

469th meeting of the Accounts Commission for Scotland

**Thursday 11 June 2020, 10.15am
& Thursday 18 June 2020, 10.15am
by video conference**

**NB: This meeting will take place over two separate days
(* These items will be considered on 18 June)**

Agenda

1. **Apologies for absence.**
2. **Declarations of interest.**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 11 to 17 in private (** see note).
4. **Minutes of meeting of 21 May 2020.**
5. **Audit Scotland Board update.** The Commission will consider a report by the Secretary to the Commission.
6. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit.
7. **Best Value Assurance Report: North Ayrshire Council:** The Commission will consider a report by the Controller of Audit.
8. *** Update report by the Secretary to the Commission:** The Commission will consider a report by the Secretary to the Commission.
9. *** Work programme update:** The Commission will consider a report by the Director of Performance Audit and Best Value.
10. *** Draft annual report 2019/20:** The Commission will consider a report by the Secretary to the Commission.

The following items are proposed to be considered in private:

11. **Best Value Assurance Report: North Ayrshire Council.** The Commission will consider what action to take on the report.
12. **New audit appointments and Code of Audit Practice: update:** The Commission will consider a report by the Deputy Chair of the Commission.
13. **Commission strategy:** The Commission will consider a report by the Secretary to the Commission.
14. **Planning Commission business:** The Commission will consider a report by the Secretary to the Commission.
15. *** National Fraud Initiative – draft Audit Scotland report:** The Commission will consider a report by the Director of Audit Services.
16. *** Performance audit: Digital progress in local government – emerging messages:** The Commission will consider a report by the Director of Performance Audit and Best Value.
17. **Commission business matters:** The Commission will discuss matters of interest.

** It is proposed that items 11 to 17 be considered in private because:

- Item 11 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.
- Items 12 to 14 require the Commission to consider confidential commercial and contractual matters.
- Item 15 proposes a draft report which the Commission is to consider in private before it is published.
- Item 16 discuss the emerging messages from a performance audit report which may require consideration of confidential policy matters in advance of further audit work and subsequent publication.
- Item 17 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 21 May 2020	AC.2020.6.1
Agenda item 5: Report by Secretary to the Commission	AC.2020.6.2
Agenda item 7: Report by Controller of Audit	AC.2020.6.3
Agenda item 8: Report by Secretary to the Commission	AC.2020.6.4
Agenda item 9: Report by Director of Performance Audit and Best Value	AC.2020.6.5
Agenda item 10: Report by Secretary to the Commission	AC.2020.6.6
Agenda item 12: Report by Deputy Chair	AC.2020.6.7
Agenda item 13: Report by Secretary to the Commission	AC.2020.6.8
Agenda item 14: Report by Secretary to the Commission	AC.2020.6.9
Agenda item 15: Report by Director of Audit Services	AC.2020.6.10
Agenda item 16: Report by Director of Performance Audit and Best Value	AC.2020.6.11

MEETING: 18 JUNE 2020

REPORT BY: SECRETARY TO THE COMMISSION

UPDATE REPORT

Introduction

1. The purpose of this report is to provide an update to the Commission on significant recent activity relating to local government, focusing particularly on the response to the Covid-19 pandemic.
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. The usual Appendix on download statistics for published reports will be reintroduced in a future report.
5. On 21 May the Commission [published](#) the Best Value Assurance Report on Argyll and Bute Council. The report notes that Argyll and Bute Council plans and manages its budget well and has good community engagement. The Council must build on these so it can manage greater financial pressures and work with local communities to significantly redesign and improve services. Over the past five years the council has also significantly improved its culture, with better relationships between councillors and with staff. Whilst the audit work was carried out prior to the onset of the current Covid-19 emergency, the Accounts Commission believes that key themes of this report, including financial management and good governance, are more vital than ever.
6. On 9 June, the Commission will publish the impact report on its performance audit *Equal Pay in Scottish Councils* published in September 2017. The Commission approved the impact report at its last meeting.

Other business

7. On 29 May the Fife Integrated Joint Board considered the recent Commission statutory report [The 2018/19 audit of Fife Integration Joint Board: Report on significant findings](#), published on 27 February. There was full acceptance of the findings by the IJB. There was an undertaking by the Chief Officer to keep the IJB briefed on progress as part of routine governance arrangements, including the Board's Audit and Risk Committee.
8. At its meeting on 12 March, the Commission noted advice from me that on 21 January,

the First Minister's National Advisory Council on Women and Girls (NACWG) 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 that the Deputy Chair would be liaising further in this regard with Audit Scotland, reporting back to the Commission in due course. On 4 June, the Deputy Chair, along with the Secretary and Audit Scotland Audit Directors Gemma Diamond and Mark Roberts, met with Louise Macdonald (Co-Chair) and Jess da Costa of NACWG. It was agreed that the Commission would consider further how to respond to the report's recommendation, including involving the Strategic Scrutiny Group as appropriate. This will be discussed further by the Commission as it takes forward its work programme.

9. At its meeting on 6 February, the Commission agreed that further information be provided on the Independent Care Review (ICR), the report of which was published on 5 February 2020. A [briefing](#) by Audit Scotland is now available on the members' Sharepoint. In summary, the aim of the ICR was to undertake "an independent, root and branch review of the care system" for infants, children and young people to look at "the underpinning legislation, practices, culture and ethos" and identify change required to transform the experience and outcomes of those in the care system. The ICR reports that every year, Scotland invests around £942 million in the care system. The universal services associated with care experienced people cost a further £198 million per annum. Despite this, care experienced children have poorer outcomes. The ICR also calculated the costs of the 'care system' letting down children and their families at £1.6 billion. The review concluded in February 2020 and has been signed up to by the Scottish Government, with cross party support, and by COSLA. A series of reports were published that cover the changes recommended, high-level plans for implementing changes and the investment that is required. Amongst other recommendations, the ICR affirms that children and young people must always be listened to on the decisions being made about their lives. Families must also get the support that is right for them at the earliest opportunity and it must be flexible, consistent, patient and free from stigma. A more detailed framework that sets out how the recommendations will be achieved will be published by November 2020.

Audit Scotland

10. On 19 May Diane McGiffen, Chief Operating Officer, [published](#) a video to mark Mental Health Awareness Week. This video was recorded to remind colleagues of staying health, both, mentally and physically during the current pandemic. It has been placed on the members' Sharepoint site.
11. On 28 May Audit Scotland's management team held a virtual QandA. This was part of Audit Scotland's 2020 Conference, and provided colleagues an opportunity to submit questions to the senior management team.
12. On 12 June Audit Scotland will publish annual reports on the Quality of Public Audit, Transparency, International Work and Correspondence.
13. On 30 June Audit Scotland will publish corporate reports on Diversity, Gender Pay Gap and Fraud and Irregularity.

Issues affecting local government

Scottish Government

14. Given that the Covid-19 emergency has meant a significant number of matters originating from the Scottish Government since the last meeting of the Commission,

this section is divided, for ease of reference, into the following sub-sections:

- Local government general
- Health and social care
- Education
- Transport
- Communities
- Business
- Other matters

Local government general

15. On 19 May the Scottish Government [released](#) new guidance for local authorities to help support them in tackling domestic violence during the current pandemic. The guidance signposts to local resources, and assists decision-makers in identifying women and children at risk as well as the short, medium and long term steps they can take to support their recovery and wellbeing.
16. On 22 May the Scottish Government [wrote to](#) local authorities about the use of education and early learning and childcare funding to support the emergency response to Covid-19. The letter provides details of the flexibilities for education and ELC grant funding streams to support critical childcare provision and children and families during the pandemic. The Covid-19 Education Recovery Group will consider the funding arrangements necessary to the recovery phase and make recommendations to COSLA and the Scottish Government. The letter also sets out eight principles for supporting local authorities' flexible use of these funding streams. ELC expansion, the Attainment Scotland Fund and Regional Improvement Collaboratives.
17. On 28 May the Scottish Government [published](#) guidance for local authorities on the considerations involved in reopening and operating Household Waste Recycling Centres in the context of Covid-19.

Health and social care

18. On 12 May the Scottish Government [announced](#) a £50 million fund to help Health and Social Care Partnerships deal with the financial impact that Covid-19 is having. The funding will help address immediate challenges faced in the social care sector and support ongoing provision of social care. A breakdown of the funding awarded to Health and Social Care Partnerships can be found at the following [link](#).
19. On 14 May the Scottish Government and COSLA [published](#) Covid-19 guidance on self-directed support for use by local authority and Health and Social Care Partnership staff. It will be in place for the duration of the pandemic.
20. On 18 May the Scottish Government [updated](#) its national clinical and practical Covid-19 guidance for care homes. The guidance, which is based on Healthcare Protection Scotland's [infection control guidance](#) for care homes, has been updated by the Care Homes Clinical and Professional Advisory Group, a short life multi-disciplinary group which is chaired by members of the Chief Medical Officer and Chief Nursing Officer directorates. The guidance is accompanied by a [letter](#) to care home providers, chief social work officers, local authorities, health boards and IJB nurse leads. Additionally, the Government has published a [paper](#) setting out arrangements for enhanced oversight of care in care homes during the pandemic. From today, every health board and local authority must put in place a multi-disciplinary clinical and professional

oversight team. Jeane Freeman has [written to](#) NHS boards, local authorities and IJB chief officers to outline the requirements.

21. On 24 May the Scottish Government [announced](#) new measures for enhanced sick pay and death in service benefits for social care workers. Under the new measures social care workers who tested positive for Covid-19 would receive sick pay above the current statutory level. The death in service benefit would see a named survivor receive a one-off payment of £60,000 if a social care worker were to die without death in service cover in their contracted pension arrangements. She confirmed both arrangements would be retrospective and further details would be worked out next week.
22. On 1 June The Scottish Government [produced](#) a new Framework that sets out how NHS Scotland will begin to resume some suspended, delayed or deferred services. Capacity for Covid-19 and support for social care will be maintained during the reopening. Some services are being considered for resumption during Phase 1 such as GPs, emergency eyecare in the community and some emergency dental care as practices prepare to open. The introduction of designated visitors to care homes is also being considered. For Phase 2, the resumption of some screening services, the reintroduction of some chronic disease management and prioritising referrals to secondary care are proposed.

