharges</p> <p>The 2018/19 Code requires that internal recharges are removed from each service within the CIES.</p> <p>We confirmed that management had processed this change, and concluded that the figures in the CIES are materially accurate. However, we noted that there is scope for improvement in the Council's process to accurately and efficiently identify internal recharge transactions.</p>	<p>Management should take steps to improve the accuracy and efficiency of the process to identify internal recharge transactions.</p> <p>Paragraph 26</p>	<p>A review of the processes for internal recharging will be undertaken by Finance staff with a view to eliminating unnecessary charges. Development of the system will be undertaken to better identify internal transactions.</p> <p>Responsible officer: Head of Finance</p> <p>Agreed date: 31 March 2020</p>
3	<p>Whole of Government Accounts</p> <p>The Council's WGA submission was late in both 2016/17 and 2017/18, resulting in a qualified audit opinion on the 2017/18 WGA return.</p> <p>Risk – Future WGA submissions may not be submitted in line with the agreed deadline.</p>	<p>Management should put in place processes to ensure future WGA submissions are prepared in accordance with the required NAO timetable.</p> <p>Paragraph 33</p>	<p>A wholesale review of closedown processes, deadlines and responsibilities will be undertaken for the 2019/20 accounts and this will incorporate WGA.</p> <p>Responsible officer: Head of Finance</p> <p>Agreed date:</p>

No.	 Issue/risk	 Recommendation	 Agreed management action/timing
4	<p>Renfrewshire IJB Funding Arrangements</p> <p>Renfrewshire Council holds earmarked reserves of £1.232 million and other balances of £1.203 million relating to services that have been delegated to RIJB.</p> <p>Risk – There is a risk that the existing funding arrangements may not be transparent.</p>	<p>We recommend that the Council review the existing funding arrangements with RIJB and consider how any future arrangements will be processed to improve transparency.</p> <p>Paragraph 49</p>	<p>Balances attributable to the RIJB will be drawn down during 2019/20.</p> <p>Responsible officer: Head of Finance</p> <p>Agreed date: 31 March 2020</p>
5	<p>Public notice</p> <p>The Local Authority Accounts (Scotland) Regulations 2014 required the Council to give public notice for inspection and objection of the 2018/19 unaudited annual report and accounts by 17 June 2019. The public notice was published on the website on 26 June 2019 and in a newspaper on 28 June 2019, meaning this deadline was not met</p>	<p>The Council should review its procedures to ensure the statutory deadline is achieved in future years.</p> <p>Paragraph 51</p>	<p>A wholesale review of closedown processes, deadlines and responsibilities will be undertaken for the 2019/20 accounts and this will incorporate the public notice.</p> <p>Responsible officer: Head of Finance</p> <p>Agreed date: 31 March 2020</p>
6	<p>Budgetary process</p> <p>Budget reports are considered by policy boards throughout the year, however the budget setting and monitoring arrangements could be more transparent.</p>	<p>The Council could improve the transparency of the budgetary process by</p> <ul style="list-style-type: none"> - producing the year end budget report in the same format as the regular budget reports - publishing an amended budget to reflect decisions made by members during budget approval - outlining budget changes from the prior period in each finance report. <p>Paragraph 58</p>	<p>The Council will incorporate these suggestions into a fundamental review of corporate financial management and reporting.</p> <p>Responsible officer: Director of Finance and Resources</p> <p>Agreed date: 30 June 2020</p>
7	<p>Transformation Programme</p> <p>The council forecasts a net budget gap of £45 million over the three year period 2020/23.</p> <p>In response to this the council is implementing a transformation programme aimed at reviewing and</p>	<p>changing the way some services are delivered.</p>	<p>The Council should continue to actively engage with local and national partners to identify areas, and initiate action, to deliver the required level of efficiencies and savings.</p>

Paragraph 92

The Council will actively engage with relevant stakeholders to ensure the ongoing financial sustainability of the Council and community planning partners.

Responsible officer:

 No.	Issue/risk	 Recommendation	 Agreed management action/timing
	Risk – The transformational change does not deliver the required savings.		Director of Finance and Resources Agreed date: 31 March 2023
8	Training and development for elected members Councillors have not made the most of the training and development opportunities available to them. Risk – there is a risk that elected members do not have the necessary training to carry out their role effectively.	We recommend further action is required by Elected Members to review their individual training requirements with a view to agreeing tailored personal development plans to ensure they deliver, and are seen to deliver, the challenge and scrutiny that is expected of them. Paragraph 130	Officers will continue to make available a wide range of development opportunities for Elected Members and encourage attendance or participation in these. Elected members will be supported in agreeing individual development plans Responsible officer: Head of Corporate Governance Agreed date: 31 March 2020
9	Community Engagement The locality plan identifies broad outcomes for improvement, but it does not refer to localities where action will be focused nor are clear timescales for achieving these set out. Risk – There is a risk that outcomes do not focus on the correct localities.	The council should clarify within the locality plans the localities where outcomes for improvement will be focused and specify the timescales for achieving these. Paragraph 148	Narrative on agreed action Locality partnerships have been established and will develop their own action plans which the Council will support to ensure they are “SMART” Responsible officer: Head of Policy and Commissioning Agreed date 30 Sept 2020