Education

23. On 19 May the Scottish Government [published](#) operational guidance to help schools plan how to effectively spend their Pupil Equity Funding allocation. It states the effectiveness of a school's use of Pupil Equity Funding to close the poverty-related attainment gap will contribute to other quality assurance processes, including Audit Scotland's Shared Risk Assessment.
24. On 21 May the Scottish Government [announced](#) that schools will reopen in August subject to scientific advice that it is safe to do so. Schools will return on 11 August, one week earlier than planned for most pupils, while early learning and childcare settings will open over the summer. An agreement reached between councils, professional associations and parent representatives means:
 - schools will implement physical distancing measures, such as providing seating that is two metres apart and staggering arrival, departure and break times
 - increased hand-washing or use of hand sanitisers, enhanced cleaning, robust protocols for suspected or confirmed Covid-19 cases and ongoing risk assessments will be implemented
 - class sizes will be significantly reduced as a result of the new way of working, with most pupils spending around half their time in class and half learning at home. Time in school will increase further as soon as it is safe to do so
 - teachers and other education staff will return in June - subject to appropriate safety assessments being completed - to prepare and plan for the new way of working and welcoming pupils back
 - existing 'hubs' will continue to run to provide vulnerable children and those of key workers with childcare over the summer
 - the school estate will be expanded where necessary and possible by using libraries, community halls, leisure centres, conference venues or taking short-term leases of vacant business accommodation to increase the time children can spend with their teachers

- innovative use will be made of existing teachers and staff and, where necessary, consider the role former teachers can play either by returning to the classroom or teaching virtually to support in-home learning.

Transport

25. On 15 May Transport Scotland [published](#) a weekly snapshot of transport trends during the Covid-19 outbreak. From the period between Monday 4 May and Sunday 10 May, rail and plane journeys fell by 55% and 15%, respectively. Journeys by car rose by 25%, while concessionary bus and ferry journeys both saw an increase of 10%. Cycling and walking saw increases of 75% and 45%, respectively.
26. On 27 May Transport Scotland [published](#) its transport transition plan, which includes an additional £20m to promote active travel. The plan advises the public on the necessary steps that are required in order to access public transport safely, including the use of face coverings, respecting physical distancing and avoiding peak travel times. The Scottish Government has also called for employers to continue to recommend working from home when possible and if necessary, to allow flexible start and finish times and to encourage active travel.

Communities

27. On 20 May the Scottish Government and COSLA [produced](#) new guidance to protect women and children from domestic violence during the Covid-19 outbreak. It was developed in partnership with Public Health Scotland and the Improvement Service. The guidance provides signposting to local resources and will support local decision-makers to identify women and children who may be at risk.
28. On 1 June the Minister for Housing and Planning Kevin Stewart [wrote](#) to the housing sector alongside COSLA's Community Wellbeing Spokesperson on the importance of bringing empty properties back into use and providing support for victims of domestic abuse during the Covid-19 outbreak.

Business

29. On 12 May the Scottish Government [announced](#) that properties occupied by charities can now apply for the £10,000 Small Business Grant Scheme to help them deal with pressures caused by the coronavirus. The extension of the scheme is expected to result in an additional £31 million being made available to more than 3,000 small properties occupied by charities – including day centres, workshops and halls.
30. On 20 May the Scottish Government [increased](#) its level of funding for the Business Support Fund by £40 million. This extra funding will be split between the Pivotal Enterprise Resilience Fund, which has increased by £30 million to £120 million, and the Creative, Tourism and Hospitality Enterprises Hardship Fund, which has increased by £10 million to £30 million. Both funds closed to applications on 18 May.
31. On 22 May the Scottish Government [published](#) weekly statistics on the Covid-19 business support fund grants. As of Tuesday 19 May, local authorities reported that over 81,000 applications had been received for the Small Business Grant Scheme and the Retail, Hospitality and Leisure Business Grant Scheme across Scotland. Of these applications, 65,000 grants valuing £741m had been awarded.
32. On 26 May Kate Forbes [wrote](#) to UK Chief Secretary to the Treasury, Stephen Barclay, urging him to provide clarity on when consequentials to tackle the Covid-19 crisis will be delivered. The Scottish Government said it was guaranteed £60m from the UK Government's extension of business grants which would "not now materialise", as well as an additional £35m of consequentials in respect of charity support, which was then

amended to £25m.

Other matters

33. On 18 May the Scottish Government [wrote](#) to the UK Government asking for all migrants to be granted leave to remain and for recourse to public funds restrictions to be lifted so that they can access vital public services when required without fear of breaching the conditions of their visa.
34. On 21 May Constitution Secretary Michael Russell [called](#) for the Scottish Government and Scottish Parliament to be given a formal role in future UK trade deals, saying the draft UK Trade Bill did not provide protection for Scotland's interests.
35. On 21 May the Scottish Government [published](#) the Framework for Decision Making - Scotland's Route Map Through and Out of the Crisis. The route map provides an indication of the order in which the Government will "*carefully and gradually*" seek to change current restrictions. It provides practical examples of what people, organisations and businesses can expect to see change over time. The phasing table will continue to be updated.
36. On 22 May the Scottish Government [wrote](#) to Ken Gillespie, Chair of Construction Scotland, outlining the six-phased approach to restarting the construction industry. Currently, the industry is positioned in phase 0, meaning that the sector is planning on making the necessary adjustments before moving to phase 1 on Thursday 28 May. In phase 1, the industry will be allowed to carry out Covid-19 pre-start site preparation. Further consultation with the Government will be needed before moving to phase 2.
37. On 27 May the Scottish Government [published](#) information on its approach to implementing its test, trace, isolate and support strategy. The Test and Protect measures are designed to interrupt chains of transmission in the community by identifying cases of Covid-19, tracing the people who may have become infected by spending time in close contact with them, and then supporting those close contacts to self-isolate, so that if they have the disease they are less likely transmit it to others. Additional information for [employers](#) and a [summary](#) of the measures have also been published. The programme was launched on Thursday 28 June.
38. On 27 May the Scottish Government [published](#) a document on revisions to the Scottish Budget for 2020-21 to take account of Covid-19. The Scottish Government's Budget will increase by £2,787.2m to £52,037.9m. The revised document also takes account of the £3,581m of consequential from the UK Government in response to the coronavirus outbreak. £3,063m of these consequential have been added to the Scottish Government Block Grant. The Communities and Local Government budget heading sees an increase of £1,642.6m to £13,003.4m. Parliamentary approval will now be sought for these changes.
39. On 28 May the First Minister [announced](#) some restrictions would be made to the lockdown restrictions that are in place. Scotland will move to Phase 1 of the Scottish Government's route map out of lockdown. The Scottish Government [published](#) rules on staying at home and away from others. People are now permitted to meet with one other household outside while maintaining social distancing measures. The shielding population is still being advised to follow the [shielding guidance](#) and those at a higher risk of severe illness from the virus should still follow the physical distancing guidance. A [summary](#) of the main changes and dates involved has been provided.
40. On 29 May the Scottish Government [updated](#) construction sector guidance. The first two phases of the sector's restart plan – planning and pre-start applications – are to be implemented from 29 May, with a decision to move to a 'soft restart' (where physical

distancing can be maintained) only after consultation with the Government to ensure it is safe to do so and would fall in line with public health advice.

41. On 29 May the Scottish Government [published](#) non-statutory guidance on school re-opening. Teachers and other school staff will be able to return in June to make preparations for the return to school on 11 August. It is suggested that education authorities and schools work in partnership with trade unions, staff, parents and children to develop local plans. Physical distancing will be implemented, and local authorities have been encouraged to take an innovative approach to using other facilities to bring back as many children as possible. Schools will work with council transport teams on school transport and active travel by parents, carers, staff and children is encouraged.

Scottish Parliament

42. On 20 May Stuart McMillan MSP received an answer to his parliamentary question that asked the Scottish Government what analysis it has carried out of the reasons why Inverclyde is recording the highest average level of Covid-19-related deaths among local authority areas. The Minister for Public Health, Sport and Wellbeing, Joe FitzPatrick MSP responded by saying that the Scottish Index of Multiple Deprivation (SIMD) analyses and categorises the nearly 7,000 'data zones' of Scotland by deprivation. The 2020 SIMD report shows that Inverclyde has a high proportion of data zones which are part of the 40% most deprived data zones in Scotland. A total of 59% of Inverclyde's data zones are from the cohort of the 40% most deprived data zones in Scotland. Statistics published this week by National Records of Scotland (NRS) show that people living in the most deprived areas of Scotland were 2.3 times more likely to die with Covid-19 than those living in the least deprived areas. Analysis of the NRS data shows that (year to date up to 10 May), Inverclyde local authority had the highest rate of death from Covid-19 across all local authorities (at 132 deaths per 100,000). There will be other factors alongside deprivation that will contribute to this, for example, Inverclyde has a higher proportion of people who are pensionable age (21%) compared to the proportion for Scotland (19%). Further work is being done by analytical partners across the Scottish Government, NRS, Public Health Scotland and the NHS to consider how we can better understand the impact of Covid-19 on the people of Scotland.
43. On 20 May Stuart McMillan MSP received a response to his parliamentary question that asked the Scottish Government what additional action it is taking to help reduce the number of Covid-19-related deaths in Inverclyde, in light of it recording the highest average level among local authority areas. The Minister for Public Health, Sport and Wellbeing, Joe FitzPatrick MSP issued a response to say that the government are working with Public Health Scotland to better understand the link between Covid-19 cases and poverty and deprivation, and how we can best support all vulnerable groups at this time. PHS has undertaken a range of analyses to look at the impact of deprivation on Covid and non-Covid excess mortality, which it will be publishing as part of its weekly Covid 19 statistical report, in the coming weeks. The current report (13 May) is available [here](#).
44. On 20 May the Scottish Parliament passed The Covid-19 (Scotland) (No.2) Bill with various [amendments](#) agreed by members. The legislation gives Scottish Ministers the power to temporarily manage care home services where there is a serious risk to the life, health or wellbeing of residents in connection with Covid-19. An additional Carer's Allowance Supplement will also be paid to carers. Legislative changes were made in relation to non-domestic rates, the criminal justice system and tax arrangements. A Discretionary Housing [Payment](#) will be made available through local authorities.
45. On 22 May Lewis Macdonald MSP received a response to his written parliamentary

that asked the Scottish Government what its position is on public bodies or agencies in receipt of public funds requiring non-essential staff to take a placement with another public body or agency for the duration of the Covid-19 outbreak, without prior consultation and agreement with the staff concerned or relevant trade union representatives. The Cabinet Secretary for Finance, Kate Forbes MSP responded by saying: “Public Bodies are expected to align with fair work principles including in relation to trade union and staff engagement. On 25 March, the Cabinet Secretary for Economy, Fair Work and Culture and the STUC General Secretary issued a joint statement outlining the shared commitment to fair work practices in Scotland and calling on employers, trades unions and workers to work together constructively to reach the right decisions on all workplace issues that arise throughout the Covid-19 outbreak and ensure workers are treated fairly. The Cabinet Secretary wrote to Chief Executives of all of Scotland’s Public Bodies on 26 March urging them to act in accordance with the Fair Work principles set out in the statement.”

46. On 22 May the Scottish Parliament Information Centre (SPICe) [published](#) a briefing on the UK-EU future relationship.
47. On 28 May Miles Briggs MSP received a response to his parliamentary question that asked the Scottish Government how many local authority care home residents have been tested for Covid-19. The Scottish Government stated that they do not hold this information. Public Health Scotland provides the Scottish Government with numbers of residents and staff tested in care homes, but it is not possible to disaggregate this further to provide a breakdown of the type of care home the data comes from.
48. On 29 May SPICe [published](#) a briefing on the UK Environment Bill.
49. On 1 June Claudia Beamish MSP received a response to her parliamentary question that asked the Scottish Government which local authorities have used the [Spaces for People](#) initiative, and whether it will provide a breakdown of the funding that each has received. A breakdown of the local authorities that have received funding from the Spaces for People fund and the amount allocated to each is provided in the following table. Click [here](#) to view table.

Parliamentary Committee News

Public Audit and Post Legislative Scrutiny Committee

50. On 19 May the Public Audit and Post-legislative Scrutiny Committee [published](#) a report following its post-legislative scrutiny of the Freedom of Information (Scotland) Act 2002. Members concluded the Act had improved transparency, but suggested improvements could be made to reflect changes in public service delivery and the ways people access information. They asked the Scottish Government to consult on the Committee’s proposals, including extending the legislation’s provisions “to *all bodies in receipt of significant public funds*”. The Committee also proposed introducing a statutory code to publish information; requiring the recording of certain key information, such as minutes of ministerial meetings; and action to prevent a reliance on confidentiality clauses between public bodies and contractors. It suggested the legislation could be amended to make the meaning of “*information*” more explicit, so it is clear that WhatsApp, texts and ministerial private email accounts are covered.

Local Government and Communities Committee

51. On 13 May Scottish Government Cabinet Secretary, Aileen Campbell [updated](#) the Committee on the Government’s response to Covid-19 in the local government, planning and housing sectors.
52. On 15 May the Committee took evidence from the Cabinet Secretary for Communities

and Local Government on the Scottish Government's response to Covid-19 in relation to local government, housing and planning.

53. On 21 May the Local Government and Communities Committee [updated](#) its work programme to reflect its current focus on Covid-19 and scrutiny of Government actions taken in response to the outbreak within its remit. The Committee aims to provide a forum to share good practice in addressing the challenges raised by the crisis in the local government housing, planning and community sectors.
54. On 28 May the Local Government and Communities Committee [wrote](#) to Aileen Campbell to seek further information on recycling and household waste centres, the Transient Visitor Levy and short-term lets following her appearance before the Committee.
55. On 28 May the Committee took evidence on a range of stakeholders on the impact that Covid-19 is having on homelessness.

Covid-19 Committee

56. On 19 May the Committee took evidence from MSPs and Scottish Government Ministers on Covid-19 (Scotland) (No 2) Bill.

Other committees

57. On 14 May the UK Government Steve Barclay [wrote](#) to the Economy, Energy and Fair Work Committee regarding the impact of Covid-19 on Scotland's businesses, workers and economy.
58. On 20 May Jeane Freeman, Cabinet Secretary for Health, [wrote to](#) the Health and Sport Committee to confirm arrangements to allow free car parking for staff at Glasgow Royal Infirmary, Edinburgh Royal Infirmary and Ninewells Hospital have been extended to September.
59. On 20 May Shirley-Anne Somerville, Cabinet Secretary for Social Security and Older People, [wrote](#) to the Social Security Committee about the increased demand on the Scottish Welfare Fund as a result of Covid-19. The letter includes data on the demands for the Welfare Fund which show in March applications for Crisis Grants were 59% higher than the level in March last year. She also noted applications and expenditure of Community Care grants had reduced slightly over the same period. The Cabinet Secretary wrote this reflects the flexibility in approach local authorities are able to take.
60. On 29 May the Social Security Committee [published](#) its annual report for 2019-20.

Local Government News

61. On 12 May CIPFA [announced](#) a partnership with data management company Xantura to help councils identify the individuals and households most vulnerable to both the health, social and economic impacts of Covid-19. Government data provided through 'Operation Shield' identifies individuals deemed to be 'at risk' but has been limited to those with high clinical need. The new service announced goes further, identifying vulnerable people and households based on a much broader set of risk factors. These include: debt levels; income and reliance on benefits; whether they live alone; and disabilities, alongside a wider set of health issues. The new service will allow councils to better understand the communities they serve, and improve decisions around service provision based on robust local evidence.
62. On 15 May Scottish Labour [published](#) a blog about the strategy being used by North Ayrshire Council to build wealth in the community and how it could be used as a model

for rebuilding Scotland post-coronavirus.

63. On 18 May it was [reported](#) that Fife Council is facing a £30 million gap in its finances due to the impact of having to deal with Covid-19. The £30 million figure is only an estimate for a 14-week lockdown period and consists largely of increased costs in response to the pandemic – such as overtime, agency working, increased equipment such as PPE, more support for vulnerable people and the rollout of wider home working.
64. On 22 May the leader of Dundee City Council, Cllr John Alexander, [spoke](#) at a webinar for the Scottish Business Resilience Centre about the funding pressures that the local authority is facing as a result of Covid-19. Cllr Alexander noted that there is already a £17 million gap in the council's budget. That is anticipated to increase by a further £34 million if lockdown continues for another three months.
65. On 22 May CIPFA Chief Executive, Rob Whiteman, [published](#) a blog about the consequences that Covid-19 may have on local government.
66. On 24 May it was [reported](#) that bin collection services could be reduced in order to help local authorities deal with the impact that Covid-19 has had on the finances of councils.
67. On 25 May Orkney Islands Council [launched](#) a new loan scheme to help businesses deal with the impact of Covid-19. The Covid-19 Pandemic Emergency Loan Scheme will offer secured loans of between £50,000 and £100,000.
68. On 26 May North-east Labour MSP Lewis Macdonald [called](#) on COSLA to release the economic forecasting from all councils. COSLA asked councils to provide forecasts of how much the pandemic could cost them before deciding how to share hundreds of millions of pounds in extra funding. The umbrella council funding body has totalled the estimated nationwide cost to local authorities to around £330 million.
69. On 28 May it was [reported](#) locally that the impact of Covid-19 has prevented Highland Council from occurring a significant underspend.

COSLA

70. On 14 May COSLA [produced](#) a new framework to help local authorities and their partners to support people with no recourse to public funds (NRPF) during the Covid-19 pandemic has been produced by COSLA.
71. On 16 May COSLA warned that local authorities face a £100 million gap in their finances as a result of dealing with Covid-19.
72. On 20 May COSLA [produced](#) guidance for local authorities to assist them in the hiring of agency workers.
73. On 22 May COSLA, in partnership with the Scottish Government, published a joint framework to help Local Authorities offer support to the Gypsy/Traveller community during the Covid-19 outbreak.
74. On 29 May COSLA [wrote](#) to the Education and Skills Committee concerning the wellbeing and learning of vulnerable children and young people during the Covid-19 pandemic.

Public Policy News

75. On 12 May the Office for National Statistics (ONS) [released](#) information that suggested in the first three months of the year the UK economy reduced at the fastest pace since

the 2008 financial crisis. In the three months leading to March, the economy contracted by 2%. In March, [GDP](#) fell by 5.8%, with the [service](#) industry contracting by 6.2%, [manufacturing](#) falling by 4.6% and [construction](#) decreasing by 5.9%. In the [first quarter](#) of 2020, imports fell by £13.3bn, with exports also reducing by £12bn, leading to a £1.3bn trade deficit. These figures reflect the beginning of lockdown, with the full economic impact of the lockdown expected in the second quarter.

76. On 13 May the Federation for Small Businesses (FSB) released details of a survey that they carried out that suggested a third Scottish small businesses may never reopen after Covid-19 outbreak. The FSB survey of 5,471 UK small business owners, including 758 in Scotland, found that 53 per cent of Scottish firms had been forced to close since the beginning of the Covid-19 outbreak, compared to 41 per cent on average across the UK. Of those that have closed – both in Scotland and across the UK – 35 per cent are not sure whether they will ever reopen again.
77. On 14 May more than 100 children’s charities, trade unions and stakeholders [signed](#) an open letter to the First Minister calling for a direct financial boost for all families living on low incomes to support them during the Covid-19 outbreak. The letter stresses the Government’s efforts to tackle child poverty are being “*put at huge risk*”. One of the signatories, Aberlour, highlights its Urgent Assistance Fund has seen a 1,400% increase in demand.
78. On 15 May Citizens Advice Scotland (CAS) [published](#) a report on the impact of the Covid-19 pandemic on its services. It showed the proportion of its issued advice relating to employment quadrupled from 4% in February to 16% in April. It also issued 2,338 pieces of advice regarding food banks in April. CAS has also seen a proportionately large rise in advice on crisis grants, part of the Scottish Welfare Fund increased by the Scottish Government in March. In total, there were 72,454 pieces of advice issued by local CAS Bureau, with 494,386 total visits to the Advice for Scotland online advice pages.
79. On 19 May the Resolution Foundation [released](#) research that found more than one in three 18-24 year-olds are earning less than before the Covid-19 outbreak. The report revealed that around a quarter of this age group have been furloughed and a further nine per cent have lost their jobs altogether. Younger workers have been seen a disproportionate economic impact from the Covid-19 as they are more likely to work in industries shut down by the virus, and they risk their pay being affected for years.
80. On 19 May the ONS released statistics that showed that an estimated 1.35m people were unemployed in the period from January to March 2020. The latest ONS data shows that the claimant count climbed by 856,500 to 2.1m between March and April. Meanwhile separate unemployment data, which covers the three months to March 2020, show the number of people unemployed rose by 50,000.
81. On 20 May the End Child Poverty coalition published research that showed the rate of child poverty in Scotland has increased by more than 10 per cent in some parts of the country in the past four years. Overall in the UK the child poverty rate increased by 2.8 per cent between 2014/15 and 2018/19, from 15.6 per cent to 18.4 per cent, the report revealed. Glasgow Central saw the largest rise in child poverty in Scotland over that period – increasing by 11.6 per cent. Large increases were also seen in Aberdeen North, with a 6.4 per cent rise in child poverty; Paisley and Renfrewshire South, a 6.1 per cent rise; and Glasgow North East with a 6.5 per cent increase. Child poverty among working families increased by 9.9 per cent in Midlothian, 8.3 per cent in Glasgow North, 8 per cent in East Renfrewshire and 7.5 per cent in Rutherglen and Hamilton West.

82. On 27 May the National Records of Scotland [published](#) its weekly [report](#) on deaths involving Covid-19. As of 24 May, 3,779 deaths had been registered where Covid-19 was mentioned on the death certificate. Week 21 saw the fourth weekly reduction in deaths involving Covid-19 in a row. There were 1,223 deaths registered in Scotland, 17% more than the average number of deaths registered in the same week over the last five years, 1,045.
83. On 29 May Holyrood Magazine [released](#) a poll that suggested that almost half of MSPs believe it will be more than a year before Scotland gets “back to normal” after the Covid-19 lockdown.
84. On 1 June The Social Market Foundation [released](#) a report assessing the economic implications of the Covid-19 and Brexit. The analysis indicates that regardless of the trade scenario agreed between Britain and the EU, the direction that the talks are heading in will have a negative impact on the UK’s GDP. Covid-19 has complicated the matter further as construction, banking, finance and insurance are expected to experience the most severe negative impacts. The report states that if the UK fails to negotiate a deal with the EU, the north west, west midlands and east of England are likely to face a disproportionate double impact from Covid-19 and Brexit, and that one sixth of the areas in the top quintile of job impact under a WTO-Covid-19 scenario have more than a third of their labour market working in either manufacturing or finance, banking and insurance.

UK Government

85. On 12 May the Chancellor of the Exchequer announced that the Covid-19 Job Retention Scheme will be extended to October. However, Rishi Sunak MP said that the scheme would be more flexible to support the transition back to work and the government will ask employers to “start sharing” the cost from August.
86. On 13 May the Scottish Affairs Committee [launched](#) an inquiry into the impact of Covid-19 on Scottish interests such as the economy, immigration, oil and gas and food and drink industries. The inquiry will also address the effectiveness of the four-nation approach to tackle the virus and the structures facilitating intergovernmental collaboration between the nations.
87. On 17 May the UK Government [stated](#) its aim for 30 million Covid-19 vaccine doses to be made available by September, if UK trials succeed. The UK Government’s Business Secretary said that if collaboration between Oxford University and AstraZeneca was successful, then the vaccines would be rolled out as quickly as possible, and also made available to developing nations “at the lowest possible cost”.
88. On 18 May the UK Government [announced](#) an additional £58m for the Scottish Government to respond to the Covid-19 pandemic, following a new Infection Control Fund in England to [reduce](#) the spread in care homes.
89. On 20 May the UK Government [published](#) draft legal texts for further Brexit negotiations and the UK’s future relationship with the EU.
90. On 21 May the UK Government announced that they will increase the size of loans available through the Covid-19 Large Business Interruption Loan Scheme from £50m to £200m. The loans, which will be available from 26 May, will help large companies who do not qualify for the Bank of England’s Covid Corporate Financing Facility with cash flow.
91. On 26 May the Prime Minister [confirmed](#) that many high street shops, department stores and shopping centres in England may re-open in June, as long as they are Covid-19 secure and can demonstrate that customers will be kept safe. The UK

Government has said it hopes to build on the responsible trading of pharmacies and supermarkets by allowing non-essential retail to re-open on Monday 15 June. Businesses must complete a risk assessment, in consultation with trade union representatives, and take action to remain in line with health and safety regulations.

92. On 28 May Liverpool's combined authority [warned](#) its funding gap could hit £250m as a result of the Covid-19 pandemic, and has written to the government calling for 'fairer funding'.
93. On 29 May it was [announced](#) that the COP26 UN climate conference will now take place between Sunday 1 and Thursday 12 November 2021 in Glasgow. The conference was due to take place in November this year but was postponed due to the Covid-19 crisis.
94. On 29 May the Speaker of the House of Commons Lindsay Hoyle [wrote](#) to MPs explaining his decision to accept the UK Government's request to recall Parliament. MPs will return to Westminster on Tuesday 2 June. In the letter, the Speaker stated that the purpose of the Government's proposed recall is to bring forward a motion to take a decision on future forms of hybrid proceedings as the temporary Standing Orders used previously have now lapsed. The Speaker explains that he has decided to grant the request as the established methods of division in the lobbies does not meet health advice. MPs will decide how future voting will take place. The Speaker calls for cross-party support for how the House conducts future proceedings.
95. On 29 May the Chancellor of the Exchequer [announced](#) that the Self-Employment Support Scheme would be extended to October with applications due to open in August. He said the final value of this payment would amount to 70% of a self-employed person's average monthly trading profits, to be capped at £6,570.
96. On 29 May the Chancellor of the Exchequer [announced](#) changes to the Covid-19 Job Retention Scheme. The scheme will:
 - Will continue as it has since March through June and July.
 - In August, the Government will continue to pay 80% of wages, with businesses paying National Insurance and pension contributions.
 - In September, employers will be asked to pay 10% of wages, with the Government paying 70%.
 - In October, employers will be asked to pay 20% of wages, with the Government paying 60%.
 - From Monday 1 July, a new flexible Job Retention Scheme will be introduced.
 - This would mean, for example, employees could work for two days and be paid by their employer as normal and then furloughed for the remaining three days and have their income covered by the scheme.
 - Employers will have to register their employees onto the new Job Retention Scheme by Wednesday 10 June.
 - The Job Retention Scheme will close after October.
97. On 29 May, the Welsh government [asked](#) the UK government to increase its borrowing limit to help fund the country's coronavirus response. Under current rules, the Welsh Government is able to borrow £150m a year for infrastructure, up to a limit of £1bn, and £200m a year for day-to-day spending. The request was made during the publication of the Welsh government's supplementary budget, which allocated an additional £2.4bn of spending – 10% more than was planned in the March budget.

98. On 1 June the Local Government Association (LGA) released [analysis](#) that suggested that councils may need an extra £6 billion to help deal with the impact of Covid-19. The LGA analysed returns councils submitted to the Ministry of Housing, Communities and Local Government on the financial impact of the pandemic. The LGA found that the two emergency tranches of £3.2bn allocated by the government covered costs and income losses so far, but around £2bn more is likely to be needed to cover further costs of responding to the pandemic. An additional £4bn may be needed to deal with the impact of lost income from sources such as council tax, business rates and sales, fees and charges.
99. On 1 June some pupils in England started to return to school. Children in Reception, Years 1 and 6 are able to return to school, with staggered drop-off times and groups of no more than 15 children.

Other UK Audit Bodies

National Audit Office

100. On 21 May the National Audit Office [published](#) a report which stated that the measures put in place by the UK Government to help reduce the impact of the Covid-19 pandemic have cost £124.3bn. This figure breaks down to £111.3bn for grants and other payments, an expected loan cost of £5bn and increases to benefits of £8bn. It does not include £4.4bn in loss of receipts to the Exchequer. The report warns the full cost of the Government's response will depend on the continuing health and economic impacts. The report is the first in a series of pieces of work to support Parliament's scrutiny of the Government response and does not assess the value for money or effectiveness of the spending commitments.

Conclusion

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

Paul Reilly
Secretary to the Accounts Commission
4 June 2020

APPENDIX: Accounts Commission reports in past 12 months - downloads

Report	Date	Report downloads	Podcast downloads
Best Value Assurance Report: Argyll and Bute Council	21 May 20	263	n/a
Affordable Housing	9 April 20	491 (+205)	n/a
The 2018/19 audit of Renfrewshire Council: Report on accounts closure	24 Mar 20	137 (+51)	n/a
Early learning and childcare: follow-up	3 Mar 20	1,044 (+143)	n/a
2018/19 audit of Fife IJB	27 Feb 20	194 (+45)	n/a
2018/19 audit of Glasgow City Council: Update on equal pay settlement	6 Feb 20	302 (+47)	n/a
Privately financed infrastructure investment	28 Jan 20	704 (+40)	80
Highland Council: best Value Assurance Report	23 Jan 20	1,242 (+106)	192
Scotland's City Region and Growth Deals	16 Jan 20	1,835 (+121)	95
Scotland's City Region and Growth Deals - Supplement	16 Jan 20	227 (+43)	n/a
Self-directed support: 2017 progress report - impact	17 Dec 19	454 (+63)	n/a
Local government in Scotland: Financial overview 2018/19	17 Dec 19	2,312 (+180)	177
Scottish Borders Council: Best Value Assurance Report	22 Oct 19	1,013 (*)	181
National Scrutiny Plan	30 Sept 19	740 (+79)	n/a
Perth and Kinross Council: Best Value Assurance Report	22 Aug 19	1,315 (*)	145
Principles of community empowerment	25 July 19	6,858 (+429)	n/a
Midlothian Council: Best Value Assurance Report	4 July 19	1,663 (*)	193
Clackmannanshire Council: Best Value Assurance Report progress report	27 June 19	1,086 (*)	203
Accounts Commission annual report 2018/19	31 May 19	592 (*)	n/a
Accounts Commission Engagement strategy and plan 2019-24	31 May 19	456 (*)	n/a

Report	Date	Report downlds	Podcast downlds
Accounts Commission Strategy and annual action plan 2019-24	31 May 19	520 (*)	n/a
Accounts Commission Engagement plan progress report 2018/19	31 May 19	258 (*)	n/a
North Lanarkshire Council: Best Value Assurance Report	23 May 19	1,520 (+104)	182

Key:

(x) Increase in numbers since last month

* This figure is below 30

n/a Not applicable.

MEETING: 18 JUNE 2020

REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE

WORK PROGRAMME UPDATE

Purpose

1. This paper provides the Accounts Commission with an update on the joint Auditor General for Scotland (AGS) and Accounts Commission 5-year rolling work programme.

Background

2. The Commission agreed at its meeting on 7 May to receive regular updates on delivery of the rolling 5-year work programme, and any other audit related issues arising as a result of the Covid-19 Coronavirus pandemic. This paper provides an update on Accounts Commission and joint audits, including the annual financial audit of local government bodies. The Director of Audit Services and I will provide a verbal update on any other matters arising not covered within this paper and will be happy to take questions from members in advance of and during the meeting.
3. The pandemic continues to have a significant impact for society, public bodies and for Audit Scotland's work and workforce. The Commission and Auditor General have agreed a broad timeline for an initial refresh of the work programme, with a report setting out initial proposals to be considered by the Commission in September. In the meantime, colleagues and I will continue to liaise with the Chair, Secretary, audited bodies, Parliament and other stakeholders to ensure the implications of Covid-19 on the work programme are carefully considered.

The impact of Covid-19 on the annual audit of local government bodies

4. The requirements and timescales for the content, production, public inspection and audit of local authority accounts in Scotland are outlined in the Local Authority Accounts (Scotland) Regulations 2014. The Regulations require unaudited accounts by 30 June and audited accounts to be approved by 30 September.
5. The content and format of local government accounts across the UK is determined in large part by the Code of Practice on Local Authority Accounting in the UK which applies, interprets and adapts International Financial Reporting Standards for local government bodies. The relevant regulatory authorities have already decided that the Code of Practice on Local Authority Accounting in the UK for 2019/20 will apply in full.
6. The Scottish Government contacted local authorities, COSLA, the Accounts Commission and Audit Scotland requesting comments and proposals in relation to the 2019/20 annual accounts. Our response to this consultation has already been circulated to Commission members. The process resulted in the issue of Local Government Finance [Circular 10/2020](#) on 21 May.
7. The Circular sets out statutory guidance to reduce the reporting burden for the management commentary for 2019/20. It also includes non-statutory advice on the application of the Coronavirus (Scotland) Act 2020 to allow each local authority to determine its own revised timetable for annual accounts and how the Act can be applied to the public inspection and objection process.

8. Although local authorities are encouraged to continue to comply in full, the statutory requirements for a management commentary are relaxed in some respects to focus on headline financial results, financial position and risks going forward (including risks arising from COVID 19). The Circular highlights that the statement of responsibilities and annual governance statement are essential accountability documents and are, if anything, more important at this time. If a local authority has difficulty obtaining all the assurances required, for example annual assurance certificates, this should be explained in the statement. There has been no relaxation for other elements of the annual accounts required by the Scottish Government rather than the Code, such as a remuneration report, a housing revenue account, a non-domestic rate account and a council tax account.
9. On timescales, the Circular states that local authorities in discussion with auditors should strive to work to a date as early as practicable for both parties. Scottish Ministers consider it reasonable that a local authority publishes its audited accounts no later than 30 November 2020. Other requirements include:
 - If a local authority is planning to postpone the publication of the unaudited accounts, it should publish a statement to explain this by 17 June, with an indication of the likely date.
 - Publication of an inspection notice 14 days prior to the inspection period, including setting out the process someone needs to follow to ask for documents where access to offices isn't possible.
 - If a local authority is planning to postpone the publication of the audited accounts, it should publish a statement before 30 September with an indication of when the authority will meet to consider the audited accounts.
10. Audit Scotland's Professional Support team has issued an [addendum](#) to the 2019/20 planning guidance to all auditors to update audit deadlines to reflect the Circular. The audit deadline for the health sector has also been extended from 30 June to 30 September. In addition, the addendum:
 - Provides guidance on the identification of further significant audit risks as a result of COVID 19.
 - Highlights that the importance of wider audit scope work has never been greater than during the current crisis and auditors are expected to report conclusions based on the work they have carried out, although accepting that the work undertaken may have changed in response to shifts in the relative significance of risks.
 - Stresses that annual audit work on best value themes, and follow up of BVAR recommendations, should continue to be reported. If work has been impacted by COVID 19, auditors are required to explain this in the annual audit report and that it will take place in future.
11. Most, but not all, local authorities currently intend to produce their unaudited accounts by 30 June. Aberdeen City Council produced their accounts in May and the audit by KPMG is underway. Discussions are taking place between local authorities and auditors to agree a provisional timetable for the audited accounts. Limits on auditor capacity, when combined with the challenges of remote working and anticipated technical issues on areas such as valuations, will almost certainly result in a number of accounts being finalised in October and November rather than September. This will be necessary to ensure that audit quality is maintained.
12. A verbal update on the latest position will be provided at the meeting on 18 June.

Update on the current Local Government Overview and Performance Audit reporting programme

13. The impact of the pandemic continues to mean significant changes to current audit work but also the longer-term work programme. The longer-term impact will be considered through the work programme refresh. For those audits underway or due to start within the next few months we have discussed options with Sponsors and where necessary the Chair and Deputy Chair for next steps. In some instances, this means pausing audits or delaying their start, and for others it involves changes to the audit scope, timing or reporting arrangements (ie limited promotion, alternative means of presenting audit findings).

14. We are continuing to discuss the implications of changes to the work programme for meeting agendas and workplans with the Secretary to the Commission and Clerking team at the Parliament’s Public Audit and Post-Legislative Scrutiny Committee (PAPLS). For Commission meetings this has largely focussed on the scheduling of emerging messages and draft report consideration for those audits due to conclude during the remainder of 2020. The AGS has briefed PAPLS twice on the implications of Covid-19 on the work programme. We have also agreed with Clerks a schedule of briefings through to the Summer recess at the end of June. Of note to the Commission this includes:
 - *Affordable Housing* (Joint) – briefing to the Committee on 11 June
 - *Early learning and childcare* (Joint) – briefing to the Committee on 18 June

15. The impact of Covid-19 on councils’ finances and performance will need to be reflected in the Commission’s strategy for overview reporting as will the likely impact of the changes to the timing and approach to this year’s annual audit work. Initial discussions have taken place with audit sponsors about the *2021 Local Government challenges and performance* overview and this year’s financial local government overview.

16. It is likely that the *2021 challenges and performance* report will look significantly different to previous reports to reflect the operating environment of councils and the impact of the pandemic, councils’ response, risks and lessons learned. The next financial overview is likely to focus heavily on the financial impact of Covid-19 on councils but the content and coverage will be dependent on the levels of information available through the accounts and what information local auditors can reasonably obtain from councils during this challenging time. The Commission will wish in due course to consider how it wishes to position and co-ordinate the messages in these two reports, both of which are tentatively planned for publication Spring 2021, to add most value.

17. Table 1 provides a high-level summary of the current status of overview and performance audit reports due to be published in 2020/21:

Table 1: Impact on Accounts Commission overview reports and performance audits 2020/2021 (including joint AGS audits)

Audit	Planned publication	Update
<i>Affordable housing</i>	9 April 2020	<p>This report was published online only on the Audit Scotland website on 9 April. No promotional activity was undertaken.</p> <p>The Parliaments Public Audit and Post-legislative Scrutiny (PAPLS) committee will be briefed on the report on 11 June.</p>

Audit	Planned publication	Update
Local Government Overview: challenges and performance 2020	Original: 16 April 2020 Planned: 23 June 2020	This report was not published on 16 April. An options paper setting out risks, issues and options for the overview was considered by audit sponsors. It has been agreed to publish the 2020 overview on the Commission and Audit Scotland websites, with a provisional publication date of 23 June. This decision reflects the relevance of some of the report's key messages for the recovery process within local government. There will be no media 'launch' but Council Chief Executives, Scottish Government (including local government division), CoSLA, SPICE and SOLACE will be notified of the report's publication.
Improving outcomes for young people through school education	Original: 9 June 2020 Planned: to be confirmed but not during 2020	<p>At the point of lockdown, the draft audit report was due to go into clearance in early April and publish on 9 June. Due to the circumstances the AGS and Commission agreed to pause the audit and postpone publication. Since then the audit team has met with key stakeholders including Scottish Government, CoSLA and ADES to gain insight into the implications of Covid-19 for the school education as well as the response of central and local government. The response is heavily focussed on developing alternative forms of provision including classroom delivery that reflects social distancing requirements and extending capacity to deliver online learning. Mitigating the impacts on disadvantaged and vulnerable children and young people is a priority.</p> <p>The implications of Covid-19 on school education and the required response by the sector are significant and are central to our considerations in determining the best approach to completion and publication of the audit. The audit team is preparing an options paper for review by the Auditor General and Commission sponsors later this month. At this stage we do not anticipate completion of the audit or publication of the final audit report in the short to medium term.</p>
Digital progress in local government	Original: 8 October 2020 Planned: Autumn 2020	<p>The audit's emerging messages will be considered by the Commission on 18 June.</p> <p>Having paused fieldwork to allow councils to respond to the immediate pressures of Covid-19 the audit team is now contacting the six case study councils to follow up on any outstanding issues. The team also plan to explore with those councils the role of digital in responding to the pandemic, and any challenges they have faced, lessons learned and impact on future digital strategies and plans.</p> <p>The audit's timescales remain broadly as originally planned, but due to the pause in fieldwork and additional work around the response to Covid-19 the publication of the final report is now likely to be later in the Autumn of this year.</p>
Local government: financial overview	Original: November/ December 2020	The financial overview is currently paused to prioritise financial annual audit work on local authority accounts and to reflect changes in local government accounting timescales. We anticipate publishing the next financial overview in spring 2021. The content and coverage are dependent on the levels of information available through the accounts and what information

Audit	Planned publication	Update
	Planned: Spring 2021	local auditors can reasonably obtain from councils during this challenging time. The Data Set issued to auditors includes an additional section for capturing issues relating to Covid-19. This information will inform this audit and will also be shared with colleagues working on other local government audits.
Waste management	Original: Spring 2021 Planned: to be confirmed through refresh	Early desk-based scoping work has been undertaken. Next steps for this audit will be considered as part of the work programme refresh.
Outcomes for children with additional support needs	Original: Summer 2021 Planned: to be confirmed through refresh	Monitoring of Covid-19 issues relevant to this audit is being undertaken. Next steps for this audit will be considered as part of the work programme refresh.
Social care sustainability	Original: Summer 2021 Planned: to be confirmed through refresh	Monitoring of Covid-19 issues relevant to this audit is being undertaken. Next steps for this audit will be considered as part of the work programme refresh.

Update on Best Value Assurance reports due to be published in 2020

18. The impact on Best Value Assurance Reporting varies across audits, with some audits continuing albeit to amended timescales. The exact dates and reporting arrangements for the reports due to be considered this Autumn are still to be agreed with the Commission and are indicative at this stage.
19. Table 2 provides a high-level summary of the status of Best Value Assurance reports due to be published in 2020.

Table 2: Impact on Best Value Assurance Reports

Audit	Planned publication	Update
Argyll and Bute	Original: 23 April 2020 Actual: 21 May 2020	The BVAR was published on 21 May.

Audit	Planned publication	Update
North Ayrshire	28 or 30 June 2020	The draft BVAR will be considered by the Commission on 11 June.
Moray	Original: 26 May 2020 Planned: August 2020	The council is due to provide clearance comments on the draft report by 1 June. The draft BVAR is currently scheduled to be considered by the Commission in August, with publication following later that month.
Edinburgh	Original: 27 August 2020 Planned: September /October 2020	Drafting of the BVAR is underway however the audit has experienced a delay to planned timescales due to necessary resourcing changes due to Covid-19, and delays in receiving additional information and evidence from the council. The audit team is revising the audit plan with it now likely that the draft BVAR will be considered by the Commission in September or October.
Dundee City	Planned 24 September 2020	The audit team is meeting the Controller of Audit on 17 June to discuss the draft report prior to issuing to the Council. The team is discussing with the Council the timescales for their consideration of the draft report – this timescale will seek to minimise the pressure on key council staff to respond within an unrealistic timescale during their ongoing response to Covid-19 and the upcoming school summer holidays. It remains our intention to finalise the BVAR for Commission consideration in September, but this will depend on the outcome of discussions with the Council.
Aberdeenshire	Planned 22 October 2020	This audit is progressing largely to the original audit plan. Interviews were concluded prior to the lockdown with emerging messages discussed with the Controller of Audit on 29 April.
Falkirk	Original: 26 November 2020 Planned: to be confirmed	Limited scoping work had been undertaken for this audit at the time of the Covid-19 lockdown. Given the pressure on the Council (and internally our audit team), and the minimal work undertaken it was agreed to postpone the audit until further notice. The timing of the audit will depend on the overall scheduling of the programme and Accounts Commission business, the capacity of the council and the availability of Audit Scotland and EY resources.

The impact of Covid-19 on briefings and wider programme development activity

20. Where resources have become available due to the putting on hold of some pieces of audit work colleagues are focusing on programme development activity. For the 'other' outputs due to be prepared for the Commission in the near future the current impact is as follows:

- **Climate change pre-audit briefing:** this work has not yet started but resources have been identified for this work given its importance. The UN Climate Conference scheduled for later this year has been postponed until 2021 creates space and capacity for us to consider our approach to this work with less time criticality.
- **Teacher workforce planning briefing:** work has not yet started on this briefing paper as it was always planned to take place after the publication of the school education performance audit report. This work is now on-hold pending decisions about the preceding performance audit and prioritisation of audit resources.
- **Housing benefits (HB) performance audit:** The thematic study on Overpayments was considered by the Commission in March, however the planned publication in April was paused due to the impact of Covid-19. Current plans are to pull together the findings for the year, including the overpayments report, into the Annual Report which is now planned for the September Commission meeting. The scoping of the next thematic study on Resourcing has been paused due to the availability of council staff and current sensitivities. The East Dunbartonshire housing benefit performance audit has been completed, however, on the advice on the local audit team, has not yet been shared with the council for clearance. We will look to engage with the Commission in future meetings on the key thematic areas that would be most appropriate in the current environment.
- **National Scrutiny Plan:** scrutiny bodies are currently re-evaluating their plans in light of Covid-19. Most planned activity is on hold or compromised – how and when it is restarted will require an assessment of risks and how methodologies can be applied when usual tools and techniques (interviews, focus groups etc) need to be adapted. The relative position of each scrutiny body can be found on the [Audit Scotland Scrutiny Improvement website](#). At this stage the Strategic Scrutiny Group is not in a position to determine a timetable for the production of the next National Scrutiny Plan.
- **Equal pay in councils impact report:** this report was considered by the Commission on 21 May and will be published on 9 June.
- **National Fraud Initiative (NFI) and Annual fraud update:** the draft NFI report is being considered by the Commission in June. It is our intention to publish the Annual fraud report before the NFI report, and thereafter produce a short output on counter-fraud risks associated with Covid-19.

Conclusion

21. The Commission is asked to:

- a) Note the updates on delivery of the work programme and the issues raised within this report
- b) Note that a further verbal update will be provided to members at this meeting.

Fraser McKinlay
Director of Performance Audit and Best Value
1 June 2020

MEETING: 18 JUNE 2020

REPORT BY: SECRETARY TO THE COMMISSION

DRAFT ANNUAL REPORT 2019/20

Purpose

1. This report proposes the Commission’s annual report for 2019/20 and associated publication arrangements.

Background

2. Each year, the Commission publishes its annual report which presents the Commission’s work in the year to 31 March 2020. The report includes a progress report against the Commission’s annual action plan, which it approves each year as part of the annual refresh of its five-year rolling strategy.
3. This year for the first time the report also combines progress with its work programme and its engagement activity into a single document. The Commission approved this more streamlined reporting format at its Mid-Year Strategy Seminar in September 2019.

Annual report and annual action plan progress report

4. The proposed annual report is attached in the **Appendix**. The report will be refined further before publication as required to include updated links to other soon-to-be-published reports including the Local Government Overview:2020, and the Quality of Public Audit report. The Commission is invited to consider the draft and suggest appropriate revisions.
5. This year’s report takes a similar format to last year’s, reporting on our national work across councils, our Best Value work in individual councils, audit quality, and how we promote our work and engage with others. This is the second year in which we include additional information on the impact of audit work through:
 - outlining progress against last year’s Best Value Assurance Reports as reported through the annual audit
 - providing headline messages from performance audit reports and associated impact reports
 - summarising progress against the Commission’s strategic audit priorities, as noted in the Controller of Audit’s Annual Assurance and Risks report (considered at the Commission’s January meeting).
6. Another important recent addition has been the reporting by the Commission, through this annual report, of its assurance about the quality of audit work that it commissions to fulfil its responsibilities. This assurance is based upon the annual audit quality report produced by the Associate Director of Audit Quality and Appointments, which the Commission considered and endorsed at its previous meeting. It forms an important part of the Commission’s public reporting obligations.

Publication arrangements

7. It is proposed that the annual report be published on 2 July 2020. In line with the Commission's principles in responding to the Covid-19 emergency, the report will not be subject to a full media release (and thus will take a similar approach to the publication of the local government overview report). We will however notify all key local government stakeholders of its publication, including chief executives, leaders, councillors, and Scottish Government representatives. It will also be placed on the Commission's website.

Conclusion

8. The Commission is invited to consider and approve the attached annual report and associated publication arrangements.

Paul Reilly
Secretary to the Commission
3 June 2020

APPENDIX: DRAFT COMMISSION ANNUAL REPORT 2019/20

See separate paper

Annual report 2019/20



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 and other local bodies such as health and social care integration boards. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils and associated local government bodies 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 for Scotland 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

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about our role, powers and meetings on the [Accounts Commission web pages](#).

The current members of the Commission are listed on [page 19](#).

Contents

Chair's foreword	4
Our year	5
Reporting on councils	6
Progress with our strategic audit priorities	6
Progress with previous BVARs	9
Statutory reports	10
Our national performance audits	12
Engaging with others	15
Ensuring quality in our work	17
Our members	18
Progress report	19
2019/20 work programme	19
Key to progress:	19

Chair's foreword

To be added.

Graham Sharp
Chair of the Accounts Commission

Our year

Our annual audit work in councils and other local government bodies is the foundation for all our work. Our reports help to give assurance over public spending, both in individual councils and across Scotland.

This annual report sets out the main findings from our work over the year. We report our work publicly through a range of audit outputs including:

- **Annual audit reports** 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. Annual audit reports also report progress made by councils against their Best Value duty.
- **Best Value Assurance Reports (BVARs)** on how individual councils are fulfilling their statutory duty of Best Value. We are currently in year four of a five-year programme of audits to report BVARs on each of Scotland's 32 councils. These reports look at how councils manage public resources, with a focus on improvement, to deliver the best possible outcomes for the public.
- **Local Government Overview reports** summarise our assessment of local government and the main issues affecting it. The Local government in Scotland: Financial overview focuses on finance; and Local government in Scotland: Challenges and performance focuses on service provision.
- **Performance audits** on significant national topics to examine 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** on issues affecting local government to update the public and stakeholders and to set out the Commission's position on its intended audit response.
- **How Councils Work** reports on specific topics to share good practice identified through our audit work to help councils improve.

You can find our reports and related outputs on [our website](#).

Reporting on councils

This year we published our two overview reports on local government, seven Best Value Assurance Reports on individual councils, and three statutory reports on issues of public concern.

Local government overview reports

We published our Local Government in Scotland Overview in June 2020. This report was prepared before the escalation of the Covid-19 pandemic. But the report's messages remain relevant. It recognises that the pandemic deepens the challenges for local government further. It highlights the ever more important need for councils to do things differently to meet the needs of communities more efficiently and effectively.

The report highlights the importance of effective leadership and collaborative working across councils and their partner organisations. It emphasises the need for flexible workforce deployment and planning to meet future service needs and address skills gaps.

This is the first of our overview reports to include in-depth case studies to examine specific council services in more detail. This report features planning services. It highlights the need for planning services to engage better with local people, and for chief planning officers to be more closely involved in strategic planning in councils. We will continue to focus on selected council services in future reports.

We published our [Local government in Scotland: Financial overview 2018/19](#) in December 2019. Our report finds that while demand for services continues to grow, funding for councils from the Scottish Government has reduced by 7.6 per cent since 2013/14 and is forecast to reduce further. Most of Scottish councils are increasingly relying on money from reserves to balance their budgets and keep up with demand for services. Financial pressures are likely to get worse as demand for services continues to grow.

Our report highlights the increasingly unsustainable position of health and social care Integration Joint Boards and the need for faster progress in their reform. It finds that 19 of Scotland's 30 IJBs needed additional funding, or recorded deficits in 2018/19.

Progress with our strategic audit priorities

Each year the Commission reviews the priorities it asks auditors to report on through their work in councils. [Exhibit 1 \(page 7\)](#) sets out these priorities and summarises the overall progress councils have made against them in 2019/20.

We noted progress in some important areas such as how councils set local priorities and work collaboratively with partners. However, we found that councils need to make further improvements in how they plan to meet budget gaps; empowering communities; and in working with others to re-design services.

Exhibit 1**2019/20 progress with the Accounts Commission's strategic audit priorities (SAPs)****SAP 1****Clear priorities with a focus on outcomes, supported by effective leadership and long-term planning**

- Most councils have set out priorities that focus on outcomes and align with the work of their partners. Progress is often unclear due to weaknesses in performance reporting.
- More progress is needed with long-term financial planning and the content of medium-term financial plans could be improved.
- In the councils reviewed by auditors, fairness and equality are routinely considered as part of council activities.
- There has been considerable change in leadership in councils and IJBs over the last 18 months.

SAP 2**The strategic appraisal of options to re-shape services in line with priorities. This should consider good practice, innovation and collaborative working with partners**

- There is limited evidence of councils using options appraisal or collaborating with partners over significant decisions on how services are to be provided.
- The development of city and growth deals has led to increased joint working among councils and partners.
- CPPs need to take a more active role in leading partnership working and strategic change, including with the third sector.
- There is some evidence of IJBs improving outcomes for local people. Concerns remain around the wider operation and financial sustainability of IJBs.
- Some councils lack clear plans to address future budget gaps and are only at an early stage of rolling out their current transformation plans.

SAP 3**Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future**

- The effectiveness of training and development for elected members is variable across councils.
- Organisation-wide workforce planning is improving but not all councils have developed detailed service-level plans.
- Councils need to consult and engage with their staff more regularly to help drive improvement.

SAP 4**Empowering local communities and involving them in the design and delivery of local services and planning for their local area**

- Councils need to involve communities more in planning services and demonstrate how such engagement is used to improve outcomes.
- Most of this year's BVAR councils have been slow to progress aspects of the Community Empowerment (Scotland) Act.
- Five of the seven Year 3 BVAR councils had not published locality plans for all the priority areas they identified.

SAP 5**Reporting councils' performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes.**

- Many councils need a more systematic approach to self-evaluation.
- Many councils need to improve how they report on the performance of local services to the public.


Best Value Assurance Reports in individual councils

Councils have a duty to demonstrate Best Value in how they deliver services, use public money, and improve as organisations. The Commission prepares a Best Value Assurance Report (BVAR) on every council as part of a five-year cycle to review councils' progress. We meet in public to consider these reports and decide what action to take.


This year's BVAR findings mirror many of the issues we noted in our review of our Strategic Audit Priorities. They highlight the importance of leadership from elected members and officers, and the need for financial planning and service redesign at a time of ongoing pressures. A recurring message is the need to involve local communities more in how services are designed and delivered. Headline messages from this year's BVAR reports are highlighted in [Exhibit 2](#).

Exhibit 2 Best Value Assurance Reports



[Clackmannanshire Council](#)  has responded well to many of the recommendations in our 2018 report, strengthening its leadership and making savings, but continues to face serious financial challenges. Maintaining the pace of change, transforming services and making long-term savings are now critical.




[Midlothian Council](#)  urgently needs a medium-term financial strategy to deal with a significant budget shortfall. It has delivered high profile projects in schools, housing and transport and it works well with partners and local communities. Councillors need to show stronger leadership in pushing forward necessary changes.



[North Lanarkshire Council](#)  has ambitious plans for developing the area and improving services. Its strong financial planning puts it in a good position to meet future challenges. It now needs to work with partners to better involve and engage with residents and staff to achieve these.




[Perth and Kinross Council](#)  continues to improve many of its services including household waste recycling and care services. It must now tackle underperforming areas through better performance management and self-evaluation and build on its strong partnership working to engage communities in how it provides services.




[Scottish Borders Council](#)  has steadily improved since our last Best Value audit in 2010 and has made some good progress as it continues to transform the way it delivers services. Working with other organisations will be key to the council achieving its ambitions for further changes.



[Stirling Council](#)  services mostly perform well, and the council manages its resources effectively. It needs to improve how it manages and reports on its performance in relation to its strategic plans and priorities. The council and its partners need to produce 'locality plans' to help improve outcomes for its most disadvantaged areas.



[The Highland Council](#)  has had a poor record of delivering on savings and the performance of many services including education has declined. The council must increase its pace of change and get better at evaluating and reporting on its own performance. With difficult decisions to make, it is essential that councillors continue to work together constructively and involve staff and local communities.

Progress with previous BVARs

Our annual audit work in councils and other local government bodies is a major part of our work. The annual audit looks at more than financial accounts. It also considers wider aspects including governance, financial management and, in the case of councils, progress with the duty of Best Value.

We think that our long-standing Best Value audit work in councils helps drive improvement. We monitor progress against our previous BVAR recommendations through our annual audit work in councils. [Exhibit 3](#) summarises the progress made in those councils subject to BVAR reports in 2018/19, the third year of our five-year cycle of auditing Best Value across all councils. This shows that councils are responding well to our findings and to the recommendations in these reports. In time, we expect councils to be able to demonstrate the benefits of the actions being taken through their performance reporting. Progress made by those councils we reported in the first two years of the schedule have also been reported in last year's [annual audit reports](#).

Exhibit 3 Progress against 2018/19 BVARs

South Lanarkshire Council

[October 2019](#) 

Has approved a comprehensive action plan and made improvements in service performance, including education. It has improved its public performance reporting.

Dumfries and Galloway Council

[October 2019](#) 

Has strengthened its financial planning, workforce planning and performance management. Actions are ongoing around community council engagement, councillor development, and committee reporting.

East Lothian Council

[October 2019](#) 

Is progressing improvement activities in performance reporting, financial planning, and transformation progress reporting. Several areas including community engagement activities are due for completion in 2020.

Glasgow City Council

[October 2019](#) 

Has made reasonable progress overall. It has reached an equal pay settlement and improved performance management. Work is ongoing with the homelessness strategy, partnership working with the third sector, and community empowerment.

West Dunbartonshire Council

[October 2019](#) 

Continues to make good progress against all five recommendations made in the 2018 BVAR, including preparing a Community Empowerment Strategy.

East Ayrshire Council

[October 2019](#) 

Continues to perform well. It is carrying forward improvement actions through its Single Outcome Improvement Plan.

Fife Council

[October 2019](#) 

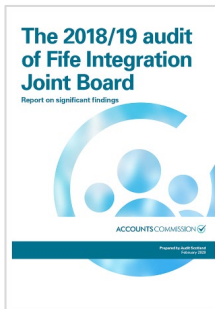
Has a comprehensive improvement plan and completed most actions. This includes aspects of performance management, IJB governance and financial planning.

Statutory reports

We have powers to publish statutory reports to bring issues arising through the annual audit to public attention. These reports are prepared by the Controller of Audit. This year we made findings on three statutory reports as set out in [Exhibit 4](#).

Exhibit 4

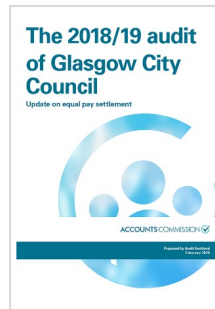
Statutory reports reported to the Commission in 2019/20



The 2018/19 audit of Fife Integration Joint Board: Report on significant findings

[February 2020](#) 

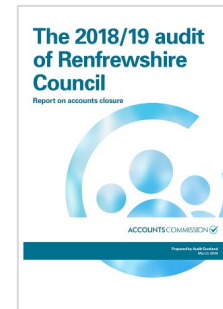
IJBs are responsible for planning health and social care services. Fife IJB is facing significant and ongoing financial problems, with recurring overspends. The board needs to tackle weaknesses in its performance reporting, deliver on agreed recovery actions and address a lack of clarity regarding the roles and responsibilities of the IJB and its partners.



The 2018/19 audit of Glasgow City Council: Update on equal pay settlement

[February 2020](#) 

The council has successfully delivered a complex £500 million project to finance an equal pay settlement ([Spotlight on equal pay, page 11](#))



The 2018/19 audit of Renfrewshire Council: Report on accounts closure

[March 2020](#) 

The timely closure of accounts is an important part of the stewardship of public finances. The auditor missed the statutory deadline to issue their opinion on the council's financial statements because of a delay by the council. The council has since put measures in place to avoid such issues recurring.

Spotlight on equal pay



The Commission considered a Best Value Assurance Report on [Glasgow City Council](#) in August 2018. In our findings we expressed our concern about how the council's liabilities over equal pay claims might affect its ability to deliver its services. We asked the Controller of Audit to report back to the Commission on the council's progress in resolving these claims.

In February 2020, the [Controller reported](#) that Glasgow City Council had successfully delivered a challenging project to finance £500 million in equal pay claims. It noted further risks as the council deals with outstanding claims, as well as possible future claims before they implement a new pay and grading structure. Auditors will continue to assess and report on the impact of equal pay arrangements and future liabilities. Graham Sharp, Chair of the Accounts Commission said:

“We welcome that the council successfully delivered a challenging and complex project within a short space of time, with good governance arrangements and appropriate controls to ensure equal pay settlements were accurate. We strongly encourage the council to implement its new pay and grading structure by April 2021.”

This is an important issue that impacts on lower paid workers and can have serious implications on council finances. The Commission is preparing an impact report on its 2017 performance audit on [Equal pay in Scottish councils](#) to report on progress made by councils. We will report on this in the early summer 2020, and indications are that there has been much good progress including a reduction in the numbers of live claims across councils.

Our national performance audits

Our performance audits and public briefing papers look at issues across local government in Scotland.

This year we again published a breadth of performance audits and briefing papers. Topics were wide-ranging and included city region and growth deals, early learning and childcare, and community empowerment.

We promote the messages from these reports widely to the public and relevant parties across the public sector. The Scottish Parliament's public audit committee also takes evidence from our performance audits as part of their scrutiny of public services. [Exhibit 5](#) summarises headline messages from our publications:

Exhibit 5 An overview of our national reports in 2019/20

Performance audit reporting:

Early learning and childcare: follow-up

March 2020 



Plans to boost early learning and childcare hours have made steady progress. Risks remain around the availability of buildings and staff required to meet future targets.

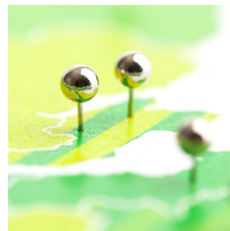
Privately financed infrastructure investment January 2020



A £3.3 billion investment programme in Scotland's infrastructure has enabled more public buildings and new roads to be built. Councils should assess the costs, savings and benefits of Non-Profit Distributing (NPD) and hub contract financing against other procurement options.

Scotland's City Region and Growth Deals

January 2020 



City deals have been positive for Scotland's economy, but the government does not have a plan to measure their overall long-term success. ([Spotlight on city region and growth deals, page 14](#))

Housing Benefit Performance audit: annual update 2019

January 2020 



While many previously highlighted risk areas have been addressed, areas to improve include reporting to elected members, payment accuracy, and overpayment recovery. Resourcing difficulties are leading to greater use of agency staff.

Self-directed support (SDS): 2017 progress report – Impact report

December 2019 



Authorities have yet to make the transformation required to fully implement the SDS strategy. Progress includes measures to better understand the impact of SDS on people who need support, and a new SDS implementation plan has been produced for 2019-21.

Briefings and other outputs:

Drug and alcohol services (Joint)

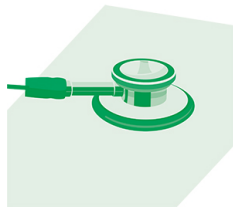
[May 2019](#) 



Challenges remain in addressing the high rates of ill health and deaths in Scotland from drug and alcohol-related problems. Because of these issues, we continue to monitor developments in drug and alcohol services.

Public health reform in Scotland (Joint)

[May 2019](#) 



The arrangements for public health in Scotland are changing. Despite improvements in health and life expectancy the Scottish population still suffers from health inequalities and compares poorly with other western European countries.

Principles for community empowerment (Joint)

[July 2019](#) 



Community empowerment is relevant to all parts of the public sector. A shared understanding of its principles is important to support high-quality scrutiny of this developing area.

How councils work: Safeguarding public money (Commission)

[April 2019](#) 



Risk management and effective controls in Scotland's councils help deliver high-quality services and safeguard public money. Systems to prevent money being lost to mistakes and fraud may be becoming strained.

Preparing for withdrawal from the European Union (Joint)

[December 2019](#) 



Outlines issues and potential risks and activity that Scottish public bodies have undertaken in preparing for EU withdrawal.

Spotlight on city region and growth deals



The UK Government introduced City Deals in England in 2011. Under these deals, national government agreed to give additional funding and powers to cities and councils in their regions to allow them to play a leading role in promoting the growth of city region economies.

This joint performance audit report from the Commission and the Auditor General was prepared in early 2020 at a time when all areas of Scotland had either signed deals or were working toward them. In Scotland, all signed deals are agreements between the UK Government, the Scottish Government, councils and sometimes other partners, such as local businesses and universities. The first City Region Deal in Scotland was for the Glasgow City Region in August 2014.

All deals are different and are intended to be based on local circumstances and priorities. They are long-term programmes, with funding committed for 10-20 years. Eight deals worth £5.2 billion, mostly around infrastructure improvements, have been signed or agreed in principle, with four more in the pipeline. Examples of projects within the deals include the Glasgow Airport Access Project, life science development in Tayside, and employability and inclusive economic growth feature across all deals.

The report finds that [City Region and Growth Deals](#) have been positive for Scotland's economy, but the government does not have a plan to measure their overall long-term success. The deals have enabled economic development projects across Scotland that may not otherwise have gone ahead and sparked greater collaboration between councils and their partners. The report found that there needs to be greater transparency over how deal projects are approved. It also finds that local communities have had very little involvement in deals.

We will continue to monitor this significant area of capital investment, including the impact of external factors such as EU-withdrawal and the Corona outbreak. We have scheduled a follow-up audit after 2022 to monitor progress on the remaining deals and to see how our recommendations have been acted upon. We will also continue to monitor this important area through our annual audit work, and our Best Value audit work in councils.

Graham Sharp, Chair of the Accounts Commission said:

"City deals have had a positive effect across Scotland, strengthening relationships between councils, government, business, our universities and other partners. "It's early days, but it's important lines of accountability for deals are now made clearer and that the right staff are in place to develop and deliver deals at a time of considerable financial pressure for councils and the wider public sector."

Caroline Gardner, Auditor General for Scotland, said:

"A significant amount of public money has been committed to city deals, but the programme's lack of aims and objectives means opportunities may already have been missed to ensure deals contribute to national outcomes. "The Scottish Government needs to show how it will measure deals' long-term success and work with councils to improve transparency around the approval process for individual projects."

Engaging with others

We are always looking at new ways to promote our work and involve the public, communities and our local government stakeholders in what we do.

We use different formats, such as animations and newsletters, to promote the messages from our reports. Social media is critical in getting these messages to a wider audience [[add Commission twitter link](#)]. Our [Strategy and work programme 2019–24](#) report gives more information on how we promote our work.

Reporting to and engaging with the public

Our **Progress Report** on our 2019/20 work programme summarises our main engagement activity over the year. We promoted our performance audits and public briefings through media releases, podcasts, video blogs and animations. We also used supplementary checklists and key facts or technical exhibits to highlight our messages. All our published BVARs this year had accompanying newsletters that were distributed to local media, community groups and third sector organisations.

The **Appendix** summarises all our 2019/20 publications and provides download statistics from our website.

Engaging with our other stakeholders

We need to understand issues important to the communities across Scotland if we are to keep our work relevant. We continue to engage our stakeholders through a range of activity:

- we met with council leadership representatives after the publication of each BVAR to hear their views on the audit.
- we kept regular dialogue with our local government stakeholders including the Minister for Local Government, council leaders and chief executives, COSLA, the Improvement Service, and the Scottish Parliament's Local Government and Communities Committee.
- our local government overview reports and performance audits were considered by parliament as part of its scrutiny of the Scottish budget
- we consulted councils, trades unions, local government and third sector bodies over our future audit programme
- we used Audit Scotland's Equalities and Human Rights Advisory Group and Youth Panel to discuss issues relevant to our audit.

Coordinating local government scrutiny

We chair a Strategic Scrutiny Group (SSG) as part of our role to coordinate the scrutiny of local government. This comprises Audit Scotland, the Care Inspectorate, Education Scotland, HM Fire Service Inspectorate, Healthcare Improvement Scotland, HM Inspectorate of Constabulary for Scotland, HM

Inspectorate of Prisons for Scotland, Inspectorate of Prosecution in Scotland, and the Scottish Housing Regulator.

A local network of auditors and scrutiny partners met in every council area to identify audit risks and plan their scrutiny work. In September 2019, we published a [National Scrutiny Plan for local government](#) summarising planned strategic scrutiny activity in each of Scotland's 32 councils from September 2019.

Reflecting stakeholder views in our work

As noted above, the Commission consulted with its local government stakeholders over its work programme refresh. We have, however, delayed publishing our Strategy and Work Programme for 2020-25 because of the Covid-19 emergency. This pandemic has had a significant impact on our priorities and planned work, and on our ability to engage with audited bodies. It will of course also impact on wider scrutiny planning across Scotland's public services. We are reviewing our position and plan to publish an updated programme in autumn 2020.

Ensuring quality in our work

In assuring the public about the performance of councils, our work must be of high quality, independent and based on sound evidence.

All audit work undertaken on our behalf is subject to independent quality review. All of the audit work undertaken on our behalf is subject to an audit quality framework. This involves both internal review and external review by the Institute of Chartered Accountants Scotland (ICAS). A team, which is part of Audit Scotland but operates independently, reports to us on the quality of the audit. Each year we publish a joint report ([LINK WHEN AVAILABLE](#)) with the Auditor General and Audit Scotland on the review outcomes.

From this work, we can report that we have been assured that quality of audit work on audits is high and improving. Auditors are engaging with the audit quality framework and addressing previous years' findings, leading to improvements in audit quality. Auditors have made improvements since the 2018/19 Audit Quality Annual Report, including:

- the Audit Management framework has been revised to comply with the International Organisation of Supreme Audit Institutions (INTOSAI) auditing standards for performance audits
- the quality of documentation has been improved, especially in performance audits and Best Value assurance reports
- improvements have been put in place in the use of analytical procedures.

Audited bodies expressed positive views on the quality and usefulness of performance audits, Best Value assurance reports and overview reports. Perceptions of the usefulness of the annual audit are positive overall, however views on the usefulness of the annual audit in helping organisations to deliver improvement were more mixed.

No significant issues were noted with the quality of the audit however some minor areas for improvement have been identified. These include documenting methods used for sampling; documenting how evidence from other audit teams has been verified; and ensuring the most appropriate use of performance information.

Our members

The Accounts Commission members are appointed by Scottish ministers. The Commission meets monthly and its meetings are open to the public.



Graham Sharp

Chair



Elma Murray

Deputy Chair



Andrew Burns



Andrew Cowie



Sophie Flemig



Sheila Gunn



Christine Lester



Tim McKay



Stephen Moore



Sharon O'Connor



Pauline Weetman



Geraldine Wooley

Secretary to the Accounts Commission



Paul Reilly

Progress report

2019/20 work programme

Here we report on our progress with our 2019/20 work programme, including publications and associated engagement activities. The summary includes additional unscheduled work such as statutory reports.

Key to progress:









Complete: This action has been completed





Complete and continuing: While an action has been completed, it continues as part of further ongoing activity



Continuing: This action has started but will require further input from the Commission.

Audit product	Publications	Progress and engagement
Annual audit reports  	Published on our website in autumn for: <ul style="list-style-type: none"> • 32 councils • 31 IJBs • 11 pension funds • 32 joint boards and joint committees 	Complete Published on our website. Auditors present council annual audit reports to each council in autumn each year
Local government overview reports  	Financial overview, September 2019 Local Government overview, June 2020	Complete and continuing Published on our website with: <ul style="list-style-type: none"> • News release • Podcast and video • Key facts animation • Key facts exhibits • Supplements and checklists Promoted through social media
Best Value Assurance Reports  	Published for seven councils: <ul style="list-style-type: none"> • Highland (140) • Midlothian (44) • North Lanarkshire (25) • Perth and Kinross (72) • Scottish Borders (94) • South Lanarkshire (6) • Stirling (54) <p>* numbers of community bodies receiving and/or distributing newsletters</p>	Complete Published on our website with: <ul style="list-style-type: none"> • News release • Podcast • Key facts video animation • Key facts exhibits Newsletter issued to local community recipient bodies. Promoted through social media

Audit product	Publications	Progress and engagement
<p><u>How councils work</u> </p> 	<p>Safeguarding public money: are you getting it right?</p>	<p>Complete Published on our website with:</p> <ul style="list-style-type: none"> • News release • Exhibit images <p>The series includes good practice checklists for councillors and officers.</p> <p>Promoted through social media</p>
<p><u>Performance audits and impact reports</u> </p> 	<p>Early learning and childcare – follow-up Scotland's City Region and Growth Deals</p> <p>Privately financed infrastructure investment: The Non-Profit Distributing and hub models</p> <p>Self-directed support 2017: - Impact report</p>	<p>Complete Published on our website with:</p> <ul style="list-style-type: none"> • News release • Soundbite podcast • Key facts video animation • Key facts exhibits <p>Video: Childcare in Scotland - a parents' guide</p> <p>Promoted through social media</p>
<p><u>Briefing papers</u> </p> 	<p>Drug and alcohol services: an update</p> <p>Preparing for withdrawal from the European Union</p> <p>Principles for community empowerment</p> <p>Public health reform in Scotland</p>	<p>Complete Published on our website with:</p> <ul style="list-style-type: none"> • Key facts images • Supporting information on our e-hub for EU-withdrawal • Newsletter for community empowerment issued to 57 recipient bodies <p>Promoted through social media</p>
<p><u>Statutory reports</u> </p> 	<p>The 2018/19 audit of Glasgow City Council: Update on equal pay settlement</p> <p>The 2018/19 audit of Fife Integration Joint Board: Report on significant findings</p> <p>The 2018/19 audit of Renfrewshire Council: Report on accounts closure</p>	<p>Complete Published on our website with:</p> <ul style="list-style-type: none"> • News release • Link to annual audit report • Newsletter for Fife IJB issued to 57 recipient bodies

Appendix

Accounts Commission 2019/20 reports and downloads

Report	Publication	Report downloads	Podcast downloads
The 2018/19 audit of Renfrewshire Council: Report on accounts closure	March 2020	38	n/a
Early learning and childcare: follow-up	March 2020	759	32
The 2018/19 audit of Fife Integration Joint Board: Report on significant findings	February 2020	188	n/a
The 2018/19 audit of Glasgow City Council: Update on equal pay settlement	February 2020	234	n/a
Privately financed infrastructure investment	January 2020	626	101
Highland Council: best Value Assurance Report	January 2020	1,087	220
Scotland's City Region and Growth Deals	January 2020	1,655	104
Self-directed support: 2017 progress report - impact	December 2019	384	n/a
Local government in Scotland: Financial overview 2018/19	December 2019	2,091	247
Scottish Borders Council: Best Value Assurance Report	October 2019	948	184
National Scrutiny Plan	September 2019	651	n/a
Perth and Kinross Council: Best Value Assurance Report	August 2019	1,254	147
Principles of community empowerment	July 2019	6,198	n/a
Midlothian Council: Best Value Assurance Report	July 2019	1,584	197
Clackmannanshire Council: Best Value Assurance Report progress report	June 2019	1,051	206
Accounts Commission annual report 2018/19	May 2019	531	n/a
Accounts Commission Engagement strategy and plan 2019-24	May 2019	402	n/a
Accounts Commission Strategy and annual action plan 2019-24	May 2019	446	n/a
Accounts Commission Engagement plan progress report 2018/19	May 2019	216	n/a

Report	Publication	Report downloads	Podcast downloads
North Lanarkshire Council: Best Value Assurance Report	May 2019	1,451	185
Stirling Council: BV Assurance Rprt	April 2019	1,462	205
How council work: Safeguarding public money	April 2019	2,319	n/a

Uptake key for reports

	Report downloads	Podcast downloads
Lower	<500	<50
Medium	500-2,000	50-200
Higher	>2,000	>200

Annual report 2019/20

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 9DNT: 0131 625 1500 E: info@audit-scotland.gov.uk www.audit-scotland.gov.uk