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Risk of management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Review of accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>	<p>Conclusion: Our work identified no evidence of management override of controls at the Council.</p>
<p>2 Risk of fraud over income</p> <p>Renfrewshire Council receives a significant amount of income in addition to Scottish Government funding. The extent and complexity of income means that, in accordance with ISA 240, there is an inherent risk of fraud.</p>	<p>Analytical procedures on income streams.</p> <p>Detailed testing of revenue transactions focusing on the areas of greatest risk.</p>	<p>We assessed the design of key controls in place at the Council and did not identify any issues that would result in an increased risk of fraud over income.</p> <p>Substantive (sample) testing was carried out over all areas of income including Council Tax, non-domestic rates and other income,</p> <p>Conclusion: we did not identify any evidence of fraud over income.</p>
<p>3 Fraud on expenditure</p> <p>Most public-sector bodies are net expenditure bodies and therefore the risk of fraud is more likely to occur in expenditure.</p> <p>The Code of Audit Practice expands the consideration of fraud under ISA 240 to include the risk of fraud over expenditure. This applies to</p>	<p>Analytical procedures on expenditure streams.</p> <p>Detailed testing of expenditure transactions focusing on the areas of greatest risk.</p>	<p>We assessed the design of key controls in place at the Council and did not identify any issues that would result in an increased risk of fraud over expenditure.</p> <p>Substantive (sample) testing was carried out over all areas of expenditure.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>Renfrewshire Council due to the variety and extent of expenditure incurred in delivering services.</p>		<p>Conclusion: we did not identify any evidence of fraud over expenditure.</p>
<p>4 New accounting system</p>		
<p>Renfrewshire Council implemented an enterprise resource planning system (Business World), in October 2018 which combines finance, HR, payroll and procurement into a single integrated application.</p> <p>The implementation of Business World during the 2018/19 financial year means that the annual accounts will be prepared using information recorded both before and after the change in system, under two different control environments.</p> <p>This introduces additional risks:</p> <ul style="list-style-type: none"> • The new control environment may be less robust • Data may not be correctly transferred to the new system • Differences in the new system may make accounts preparation more challenging. <p>The overall impact of the move to Business World is an increased risk of material misstatement in the annual accounts.</p>	<p>Gaining an understanding of Business World by reviewing process maps and through discussion with key officers.</p> <p>Detailed testing of significant transactions processed during the change period and rolled forward balances.</p> <p>Review of account/cost code mapping from legacy system to Business World.</p>	<p>We reviewed the updated key financial processes and reported a number of minor issues in our management report in May 2019.</p> <p>We tested the accuracy and completeness of the migration of ledger balances and transactions onto Business World, noting no issues.</p> <p>As expected during the implementation of any new system, additional pressure has been placed on staff, particularly in the finance function.</p> <p>We highlighted a significant issue in relation to debtors and creditors balances in the unaudited accounts, which resulted in a modified audit opinion. While this was partially related to an issue with the Business World system, the root cause was likely a combination of staff pressure during the system migration and system teething issues.</p> <p>Conclusion: The implementation of Business World has been largely successful, however staff pressures and teething issues likely contributed to errors in the unaudited accounts.</p>
<p>5 Estimates and Judgements</p>		
<p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non-current assets, pensions and provisions.</p> <p>The Council holds a material amount of assets at fair value. The valuations are significant estimates which are based on specialist and management assumptions.</p> <p>The Council's net liability relating to the Strathclyde Pension Fund at 31 March</p>	<p>Review the external revaluations performed in the year, assessing whether they have been performed in a reasonable manner, on a timely basis and by suitably qualified individuals.</p> <p>Review of the pension actuary and the assumptions made in calculating the estimated pension liability.</p> <p>Review the provision for doubtful debts to assess whether it is reasonable and complete based on the</p>	<p>We assessed the reliability of experts and reviewed their work where applicable.</p> <p>We sample tested prepayments and accruals recognised in the year end accounts.</p> <p>We assessed the reasonableness of management's provision for doubtful debt.</p> <p>We tested the completeness and accuracy of other provisions within the accounts.</p> <p>Conclusion: No issues were identified in relation to</p>

Audit risk	Assurance procedure	Results and conclusions
<p>2018 was £160.466 million. This value is an estimate based on a number of assumptions from the pension fund actuary.</p> <p>At 31 March 2018 the Council held a provision for doubtful debts of £25.865 million. This provision is based on the assessed likelihood that debts are recoverable.</p> <p>This subjectivity represents an increased risk of material misstatement in the financial statements.</p>	<p>perceived risk that the debt will not be recovered, and in line with historic experience.</p> <p>For any other areas of estimation and judgement we will carry out focussed substantive testing of provisions and accruals.</p>	<p>estimates and judgements within the accounts. (Note that a material adjustment to the pension figures was required, however this related to a change in circumstance following approval of the unaudited accounts and was not an estimation error).</p>
<p>6 Changes to Code of Practice on Local Authority Accounting</p> <p>There are two changes to local government financial reporting requirements that may impact on Renfrewshire Council's annual accounts.</p> <p>IFRS 9 has been adopted, which may impact the accounting treatment for the Council's financial assets.</p> <p>Additionally, the Code now states that transactions between different Council services are not allowed within the Comprehensive Income and Expenditure Statement.</p> <p>Management will need to assess the impact of the above on Renfrewshire Council and make any required changes.</p>	<p>Review of management's assessment of the impact of changes to the Code on Renfrewshire Council.</p> <p>Focussed testing on areas where changes have been processed.</p>	<p>We reviewed the unaudited accounts to confirm whether the expected changes had been made.</p> <p>We reviewed working papers and sampled entries to obtain assurance that changes had been processed accurately in line with the updated Code.</p> <p>Conclusion: The required removal of internal recharges had not been processed correctly in 2018/19 and had not been applied to the comparative 2017/18 figures as required by the Code. Management processed the required adjustments to correct for this in the audited accounts.</p>
<p>7 Capacity of finance function</p> <p>A risk around the capacity of the finance function was raised in our 2017/18 audit plan and we noted in our 2017/18 report that the submission for the Whole of Government Accounts was not received prior to the required deadline.</p> <p>As there have not been significant changes to staffing, and ongoing pressures exist in 2018/19 there remains a risk of issues arising in the preparation and audit of the financial statements.</p>	<p>Regular meetings with management</p> <p>Focussed audit testing on areas where prior year errors were noted.</p>	<p>Conclusion: As detailed in risk 4 (new accounting system), pressures on staff due to the system change likely contributed to errors in the unaudited accounts.</p>

Audit risk	Assurance procedure	Results and conclusions
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
8 Financial sustainability		
<p>Renfrewshire Council projected a net drawdown of reserves of £1.132 million in 2018/19. This requires £10.298 million of savings during the year.</p> <p>Financial pressures are expected to continue in the medium term with the Council estimating an annual savings requirement of £15.000 million in 2019/20.</p> <p>Meeting these savings targets is expected to require changes to the way the Council delivers services, and there is a risk that this will affect the quality of the services provided.</p>	<p>Review of budget monitoring reports during the year and comments on the financial positions with the annual audit report</p> <p>Attendance at board meetings</p> <p>Monitor of performance against savings plans</p> <p>Monitoring service delivery KPIs</p> <p>Assessment of savings plan for 2019/20 and beyond.</p>	<p>Senior management review savings via the <i>Better Council Change Programme</i>. This is formed of a number of workstreams and progress is monitored for each service areas by relevant policy boards.</p> <p>In June 2019, a paper was taken to the Leadership Board discussing more transformational change within the Council from 2020/21 onwards.</p> <p>Service level revenue budget monitoring reports are taken to relevant Council policy boards and a Council overview budget monitoring report is taken to the Finance, Resources and Customer Services Policy Board. In the 2017/18 annual audit report, we noted that there was scope to improve the transparency of the monitoring reports by reporting changes to budgets. We noted that in 2018/19, the narrative sections of the reports disclose budget changes more clearly but there is still scope to improve the quality and transparency of the reports by including prior period annual budget information.</p> <p>Conclusion: Successful delivery of the planned Transformational Change Programme is fundamental to the Council's ability to safeguard its ongoing financial sustainability.</p> <p>Further audit work: We will continue to assess the Councils arrangements for implementing the new Transformational Change Programme over the coming years. This work will feature as one element of the wider Financial Sustainability risk in our Annual Audit Plan for 2019/20.</p>

Appendix 3

Summary of national performance reports 2018/19

		 2018/19 Reports	
Local government in Scotland: Challenges and performance 2018		Apr	
Councils' use of arm's-length organisations		May	 Scottish Fire and Rescue Service: an update
Scotland's colleges 2018		Jun	
		Jul	 The National Fraud Initiative in Scotland 2016/17
Forth Replacement Crossing		Aug	 Major project and procurement lessons
Children and young people's mental health		Sept	 Superfast broadband for Scotland: further progress update
NHS in Scotland 2018		Oct	
Health and social care integration: update on progress		Nov	 Local government in Scotland: Financial overview 2017/18
		Dec	
		Jan	
		Feb	
		Mar	 Local government in Scotland: Challenges and performance 2019

Local government relevant reports

[Local government in Scotland: Challenges and performance 2018](#) – April 2018

[Councils' use of arm's-length organisations](#) – May 2018

[Health and social care integration: update on progress](#) – November 2018

[Local government in Scotland: Financial overview 2017/18](#) – November 2018

[Local government in Scotland: Challenges and performance 2019](#) – March 2019

Renfrewshire Council

2018/19 Annual Audit Report

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk