

491st meeting of the Accounts Commission for Scotland

Thursday 11 August 2022, 9.30am

**by video conference, in the offices of Audit Scotland, 102 West Port, Edinburgh
and via public livestream**

Agenda

1. Apologies for absence

2. Declaration of connections

3. Order of business

The Chair seeks approval of business, including proposing taking items 12 to 21 in private (* see note).

Business requiring decisions in public

4. Minutes of meeting of 9 June 2022

5. Best Value Assurance Report: Shetland Islands Council

Report by the Interim Controller of Audit.

**6. The Resource Spending Review and Medium-Term Financial Strategy –
Accounts Commission briefing**

Report by the Executive Director of Performance Audit and Best Value and Interim Controller of Audit.

7. Accounts Commission Communication and Engagement Strategy

Report by the Communications Manager.

Business for information in public

8. Secretary's update report

Report by the Secretary.

9. Chair's update report

Report by the Chair.

10. Interim Controller of Audit's update report

Report by the Interim Controller of Audit.

Any other public business

11. Any other public business

The Chair will advise if there is any other public business to be considered by the Commission.

Business requiring decisions in private

12. Best Value Assurance Report: Shetland Islands Council

The Commission will consider the actions it wishes to take on item 5.

13. Draft Audit Scotland report on the National Fraud Initiative in Scotland 2020/21

Report by the Executive Director of Performance Audit and Best Value.

14. Draft briefing: Tackling child poverty

Report by the Executive Director of Performance Audit and Best Value.

15. Draft briefing: Scotland's councils' approach to addressing climate change

Report by the Executive Director of Performance Audit and Best Value.

16. Accounts Commission symposium proposal

Joint report by the Executive Director of Performance Audit and Best Value and the Secretary.

17. Best Value update

Report by the Secretary.

18. Audit quality: specification of external quality assurance

Report by the Director, Audit Quality and Appointments.

19. New audit appointments – lessons learned

Report by the Director, Audit Quality and Appointments.

20. Audit Scotland update

Report by Acting Director, Corporate Services Group.

Any other private business

21. Any other private business

The Chair will advise if there is any other business to be considered by the Commission in private.

* It is proposed that items 12 to 21 be considered in private because:

- Item 12 requires the Commission to consider actions in relation to a report by the Interim 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 13, 14 and 15 propose draft publications which the Commission is to consider in private before publishing.
- Item 16 requires the Commission to consider confidential policy, business and commercial matters.
- Items 17 and 19 require the Commission to consider matters in relation to Best Value and the new audit appointments process, which may require consideration of confidential commercial and contractual matters.
- Item 18 requires the Commission to consider confidential policy matters.
- Item 20 requires the Commission to consider confidential policy matters and data which belongs to Audit Scotland and is not in the public domain.
- Item 21 may be required if there are any confidential matters that require to be discussed out with 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.

MEETING: 11 AUGUST 2022

REPORT BY: SECRETARY TO THE COMMISSION

MINUTES OF PREVIOUS MEETING

Introduction

1. This paper presents for the Commission's approval the draft minutes of the previous meeting of the Commission along with a summary of matters arising from those minutes.

Minutes

2. The Commission agreed at its April meeting that matters arising from previous minutes be set out in a written report.
3. The minute of the previous meeting is in **Appendix 1**. A summary of matters arising is in **Appendix 2**.
4. Members should note that the action tracker – available on the member SharePoint site and also provided to members on a monthly basis – provides updates on progress from previous meetings.

Conclusion

5. The Commission is asked to:
 - a) Approve the attached draft minute of its previous meeting.
 - b) Note the summary of the matters arising, as well as any other updates provided at today's meeting.

Paul Reilly
Secretary to the Commission
27 July 2022

APPENDIX 1

Minutes of the 490th meeting of the Accounts Commission held via 'hybrid' (in-person and online) meeting, in the offices of Audit Scotland at 102 West Port, Edinburgh and online on Thursday 9 June 2022 at 9.30am.

PRESENT: * William Moyes (Chair)
 * Andrew Burns
 ** Andrew Cowie
 ** Sheila Gunn
 * Stephen Moore
 * Sharon O'Connor
 * Geraldine Wooley

 * In person
 ** Online

IN ATTENDANCE: Paul Reilly, Secretary to the Accounts Commission
 Antony Clark, Executive Director of Performance Audit and Best Value (PABV) and Interim Controller of Audit
 Michelle Borland, Business Manager, PABV (item 9)
 Rachel Browne, Senior Audit Manager, Audit Services Group (ASG) (items 7 and 15)
 Carol Calder, Interim Audit Director, PABV (items 16, 19 and 20)
 Morag Campsie, Senior Manager, PABV (item 19)
 Blyth Deans, Audit Manager, PABV (item 16)
 Gemma Diamond, Audit Director, PABV (items 9 and 19)
 Carole Grant, Audit Director, ASG (items 7, 8 and 15)
 David Love, Senior Auditor, PABV (items 7 and 15)
 Christopher McClelland, Senior Auditor, PABV (items 7 and 15)
 David Sim, Benefit Performance Auditor, PABV (item 8)
 Lindsay Stother, Audit Officer, PABV (items 7 and 15)
 Graeme West, Senior Data Analyst, PABV (item 19)

<u>Item</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Order of business
4.	Minutes of meeting of 12 May 2022
5.	Minutes of meetings of Commission committees of 26 May 2022
6.	Audit Scotland Board update
7.	Best Value Assurance Report: Angus Council
8.	Housing benefit performance audit
9.	Strategy and work programme: Work programme update
10.	Commission meeting arrangements 2023
11.	Secretary's update report
12.	Chair's update report
13.	Interim Controller of Audit's update report
14.	Any other public business
15.	Best Value Assurance Report: Angus Council (in private)
16.	Local Government Overview – proposal for future reports (in private)
17.	Draft annual report 2021/22 (in private)
18.	Members' Code of Conduct (in private)
19.	Digital audit overview and update (in private)
20.	Strategic Scrutiny Group – future direction (in private)
21.	Any other private business (in private)

1. Apologies for absence

It was noted that apologies for absence had been received from Sophie Flemig, Christine Lester and Tim McKay.

2. Declarations of interest

The following declaration of interest was noted:

- Geraldine Wooley, in item 11, as a member of Fife Valuation Appeals Committee, in relation to references to the Fiscal Commission and non-domestic rates.

3. Order of business

It was agreed that the following items be considered in private:

- Item 15 required the Commission to consider actions in relation to a report by the Interim Controller of Audit. The Commission is then obliged by statute to inform the appropriate council of its decisions, which the Commission does before making the decision public.
- Item 16 required the Commission to consider confidential policy matters.
- Item 17 proposed a draft report for the Commission to consider in private before publishing.
- Item 18 required the Commission to consider its Code of Conduct and thus affecting the business and conduct of Commission members, which the Commission may wish to discuss in private before publishing.
- Item 19 required the Commission to consider confidential policy matters and data which belongs to Audit Scotland and is not in the public domain.
- Item 20 required the Commission to consider confidential policy matters.

The Chair advised that there was no business for item 21.

4. Minutes of meeting of 12 May 2022

The Commission considered a report by the Secretary presenting the minutes of the meeting of 12 May 2022, including a summary of business arising from those minutes.

The Commission:

- Approved the minutes as a correct record.
- Noted the summary of the matters arising.

5. Minutes of meetings of Commission committees of 26 May 2022

The Commission considered a report by the Secretary presenting the minutes of the meetings of the Commission's committees of 26 May

The Commission:

- Approved the minutes as a correct record.
- Approved the following recommendation of the Financial Audit and Assurance Committee:

- That matters in relation to the appointment of Depute Monitoring Officers by Comhairle nan Eilean Siar be considered for reporting publicly by the Commission following publication of the annual audit report for 2021/22 (item 4 of the minutes).

Action: Secretary

- Approved the following recommendations of the Performance Audit Committee (item 4 of the minutes, i.e. the impact of Covid-19 and the increasing cost of living on service delivery and the financial sustainability of councils):

- It consider how contingency planning features in its work programme.

Action: Executive Director of PABV & Secretary

- It seek advice from the Improvement Service on what activities it is planning for councils in relation to this matter, including the scope for joint working with the Commission.

Action: Executive Director of PABV & Secretary

- The Executive Director of PABV report, as part of the Commission's consideration of the work programme, on how audit work and reporting reflect:

- the experience of vulnerable people
- the experience of the third sector in its engagement with local government and provision of services
- how to present a concept of a 'post-pandemic council' including an acknowledgement of risks around the sustainability of councils after the exhaustion of the additional resources received to respond to the pandemic.

Action: Executive Director of PABV

- To demonstrate the Commission's leading role in providing independent assurance in this regard, the work programme feature more blogs and opinion pieces.

Action: Executive Director of PABV

- It consider how to make use of previous published Commission reports on arm's-length external organisations to help highlight the financial pressures faced by such bodies.

Action: Executive Director of PABV & Secretary

- The Chair and Secretary give further thought to how the Commission's position in this regard is more effectively communicated and promoted, including:

- how the paper could be used in published format
- how such matters feature in stakeholder engagement events.

Action: Secretary

6. Audit Scotland Board update

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

During discussion, the Commission:

- Agreed that the paper referred to in item 12 of the minute (i.e. Audit Scotland 2022/23 operational budget) be provided to Commission members.

Action: Secretary

Following discussion, the Commission noted the report.

7. Best Value Assurance Report: Angus Council

The Commission considered a report by the Secretary presenting the Interim Controller of Audit's Best Value Assurance Report on Angus Council.

Commission members raised several questions and points of clarification from the Interim Controller of Audit and his team on his report in the following areas:

- Progress with developing a long-term financial planning framework (raised by Andrew Burns).
- Social housing (Sheila Gunn).
- Workforce planning (Andrew Cowie).
- Prioritisation of the Interim Controller's recommendations (William Moyes).
- Prospects for the delivery of planned improvements by the Council (William Moyes).
- Budget underspends (Stephen Moore).
- The profile of climate change matters in community engagement activities by the Council and community planning partnership (Sharon O'Connor).
- Assessments of the Council by other inspection and regulation bodies (Stephen Moore).
- Performance of the Integration Joint Board (Stephen Moore)
- Elected member leadership and priorities (Geraldine Wooley).
- Shape and content of the Council Plan (William Moyes).

Following discussion, the Commission agreed:

- To consider in private how to proceed.
- That the Interim Controller consider how to prioritise his recommendations in future reports.

Action: Interim Controller of Audit

- That the Interim Controller of Audit consider how to present risks to vulnerable people in future reports.

Action: Interim Controller of Audit

- Agreed that the following information in response to questions from members be provided by the Controller for publishing on the Commission website:
 - Length of proposed long-term financial planning framework
 - Profile of climate change matters in community engagement activities by the Council and community planning partnership.

Action: Interim Controller of Audit and Secretary

8. Housing benefit performance audit

The Commission considered a report by the Audit Director, Audit Services Group, providing an update on the housing benefit performance audit work carried out in 2022/23; advising of the scope for the previously agreed thematic study for 2022/23 on 'Resourcing the benefit service' and seeking approval; and proposing a way forward for the Commission's work in this regard.

Following discussion, the Commission:

- Noted the housing benefit performance audit work carried out.
- Agreed the scope for the 'Resourcing the benefit service' thematic study, including matters relating to the deployment of benefits staff into other areas of financial assessment.
- Agreed a timeline to enable an electronic survey tool to be procured.
- Agreed that sponsors of this work be Andrew Burns and Andrew Cowie.

Action: Audit Director, Audit Services Group

9. Work programme update

The Commission considered a report by the Executive Director of PABV proposing the latest update to the joint Commission and Auditor General for Scotland work programme.

During discussion, the Commission:

- Agreed that the Executive Director report on how service user experience features in work across the work programme.

Action: Executive Director of PABV

- Agreed that it consider how cross-cutting issues feature in audit sponsor planning.

Action: Secretary

- Agreed, in noting plans for future work on drug and alcohol services, to consider how the work programme features other addiction matters such as gambling.

Action: Executive Director of PABV

- Agreed that the Executive Director report on options for future work on children and adolescent mental health services.

Action: Executive Director of PABV

Following discussion, the Commission:

- Noted the progress delivering the work programme from March 2022 to May 2022.
- Endorsed the planned products up to December 2022.
- Agreed the proposed changes to the programme.

Action: Executive Director of PABV

- Agreed to delegate to the Chair and Interim Deputy Chair final approval for this update in conjunction with the Auditor General for Scotland.

Action: Executive Director of PABV

- Noted the progress of proposals for impact monitoring, evaluation and reporting, upon which the Executive Director would report further.

Action: Executive Director of PABV

- Further in this regard, agreed to endorse the importance to the Commission of this work, and thus the need for further consideration of and input into its development, including as appropriate in conjunction with the Auditor General and as part of the Commission's Change Programme.

Action: Secretary and Executive Director of PABV

- Noted progress on the provision of resource information in future management and reporting of the work programme.

10. Commission meeting arrangements 2023

The Commission considered a report by the Secretary proposing meeting arrangements for the Commission for 2023.

Following discussion, the Commission:

- Agreed the proposed schedule and arrangements for meetings of the Commission and its committees in 2023.

Action: Secretary

- Agreed that the Secretary present proposals for the Commission holding meetings in a community setting.

Action: Secretary

- Agreed that the Secretary report further on progress with the Commission member development programme.

Action: Secretary

11. Secretary's update report

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

The Commission noted advice from the Secretary that, in line with the approach agreed with Commission members, members had been given the opportunity to provide queries on the Secretary's report in advance of the meeting, a response to which he would circulate to members.

Following discussion, the Commission:

- Agreed its approach to the Scottish Parliament and Scottish Government's consultation exercises as proposed in the report.

Action: Secretary

- Noted advice from the Secretary that he was still liaising with Audit Scotland colleagues on whether the Commission responds to the Scottish Government consultation on its first data strategy for health and social care, upon which he would report further.

Action: Secretary

- Noted the report.

12. Chair's update report

The Commission considered and noted a report by the Chair providing an update on recent and upcoming activity.

13. Interim Controller of Audit's update report

The Commission considered and noted a report by the Interim Controller of Audit providing an update on recent and upcoming activity.

14. Any other public business

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

The livestream of the meeting was stopped at this point.

15. Best Value Assurance Report: Angus Council (in private)

The Commission discussed how to proceed in relation to the Interim Controller of Audit's Best Value Assurance Report on Angus Council.

Following discussion, the Commission agreed to make findings to be published on 5 July 2022.

16. Local Government Overview – proposal for future reports (in private)

The Commission considered a report by the Executive Director of PABV proposing a revised approach to reporting financial performance through the Financial Local Government Overview to start in 2022/23 and seeking commitment to continuing with and concluding the three-year strategy of Covid-19 overview reporting as agreed in March 2020.

Following discussion, the Commission:

- Approved the proposal to move to a streamlined 'facts and figures' style Financial Local Government Overview output alongside the Local Government Overview 2023.

Action: Executive Director of PABV

- Agreed to continue with the series of Covid-19 reports agreed in 2020, building on the conclusions of the 2021 and 2022 overviews.

Action: Executive Director of PABV

- Agreed that options for new models of overview reporting which reflect the Commission's emerging new priorities and consider the potential impact of the new fully integrated approach to local government Best Value auditing on future overview reporting be brought for consideration by the Commission later in the year.

Action: Executive Director of PABV

17. Draft annual report 2021/22 (in private)

The Commission considered a report by the Secretary proposing the Commission's annual report for 2021/22 and associated publication arrangements.

Following discussion, the Commission:

- Approved the draft annual report 2021/22, subject to the drafting team addressing points raised in discussion.
- Approved the publication arrangements for the annual report, to be published on 29 June.

Action: Secretary

18. Members' Code of Conduct (in private)

The Commission considered a report by the Secretary proposing an updated Code of Conduct for Commission members, based upon the new model Code agreed by Scottish Ministers.

Following discussion, the Commission:

- Agreed the Code of Conduct for Commission members, for submission to Ministers for approval.

Action: Secretary

- Noted that the Secretary would report back on progress.

Action: Secretary

- Noted that the Secretary would report back on the practical application of the Code.

Action: Secretary

- Noted that the Model Code applies from today's Commission meeting.

Action: Secretary

- Noted the relevance of the UK Corporate Governance Code.

19. Digital audit overview and update (in private)

The Commission considered a report by the Audit Director, PABV, providing an overview of progress against Audit Scotland's digital audit strategy and future plans.

Gemma Diamond and Graeme West undertook an additional presentation.

During discussion, the Commission:

- Noted the Commission's strategic commitment to making better use of data in its reporting, and thus its continued interest in the Local Government Benchmarking Framework, Community Planning Outcomes Profile and Local Government Data Portal.

Following discussion, the Commission:

- Noted the update and presentation.
- Agreed to maintain an interest in the strategy, with updates to the Commission as appropriate.

Action: Audit Director, PABV

20. Strategic Scrutiny Group – future direction (in private)

The Commission considered a report by the Interim Audit Director, PABV, and Secretary to the Strategic Scrutiny Group proposing the future direction and purpose of the Strategic Scrutiny Group.

Following discussion, the Commission agreed that the matter be considered further at a future meeting.

Action: Secretary and Interim Audit Director, PABV

21. Any other private business

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

Close of meeting

The meeting closed at 2.35pm.

Matters Arising – June 2022 Commission Meeting

Action	Action by:	Update
5 Minutes of meetings of Commission committees of 26 May 2022		
Approved the recommendation of the Financial Audit and Assurance Committee that matters in relation to the appointment of Depute Monitoring Officers by Comhairle nan Eilean Siar be considered for reporting publicly by the Commission following publication of the annual audit report for 2021/22.	Secretary	This will be considered by the Commission in Autumn following publication of the annual audit report for 2021/22.
Approved the following recommendations of the Performance Audit Committee relating to the impact of Covid-19 and the increasing cost of living on service delivery and the financial sustainability of councils:		
It consider how contingency planning features in its work programme	Executive Director of PABV & Secretary	This will be considered by the Executive Director and reported in the next quarterly update of the work programme at the September meeting.
It seek advice from the Improvement Service on what activities it is planning for councils in relation to this matter, including the scope for joint working with the Commission.	Executive Director of PABV & Secretary	This will be discussed in forthcoming engagement with the Improvement Service.

Action	Action by:	Update
<p>The Executive Director of PABV report, as part of the Commission's consideration of the work programme, on how audit work and reporting reflect:</p> <ul style="list-style-type: none"> • the experience of vulnerable people • the experience of the third sector in its engagement with local government and provision of services • how to present a concept of a 'post-pandemic council' including an acknowledgement of risks around the sustainability of councils after the exhaustion of the additional resources received to respond to the pandemic. 	Executive Director of PABV	These issues will be considered by the Executive Director as part of ongoing work programme development work which is routinely reported to the Commission.
To demonstrate the Commission's leading role in providing independent assurance in this regard, the work programme feature more blogs and opinion pieces.	Executive Director of PABV	Where appropriate blogs and opinion pieces on these, and other relevant topics, will be proposed for inclusion in the Commission's work programme. This has already begun. For example, Stephen Moore's blog on children and young people with additional support needs , and Geraldine Wooley's blog on the negative equality impacts of Covid-19 .
It consider how to make use of previous published Commission reports on arm's-length external organisations to help highlight the financial pressures faced by such bodies.	Executive Director of PABV & Secretary	This will be considered by the Executive Director as part of ongoing work programme development work which is routinely reported to the Commission.

Action	Action by:	Update
<p>The Chair and Secretary give further thought to how the Commission's position in this regard is more effectively communicated and promoted, including:</p> <ul style="list-style-type: none"> • how the paper could be used in published format • how such matters feature in stakeholder engagement events. 	Secretary	<p>This theme is to feature in initiatives such as the recent joint workshop with the Improvement Service for councillors on 3 August and in the proposed symposium event (discussed elsewhere on today's agenda).</p>
6. Audit Scotland Board update		
<p>Agreed that the paper referred to in item 12 of the minute (i.e. Audit Scotland 2022/23 operational budget) be provided to Commission members.</p>	Secretary	<p>This paper is available on the members SharePoint site.</p>
7. Best Value Assurance Report: Angus Council		
<p>Agreed that the Interim Controller consider how to prioritise his recommendations in future reports.</p>	Interim Controller of Audit	<p>Improvement recommendations will be presented in priority order by the interim Controller of Audit (CoA) in all future Best Value Assurance Reports (BVARs).</p>
<p>Agreed that the Interim Controller of Audit consider how to present risks to vulnerable people in future reports.</p>	Interim Controller of Audit	<p>Where appropriate and relevant, these issues will be clearly set out by the interim Controller of Audit (CoA) in all future Best Value Assurance Reports (BVARs).</p>
<p>Agreed that the following information in response to questions from members be provided by the Controller for publishing on the Commission website:</p> <ul style="list-style-type: none"> • Length of proposed long-term financial planning framework • Profile of climate change matters in community engagement activities by the Council and community planning partnership. 	Interim Controller of Audit and Secretary	<p>This information was provided to members and was placed on the Commission website.</p>

Action	Action by:	Update
8. Housing benefit performance audit		
<p>Agreed the scope for the 'Resourcing the benefit service' thematic study, including matters relating to the deployment of benefits staff into other areas of financial assessment.</p> <p>Agreed a timeline to enable an electronic survey tool to be procured.</p> <p>Agreed that sponsors of this work be Andrew Burns and Andrew Cowie.</p>	<p>Audit Director, Audit Services Group</p>	<p>The work is now being taken forward and will be reported in line with the agreed plan.</p>
9. Work programme update		
<p>Agreed that the Executive Director report on how service user experience features in work across the work programme.</p>	<p>Executive Director of PABV</p>	<p>A paper on this topic will be brought for consideration to a future Commission meeting.</p>
<p>Agreed that it consider how cross-cutting issues feature in audit sponsor planning.</p>	<p>Secretary</p>	<p>This will feature in the conclusion of the ongoing review of audit sponsor guidance, to be approved by Commission members at a future meeting of members.</p>
<p>Agreed, in noting plans for future work on drug and alcohol services, to consider how the work programme features other addiction matters such as gambling.</p>	<p>Executive Director of PABV</p>	<p>This issue will be considered when scoping work takes place on any future drug and alcohol-related performance audit work.</p>
<p>Agreed that the Executive Director report on options for future work on children and adolescent mental health services.</p>	<p>Executive Director of PABV</p>	<p>This issue will be considered by the Executive Director as part of ongoing work programme development work which is routinely reported to the Commission.</p>
<p>Agreed the proposed changes to the programme.</p>	<p>Executive Director of PABV</p>	<p>This has been actioned.</p>
<p>Agreed to delegate to the Chair and Interim Deputy Chair final approval for this update in conjunction with the Auditor General for Scotland.</p>	<p>Executive Director of PABV</p>	<p>This has been actioned.</p>
<p>Noted the progress of proposals for impact monitoring, evaluation and reporting, upon which the Executive Director would report further.</p>	<p>Executive Director of PABV</p>	<p>A further paper on this topic will be brought for consideration to a future Commission meeting</p>

Action	Action by:	Update
Further in this regard, agreed to endorse the importance to the Commission of this work, and thus the need for further consideration of and input into its development, including as appropriate in conjunction with the Auditor General and as part of the Commission's Change Programme.	Secretary and Executive Director of PABV	Proposals being taken forward and will be discussed with the Commission as appropriate.
10. Commission meeting arrangements 2023		
Agreed the proposed schedule and arrangements for meetings of the Commission and its committees in 2023.	Secretary	Schedule in place.
Agreed that the Secretary present proposals for the Commission holding meetings in a community setting.	Secretary	To be reported to a future meeting.
Agreed that the Secretary report further on progress with the Commission member development programme.	Secretary	To be reported to a future meeting.
11. Secretary's update report		
Agreed its approach to the Scottish Parliament and Scottish Government's consultation exercises as proposed in the report.	Secretary	Progressed as agreed.
Noted advice from the Secretary that he was still liaising with Audit Scotland colleagues on whether the Commission responds to the Scottish Government consultation on its first data strategy for health and social care, upon which he would report further.	Secretary	Reported in today's Secretary update report.
16. Local Government Overview – proposal for future reports		
Approved the proposal to move to a streamlined 'facts and figures' style Financial Local Government Overview output alongside the Local Government Overview 2023.	Executive Director of PABV	This will be actioned when taking forward the new style Financial Local Government Overview in 2023.
Agreed to continue with the series of Covid-19 reports agreed in 2020, building on the conclusions of the 2021 and 2022 overviews.	Executive Director of PABV	This will be actioned when work on the the Local Government Overview 2023 takes place later in 2022.

Action	Action by:	Update
<p>Agreed that options for new models of overview reporting which reflect the Commission's emerging new priorities and consider the potential impact of the new fully integrated approach to local government Best Value auditing on future overview reporting be brought for consideration by the Commission later in the year.</p>	<p>Executive Director of PABV</p>	<p>A paper on this topic will be brought for consideration to a future Commission meeting.</p>
17. Draft annual report 2021/22		
<p>Approved the draft annual report 2021/22, subject to the drafting team addressing points raised in discussion.</p> <p>Approved the publication arrangements for the annual report, to be published on 29 June.</p>	<p>Secretary</p>	<p>Annual report published on 29 June.</p>
18. Members' Code of Conduct		
<p>Agreed the Code of Conduct for Commission members, for submission to Ministers for approval.</p>	<p>Secretary</p>	<p>Ministers have approved the Code.</p>
<p>Noted that the Secretary would report back on progress.</p>	<p>Secretary</p>	<p>Ditto.</p>
<p>Noted that the Secretary would report back on the practical application of the Code.</p>	<p>Secretary</p>	<p>To be reported to a future meeting.</p>
<p>Noted that the Model Code applies from today's Commission meeting.</p>	<p>Secretary</p>	<p>New approach in place.</p>
19. Digital audit overview and update		
<p>Agreed to maintain an interest in the strategy, with updates to the Commission as appropriate</p>	<p>Audit Director, PABV</p>	<p>Reports as appropriate to a future meeting.</p>
20. Strategic Scrutiny Group – future direction		
<p>Agreed that the matter be considered further at a future meeting</p>	<p>Secretary and Interim Audit Director, PABV</p>	<p>To be considered at September Commission meeting.</p>

MEETING: 11 AUGUST 2022

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: SHETLAND ISLANDS COUNCIL

Purpose

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Report (BVAR) for Shetland Islands Council.

Background

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide regular assurance to the public about how councils are performing in relation to their Best Value statutory duties. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report on each council at least once during the five-year audit appointment and by Best Value being reported in annual audit reports.
3. The attached BVAR (**Appendix 1**) is on Shetland Islands Council. This is the first BVAR on the council and reports on the progress made by the council since previous Best Value reporting.
4. An Accounts Commission Audit of Best Value and Community Planning took place in 2005 with a follow up in 2007. The findings of the follow-up report were published in [January 2007](#) and are set out in **Appendix 2**.
5. Following a Section 102 report in 2009 highlighting a number of concerns at the council, a series of statutory reports were prepared. The Controller of Audit most recently reported to the Accounts Commission on the council in a statutory follow-up report in December 2012 and the Commission's findings were published in [January 2013](#) (set out in **Appendix 3**). The Commission's findings from the previous statutory report were published in [January 2012](#) and are set out in **Appendix 4**. Since then, aspects of Best Value work have been reported within the annual audit.

The Controller of Audit report

6. The BVAR is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
7. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - the accounts of local authorities audited under the Act;
 - any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
 - the performance by a local authority of their statutory duties in relation to best value and community planning.

8. A copy of the report is being sent to the council, which is obliged to supply a copy to each elected member of the council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the council it is effectively in the public domain.
9. The report concludes with a series of recommendations made by the Controller of Audit which are to be part of the Commission's considerations.

Procedure

10. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
 - direct the Controller of Audit to carry out further investigations
 - hold a hearing
 - state its findings.
11. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
12. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.
13. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

Conclusion

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

Paul Reilly
Secretary to the Commission
2 August 2022

BEST VALUE ASSURANCE REPORT: SHETLAND ISLANDS COUNCIL

See separate paper

SHETLAND ISLANDS COUNCIL: THE AUDIT OF BEST VALUE AND COMMUNITY PLANNING - PROGRESS REPORT

COMMISSION FINDINGS

JANUARY 2007

When the Commission made findings on the Best Value report on Shetland Islands Council in March 2005 we required a further report by the Controller of Audit on the progress made by the council during 2005/6 and on the extent to which the objectives of Shetland's Improvement Plan had been achieved, and we accept this report as fulfilling that requirement. The Commission recognises that the report gives a broad picture of the council's performance based on the work of Audit Scotland and does not attempt a comprehensive review of all service delivery. We acknowledge the cooperation and assistance given to the audit process by members and officers of the council.

The Commission accepts the conclusion of the report that Shetland Islands Council has made a start in addressing the issues raised in the Commission's previous findings. In particular we acknowledge:

- The introduction of a Corporate Improvement Plan and service planning and performance management frameworks.
- Moves towards achieving the longer term ambition of financial sustainability.

We remain concerned, however, about the pace and extent of change as a number of initiatives are relatively recent and are not yet fully established. We wish to place particular emphasis on the need for early improvement in the following areas:

- the development of Community Planning
- clarity of lines of accountability between the council and Trusts

The Commission welcomes the steps that the council has taken in the direction of establishing better scrutiny processes. We believe, however, that it is essential to have an Audit Committee that is separate from other deliberative and decision-making bodies.

Accordingly we urge the council to increase the pace of change in delivering the Improvement Plan. Progress will be monitored through the annual audit process.

SHETLAND ISLANDS COUNCIL: STATUTORY FOLLOW-UP REPORT

COMMISSION FINDINGS

JANUARY 2013

1. The Controller of Audit made this report to update the Accounts Commission on the progress made by Shetland Islands Council on its improvement plan. The council had approved its improvement plan on 10 November 2010, when it accepted the Commission's recommendations arising from a public hearing which the Commission held in June 2010. In December 2011, the Commission welcomed the prompt action and progress made by the council with its improvement plan, but emphasised the need for such positive direction to be sustained and consolidated. Consequently, the Commission requested that the Controller of Audit provide it with a further report in 12 months' time.

2. The Commission accepts this latest report by the Controller of Audit. It welcomes the significant progress made by the council, particularly in continuing to develop a culture of continuous improvement.

3. The Commission is encouraged by improving relations between elected members, and between elected members and officers. This is helping to deliver clear strategic direction and leadership. Better training of elected members has played an important role in improving this leadership.

4. The council is showing how it can learn from good practice elsewhere in developing its management capacity, which it will need to deliver its ambitious improvement agenda. There have been significant improvements in how it manages finances and information. Indeed, it is particularly pleasing to note that the financial statements of the council have been given an unqualified opinion by the external auditor for the first time since 2004/05.

5. The Commission is mindful of the significant challenges faced by the council in reshaping services on a more sustainable basis. It will need to have a full appreciation of costs and carefully consider a wide range of options for delivering services. It is encouraging that the council is engaging well with its communities in discussing these challenges with them. It is therefore vital that the positive momentum of the council demonstrated in the Controller of Audit's report is maintained.

6. The Commission notes that the council's progress will be monitored as part of the annual audit process.

SHETLAND ISLANDS COUNCIL: STATUTORY FOLLOW-UP REPORT

COMMISSION FINDINGS

JANUARY 2012

1. The Controller of Audit made this report to update the Accounts Commission on the progress made by Shetland Islands Council on its improvement plan. The council had approved its improvement plan on 10 November 2010 when it accepted the Commission's recommendations arising from a public hearing which the Commission held in June 2010.
2. The Commission accepts the report by the Controller of Audit. It welcomes the prompt action and progress made by the council with its improvement plan. It is encouraged that the council has now put in place many of the basic but essential building blocks of Best Value, including new political and management arrangements.
3. The Commission emphasises the need for this positive direction and change to be sustained and consolidated, especially in the context of some considerable challenges to be faced by the council in the near future. The Commission believes that these challenges include: a continuing need to address financial constraints; the need to appoint a new Section 95 officer; the longer term appointment of a chief executive; and forthcoming council elections.
4. There are positive indications that the council is developing a culture of continuous improvement: this change needs to be continued and the council needs to ensure that it has the capacity to do this.
5. The council also needs to do more to demonstrate more effective strategic financial management and to improve the capacity of its finance function, for example to avoid similar difficulties that were experienced this year in the timely and accurate preparation of accounts.
6. The Commission is seriously concerned to note that the auditors have given a qualified opinion on the council's financial statements, due to the omission of the Shetland Charitable Trust results from the group accounts. This is the sixth year in succession that there has been a qualification of those statements. This means that, in the year to 31 March 2011, the council's grouped financial statements did not include some £220 million of public funds, which raises the risk that the people of Shetland are not presented with a comprehensive picture of public resources. But the Commission notes that the council is committed in its improvement plan to addressing this situation during 2012.
7. The Commission requests that the Controller of Audit provides it with a further report in approximately 12 months' time, to enable the Commission to review the council's progress in implementing actions and in maintaining the improvements it has made over the last 12 months.

Shetland Islands Council

Best Value Assurance Report

ACCOUNTS COMMISSION 

Prepared by Audit Scotland

August 2022

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Key facts

566
square
miles

Area

22,870

Population

3,668

Workforce

23

Elected members

19 Independent
1 Scottish Green
1 Scottish National Party
1 Labour
1 Post-election vacancy

1,703

Council houses

£139.6
million

2022/23
revenue budget¹

£25.3
million

2022/23
capital budget²

**£61.2 -
£142.1**
million

Budget gap
2026/27

¹ Revenue budget covers day-to-day costs like wages.

² Capital budget covers the cost of major projects such as schools and roads. Harbour capital budget £297k, HRA capital budget £4,983k and general fund capital budget £20,094k.

Audit approach

- 1.** The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the Annual Audit Report.
- 2.** In addition, the Controller of Audit presents a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first assurance report on Shetland Islands Council. The Controller of Audit's previous report on Shetland Islands Council was a statutory follow-up report, published in January 2013. A summary timeline is included at the Appendix.
- 3.** This report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's Strategic Audit Priorities. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement is key to how well councils meet their priorities in the future.
- 4.** Our work covers many Best Value themes in the statutory guidance but does not cover them all. Our audit approach is proportionate and risk based and so is reflective of the context, risks and performance of the individual council. It also draws on the intelligence from audit and scrutiny work carried out in previous years.
- 5.** In keeping with this approach, we conducted initial work to identify risks and council initiatives to build into the scope of our audit. This included a review of previous audit and inspection reports and intelligence, a review of key council documents, initial meetings with senior officers and reflection on our wider public sector knowledge and experience. Key areas of focus for our audit are set out in [Exhibit 1](#).

Impact of Covid-19 pandemic on the audit approach

- 6.** Due to Covid-19 levels in the Shetland Islands at the time of fieldwork, the audit team held all interviews with key officers, elected members and partners remotely. Despite the restrictions on the on-site fieldwork, we were able to gather sufficient evidence to support the audit judgements in this report.
- 7.** The pandemic has brought unprecedented challenges for councils across the country. The long-term impacts on communities and the delivery of public services are still unknown, but they will be significant and could continue for some time. The scope of our work covers the current impact of Covid-19 on Shetland Islands Council where it is known.

Exhibit 1

Key areas of focus for our audit



The council's vision and priorities

The leadership, culture and working relationships within the council, including political leadership, and the effectiveness of governance and scrutiny arrangements



An assessment of how the council monitors and responds to trends in performance and outcomes, and the council's approach to reporting on these activities



Partnership working and service delivery with others, including:

- **the Integration Joint Board**
- **the Community Planning Partnership**
- **the Islands Growth Deal**



How the council monitors, manages and reports on its finances and other resources, including its medium and longer-term financial planning, financial sustainability, use of reserves, workforce planning and any transformational activity



How the council engages with communities, staff and other stakeholders, including its approach to community engagement and empowerment



How the council considers equalities and the impacts of climate change in delivering its services

The specific geography and demography of the islands, and associated challenges for service provision



How the council demonstrates continuous improvement

Source: Audit Scotland

Follow-up to report

8. The audit work was carried out by a joint team from Audit Scotland and Deloitte, the appointed auditor. This is the final year of the current audit appointment. Audit Scotland will be the newly appointed auditor from October 2022. In this next audit appointment, the audit of Best Value will be integrated into the annual audit of the council, rather than requiring a Best Value Assurance Report. They will follow up on the findings of from this report and carry out more detailed audit work on Best Value characteristics as appropriate.

Acknowledgement

9. We gratefully acknowledge the cooperation and assistance provided to the audit team by all elected members, officers and other stakeholders during the audit.

Key messages

- 1** The council has not yet demonstrated that it is meeting its Best Value duty in a number of important areas. Across its services and activities, the council can point to examples of good practice, but it has been slow to improve its plans for financial sustainability, its performance management and reporting, its transformation programme and aspects of its community engagement and empowerment. While there has been some very recent progress, the council's prospects for making the changes needed are uncertain. The elected members need to increase their ambition, pace and focus to deliver in these important areas.
- 2** Shetland Islands Council faces specific challenges relating to the make-up and distribution of its population, its topography, workforce and the economy of the islands. The council's strategic plan, *Our Ambition*, reflects these challenges and opportunities and sets a clear vision for the council and its communities. The plan's aims are shared by partners.
- 3** The council's elected members and senior management have good working relationships, but they are not yet providing the strategic leadership needed to co-ordinate and drive forward plans. Financial plans, asset improvement plans and workforce plans are not clearly linked to the council's priorities in *Our Ambition*.
- 4** The council's services perform well, with national benchmarking data showing that performance improved in over half of the relevant indicators in the last five years. Shetland also has some of the highest service satisfaction scores in Scotland. Where service performance is weak there are examples of the council taking action to improve.
- 5** The council's own performance management and reporting systems and arrangements are not well developed and inconsistent, with a lack of performance indicators and targets. There have been some recent signs of improvement.
- 6** The council has long-term and medium-term financial plans in place, however there is an estimated funding gap over the next five years of between £61.2 million and £142.1 million. There is no clear link to the council's Change Programme, and therefore no clear plan of how the required savings will be made. The council is therefore unable to demonstrate that it is financially sustainable in the medium to long term.

- 7** The council has been slow to deliver on transformation with a lack of pace and urgency to move it forward. The Change Programme has been put in place but is piecemeal and lacks sufficient resources.
 - 8** The council and its partners responded well to the challenges of the Covid-19 pandemic. There is a good culture of the council and its partners working together – that includes between the council and the NHS, and with the private and voluntary sectors. The Community Planning Partnership is committed to reducing inequalities but outcomes for Shetland’s population are mixed.
 - 9** The council has a good understanding of the communities it serves but is not engaging with communities in a systematic way. There was no consultation on *Our Ambition* or the budget.
 - 10** The council is making good progress with implementing some aspects of the Community Empowerment Act, and is working with partners to support communities to become more resilient. Progress on implementing other aspects of the Act, such as the development of locality plans, has been slow.
-

Part 1

Does the council have clear strategic direction?



The council has a clear vision and priorities that take account of the challenges of the community. These priorities are shared by partners and elected members.

The council responded quickly to the Covid-19 pandemic, effectively delivering most services, and meeting the needs of communities.

Elected members and senior management have strong working relationships. But some of the supporting plans to deliver *Our Ambition* lack detail, and the council's leadership – elected members and management – has not done enough to drive their progress.

Council business is transparent and open with papers and recordings of meetings available to the public

The council offers good training and briefings to elected members to assist them in carrying out council business

The Shetland Islands are remote and cover a diverse area, presenting a number of specific challenges

10. The Shetland Islands cover 1,467km² and are located in the North Atlantic Ocean, 170 km north of mainland Scotland. The Shetland Islands are an archipelago of around 100 islands, 16 of which are inhabited. The largest island is known as The Mainland and is the location of Shetland's capital and only town, Lerwick. To the north are the North Isles of Yell, Fetlar and Unst (which is Britain's northernmost island). To the south, almost halfway to Orkney, is the island of Fair Isle, with a population of 54. Foula and Papa Stour to the west and Skerries to the east also have small populations. Shetland Islands Council provides inter-island air and ferry services to nine of the islands.

11. The Shetland Islands have a population of 22,870, the second lowest of the 32 council areas in Scotland. In contrast to the increasing national trend, Shetland's population was projected to decline by 6.1 per cent between 2018

and 2043. The 0-15 age group faces the largest decline (22.7 per cent) followed by the working age population (9.6 per cent). The population aged 75 and over, however, is projected to grow by 72.2 per cent.

12. Net migration has declined since 2008, and has been negative since 2011, meaning more people are moving out of the Shetland Islands than are moving there. The council and its partners face issues with workforce recruitment and retention. These factors, along with a declining and ageing population pose challenges to the sustainability of service provision in the islands.

13. The top three employment sectors in the Shetland Islands are agriculture, forestry and fishing (18.8 per cent), human health and social work (14.1 per cent) and wholesale and retail (10.9 per cent). Together, they account for around 7,000 jobs across the area. The council is the biggest employer with 3,668 employees (including relief and supply workers) in March 2022. The council employs approximately 26 per cent of the working age population of the Shetland Islands.³

14. Shetland's economy relies on the North Sea for its fishing grounds and oil fields. Shetland produces 74 per cent of Scottish mussels and 23 per cent of Scottish farmed Atlantic salmon. Shetland UHI (University of the Highlands and Islands) estimated that the total value of the seafood industry (fishing, aquaculture and processing) to Shetland's economy was about £386 million in 2020.

15. The oil industry has also been a major part of Shetland's economy for the past 40 years. Around 1,000 people are directly or indirectly employed in the energy sector and ancillary services in Shetland (specifically oil, gas, renewables, power generation and supply). The council and its partners face a significant challenge in terms of climate change, and are working to explore how Shetland's topography can support the transition to renewable energy (paragraphs 123-124).

16. Between October 2020 and September 2021, Shetland had the lowest unemployment rate in Scotland, at 2.4 per cent, compared with the Scottish rate of 4.2 per cent. This figure remained relatively stable throughout the Covid-19 pandemic. The total number of jobs furloughed in Shetland during the pandemic was approximately 3,500 (around one-fifth of jobs). In 2020/21, 3.2 per cent of Shetland's working-age population were claiming Universal Credit or Jobseekers Allowance, the second lowest rate in Scotland. Shetland's economic inactivity rate increased by seven percentage points between 2019 and 2021. In 2021, Shetland's economic inactivity rate was 26.3 per cent, which was higher than the Scottish average of 23.8 per cent.

17. Research by Highlands and Islands Enterprise in 2016 found that the cost of living in remote rural locations in Scotland, including Shetland, was considerably greater than in other parts of the UK.⁴ In 2017-19, 22 per cent of households in Shetland were estimated to be in extreme fuel poverty.

³ We have based this calculation on the total number of 16-64 year-olds in the Shetland Islands in 2020.

⁴ *A minimum income standard for remote rural Scotland: A policy update*, Highlands and Islands Enterprise, October 2016

Households in Shetland do not have access to mains gas, relying on electricity for heating. In 2020, average household electricity bills in Shetland were the highest in Scotland, at £1,717 per year.

18. There is a shortage of affordable housing in the Shetland Islands. There is a small developer base in the islands, and the council reports that affordable housing construction costs are 34 per cent higher than elsewhere in Scotland. In Shetland, as well as elsewhere in Scotland, Covid-19 and EU withdrawal have increased the cost of labour and building materials and therefore the overall cost of housing construction. The council reports that over 40 per cent of households in Shetland cannot afford to access home ownership even at market entry level.

The council plan, *Our Ambition*, sets a clear vision and takes account of the specific challenges for the community

19. The council set out its priorities in its council plan '*Our Ambition 2021-26*' in December 2020 developed on the basis that the council face a number of drivers for change. *Our Ambition* covers the following themes and priorities:

- Shetland's population balance
- Covid-19 – recovery and renewal
- skills and learning
- digital connectivity
- the UK withdrawal from the European Union
- caring for our community
- climate change
- a fairer Shetland
- sustaining current jobs and creating new ones
- transport

20. The council was in the process of updating its previous corporate plan (for the period 2016-20) when the pandemic hit in March 2020 and work on the new plan had to be paused. In July 2020, the council approved a Recovery and Renewal Framework, and then work on the council plan resumed. This Framework set out to ensure a co-ordinated approach was taken to the council's Covid-19 phases of recovery and renewal. It was also designed to maximise the impact that Shetland's collective resources can have for Shetland going forward.

21. *Our Ambition* maps closely to the Shetland Partnership Plan (Community Planning Partnership Plan) with the priorities of *Our Ambition* drawn from priorities in the Shetland Partnership Plan to ensure the best outcomes for the people of Shetland. These plans and priorities are based on relevant data and were agreed by elected members.

The council did not consult directly with communities on the council plan

22. Council officers did not directly consult with the community on *Our Ambition*. There was a reliance instead on elected members and staff as representatives of the community. While this is a useful way to gather views from the community, especially given the geography of the Shetland Islands, wider consultation is needed. There is a risk that community groups will be excluded from the process of forming the council's priorities. We discuss community consultation further in Part 4.

Some supporting plans lack detail and are not clearly linked to the council's priorities in *Our Ambition* and there is a lack of strategic leadership to progress these plans

23. Within *Our Ambition* the council sets out some of the more detailed plans that will help it achieve its priorities. For example, it sets out that it will engage in the development of a new Shetland Transport Strategy and a Medium-Term Financial Plan. However, in some instances it is unclear how the council will deliver on the actions it sets out, for example what the plans are for delivering on 'using technology to support modern, accessible customer interactions'. There is also a need to update other supporting plans to reflect the council plan, for example the Long-Term Financial Plan.

24. The council states that a key enabler of *Our Ambition* is the Change Programme⁵. This Programme is supported by a Change Programme Policy Framework which identifies the key council policies and strategic plans. However, the Change Programme is at a very early stage of development (Part 5). Despite good working relationships between elected members and management, they are not providing the strategic leadership to drive forward these plans. The Chief Executive has introduced the Change Programme to promote cross-organisational activity, but it is taking some time to embed.

The council responded quickly to the Covid-19 pandemic, delivering services and meeting the needs of communities

25. The [Accounts Commission's Local government in Scotland Overview 2021](#) describes how the Covid-19 pandemic is having a profound impact on all aspects of society, including the economy, jobs, and people's physical and mental health. Councils have been at the centre of the response to the pandemic, supporting communities through these difficult times. The council was quick to respond to the challenges of the Covid-19 pandemic, working well with partners to provide support to vulnerable individuals and communities, while continuing to deliver other vital services. (Part 4, paragraph 109). The council explained that due to its small, island nature, it made decisions to redirect central and corporate teams to support front line services during the pandemic.

⁵ Info box: The Change Programme is the council's overarching framework for co-ordinating all change projects to deliver *Our Ambition*. The programme supersedes previous transformation programmes.

26. Following the council's emergency response to the pandemic from March to May 2020, the council focused on developing a framework to structure the council's recovery and renewal phases in June and July 2020, producing the Recovery and Renewal Framework.

27. The council has also developed a New Ways of Working Plan which reflects on lessons learned from the Covid-19 pandemic and plans for how staff will be deployed and supported in the event of future pandemics. Not all elements of the plan are fully developed but they are drawing on lessons learnt during the pandemic. The lockdown constrained the council's ability to deliver a full range of services and engage with communities. The council will continue to improve digital connectivity to ensure it can continue to work and deliver services remotely, for example, remote virtual inspection in building services. The council is also committed to building on the strong partnership working that has increased through the pandemic.

28. The council has a Human Resources Partnership Group which brings together the council and Trade union representatives. Throughout the pandemic this group met more regularly, leading to closer and more effective partnership working and assisting in the open flow of information between the council and employees. This improvement has been sustained as the group continues to meet more regularly.

Elected members are committed to working together to progress council business

29. The council was made up of 22 elected members before the local government elections in May 2022⁶. 21 of the members were independents and one was from the Scottish National Party (SNP). Despite this diverse political make up, overall, the elected members work well together to progress the council's aims and objectives.

30. Council business is carried out in full Council meetings as well as by seven committees and two boards. Overall, the committee system provides an appropriate structure to consider and progress council business and is effective. Business generally progresses well with appropriate challenge and scrutiny from members. However, there are some instances in the Audit Committee where there is a lack of focus on strategic issues and instead more of a focus on operational issues.

31. Officers provide elected members with sufficient information at meetings and in response to questions at meetings. Officers also hold informal briefing sessions with members to provide them with information to assist with decision making. For example, the chief executive and council officers share relevant information with committee chairs at a weekly informal meeting.

⁶ Following the elections in May 2022, Shetland Council is now composed of 23 elected members (19 independent, 1 Green, 1 Labour, 1 SNP and 1 post-election vacancy).

The council is open and transparent in its business although there has been a delay in livestreaming council meetings

32. The council publishes agendas, reports and minutes on its website, enabling members of the public, partners and stakeholders to obtain information on council business and decisions.

33. In August 2020 the council made available recordings of meetings of the full council and its main committees. These recordings are available on the council's YouTube channel. The council's social media accounts are updated each week to publicise the following week's Committee business and meetings. In addition, media representatives regularly observing council meetings and the council's business is extensively covered in the local media.

34. In 2021, the council carried out an Openness and Transparency Review. The review found that it was meeting its statutory duties but also resulted in an action plan for improvement in some areas, including a project to livestream meetings. This was increasingly important due to the problems of attending meetings in person created by the Covid-19 pandemic. However, as the council was due to move to new chambers it decided that it would not make practical and financial sense to install the system in the old building. There has also been a delay due to a difficulty in sourcing some technical parts. The new audio and recording facility was implemented with the opening of the new Council Chamber, and recordings continue to remain available on the Council's new microsite, with plans to start livestreaming in September 2022.

The council offers good training and learning opportunities for elected members with a recently updated member development policy

35. The council provides a range of training and seminars to elected members. 17 seminars were conducted in 2020-21 following a move to online delivery during the pandemic. Attendance levels at the seminars are mixed. For example, 11 members (50 per cent) attended a seminar on the Early Action Programme (see Case study 1) and nine members attended a seminar on Councillors Code of Conduct. The highest levels of attendance for a seminar is 15 members and the lowest is two members.

36. In November 2021, the council approved a new member development policy to be implemented following the local government elections in May 2022. This introduced a number of new or revised requirements including:

- an induction programme for all new and returning members
- A Continuing Professional Development (CPD) framework for elected members in order to establish their own self-assessment of training and development needs.
- appropriate and ongoing mandatory and elective training opportunities to meet identified knowledge and skills gaps

37. The new induction programme has taken on board feedback from members and officers who participated in previous induction programmes. It has also taken into account best practice from other councils. The new member induction

programme was well attended by the most recent intake of elected members and feedback was positive.

Part 2

How well is the council performing?



Despite examples of the council using performance information to improve its services, overall performance management arrangements have been weak. The council did not agree performance indicators for its previous corporate plan, and its service performance reporting has been inconsistent in recent years. The council is currently working to make improvements in this area.

The council's public performance reporting tends to focus on positive achievements, with areas of under-performance and actions to address these being less clear.

In 2020/21, the council's performance was in the top quartile in over half of the relevant indicators. Its performance relative to other councils improved between 2016/17 to 2020/21. The council performs well compared to other councils in adult social care services and A-class roads maintenance. Shetland's geography generally contributes to areas where performance appears to be poorer in relative terms.

The council's performance improved in half of the relevant national benchmarking indicators over the last five years, and the rate of improvement has generally been faster than the Scottish average.

In 2019/20, Shetland had some of the highest Local Government Benchmarking Framework service satisfaction scores in Scotland.

The council's performance management arrangements have been weak

38. The council's approach to performance management and reporting against its previous council plan (2016-2020) was weak. It lacked performance indicators and a systematic and consistent approach to reporting. It is therefore

difficult to ascertain the council's overall progress towards achieving its strategic priorities and intended outcomes.

39. The council was slow to agree performance indicators to measure progress towards its priorities set out in *Our Ambition*. While the new corporate plan was approved in December 2020, the council did not approve performance indicators to measure the progress against this until 15 months later, in March 2022. Progress was impacted by the Covid-19 pandemic as performance and improvement staff were redirected to Covid-19 data collection. The agreed performance indicators are mainly Local Government Benchmarking Framework (LGBF) indicators, as well as some additional indicators. It is too early to make a judgement of progress towards these priorities as performance data is not yet available beyond 2020/21.

40. At March 2022, many indicators still lacked targets. There are some indicators, however, where targets are not appropriate, such as the percentages of primary and secondary pupils registered for free school meals. The Corporate Management Team and new elected members plan to consider each indicator and set targets where appropriate. The council has not specified timescales for this to be completed.

41. The council reports its performance using a variety of methods through the performance section of its website, including annual performance reports, 'Spotlight on services' performance reports and infographics. However, reports largely tend to focus on positive aspects of performance and achievements, and areas for improvement, and associated improvement actions, are less clear.

42. The council's annual performance reports are case-study led, describing numerous projects that benefit the community. Reports are not balanced and performance data that would allow the reader to track the council's progress over time is limited. The council is developing a performance dashboard in Pentana (its performance management system) to allow elected members and the public to monitor performance against its priority areas and performance indicators.

43. The council reports its performance against the LGBF indicators to the Policy and Resources Committee annually. This shows trends in the council's performance over time, as well as performance compared to other councils. The reports also contain narrative around past performance and planned future improvements for each indicator.

The council is making improvements to its performance management arrangements

44. The council identified improvement actions associated with its performance management arrangements through its Openness and Transparency Review in June 2021. This included a need to implement the performance management framework, with indicators in place to monitor the delivery of *Our Ambition*.

45. In October 2021, the council's internal auditor carried out a review of the council's performance management arrangements. The audit identified five recommendations (four were considered high priority requiring urgent attention and one was medium priority, which was classed as less critically important but requiring improvement). One service improvement was also identified as an

opportunity for business improvement around guidance relating to undertaking and reporting on benchmarking activity. The audit findings included:

- there were gaps relating to how the PMF, which was jointly developed with NHS Shetland⁷ as part of a 'Once for Shetland' approach, applies to the council's processes
- some of the performance results data and indicator targets included so far were incomplete
- future reporting arrangements for *Our Ambition* had not been established
- performance was not reported to the Corporate Management Team for scrutiny and review. Rather, performance is reported quarterly to individual committees and the format and content of performance reports differed between the directorates
- in most cases no performance indicator information nor any other benchmarking activity were included in service performance reports.

46. The council has accepted the associated recommendations and has set timescales for implementation, with all actions to be implemented by 30 September 2022. It has responded well to the internal audit and has made improvements to its service performance reporting to ensure it is more consistent between directorates. The Corporate Management Team also now receives a quarterly 'outliers' report showing areas where performance indicators, actions and complaints are behind or ahead of target or are incomplete.

Shetland Island Council's performance has improved in comparison with other councils between 2016/17 and 2020/21

47. The LGBF brings together a wide range of performance information for all Scottish councils. It includes measures on how well councils are delivering services, the cost of services and residents' satisfaction. The LGBF contains a total of 101 performance, cost and satisfaction indicators across all council services that allow councils to monitor performance consistently over time.

48. The LGBF allows individual councils to compare their performance with that of other councils and with Scotland as a whole. Relative performance is assessed by dividing indicators into four quartiles. Quartile one represents the top performing councils, while quartile four represents the poorest performing councils. Although there are 101 indicators included in the LGBF, our performance analysis compares 34, mainly outcomes-based, indicators that have been reported consistently each year between 2016/17 and 2020/2021 (see Exhibit 2 note).

49. The proportion of indicators where Shetland Island Council's performance was in the top quartile has improved over time (Exhibit 2). In 2020/21, the council performed well compared to other councils in adult social care services;

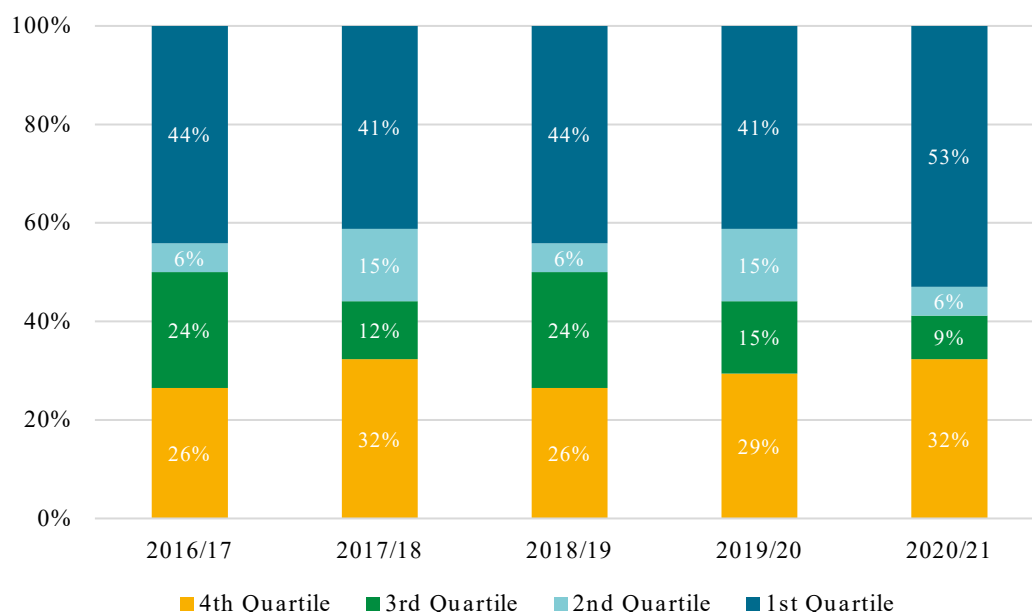
⁷ Info box: The council shares its performance management system with NHS Shetland.

A-class roads maintenance; procurement spend on local enterprises; and street cleanliness. The council has benefited from a significant reserves position (paragraph 76) which it has used to invest in some services. This has helped it to improve its performance in some key areas, such as adult social care (paragraph 60).

50. In terms of the council's general performance against the 34 relevant indicators, performance improved in 18 (53 per cent). Indicators where performance improved included the number of business gateway start-ups per 10,000 of the population and the percentage of funded early years provision which was graded good or better. Of those indicators that improved, Shetland improved its performance at a faster rate than the Scottish average in over three-quarters of indicators. The council's performance declined in the remaining 16 (47 per cent) indicators.

Exhibit 2: Shetland Council's performance relative to other councils, 2016/17 – 2020/21.

The percentage of indicators in which the council performed in the top quartile increased from 44 per cent in 2016/17 to 53 per cent in 2020/21.



Notes:

1. The analysis is based on 34, mainly outcomes-based, indicators which were reported every year within the five-year period. The analysis excludes satisfaction indicators, which are instead considered separately at paragraphs 59-60. It also excludes most cost-based indicators as high or low cost cannot be easily determined as positive or negative as these may be influenced by a council's priorities and local circumstances.

2. The data for 2020/21 shows the impact of the first year of the Covid-19 pandemic on councils' services and the lives of the communities they serve. The pandemic significantly altered the delivery and operating landscape for councils and a number of factors have affected both the level of demand for services and the context in which they are delivered.

3. Covid-19 and the measures put in place to respond to this have resulted in some methodological changes to some national datasets, which has impacted on the LGBF. For

example, due to data completeness issues, some council's data has been modelled for certain indicators.

4. Due to comparability issues caused by the Covid-19 pandemic, indicators related to educational attainment have been excluded from this analysis.

Source: Audit Scotland; Local Government Benchmarking Framework, Improvement Service, 2020/21

Some of the council's areas of poorer performance relative to other councils is influenced in part by its geography

51. The council's performance relative to other councils is variable. Its performance fell into either the top or bottom quartile in 85 per cent of the relevant indicators in 2020/21, with almost one-third of being in the bottom quartile. Areas where the council performed poorly compared to other councils include housing services; recycling; the average time taken to deliver a local business and industry planning decision.

52. In some instances, the council's performance is influenced by its island context, including its geography and topography. For example:

- Prior to Covid-19, Shetland's geography was a factor in the length of time it took to complete non-emergency housing repairs. This is similar in other remote areas, such as the Orkney Islands. Covid-19 has also had an impact on the council's repair times.
- The council reports that its rent loss due to empty properties is due to the number of void properties in low demand areas, particularly in Shetland's North Isles. It includes a list of low demand housing available for rent on its website.
- A report by Zero Waste Scotland in 2014 found that the sparsely distributed nature of Shetland's population and the need to ship waste large distances to the mainland imposes higher costs and more operational challenges than those incurred on the mainland. The council incinerates general waste at its energy recovery plant (ERP) at Gremista. The generated heat is distributed to homes, council offices, the hospital, swimming pool and cinema in Lerwick as part of a cost-effective district heating scheme run by Shetland Heat Energy and Power. This is not reflected in recycling statistics. In addition, the council does not offer a separate food waste collection because the Waste (Scotland) Regulations 2012 do not require rural councils to do so.
- The council has indicated that its poorer performance in processing industry and business planning decisions in part reflects the nature of some complex, major planning applications. This includes the Shetland Space Centre (the first satellite launch facility in the UK) and the Viking Wind Farm, (the largest onshore windfarm in the UK in terms of electricity output). Shetland's geography and climate make it an attractive location for such applications. The council has also faced recruitment difficulties in its planning department, and it has sought assistance from external consultants to help progress these planning applications.

The council is working to improve educational attainment at Higher and Advanced Higher level

53. The Covid-19 pandemic has affected the comparability of 2019/20 and 2020/21 educational attainment data with previous years. The cancellation of exams in 2020 and 2021 meant grades were awarded based on teacher estimates and therefore cannot be used for trend analysis against earlier years.

54. Looking at LGBF educational attainment data before the pandemic, the council's performance improved in three of six education indicators⁸ between 2016/17 and 2018/19, including the percentage of pupils gaining five or more awards at level 5 or higher, and the average total tariff scores⁹ for pupils in SIMD quintile 3 (see paragraph 56). Educational attainment data during the pandemic shows an increase in the educational attainment of senior phase pupils across all six indicators between 2019/20 and 2020/21.¹⁰ The council performed above the Scottish average in five out of six of these indicators in 2020/21.

55. In 2021, Shetland Islands Council was the lowest performing council in Scotland in relation to the percentage of A to C passes at Higher and Advanced Higher level. The council has carried out a review of Higher and Advanced Higher attainment in its two secondary settings to identify recommendations for improvement. These include:

- holding data workshops on the Insight data for high school management teams to support further development in data literacy, to enhance schools' approaches to tracking and monitoring the senior phase.
- continuing to address digital connectivity and access to technology issues for children and young people and their families.
- carrying out further fact-finding on practice and approaches around Higher and Advanced Higher in the highest performing councils in Scotland.

⁸ Info box: There are 12 senior phase educational attainment indicators within the LGBF. However, Shetland only has data available in six of these (see paragraph 54).

⁹ Info box: The tariff score is a summary measure calculated from all academic achievement of pupils during the senior phase (S4- S6) across a range of awards. The tariff score reflects the number of awards that a pupil achieves, the SCQF level at which each award is assessed, and the grade of the award achieved.

¹⁰ This means that the council had higher percentages of pupils gaining five or more awards at Levels 5 and 6, and higher average total tariff scores in SIMD quintiles 2-4 in 2020/21 than 2019/20. The Improvement Service has said that any change in attainment levels during 2020 and 2021 should not be seen as an indication that performance has improved or worsened without further evidence. It has instead reported attainment during this time as 'increasing' or 'decreasing'.

- encouraging the use of Pupil Equity Funding where appropriate to help close poverty-related attainment gaps in the Senior Phase in both schools.

56. The Scottish Government uses the Scottish Index of Multiple Deprivation (SIMD) to measure the attainment gap within councils. The SIMD is a measure of the level of deprivation and poverty in an area. The whole of Scotland is divided into 6,976 small areas, called data zones. The data zones are divided into five equal-size groups (quintiles) according to their level of deprivation. Data zones in quintile 1 are the most deprived and those in quintile 5 are the least deprived. SIMD data zones in rural areas cover large land areas and this measure is less helpful at identifying smaller pockets of deprivation typically found in more rural areas, including the Shetland Islands. Shetland, for example, shows no pupils in the senior phase in SIMD quintiles one or five. The council has developed an alternative model for defining deprivation in Shetland. This involves the use of locally-agreed vulnerability criteria to identify individual children and families who may be at risk of socio-economic disadvantage that are not directly drawn out by SIMD or free school meals data.

Since 2019, Education Scotland has carried out follow-up inspections in four schools and nursery classes to track progress against identified issues

57. Six of Shetland's schools and nursery classes have been subject to inspections by Education Scotland between 2019 and 2022. Four of the schools underwent follow-up inspections, and three of these schools require no further follow-up activity. For the one school still requiring further follow-up, Education Scotland highlighted significant staffing changes had taken place within the school, and the school had reverted from having two classes to being a one-class school. The inspectorate, however, noted positive progress in relation to improving the curriculum; teachers' skills in tracking and monitoring children's progress; and more effective tracking of children's progress in literacy, numeracy and health and wellbeing within the school.

58. Three of the school inspections took place after March 2020. Education Scotland highlighted a number of ways in which schools had supported children, young people and families throughout Covid-19. This included:

- the provision of paper-based resource packs to those who were unable to access digital devices or had connectivity issues
- regular wellbeing check-ins for families and maintaining contact with families during lockdowns
- the distribution of digital devices to support remote learning and support to use these.

Shetland has some of the highest service satisfaction scores in Scotland

59. Over the last five years, satisfaction scores have declined nationwide, and this is generally also the case in Shetland. In contrast to the national trend, however, the council improved its performance in satisfaction scores for adults

receiving support to live at home. In 2019/20, Shetland ranked within the top four councils in Scotland for all 11 LGBF satisfaction indicators and within the top three in all but one. In 2019/20, the council ranked first in Scotland for satisfaction with its leisure facilities, museums and galleries and adult social care provision (Exhibit 3).

60. Shetland scores particularly highly on the LGBF's satisfaction indicators for adults receiving support to live at home, against a backdrop of decline across Scotland. The Integrated Joint Board (IJB) attributes this to services being locally planned and person-centred, with flexibility in the planning, assessment and delivery of services and support to ensure a bespoke approach in Shetland. In 2020/21, almost three-quarters of over 65s with long-term care needs in Shetland received care at home, the second highest proportion out of all councils in Scotland. The council has chosen to invest highly in this area, including providing approximately £6.8m additional funding from its reserves towards community health and social care in 2020/21. The council also had the second highest home care costs per hour for people aged 65 and over between 2018/19 and 2020/21. The council and its partners are concerned that the introduction of a Scottish National Care Service will negatively affect the quality of provision of its services and the outcomes of those who use care services in the council area.

Exhibit 3

Shetland's LGBF satisfaction indicators relative to the national average and other councils over the last five years

Indicator	SIC performance	Change over time (percentage points)		SIC rank 2019/20
		2019/20	Shetland	
Local schools ¹	87.0	-0.3	-3.5	2nd
Libraries ¹	84.4	-2.3	-2.3	4th
Parks and open spaces ¹	90.4	-1.9	-1.0	3rd
Museums and galleries ¹	90.2	-2.1	-2.7	1st
Leisure facilities ¹	90.6	-0.4	-3.9	1st
Refuse collection ¹	87.0	-6.0	-7.4	3rd
Street cleaning ¹	73.4	0.7	-9.7	3rd
Adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life ²	88.2	4.7	-4.0	1st
Adults supported at home who agree that they are supported to live as independently as possible ²	93.8	19.3	-1.9	2nd

Adults supported at home who agree that they had a say in how their help, care or support was provided ²	87.3	9.3	-3.4	1st
Carers who feel supported to continue in their caring role ²	49.9	-1.2	-5.8	1st

Notes:

1. Satisfaction levels are based on three-year rolled average responses to Scottish Household Surveys for 2017 to 2020. Percentage point change over time has been calculated using the rolled averages from 2014-17 and 2017-20. Satisfaction level is based on the 2017-20 data.
2. Indicators are from the Scottish Health and Care Experience Survey which is conducted biennially. Percentage point change has been calculated using 2015/16 and 2019/20 data and satisfaction level is based on the 2019/20 data.

Source: Audit Scotland; Local Government Benchmarking Framework, Improvement Service 2020/21

61. The Community Planning Partnership, known as the Shetland Partnership, conducted a community survey of its Islands with Small Populations in 2021. The survey asked communities to rate their sense of community morale, current connectivity and satisfaction with local services. 47 responses from a total of 140 possible households found that 55 per cent of respondents were satisfied with public transport provision; 40 per cent were satisfied with healthcare provision; and 57 per cent were satisfied with education provision. This was the first community survey of the Islands with Small Populations and the Shetland Partnership intends to use this to track progress against the locality plan (paragraph 130).

62. In 2020/21, the council's tenant satisfaction scores were lower than the Scottish average for all indicators. The greatest difference in the council's and Scottish landlord average scores was in relation to tenants' satisfaction with the opportunities given to them to participate in the council's decision-making process (Shetland scored 60 per cent compared with the Scottish average of 84 per cent). The council is engaging with the Scottish Housing Regulator on a number of areas, including tenant satisfaction.

The council is using performance information to improve recycling, roads and housing

63. The council's previous corporate plan included an action to reduce the council's effect on the local environment, particularly through reducing carbon emissions from its work and buildings. In 2018, the council introduced a kerbside recycling collection service for all households in Shetland which has led to improvements in recycling performance, from 10.5 per cent of waste in 2018/19 to 18.4 per cent in 2020/21. However, the council had the lowest levels of household waste recycling in Scotland in 2020/21 (paragraph 51). The council will implement the national deposit return scheme in July 2023. This should help Shetland to further improve the proportion of waste that is recycled as the council will have the opportunity to recycle more types of waste.

64. ‘Transport’ is one of the priorities in *Our Ambition*. As part of this, the council has committed to investing in the maintenance of its roads network to ensure it continues to support the economy and communities. The council has made a policy decision to maintain its road carriageways in their current condition. In 2019/21, Shetland’s A-class roads were ranked first in Scotland for their condition. In March 2022, the council reported to its Policy and Resources Committee that its B-, C- and unclassified roads have deteriorated in recent years. It has therefore allocated more funds to improving the condition of these roads than to A-class roads.

65. As part of its priority around Shetland’s population balance in *Our Ambition*, the council has committed to increase future affordable housing supply across all tenures and to meet the needs of those who are facing homelessness. Since 2017/18, the council has reduced the average time homeless households spend in temporary accommodation. However, in 2020/21, the council still ranked 30th in Scotland for its performance in this indicator. The council is experiencing significant pressure on its housing stock, particularly in the Lerwick area, where there is a high demand for one- and two-bedroom housing. The council is seeking to rebalance its housing stock towards housing of the right size and type through its Strategic Housing Investment Plan. Between 2017/18 and 2020/21, 58 of 104 affordable housing completions in Shetland were one- or two-bedroom homes in Lerwick. Covid-19 and Brexit led to longer void periods; slower turnover of stock; reduced housing options for applicants; and pressure on temporary accommodation, which is likely to continue into 2022/23.

The council is committed to reducing inequalities across the community but its approach to impact assessments could be more consistent

66. As noted elsewhere in the report the council has demonstrated a strong commitment to addressing inequalities (paragraphs 21 and 98). It is engaged in a range of activities to support delivery of its equality ambitions. As part of the Public Sector Equality Duty, the council is also legally required to carry out equalities impact assessments (EIAs) for any proposed new or revised policies or practices.

67. While there is clear evidence of the council conducting EIAs, its approach to these could be more consistent. For example, it prepared assessments for the Young Person’s Guarantee and on the strategic outline case for Brae High School, but has not prepared EIAs on its budget or for *Our Ambition*. In *Our Ambition*, the council made clear links to other equalities-related plans and activities.

68. The council is named as a relevant authority in the Islands (Scotland) Act¹¹ 2018. In line with the Act, the council has a dedicated webpage where it

¹¹ Info box: The Act places a duty on relevant public bodies to have regard to island communities in carrying out their functions. This means that relevant public bodies must carry out an islands community impact assessment (ICIA) in relation to any policy, service or strategy which is likely to have an effect on an island community which is significantly different from its effect on other communities, including other island communities. This element of the Act came into force on 23rd December 2020.

publishes its island communities impact assessments (ICIAs). At May 2022, it had published the results of five ICIAs, three of which were for internal policies and two were for Shetland-wide strategies (the Regional Marine Plan and Community Learning and Development Plan).

69. There are a number of key council strategies which have been approved since December 2020 which have not undergone an ICIA. This includes the Local Housing Strategy Framework and Learning Estate Strategy. The approval of *Our Ambition* pre-dated the ICIA element of the Act coming into force, however ICIAs are also designed to cover existing policies, strategies and services. The council has not carried out an ICIA on *Our Ambition*, but has agreed to carry out ICIAs on existing policies, strategies and services at their routine review dates or on receipt of a review request.

Part 3

Is the council using its resources effectively?



The council has effective financial management arrangements as well as an effective process for identifying and managing risk.

The current estimated funding gap of between £61.2 million and £142.1 million over the next five years needs to be addressed. There is no clear link between the savings needed and the Change Programme. The council's reliance on using reserves to balance its budget is not sustainable in the long term.

Elected members' input into the budget process is variable and there has been no community engagement on the budget in recent years.

The council has historically reported underspends against the capital programme and this continues to be impacted by the Covid-19 pandemic and by the UK leaving the EU.

Financial plans, asset improvement plan and workforce plans are not clearly linked to Our Ambition.

The council's financial planning is not sufficiently well developed to provide assurance about its financial sustainability

70. The council has a Long-Term Financial Plan (LTFP) covering the period 2015-2050. Four financial models based on different scenarios were produced to give an indication of the broad financial impact. This modelling estimated a funding shortfall of over £200 million over the next 35 years, based on the level of capital expenditure required to maintain the existing asset base, whilst retaining acceptable levels of revenue expenditure. Given the continuing uncertainty and related challenges created by Covid-19, the council has not recently reviewed its LTFP. It has also not been updated to align with its *Our Ambition* priorities.

71. The council refreshes its Medium-Term Financial Plan (MTFP) on an annual basis, with the latest plan covering the period 2021-2027. While the MTFP makes reference to links to other council plans and strategies, including *Our Ambition* and its Workforce Strategy, these links are not explicitly set out.

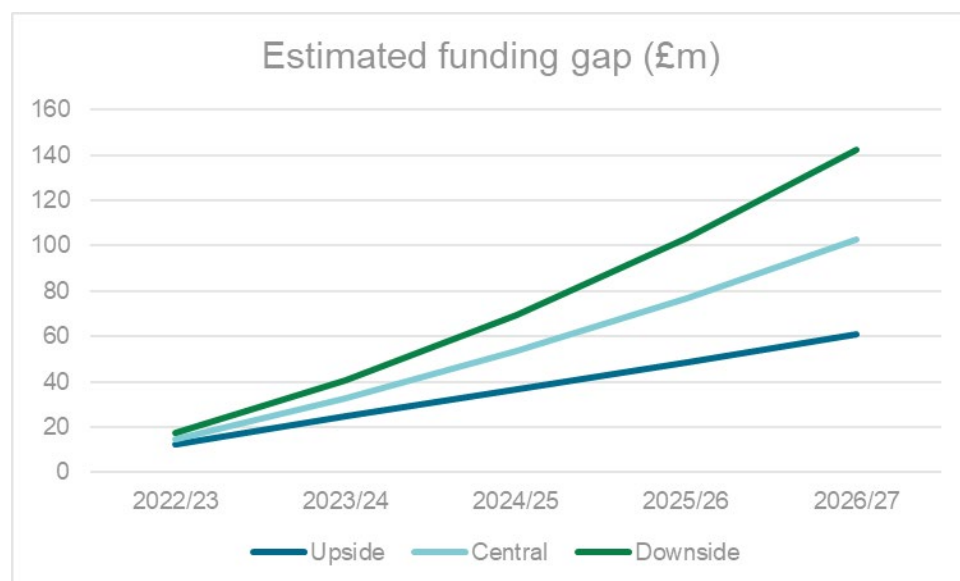
72. The council has used scenario planning to model the impact of the key assumptions, into three different scenarios. The estimated funding gap over the next five years is between £61.2 million and £142.1 million, as illustrated in Exhibit 4.

73. The council had historically reported a gap in the funding it received to cover the costs of its inter-island ferry services. Following significant engagement with the Scottish Government over a number of years, the council has secured full funding of £10.7m for the first time in 2021/22. Each scenario within the MTFP assumes that this will continue to be met by the Scottish Government over the period of the MTFP.

Exhibit 4

Shetland Islands Council's estimated funding gap

The council's estimated funding gap between 2022/23 and 2026/27 is between £61.2 million and £142.1 million



Source: Medium- Term Financial Plan 2021-2027

The council has effective financial management arrangements in place

74. The council has effective financial management arrangements in place and has a good track record of delivering services within budget and managing short-term financial risk. Financial monitoring reports are scrutinised quarterly by the Corporate Management Team and the Policy and Resources Committee. These reports provide a good overall picture and include appropriate narrative explanations for significant variances against budget.

75. The council is projected to achieve a small underspend of £680,000 against the approved general fund budget in 2021/22. The council's activity continues to be impacted by the Covid-19 pandemic and this was reflected in the original approved budget. The net impact of the pandemic is currently projected to be an additional cost of £4.1 million, with additional funding received from the Scottish Government to date of £3.8 million.

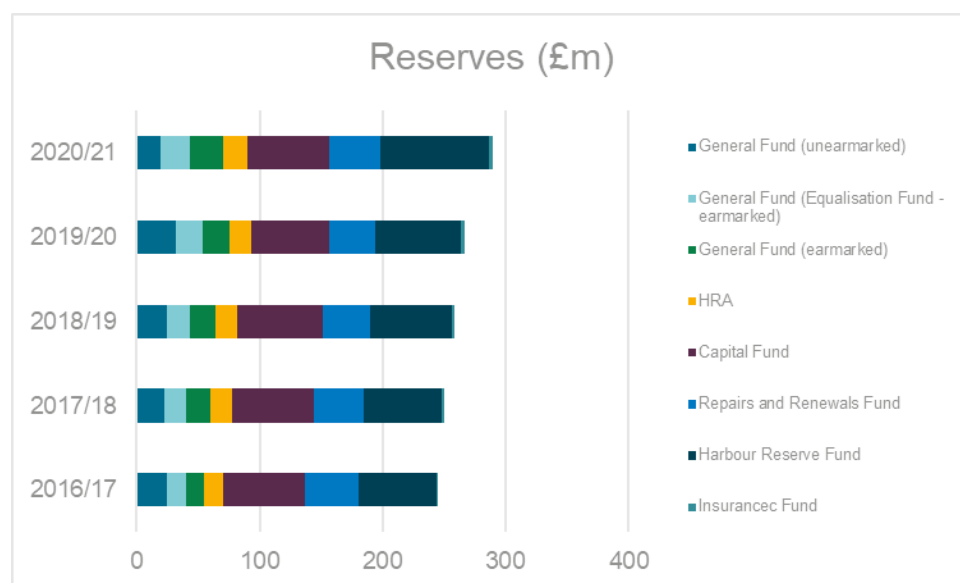
The council's reliance on reserves to set a balanced budget is not sustainable in the long-term

76. Shetland Islands Council is in a unique position among Scottish councils of holding a significant level of reserves which are invested to generate income to support the annual budget. As at 31 March 2021, the level of usable reserves held by the council, excluding unrealised gains on investment, was £290m (Exhibit 5).

Exhibit 5

Shetland Islands Council's reserves position

The level of useable reserves at 31 March 2021 was £290m



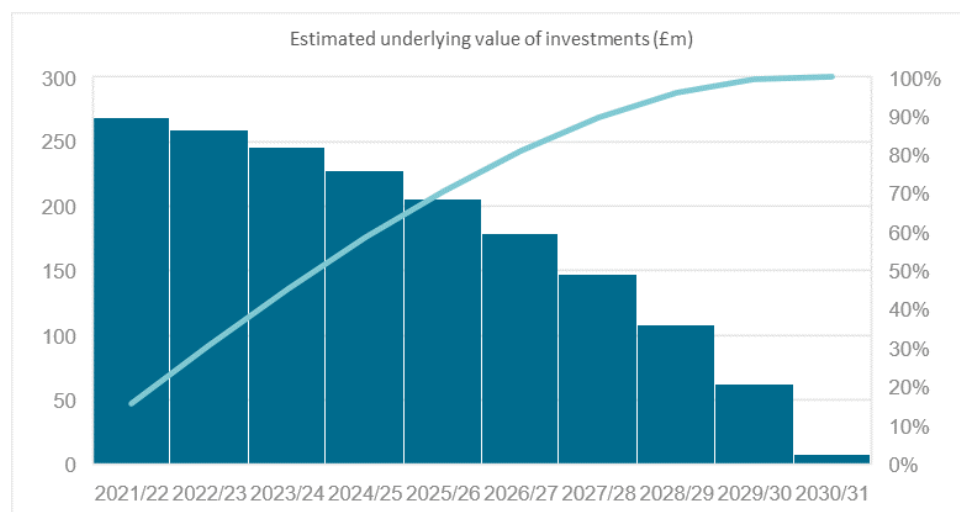
Source: Shetland Islands Council Audited Annual Accounts

77. In its MTFP, the council estimates that it can sustainably draw around £15 million from its reserves each year without eroding the underlying value of the investment. It has historically relied on using more than this amount in order to set a balanced budget. While this reliance has reduced in recent years, the reserves are projected to be fully depleted by 2030/31 if continued at the current rate (Exhibit 6).

Exhibit 6

Shetland Islands Council's use of reserves

The council's reserves are estimated to be fully depleted by 2030/31 if continued at the current rate.



Key: Blue line depicts percentage of reserves depleted over time

Source: Medium Term Financial Plan 2021-2027

There are good examples of the council focusing on early intervention and prevention, however, there is no system in place setting out how the impact of the majority of these will be monitored

78. There are good examples of where the council is focusing on early intervention and prevention as part of its longer-term approach to delivering a balanced budget, with a view to achieving a “one council” approach across the following four strategic themes:

- **Investment** – Actions designed to reduce the need for council services/ reduce the cost of council services (for example Residential Care project, Anchor Early Action project (Case study 1, page 37), Waste and Recycling projects and Emotional Resilience and Wellbeing project)
- **Efficiency** – Actions designed to reduce the cost of council services without changing service levels to the public (for example bus service procurement, internal air services, accommodation rationalisation)
- **Commercialisation** – Actions designed to increase income to the council (for example Energy Hub, Economic Development investments)
- **Retrenchment** – Actions which reduce the council's role in terms of services it provides and to whom (for example the Fair Ferry funding and College merger)

As discussed in Case study 1 on page 37, there has been extensive monitoring of the Anchor project. However, there is currently no system in place to monitor

the impact of the other activities listed above. Without appropriate arrangements, the council will be unable to determine whether these actions are having the desired impact.

The council has an effective process for identifying, assessing and managing risks

79. The council has an effective process for identifying and managing risks, including the specific risks arising as a result of Covid-19 and the UK's exit from the EU. A clear risk management policy is in place, with the risk register regularly reviewed by the Corporate Management Team, sitting as the council's risk board. Quarterly reports are then considered by both the Policy and Resources Committee and the full Council to allow all members to be informed and involved in discussing the high level and strategic risks facing the council. Budget management reports also clearly identify the financial risks arising as a result of Covid-19 with the impact on costs and income being closely monitored.

Elected members' input into the budget process is varied and there has been no community engagement in recent years

80. The 2022/23 budget was approved by the council in February 2022, with a good level of debate during the council meeting. However, elected member input into this process in preparation for the formal meeting was varied. Engagement took place with committee chairs and individual directorates, but no council wide briefings were provided. This has resulted in a limited corporate approach and lack of collective decision making. Input from elected members at an earlier stage of the budgeting process would have allowed the council to make more informed and planned decisions.

81. There was no community engagement in the budget setting process. It is important that the council seeks the views of the wider community to help inform the council's budget priorities (paragraph 138).

There is no clear link between the savings needed and the Change Programme

82. The Change Programme was approved in April 2021 but remains at an early stage of development. The detailed supporting projects and activities are still to be developed, therefore there is no clear plan of how this programme will address the savings estimated as being needed within the MTFP. This is discussed further in Part 5.

83. There has historically been a lack of buy-in from elected members on the need for change and there has been limited resources set aside within the budget to invest in transformational activity. As discussed in paragraph 76, the council holds a significant level of reserves and historically has relied on using these to balance its budget rather than needing to identify areas for efficiency savings or income generation from service redesign. It has therefore taken a very short-term view rather than considering the longer-term financial implications. As an example, in setting its budget for 2022/23, elected members agreed a freeze on Council Tax, the only council in Scotland to do so.

The council has historically reported underspends against its capital programme

84. Underspends have been reported against the capital programme in recent years. In 2020/21, actual expenditure was only 55 per cent compared to the original approved budget, partly as a result of Covid-19. This has improved in 2021/22 with expenditure expected to be 85 per cent of the original approved budget and has continued to be impacted by slippage and the continuing impact of the Covid-19 pandemic. The capital programme continues to be impacted by higher costs as a result of the UK leaving the EU and higher transport costs.

85. The housing capital programme has been more significantly impacted, with expenditure reported to be 69 per cent of the original approved budget in 2021/22. These underspends are due to several factors, including delays incurred during lockdown, limited availability of contractors, the council focussing its staff in getting property voids back into use and therefore diverting from the capital projects. In setting its 2022/23 revenue budget, members decided, against the advice of officers, not to increase housing rents due to the level of outstanding work, therefore this has had a further impact on the income available to support council housing services in 2022/23.

The Asset Improvement Plan is not clearly linked to the council's priorities

86. The annual budget setting process includes approval of an Asset Improvement Plan (AIP), which covers the next five years, with the most recent covering the period 2022-2027. As in the case of the MTFP, the projects within the AIP are not clearly linked to how they will help the council achieve its priorities set out in *Our Ambition*. The council has an ambitious AIP over the next five years with a total planned investment of £120m. This includes anticipated expenditure to replace its ageing fleet of inter-island ferry vessels, make improvements to local infrastructure such as roads and ferry terminals and to invest in its schools. The council recognises that it cannot afford to proceed with every capital project without additional support and is pursuing alternative funding streams. The council has not yet prioritised which projects it takes forward in the future. It will need to do this to ensure that its limited capital resources are invested in line with its ambitions.

87. In 2021/22, the council spent £17.499m against its AIP. The most significant projects completed in recent years include:

- Anderson High School Halls of Residence - £13.187m
- Lerwick Library Refurbishment - £1.750m
- Knab Site Redevelopment - £3.374m
- Eric Gray Replacement - £5.811m
- B9082 Cullivoe Road Improvement - £5.014m

88. The council makes use of business cases, which include options appraisals, cost considerations and available funding. However, as reported by the local auditor in his 2020/21 report, there are examples of the council making

decisions based on business cases that are not then implemented as agreed. The information being provided to members to make these decisions is not always fully developed and has resulted in delays to achievement of savings and additional costs to the council. For example:

- The business case for the acquisition of Shetland Leasing and Property Development Ltd¹² demonstrated clear financial savings, identified positive changes to service delivery and provided assurance that if appropriately managed, progressed and monitored, value for money would be achieved. While the outcome of the purchase has resulted in financial savings and positive changes to service delivery, it was subsequently identified that the council had paid £1.55m (9 per cent) above the value of the assets and delays in filing the accounts cost the council an additional £380,000.
- In approving the business case for the redevelopment of the Knab site (the site of the previous Anderson High School in Lerwick being redeveloped into a mix use of homes, leisure and business space) in February 2019, £1 million capital funding was approved for demolition costs, with a payback period of less than 4 years. The actual demolition costs increased to £3 million, with a payback period of more than 9 years. Members approved the additional funding requirements for the project in January 2021 and remain supportive of the project, however, they have raised concerns over the significant increase in costs. While the development of a business case is complex, it is important that members are making decisions based on robust information.

Weaknesses remain in the council's procurement processes

89. The council has a Central Procurement Team (CPT) that is responsible for procurement of goods and services estimated to be in excess of £50,000. Where the value is expected to be less than this, the procurement is dealt with by each individual service. The council spends approximately £70 million per year on procured work, supplies and services.

90. In 2020/21, the council's internal auditor carried out an audit of the council's procurement activity to assess compliance with its Contract Standing Orders (rules for the procurement of goods, works and services). The conclusion of this audit was a "limited level of assurance" on the control environment and identified scope for improvement, in particular:

- The Contract Standing Orders had not been reviewed and updated, despite this being a recommendation in the previous audit in November 2017. There was also limited operational documented procedures or training available to officers responsible for undertaking procurement activity.

¹² Info box: In 2018, the Council acquired SLAP, a property and investment company, which has a portfolio of 22 properties leased to local private sector businesses, national entities and Shetland Islands Council. The acquisition resulted in an increased rental income for the Council and assisted the council in the delivery of its Property Asset Management Strategy.

- Sample testing found that a number of contracts worth more than £10,000 had been awarded directly to a sole supplier without seeking the minimum number of quotes set out in the Contract Standing Orders.

91. Further work is being carried out by internal audit as part of the 2021/22 audit programme, with a report expected to the Audit Committee in June 2022.

Recruitment and retention of staff is a key issue for the council, however workforce planning is not fully embedded

92. Recruitment and retention of people for key posts is an ongoing issue within Shetland, with a specific set of challenges as an island council. Within *Our Ambition*, the council has committed to working with its partners to develop a clearer understanding of issues relating to recruitment and retention in Shetland and deliver a strategy that focuses on overcoming barriers to recruitment and retaining working age people.

93. A Workforce Strategy was approved in December 2020 covering the period 2020-2025 which set out key areas of priority required to meet the council's future workforce needs. The Strategy is based on three themes, "Right Shape", "Right Skills" and "Right Culture".

94. A Workforce Plan was then approved in September 2021 covering the period 2021-2026. This provides an action plan developed following the approval of the strategy and also reflecting on lessons learned through the pandemic. The aim of the plan is to build workforce capability through upskilling, re-skilling and increasing flexibility. The plan sets out a number of actions that the council should take to meet its workforce needs, including:

- Working with Promote Shetland¹³ to attract more external candidates to hard-to-fill roles.
- Understanding the barriers to attract applicants to specific roles, developing career pathways and supporting relocation to Shetland and its rural areas.
- Invest in workforce development to deliver transformational change.

95. While the MTFP and annual budget states that it will be updated to reflect changes to workforce planning assumptions, this is still at early stages and there is no clear link between workforce planning, financial planning and the Change Programme. It is important that this is closely aligned so that the council understands the shape and size of the workforce for the future, what that means in terms of budgets and how that is going to be achieved through the Change Programme.

¹³ Info box: Promote Shetland is a marketing service which aims to market Shetland as a place to live, work, study, visit and invest.

The council has effectively kept staff informed, supported and motivated during the pandemic

96. The council has effectively kept staff informed, supported and motivated during the pandemic and adapted well to remote working. Sickness absence has reduced to lower than 2016/17 levels reflecting a similar pattern across Scotland. The main cause is linked to the pandemic lockdown. Before the pandemic the council's main reason for sickness absence was poor mental health. The council provides employees with access to counselling and coaching through its Staff Welfare Service and Workforce Development and in 2020 started an Employee Assistance Programme as an additional tool to support this area.

97. The council's staff survey in 2021 reported improvements in satisfaction in comparison to 2015. 'Quality of Line Manager' increased from 69.2 per cent to 73.3 per cent, 'Quality of SMT' increased from 42.9 per cent to 57.3 per cent and satisfaction with working for the council increased from 62.2 per cent to 75.7 per cent. The council has a number of ways to track and report on actions taken as a result of feedback received.

Part 4

Is the council working well with its partners?



There is a positive culture of partnership working in Shetland. Community planning partners are committed to reducing inequalities in Shetland and have worked well to deliver Shetland's Covid-19 response. There is, however, a mixed picture in terms of improvements in local outcomes.

At an operational level, the council and the NHS work well together and there are some good examples of service transformation. There is a lack of strategic direction from the IJB in directing health and social care service redesign and transformation

The council is working well with partners to support Shetland's transition to net zero.

The council is making good progress with implementing some aspects of the Community Empowerment Act, and is working with partners to support communities to become more resilient. There has, however, been slow progress on other aspects of the Act, such as the development of locality plans.

There are good examples of community engagement, including with harder to reach groups, but the council did not consult with communities on the development of *Our Ambition*, nor does it consult communities on its budget.

The Shetland Partnership is clearly committed to reducing inequalities, and partners work well together

98. The Shetland Partnership (Shetland's community planning partnership) developed the Shetland Partnership Plan 2018-28, which was published in July 2018. This sets out the shared vision for the local area, as well as four high-level priorities (Participation; Place; People; and Money) and associated

outcomes. The plan was informed by community feedback gathered through the Place Standard consultation¹⁴ in 2016, and data on topics such as population, health, poverty and employment. There is a clear commitment to reducing inequalities within the plan, and in the various improvement projects supporting its delivery. Performance indicators, along with interim and longer-term targets, are set out within the plan.

99. The Community Planning Partnership (CPP) Management and Leadership Team (MLT) provides strategic leadership and oversight of community planning activity in Shetland. The council, NHS Shetland, Highlands and Islands Enterprise (HIE), the Scottish Fire and Rescue Service (SFRS) and Police Scotland are all represented on the MLT. The role of chair rotates annually, and the current chair is the Chair of NHS Shetland. The MLT meets frequently, the meetings are well-attended and there are positive working relationships between partners.

100. The wider Shetland Partnership Network brings together all statutory community planning partner agencies, such as Skills Development Scotland and Historic Environment Scotland, along with local partners, including representatives of Voluntary Action Shetland, Shetland Charitable Trust, Shetland Amenity Trust, Zetrans and UHI Shetland. This network is designed to support information sharing, the development of ideas and relationship building. Although partners within this network have been involved in the Covid-19 response, engagement with the wider network has been adversely affected by Covid-19. In recognition of this, the council's Community Planning and Development Team is currently re-engaging with the wider Shetland Partnership Network.

101. Community planning partners have worked well on projects designed to tackle inequalities. These include the Anchor Early Action Project (Case study 1) and Voices for Equity (paragraphs 141-142).

Case study 1

Anchor Early Action Project

The Anchor Early Action Project is a partnership project between the council, the IJB, NHS Shetland, Police Scotland and Voluntary Action Shetland. It was introduced in 2018, funded by the National Lottery Communities Fund.

Anchor Project officers work with individuals and families who are struggling to cope or on a difficult pathway, to identify specific actions or support needed to help overcome barriers and challenges and enable positive change. This supports a shift from crisis intervention to early intervention and prevention for families and individuals. The overall goal of the project is to create a system of support that will actively reduce the number of avoidable family crises.

The project has three objectives:

¹⁴ Info box: Place Standard Tool is used to support community engagement about place. It facilitates conversations about the physical characteristics of a place (such as buildings and transport links) as well as the social aspects (including people's feelings about whether they have a say in decision making).

- to facilitate family-led problem solving with those families engaged with Anchor
- to record and share learning on barriers and opportunities to family-led problem solving and the value of early intervention
- to demonstrate the potential value of system change and facilitate change through stimulating either small incremental changes or step-changes.

A project board was established at the outset to oversee delivery of the project, and to translate the learning from Anchor into system change. The board consists of a 'core board' with representation from each of the five partners, and a 'wider board' of ten senior managers from Shetland Islands Council, NHS Shetland and the IJB.

Family-led problem solving helps families to identify their own goals and measure their successes. Family-led intervention takes into account the particular needs of each family, so support given by the project officers varied by family. Examples of support given include: help with transportation or shopping; support to complete grant applications; and the provision of food parcels during the pandemic.

Evaluations of the first two years of the project reported positive outcomes for supported individuals and families. These included: new or improved relationships with support services; reduced stress and fewer mental health issues; improved family relationships; improved wellbeing and behaviour in children; improved confidence and problem-solving skills; increased uptake of free school meals; and improved financial stability.

An external review of the project also estimated that one hour of early action support could replace 3.5 hours of crisis intervention support.

The Covid-19 pandemic had an impact on the implementation of the project. As a result, an Early Help Team was established to expand the provision of early action to support more families. The project board's remit was expanded to become the Early Action Programme Board. This was in response to learning achieved through the project, as well as to accelerate system change. The project is now known as the Early Action Programme.

The Anchor Early Action Project is due to conclude by 31st March 2023. The Early Action Programme Board is now evaluating the learning gained through the project to support the development of a future model of family support, which is to be embedded within universal services, such as healthcare and schools.

Source: The Shetland Partnership

For indicators where data is available, the Shetland Partnership's impact on local outcomes has been mixed

102. The Shetland Partnership's Management and Leadership Team report on the partnership's performance in its annual progress report on its plan. Performance reports include examples of activity carried out under each of the four priorities, case studies and an assessment of progress against the performance indicators with associated commentary. Almost one-quarter of the 21 performance indicators have not been reported on since the 2018 baseline, and only around one-fifth have been reported on year-on-year. The CPP has

noted challenges with some of the performance indicators and reports that it may change or supplement some of these.

103. The performance indicators for which data for more than one year is available show a mixed picture of performance over time. Areas which have seen improvements include:

- the percentage of people who feel part of their community
- the percentage of people engaging in sport and physical activity
- the percentage of 16-19 year-olds who are in education, employment, training and personal development.

104. The percentage of households in fuel poverty also appears to have improved, however the Shetland Partnership attributes this to the Scottish Government's changed definition of fuel poverty which is likely to be masking the true extent of the situation in Shetland.

105. Areas where performance has declined over time include:

- Shetland's carbon emissions compared with the Scottish average (paragraph 123)
- foodbank usage
- the number of employees in Shetland.

Despite a general decline in outcome indicators over time, Shetland's outcomes were better than the Scottish average in 12 of 17 indicators in 2019/20

106. The Community Planning Outcome Profile (CPOP) indicators assess life outcomes in an area. These indicators cover, for instance, early years, older people, safer/stronger communities, health and wellbeing, and engagement with local communities.

107. Shetland's performance improved against six of the 17 CPOP indicators between 2015/16 and 2019/20, including median earnings and emergency hospital admissions, while performance was maintained in relation to the percentage of primary one children with a healthy weight. Performance declined in 10 indicators, including the employment rate and Shetland's fragility index, which is a weighted combination of de-population, rural depopulation and old age dependency ratio. In most cases where Shetland's performance declined, this trend was broadly similar to the Scottish average and/or family¹⁵ group average trend. Shetland's child poverty levels increased by two percentage

¹⁵ Info box: LGBF family groups are councils that have been grouped together for comparison as they are similar in terms of relative deprivation and rural, semi-rural or urban.

points between 2015/16 and 2019/20, however Shetland had the lowest levels of child poverty in Scotland in 2019/20.

108. The latest CPOP data (2019/20) shows that Shetland's outcomes were better than the Scottish average in 12 of the 17 indicators. Its outcomes were also better in ten of the 17 indicators compared to similar councils (that is, those in its family group).

The council and its partners have demonstrated strong partnership working in response to Covid-19

109. There are strong and positive working relationships between partners in Shetland and a positive culture of partnership working more generally. These good relationships have allowed partners to work well together in their joint response to the Covid-19 pandemic:

- The Chief Social Work Officer led the 'Care for People' team, which worked across the council and with the third sector to support vulnerable community members during the pandemic. Sub-groups provided support in relation to statutory social work services, community support and resilience, substance abuse and domestic violence.
- Partners established the Community Resilience Forum and Business Resilience Forum to support the initial response to the Covid-19 pandemic. The forums were used to provide updates on the public sector response to Covid-19 and hear updates on business and community issues.
- The council and its partners set up a Food Group, bringing together all emergency food providers in Shetland, and representatives from council services to source and distribute food to families on low incomes. The group set up 'food larders' in some schools, to make food accessible to vulnerable families supported by social work and the Anchor Early Action Project. The Food Group supported around 80 families and over 150 children during the pandemic.
- The council, supported by public, private and third sector partners, delivered the Coronavirus Support Hub, a freephone telephone service which provided support in relation to food, medicines, essential items, financial hardship, emergency care and lockdown advice to those who were shielding.
- The council and HIE supported community organisations to apply for and secure funding for their communities.
- The council supported NHS Shetland to deliver the Covid-19 vaccination programme. As part of this, three council assets were used as mass vaccination centres (MVCs) and the council provided free transport, including ferries, to those attending the MVCs from outlying areas.
- During the pandemic, the council and IJB have maintained strong performance in the percentage of over 65s with long-term care needs receiving social care at home; the rate of readmission to hospital within 28 days; and the proportion of care services graded 'good' or better in Care Inspectorate inspections. They ranked within the top three local authority areas for these indicators in 2020/21.

The council and the NHS work well together at an operational level

110. The Shetland Islands IJB was established in June 2015. The council and NHS Shetland delegated the responsibilities for planning and resource service provision of adult health and social care services to the IJB. The Shetland Islands Health and Social Care Partnership (HSCP) is the delivery organisation for the functions that have been delegated to the IJB.

111. Operationally, there is a long-standing, good working relationship between the council, the NHS and the HSCP. There are good examples of the partners working together to transform services, for example the nursing models for Islands with Small Populations (Case study 2).

Case study 2

Nursing Models for Islands with Small Populations

Shetland has a number of non-doctor islands, Fair Isle, Foula, Fetlar and Skerries – where, traditionally, a resident nurse has been the first point of contact for all healthcare needs on a 24/7 basis. Before Covid-19, there were also visiting services from the General Practitioners based at the respective Health Centres with responsibility for each island, along with some services provided by allied health professionals. It was recognised that this single post holder model was unsustainable as no one person can be on-call 24/7/365. The resignation of three post holders in quick succession led to the need to review this model of service provision.

Engagement took place with the communities of each of the islands in order to create a sustainable, affordable, and clinically appropriate service model which meets the health and care needs of islanders both now and for the future. This was initially through each community council, then with small working groups for each island to take forward the development of the future service model. Engagement also took place with partner agencies, predominantly Scottish Ambulance Service and Scottish Fire and Rescue Service.

The project work has resulted in the agreement and implementation of a new model for Fair Isle, Foula and Fetlar. Of note is the separate development of a “joint care worker and caretaker” model for Skerries as after three rounds of recruitment and an extensive reach of the recruitment campaign, the Partnership was unsuccessful in securing a candidate that could take on the initially proposed role.

The new agreed models of care are a combination of a residential nurse with the post holders also providing personal care for islanders as required. Out of hours care being accessed via NHS 24 and supported by a Scottish Ambulance service First Responder scheme. These new models are designed to enhance the resilience and overall sustainability of these remote island communities.

Source: Audit Scotland

112. The HSCP reports strong performance in delayed discharges, unlike many other HSCPs across Scotland. This has been achieved through focussed daily monitoring as part of the partnership working, with dedicated social work input to support the hospital and the development of an Intermediate Care Team.

This has allowed the HSCP to focus on early intervention and prevention work, for example the 2022/23 budget included a specific commitment to invest in the Intermediate Care Team to support people in their own home. Difficulties with recruitment and retention of care staff continues to be a key issue as across Shetland council area (paragraph 92). The HSCP is engaging with the Care Inspectorate on this issue.

113. Responding to the Covid-19 pandemic has delayed progress in the HSCP's development and improvement programme, however in some ways it has accelerated change, for example the use of technology-based solutions and working in multi-disciplinary teams. Despite these challenges, Shetland's performance in 2020/21, as reported in its Annual Performance Report, is showing improving performance and performance above the Scottish average, although some of the data is only available from 2017/18.

114. Access to adult mental health psychological therapies continues to be significantly below target due to long-standing recruitment difficulties. As part of the recovery plan, the psychological therapies team has recruited additional staff, and the service is embedding new technologies. The IJB is regularly monitoring the implementation of the recruitment, staff development and community-based support model that was developed by the HSCP.

There is a lack of ownership from the IJB in directing health and social care service redesign and transformation

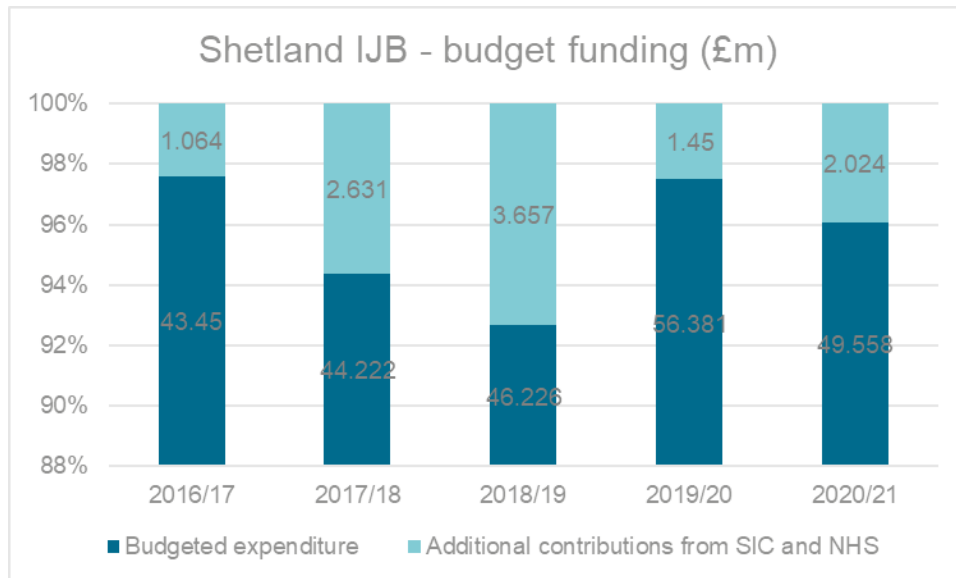
115. The IJB is currently reliant on the transformation strategies, workforce plans and savings plans of the partner bodies and does not currently operate a fully integrated budget. There is therefore a lack of ownership from the IJB in directing the service redesign and transformation across adult health and social care.

116. The IJB budget process is not fully integrated and is largely driven by the outcomes from the budget discussions at each partner body rather than the IJB making resourcing decisions, indicating a lack of ownership by the IJB. The IJB has historically overspent against its budget and, in each year, has received additional funding from the partner bodies to offset this, as illustrated in Exhibit 7, rather than making difficult decisions to operate within the original budget.

Exhibit 7

Shetland IJB budget funding

The IJB has received additional contributions from the partner bodies to offset overspends.



Source: Shetland IJB Audited Accounts

117. In March 2022, the IJB approved its 2022-2027 Medium-Term Financial Plan. The plan assumes that the IJB will be fully funded by the partners, and therefore does not identify any funding gaps or savings targets that need to be met. There is, therefore, little incentive to make transformational change. It does recognise that both the council and NHS are faced with financial challenges and highlights the need for all parties to work together to develop safe, effective and sustainable health and social care services.

118. The IJB recently approved its refreshed Strategic Commissioning Plan covering the period 2022-2025 to include a strategic priority to shift the balance of care towards people being supported within and by their communities. This is expected to improve the IJB's focus on providing strategic direction, with clear and specific direction to partner bodies for the services that it is commissioning.

The council is working with Orkney Islands Council and Comhairle nan Eilean Siar to progress the Islands Growth Deal

119. The council has worked well with Orkney Islands Council and Comhairle nan Eilean Siar on the *Our Islands Our Future* campaign. This was launched in June 2013 and sought to get the Scottish and UK governments to recognise the islands' unique circumstances. The campaign received a positive response, including the passing of the Islands (Scotland) Act 2018 which recognises the distinct context and challenges of island communities (paragraph 68).

120. Another positive development for the islands has been the Islands Growth Deal. This represents a £100m investment across Shetland Islands Council, Orkney Islands Council and Comhairle nan Eilean Siar. The councils aim to harness the islands' unique assets to play a key role in the transition towards

net zero and help address the islands' severe demographic challenges. The deal is funded equally by the Scottish and UK governments and is expected to attract a further £235 million investment from public, private and academic sector partners.

121. The three island councils and their partners have worked together to develop the Islands Growth Deal which was signed in March 2021 by the councils and the UK and Scottish Governments. The deal includes six Shetland-based project proposals and three joint island project proposals. Shetland Islands Council is leading on the joint TalEntEd Islands Programme in the Deal. This is designed to create opportunities for education, skills, entre- and intrapreneurship¹⁶, and commercialisation, supporting the increase in sustainable 'green' jobs across all three island groups. The programme is also intended to help the universities and academic partners on the islands develop new approaches to education provision that are aligned to long-term skills needs. It is hoped that this will attract people to the islands and encourage the existing population to stay, addressing the demography challenges and outmigration of young people, and therefore contributing to their longer-term sustainability of the islands.

122. The three island councils are currently working on outline business cases for each project, which will be presented to the Islands Growth Deal Joint Committee¹⁷ for approval before being presented to the Scottish and UK Governments for their approval.

The council is committed to working with partners on Shetland's transition to net zero

123. The council and its partners face a significant challenge in terms of climate change. The Shetland Islands had the highest level of CO₂ emissions per capita in Scotland in 2019/20, at almost four times the national average. The biggest consumer of energy within the council's own operations is its internal ferry services, accounting for around half of the energy it consumes as an organisation. The council is currently working to develop two net zero route maps for the council's estate and services and for Shetland as a whole by July 2022.

124. The council is working well with its partners to explore renewable energy opportunities through the ORION (Opportunity for Renewable Integration with Offshore Networks) project (Case study 3). This involves a range of initial research studies which will feed into larger, long-term projects to support Shetland's transition to net zero.

¹⁶ 'Intrapreneurship' is defined as entrepreneurship within an existing organisation.

¹⁷ Info box: Two elected members from each of the island councils sit on the Joint Committee. Shetland Islands Council is currently represented by the Leader and Chair of the Development Committee.

Case study 3

The ORION project

The council and its partners are working to explore how Shetland's unique topography can support the transition to renewable energy

Climate change is a strategic priority for the council and, in January 2020, the council approved the Shetland Energy Hub Project. This has since become known as the ORION (Opportunity for Renewable Integration with Offshore Networks) Project. The project aims to:

- enable the offshore oil and gas sector transition to net zero
- transform Shetland's current dependency on fossil fuels to affordable renewable energy to address fuel poverty and improve community wealth
- create a green hydrogen export business at industrial scale in Shetland by harnessing offshore wind power and creating new jobs.

The council is working in partnership with HIE, the Net Zero Technology Centre (NZTC) in Aberdeen, and the University of Strathclyde to progress the ORION project and has set renewable energy and net zero targets to be achieved.

In 2021, as part of the project, the NZTC carried out research to help understand which energy industries will generate value based on access to energy sources; explore export, import and storage opportunities for hydrogen and CO₂; and to understand the energy volumes that can be generated and managed on the islands.

The outcomes of the study are being used to shape NZTC projects funded by the Scottish Government's Energy Transition Fund. This includes an energy hub project involving research, pilot studies and technology trials for green hydrogen production at scale. It also includes a hydrogen backbone links project, which involves developing the technology required to export hydrogen via pipeline or tanker. The council has an essential future business interest in the projects as they relate to the future operation of the Port of Sullom Voe, Shetland's major deep water harbour. So far, the council has invested £160k match funding for the projects, with additional investment planned to help unlock £8.8m of pilot projects which Shetland has the potential to feature in or host.

The University of Strathclyde has been leading on a two-three year study to evaluate Shetland's onshore power systems, the first phase of which was completed in March 2022. It is also leading on a marine study to examine how maritime transport and ports can switch to clean fuels.

The Shetland Energy Transition Skills Group has also been set up to help understand and respond to skills issues and prepare and implement a sector skills development plan. The group includes representation from the council, the ORION team, HIE, UHI Shetland and the Shetland Net Zero Industry Forum.

Source: Shetland Islands Council

The council has supported community groups through the community asset transfer process

125. The Community Empowerment (Scotland) Act 2015¹⁸ makes it easier for communities to take ownership of land and buildings, in a process known as community asset transfer. The council has introduced an asset transfer policy, outlining the principles and stages of the process, as well as guidance on the decision-making process and review and appeals procedures. Since the Act came into force, three assets have been successfully transferred to community groups.

126. The council's community planning and development service and community involvement and development officers support communities with community asset transfers. In addition to successful asset transfers, the council has also worked with community groups who have expressed an interest in asset transfer.

The council does not yet have a mainstreamed approach to participatory budgeting

127. The council has supported community councils to run numerous participatory budgeting¹⁹ (PB) exercises since 2010, and half of Shetland's community councils have run at least one PB event. These exercises have used PB as an approach to distributing grant funding to community groups within local communities. Since the Act came into force, £276k has been subject to PB. All councils are expected to involve communities in how they spend a proportion of their budget, but the council has made limited progress to date with this mainstreamed approach to PB.

128. Community councils held two virtual PB events during the Covid-19 pandemic. Projects were promoted using social media and communities voted for their preferred projects online. Paper-based information and voting forms were also made available for community members who could not attend the virtual events or vote online.

The Shetland Partnership has been slow to develop locality plans

129. The Act also requires community planning partnerships to produce a locality or neighbourhood plan for each locality it has identified as experiencing significantly poorer outcomes. These were to be in place by October 2017. The Shetland Partnership, however, has been slow to develop locality plans with its communities and has only one plan in place. It has not yet identified other localities for future locality plans.

¹⁸Info box: The Community Empowerment (Scotland) Act 2015 aims to give communities more influence over how the council and its community planning partners deliver services. It provides formal routes for communities to become more involved, including participatory budgeting, participation requests and community asset transfers.

¹⁹Info box: Participatory budgeting allows communities to have a say in how the council should spend money locally.

130. The Shetland Partnership approved its Islands with Small Populations locality plan in August 2020, almost three years after the deadline. This covers the islands of Fair Isle, Fetlar, Foula, Papa Stour and Skerries, all of which are remote from Lerwick and have populations of fewer than 100 people. The plan was developed in partnership with the island communities and built on ongoing engagement between the islands and council services. The locality plan includes a collective plan for the five islands and a plan for each individual island. Expected outcomes in the collective plan include quicker resolutions of problems with operational service delivery and ensuring action to increase the working age populations of the islands is ambitious, holistic and results in a step-change for the islands' sustainability. However, there is no budget for delivering the locality plan.

131. The Shetland Partnership established an Islands with Small Populations Strategic Delivery Group following the publication of the plan, which first met in December 2020. Group membership includes representation from the council, NHS Shetland, HIE, the SFRS, Police Scotland, the Crofting Commission and Zetrans, as well as two community representatives from each island. The group has met to discuss a range of local issues, including health care; transport; connectivity; housing; and tourism.

132. While not a locality plan as defined by the Community Empowerment (Scotland) Act 2015, the council has worked with Scalloway Community Council to develop a Local Place Plan²⁰ through the Re-Create Scalloway project. The project began in 2018 and was intended to establish a future direction for the development and growth of Scalloway. The council supported engagement with the Scalloway community and the development of a spatial vision, which identified key development opportunities in the village, and an associated action plan for the area. To date, a number of actions have been achieved, including the demolition of the old youth centre, improved signage and way-finding, as well as public realm and parking improvements.

133. The council is currently leading on the Shetland Partnership's activity on a Shetland Place-based Review. There may be opportunities for the council and community planning partners to use the work it is doing around this to inform future locality plans.

The council and its partners are supporting island communities to become more sustainable and resilient

134. There are numerous examples of ways the council has supported communities to become more resilient and self-sufficient, including:

- The council and its partners are progressing the Fair Food project, which aims to create a more equitable food community in Shetland. The council approved £96.6k funding through its Coastal Communities Fund in January 2021 towards a three-year 'Grow Shetland' pilot project. This is being delivered by Transition Turriefield and aims to support the community

²⁰ Info box: Local Place Plans are part of the Planning (Scotland) Act 2019 and give people an opportunity to develop proposals for the development and use of land in the place where they live.

to grow more of its own fruit and vegetables, increase access to affordable food and encourage healthy eating.

- The island of Foula is an off-grid island which, until recently, did not have 24-hour access to electricity. The council and HIE have supported the Foula Electricity Trust (which owns and operates the electricity scheme on the island) to identify on-island renewable energy generating solutions. This has included supporting the Trust to secure loan finance through Scottish Government sources for wind generation. The wind generation has now been running for two winters and has reduced the use of diesel on the island.
- The council is piloting a Community Maintenance Post on the island of Fetlar, which has 61 full-time residents. The post was created to pilot a new approach to service delivery, which combined a number of duties into one locally-based post. The post was also designed to assist in sustaining the working age population on the island and add to the limited employment opportunities on the island.

The council has engaged well with communities on some topics but did not consult with them on *Our Ambition* or the budget

135. The council does not have an overarching community engagement strategy, but it uses a range of methods to engage communities. The council has four Community Involvement and Development Officers who support engagement with communities, and the council engages with its Islands with Small Populations through the strategic group (paragraph 131). The council has a public consultations section on its website, however it does not publish or show the results of its previous consultations within this.

136. There is no citizens' panel in Shetland, however, during the audit, members and officers reported good levels of engagement with community councils. The Association of Shetland Community Councils meets three times per year and provides a forum for all 18 of Shetland's community councils to engage with the council. The council's Community Council Liaison Officer also attends community council meetings.

137. During the audit, officers and elected members highlighted that elected members are much more visible in small island communities, and there is a lot of informal engagement between elected members and the communities they serve. The Covid-19 pandemic has resulted in less in-person engagement and more online engagement with communities. This creates a risk that harder to reach groups and communities with poor connectivity are less engaged.

138. The council does not consult communities on its budget setting process (paragraph 81). It also did not consult communities on the development of *Our Ambition* (paragraph 22). The council drew on the Shetland Partnership Plan, which was informed by community engagement (paragraph 98), when developing *Our Ambition*. However, this was carried out prior to the major developments of Covid-19 and EU withdrawal which may have had an impact on communities' priorities.

139. The council and its partners have carried out good, topical engagement exercises with communities. For example:

- In 2021, the council and HIE carried out an online survey as part of its 'Climate Conversation' with communities which received 836 complete responses. The council intends to use the survey results to inform its future communications, engagement and actions to tackle climate change.
- The council also carried out a series of 29 virtual Community Conversations between October and December 2020 to allow community anchor organisations, community councils and partners to reflect on what had been achieved during the Covid-19 pandemic response.

140. Between 2018-20, the council delivered the Scottish Government-funded Voices for Equity project on behalf of the Shetland Partnership. This aimed to help reduce inequalities in Shetland through participation. It matched 15 community participants with 15 civic participants to enable them to form 'learning relationships' whereby community participants facing challenges due to inequalities shared their knowledge and experiences with decision makers in Shetland.

141. Civic participants reported that Voices for Equity provided them with an enhanced understanding of inequalities. Feedback from community participants on the project was positive. For example, some reported that their confidence and self-esteem had increased, and their capacity had improved as they now felt they were capable of doing things they did not think they would be able to before. The council reports that various plans have been informed by Voices for Equity, including the Shetland Community Learning and Development Plan and Regional Transport Strategy, as well as the Anchor Early Action Project. It is not clear, however, how the council has used to results of this engagement activity to inform these. The council reports that the impact of Voices for Equity was more subtle, in that it has led to more thoughtful policy development and decision making due to decision makers' enhanced understandings of inequalities in Shetland.

142. The Shetland Partnership intends to use a similar methodology used in Voices for Equity to inform the Place priority in the Shetland Partnership Plan and the ten-year Plan to Attract People to Live, Work, Study and Invest in Shetland, and shape renewal and development for Shetland following Covid-19.

Part 5

Is the council demonstrating continuous improvement?



The council does not have a systematic approach to continuous improvement. Despite this, service performance has improved in many areas, and there are examples of innovation.

The council has taken action to address some areas of poor performance. The council also generally responds well to scrutiny including audits and inspections to improve. There is evidence of the council engaging externally to improve its services.

However, a lack of strategic leadership and drive has led to the council not yet demonstrating that it is meeting its duty of Best Value in a number of important areas. These are:

- **transformation**
- **financial sustainability**
- **performance management**
- **community empowerment**

The council has progressed in some aspects of Best Value since 2013, but is not yet meeting its duty in a number of areas

143. The Accounts Commission Audit of Best Value and Community Planning in Shetland Islands Council took place in March 2005 with a follow up in January 2007. These reports highlighted a number of concerns including:

- The absence of clear strategic plans and targets
- Lack of alignment between planned activity and resources
- Shortcomings in performance management and reporting
- The Executive Committee also attempting to fulfil the role of an Independent Audit Committee

- The council's inability to balance its budget, without relying on reserves

144. A series of follow up statutory reports from 2010 to 2013 highlighted concerns about the continual qualification of the council's financial statements, the effectiveness of working relationships, governance and accountability and the strategic leadership of the council.

145. The council put in place an improvement plan with the essential building blocks of Best Value in place by 2011. A further statutory report in January 2013 found significant improvement across all areas. The report found that the council would need to take difficult decisions to deliver on the commitments in its Medium-Term Financial Plan. These decisions needed to be taken to make the long-term financial position sustainable. The council also needed to review and prioritise its improvement activity. Exhibit 8 compares these judgements to the council's current position.

146. While significant improvement has taken place, there are some specific aspects of Best Value that lack strategic leadership which are:

- Limited performance management and reporting
- Ability to demonstrate financial sustainability
- Transformation
- Aspects of community empowerment

Exhibit 8

Comparison of previous key Best Value Judgements in 2012 and 2013

A comparison of Controller of Audit judgements in 2012, 2013 and 2022 shows that Shetland Islands hasn't made adequate progress in some key aspects of Best Value since 2013.

Controller of Audit judgement 2012	Controller of Audit judgement 2013	Controller of Audit judgement 2022
<p>Leadership and Strategic direction</p> <p>In April 2011 the council established new political management arrangements and in June 2011 it approved a new management structure.</p> <p>The initial indications are that they are helping the council to conduct business in a more focussed and organised way.</p> <p>The council has agreed a new management structure and has made significant progress in implementing the new arrangements.</p> <p>Working relationships have improved.</p> <p>The council needs to ensure that effective</p>	<p>The early indications are that the new political leadership is providing a clear strategic direction for the council. The interim chief executive's secondment has come to an end and the council has appointed a permanent chief executive.</p> <p>Working relationships among members and officers are constructive. It is important that this is</p>	<p>Appropriate political and management structures are in place with good working relationships between elected members and senior management but they are not yet providing the strategic leadership needed to co-</p>

working relationships are maintained to support continued improvement. This will be particularly important leading up to the council elections in May 2012.

The council has been working effectively with partners to develop a long term vision for Shetland Islands.

sustained to tackle challenges ahead.

ordinate and drive forward plans.

The council has a clear vision that takes account of the challenges facing the community.

(Part 1)

Building capacity and sustaining improvement

The council has improved its capacity by implementing its improvement plan. The changes to political management arrangements, governance and management structures have all helped with this. The council continues to develop training and development to support members and officers and has brought in external expertise to support improvement in key areas.

The council has made improvements to a number of supporting systems and processes which help it to do business more effectively. Some of the commitments in the improvement plan are behind schedule and need further development, but they do not compromise the plan overall.

The council continues to make good progress on its improvement plan and is building capacity by investing in training and development for members and officers. The council should review its improvement activity to ensure that it is being prioritised and managed effectively, so that it can assure itself that it has the capacity to deliver its objectives.

Good training and learning opportunities are offered to members.

(Part 1)

The council does not have a systematic approach to continuous improvement. Despite this, service performance has improved in many areas, and there are examples of innovation.

(Part 5)

Performance management and planning

There has been some improvement in performance management and planning arrangements, but further improvement is needed in this area.

The council has continued to improve its planning, budgeting and performance management arrangements.

The council has been slow to introduce appropriate performance management arrangements. The council is currently working to make improvements in this area

(Part 2).

Financial management and accountability

Some aspects of financial management have improved; the council has introduced more effective financial planning and budget setting arrangements and agreed a strategic budget plan and agreed principles to underpin its reserves policy. Budget monitoring reports to elected members have improved, but need to improve further.

Some aspects of financial management remain an area of significant concern however. The latest budget monitoring report indicated that the council has significant challenges in delivering its 2011/12 budget. The process of finalising the annual accounts was problematic, the financial statements were again qualified due to the exclusion of the results of the Shetland Charitable Trust and the annual audit report to the Controller of Audit and elected members raised concerns about the resourcing of the finance function.

The council's financial management arrangements have improved significantly. The 2011/12 financial statements received an unqualified audit opinion for the first time in six years. The council has appointed a new chief financial officer who has been instrumental in improving financial management in the council.

In order to sustain this positive direction of travel the council will need to take the difficult decisions needed to deliver on the commitments contained in the medium-term financial plan, to put the long-term financial position of the council on a sustainable footing.

The council has effective financial management arrangements as well as an effective process for identifying and managing risk.

However, the current estimated funding gap of between £61.2 million and £142.1 million over the next five years needs to be addressed. There is no clear link between the savings needed and the Change Programme. The council's reliance on using reserves to balance its budget is not sustainable in the long term.

(Part 3)

The council does not have an overarching, systematic approach to continuous improvement but there is evidence of improvement activity

147. The council does not have a structured approach to continuous improvement which limits the pace and depth of the council's improvement. There are however examples of where improvement activity takes place:

- The council carries out lessons learned reviews of whether individual projects, such as the Colleges Merger and establishment of a fleet of pool cars, met objectives successfully. These are considered by CMT and council committees and held by the PMO team to inform future work.
- The review of the council's Anchor Project (Case study 1) identified the success of the project and allowed a strategic expansion of this early action work.

The council generally responds positively to inspection reports and scrutiny recommendations

148. The council draws on the work and recommendations of scrutiny recommendations and inspection reports. For example, it is following up on the actions from the internal audit report of its performance management arrangements (paragraph 45). Council officers also carried out an Openness and Transparency review drawing on recommendations from its external auditor. This identified actions for improvement (paragraph 34) with a timetable for completion.

149. In some instances, the council has been slower to respond to recommendations and these are across some areas we have highlighted in the report. In its most recent external audit report in 2020/21, the council had implemented 13 recommendations with six recommendations either not implemented or partially implemented.

The council engages externally to share services, develop and share best practice

150. The council is part of Northern Alliance, working with Children's Services across eight councils in North and West Scotland. Through this membership the council accessed the knowledge and expertise of Aberdeenshire Council's Learning Estates Team and has been valuable in progressing Shetland Island Council's work on this.

151. Shetland Children's Services Management Team has also worked with the Northern Alliance in September 2021 to identify drivers for improvement in the service and take this improvement forward.

152. The council has identified potential efficiencies from working with partners and other organisations to successfully provide shared services including:

- ICT desk, network infrastructure, and some systems shared with NHS Shetland and the local Third Sector
- Performance Management System shared with NHS Shetland (paragraph 45)
- The council payroll service also provides this service to Shetland Charitable Trust

The councils' approach to transformation has been slow, lacking drive and urgency

153. The council had two key programmes to deliver service redesign and transformation change, the Service Redesign Programme since 2018 and Business Transformation Programme since 2017. These were replaced by the Change Programme which was approved by the council in April 2021. The council plans to work towards a 'one-council' approach through the Change Programme, championed by the Chief Executive. A Change Programme Board is in place, as has a Programme Management Office (PMO) to deliver this change programme.

154. To date, very little progress has been made on the change programme, with the PMO at the early stages of developing its remit and workplan. The process of identifying all existing projects across the council, most of which pre-date the change programme is ongoing. The programme is not currently transparent with the project timelines and available resources missing.

155. When working on larger transformation and service delivery projects there is a culture of directorates working on projects in their own areas with some resistance to change. Transformational change has historically happened at directorate level with little oversight and involvement from Corporate Services. There is a lack of dedicated resource and strategic leadership to drive this work forward.

156. A good transformation programme should provide a core, dedicated resource which is the centre of excellence providing the tools and templates which can be used by all projects. These tools and templates are to assess whether intended benefits of change have been achieved. This central team also avoids duplication and inconsistency amongst the projects in the programme and allows best practice to be promoted. One option for this may be a hub and spoke model²¹, with the PMO team as the hub and individual projects as spokes.

157. A Change Programme Policy Framework identifies the key council policies and strategic plans to progress *Our Ambition* and the change programme providing some strategic direction. However, the Change Programme contains no milestones or targets, and a lack of detailed actions to support its delivery. *Our Ambition* states that the progress will be reported and monitored through the Change Programme and Performance Management Framework. As the Change Programme is still being developed it will be difficult for the council and its stakeholders to know how well the council is progressing *Our Ambition*.

²¹ Info Box: In a hub and spoke approach to change management there is a centralised hub where activity is co-ordinated and resources and information flow in and out of the individual projects (spokes)

Recommendations

The council should improve performance management and reporting by:

- Ensuring performance indicators are in place for plans and strategies at the time of their development (paragraph 38)
- Setting targets for its KPIs as appropriate and in a timely manner (paragraph 39)
- Ensuring annual performance reporting is balanced, uses a mixture of qualitative and quantitative information (including recently agreed performance indicators) and clearly draws out areas for improvement and associated improvement actions (paragraph 42)
- Ensuring monitoring is in place for the council's early intervention and prevention projects (paragraph 78)

Elected members should work with council management to set out how it will meet the estimated funding gap (paragraph 70)

- The council should improve how it involves elected members in budget setting (paragraph 80)

The council needs to fully embed its Change Programme by:

- Identifying, developing and aligning its supporting projects and activities (paragraph 154)
- Setting clear timescales (paragraph 154)
- Fully resourcing its work including the PMO Team ensuring there is a dedicated core hub for its work (paragraph 155)
- Creating a clear plan of how it will address savings identified in the MTFP (paragraph 82)

The council should align all plans and strategies under Our Ambition to meet its priorities, specifically:

- workforce planning (paragraphs 71 and 95):
- Asset Improvement Plan (paragraph 86)

- financial planning (paragraph 95)
 - Change Programme (paragraph 95)
-

In respect of community engagement, the council should:

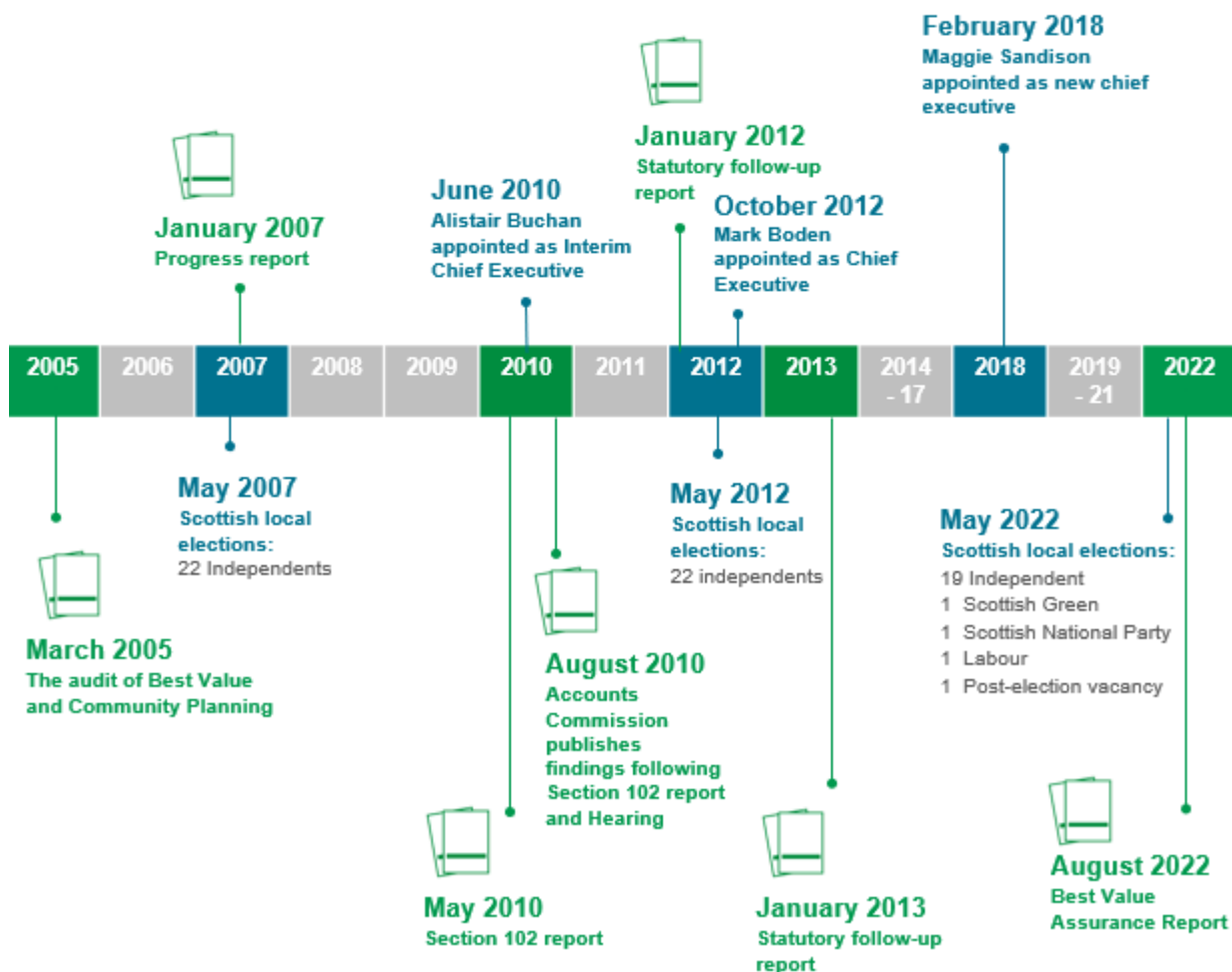
- engage communities on key strategic plans and developments, including the council plan and annual budget (paragraph 138).
 - demonstrate how the results of community engagement exercises have fed into plans and services (paragraphs 135).
 - ensure locality plans are in place (paragraph 129)
-

In respect of impact assessments, the council should:

- Develop a consistent approach in carrying out EIAs (paragraph 67)

Appendix 1

Best Value audit timeline



March 2005: [Shetland Islands Council - The Audit of Best Value and Community Planning](#)

The Accounts Commission has significant concerns about the lack of clear strategic plans and targets; the lack of systems to monitor performance across all areas of activity; the lack of a corporate approach to procurement.

January 2007: [Shetland Islands Council - The Audit of Best Value and Community Planning: progress report](#)

The Accounts Commission accepts that Shetland Islands Council has made a start in addressing the issues raised in the Commission's previous findings. However, it remains concerned about the pace and extent of change.

May and August 2010: [Report by the Controller of Audit to the Accounts Commission under section 102 and Accounts Commission findings](#)

The process for the recruitment and selection of the chief executive was not sufficiently rigorous. The council has not demonstrated that it can set a clear strategic direction, backed by sound and consistent decision making. The council faces a challenging financial future. The council needs to improve its governance and accountability arrangements.

January 2012: [Shetland Islands Council Statutory follow-up report](#)

The Accounts Commission welcomes the prompt action and progress made by the council with its improvement plan. It is seriously concerned the council's financial statements had been qualified for the sixth consecutive year.

January 2013: [Shetland Islands Council Statutory follow-up report](#)

The Accounts Commission welcomed the prompt action and progress made by the council with its improvement plan, but emphasised the need for such positive direction to be sustained and consolidated.

Shetland Islands Council

Best Value Assurance Report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

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MEETING: 11 AUGUST 2022

**REPORT BY: EXECUTIVE DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE
AND INTERIM CONTROLLER OF AUDIT**

**THE RESOURCE SPENDING REVIEW AND MEDIUM-TERM FINANCIAL STRATEGY -
ACCOUNTS COMMISSION BRIEFING**

Purpose

1. The purpose of this report and attached briefing is to update the Commission on the contents and implications of the [Resource Spending Review](#) (RSR) and the latest [Medium Term Financial Strategy](#) (MTFS), highlighting some of the key implications for local government finances.

Background

2. The RSR and the latest MTFS were published in May 2022. These set out the fiscal and budgetary challenge that the Scottish Government face, and its proposed response over the next five years. This is the first resource spending review since 2011.
3. The review and medium-term plans are in the context of significant challenges for Scotland's economy. Near term forecasts for the economy have changed substantively in the short period since even the December 2021 budget. Inflation has risen more sharply than expected, driven by the conflict in Ukraine, rising energy costs and supply chain bottlenecks in China.
4. Low-income families are expected to be more greatly affected by this due to the greater proportion of their income that is spent on food and fuel. The Scottish Funding Council (SFC) forecasts of Gross domestic product (GDP) growth are slightly lower than those in the December forecast and states that the risk recession in Scotland and the UK is now materially higher than previous forecasts.
5. Overall, the Scottish Budget will increase in cash terms over the medium term, but significant uncertainties lie ahead for the block grant and devolved areas of taxes and social security.

Local government issues

6. Local Government sees a substantial drop in its funding. Local Government's "core" resource budget is projected to be cut by 7% in real terms over the period. As only level two information is available however, we cannot see any of the transfers to local government from other portfolios that are an increasing part of the local government budget in recent years. However, the RSR confirms that existing transfers for Health and Social Care, Early Learning and Childcare and additional teachers worth £1 billion will also be maintained.
7. The RSR also makes no assumptions about council tax, stating that decisions about fiscal autonomy are part of ongoing discussions to establish a fiscal framework with local government. The Scottish Government states it will work closely with the Convention of Scottish Local Authorities (COSLA) and the Society of Local Authority Chief Executives (SOLACE) over the coming months to agree a new deal for Local Government in

Scotland in advance of the next financial year. This would include the scope for revenue raising in local government.

8. Another factor for the medium-term picture for local government and the Scottish Government is the implementation of the National Care Service. The RSR states that there will be “significant changes to functions currently delivered in full or in part by local authorities.” The details of this are not included in the RSR, but SPICe note that Scottish local authorities spent £3,528 million on social work and social care in 2020-21, 32% of total local government net revenue expenditure.

Other background material

9. Alongside the key documents themselves, this briefing is also informed by:
 - SPICe briefing on the [Resource Spending Review and pre-budget scrutiny](#);
 - The Scottish Fiscal Commission’s [economic and fiscal forecasts](#) which inform the MTFS and RSR;
 - Blogs from the Fraser of Allander Institute on the [economy](#) and the [Scottish budget](#).

Conclusion

10. The Commission is invited to note this report and attached briefing.

Antony Clark
Executive Director of Performance Audit and Best Value and Interim Controller of Audit
27 July 2022

2022 MTFS and RSR Accounts Commission briefing

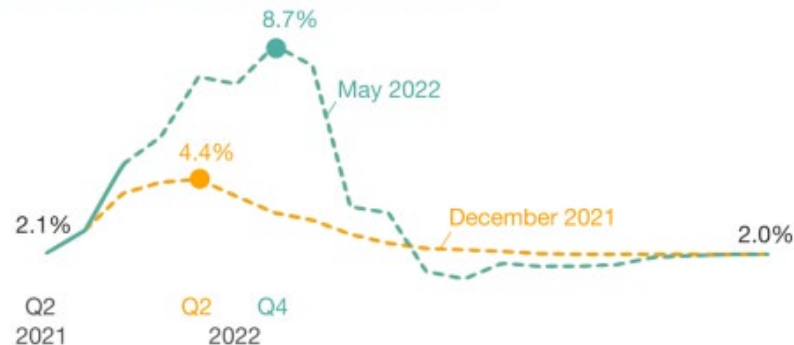
August 2022

The forecast economic situation in Scotland has changed significantly since the previous MTFS was published in December 2021.

- Inflation has hit a 40-year high of 9.0%, driven by the conflict in Ukraine, rising energy costs, and supply chain bottlenecks in China.
- The Scottish Fiscal Commission's forecasts of GDP growth are slightly lower than in the December 2021 forecast, and states that the risk of recession in both Scotland and the rest of the UK is now materially higher than previous forecasts.
- GDP and employment growth in Scotland is forecast to be lower than in the rest of the UK.

Changes in the economic outlook since the December 2021 MTFS

Inflation forecast raised significantly

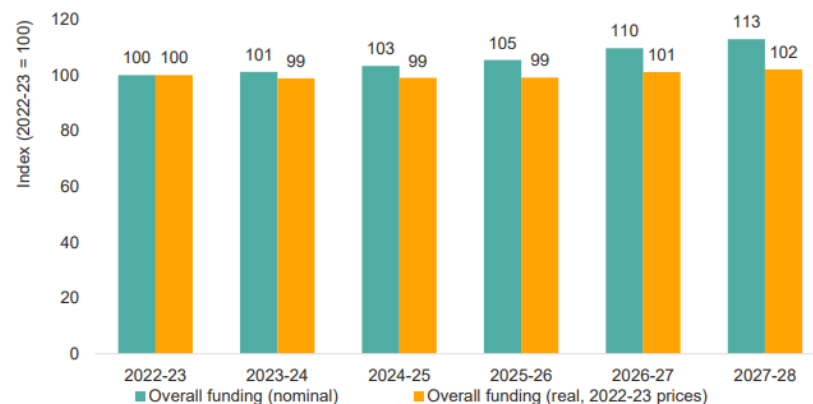


Source: [Scottish Fiscal Commission](#)

Overall, the Scottish Budget will increase in cash terms over the medium term, but significant uncertainties lie ahead for the block grant and devolved areas of taxes and social security.

- Specific Barnett consequential for Covid-19 costs have now ended, the block grant for the next five years will remain relatively flat in real terms. With an expected 2 per cent increase to the Scottish Budget by 2026/27.
- Negative tax reconciliations of the block grant adjustment have increased, although the 2020/21 reconciliation will be a positive £50 million instead of the £221 million forecast in the MTFS.
- The funding required for social security in Scotland will increasingly outstrip the associated Barnett consequential over time, placing additional pressure on the overall Scottish Budget.

Total Scottish Government funding (resource and capital)



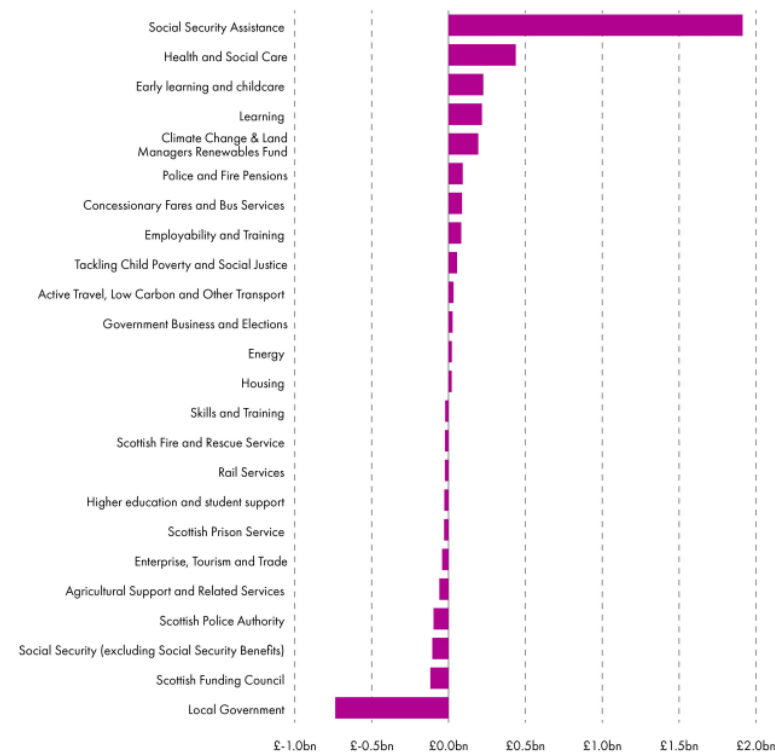
Source: [Scottish Fiscal Commission](#)

Scottish Government spending priorities

The Scottish Government's spending priorities are;

- tackling child poverty,
 - addressing the climate crisis,
 - securing a stronger, fairer, greener economy, and
 - delivering excellent public services.
- Health, social care, and social security will all see clear, real terms increases over the RSR period to 26/27.
 - Local Government as well as police, prisons, justice, universities and rural affairs' budgets will all fall by around 8% in real terms over the next four years.
 - The Scottish Government is also aiming to shrink the size of the public sector in Scotland to pre-Covid levels by 26/27.

Real terms changes to Level 2 Budgets, 22/23 to 26/27

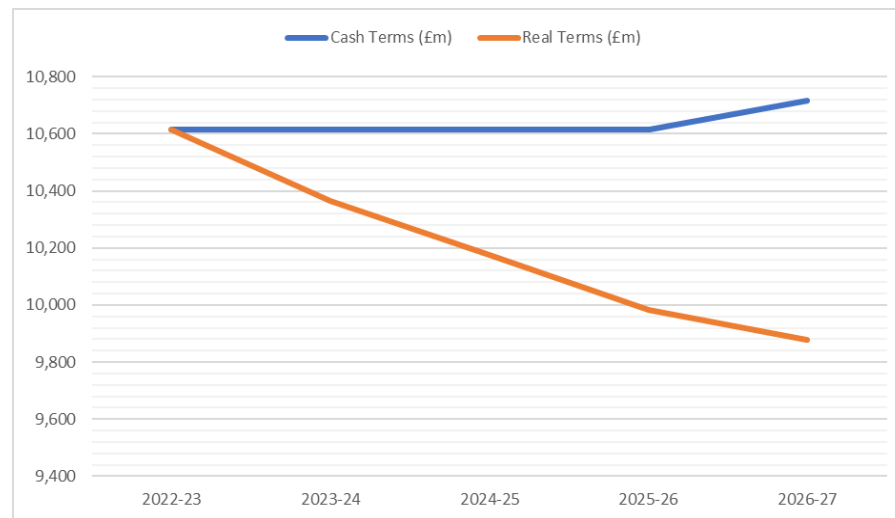


Source: [SPICe](#)

Funding for local government will be maintained in cash terms at 2022/23 levels, with a £100 million increase in 2026/27. Accounting for inflation, this could result in a 7 per cent real terms reduction in funding for local government by 2026/27.

- These figures are the 'core' resource budget for local government, which includes the General Revenue Grant, guaranteed non-domestic rate income, specific revenue grant figures (set out in the [Scottish Government's 22/23 Budget](#)), and a now-baselined additional £120 million added during the 22/23 Scottish Budget process.
- The 'core' resource budget does not include funding transferred in from other portfolios during the financial year, which now comprises a significant part of local government budgets. The RSR is not sufficiently detailed to quantify the level of transfers expected. However, the it does guarantee that existing transfers for Health and Social Care, Early Learning and Childcare, and additional teachers, worth a total of £1 billion, will be maintained across the review period.
- The RSR expects decisions about workforce management, pay and service provision to be managed by Local Government within the funding available to them.

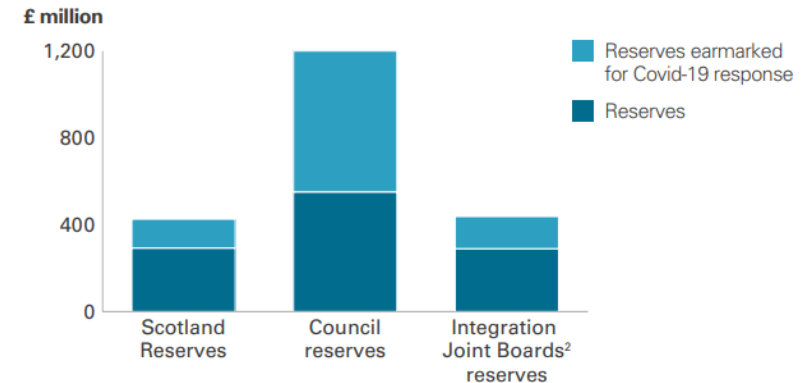
Local government funding allocation in cash and real terms, 22/23 to 26/27



Recent Accounts Commission's reports highlight that councils and IJB reserves have increased since the pandemic

- Councils added £1.2 billion to their reserves, an increase of 46% on the previous year, which was largely attributable to funding received from the Scottish Government late in the 20/21 financial year. Of this, councils had earmarked £650 million for the continuing response to Covid-19 in 21/22 and beyond.
- Integration authorities increasing their reserves by £437 million. This was an increase of 304 per cent, partly due to unspent Covid-19 funding
- Given the financial challenges facing councils it is important that councils are clear about how Covid-19 funding carried forward in their reserves will be spent, and the extent to which Covid-19 funded spending commitments will exist in future years
- We will continue to monitor the use of reserves in our Local Government overview work and Covid-19 tracking.

Covid-19 funding in reserves at the end of 2020/21



Notes:

1. £1.15 billion of deferred Covid-19 Barnett consequentials were carried over from 2020/21 to 2021/22 outwith the Scotland Reserve.
2. Integration Joint Boards are integration authorities which can hold reserves. This covers 30 of the 31 integration authorities in Scotland.

The RSR includes a commitment from the Scottish Government to work closely with COSLA and SOLACE to agree a new deal for Local Government in Scotland in advance of the next financial year.

- This new deal will be based upon the dual pillars of a Fiscal Framework for Local Government and a new Partnership Agreement.
- This will include the approach to council tax as well as exploring the scope for discretionary revenue-raising in local government, such as the Visitor Levy and Workplace Parking Levy.
- [SPICe](#) notes that the wording of the RSR suggests that progress has been made on the much-delayed review of local governance in recent months, and that more information on the new deal could be available soon.

The RSR confirms that there will be “significant changes to functions currently delivered in full or in part by local authorities” across the spending review period.

- The Scottish Government have committed to establish a National Care Service, which will impact both the functions and funding of local government in Scotland. We don't yet know the details of these changes, but spending on social care is a significant element of local government expenditure in Scotland - SPICe report in 2020/21 it made up 32% of total local government net revenue expenditure.
- The total cost to councils will depend on what services are included in the NCS but there may be an opportunity for savings on services such as finance, digital systems, and premises.

COSLA – COSLA have expressed “deep concern” for communities across Scotland, and argue that the RSR does not recognise the fundamental role local government plays in addressing the Scottish Government’s stated priorities. They also note the impact of the “flat cash” settlement for local government in the context of increased inflation and energy costs.

Fraser of Allander Institute – The FAI note the effective real terms cut facing local authorities in Scotland, and state that “the real terms erosion of the funding allocations of local authorities, police, universities and colleges represents the continuation of a longer trend”.

MEETING: 11 AUGUST 2022**REPORT BY: COMMUNICATIONS MANAGER****ACCOUNTS COMMISSION COMMUNICATION AND ENGAGEMENT STRATEGY**

Purpose

1. This report invites members to review, provide feedback on and approve the proposed Accounts Commission Communications and Engagement Strategy 2022-26 (**Appendix One**).

Background

2. At its meeting in November 2021, the Accounts Commission approved the overall approach to a new strategy and asked for more work to be done and a revised strategy to be drafted. In particular, members asked for clarity about the Commission's positioning, promotion activity, a supporting action plan, and measures for reporting progress against the plan. Other requests included promoting the diversity and experience of members, and plans for the Commission's web presence, and a simplified structure.
3. Since then, there have been a number of related developments. In December a new Chair was appointed. The Commission has also held a strategy seminar in March. The Commission has also developed a change programme which links with aspects of communications and engagement.
4. At the same time, Audit Scotland colleagues have been developing the 'Insights' programme, outlining development taking place in horizon-scanning, better coordination of stakeholder engagement, and impact reporting. This was presented to the Commission in June 2022 and has clear links and intersections with a proposed Commission communications and engagement strategy.

Communications and Engagement Strategy

5. The C&E strategy aims to support the priorities in the [Commission's Strategy 2021-26](#), supported by themes of the Commission's unique and national position, and the robustness of the work it publishes.
6. This aim has three supporting objectives:
 - Raising awareness of the Commission, its role and its value to the public sector and service users
 - Ensuring the Commission's work is relevant and informed by effective engagement with stakeholders
 - Increasing the impact of the Commission and its work to support and encourage improvement.
7. These will be delivered by three workstreams – linking to each objective – with details on the activities to deliver these. This structure has been simplified from previous versions the Commission has received.

8. Responsibility for delivering the strategy and its activities will be shared by the Commission secretariat and the Audit Scotland Communications team; the pronoun 'we' in the strategy refers to these colleagues. Please note that under the Commission's change programme, there are proposals for changing and growing the Commission secretariat. We will update responsibilities when the shape and skill-mix of the secretariat has been progressed.

Workplan and priorities

9. Paragraph 31 of the strategy notes that the Commission will each year identify priorities – including identifying priority stakeholders and priority projects and activities – to ensure implementation and delivery of this strategy. These will be set out in a workplan mapping engagement work for the next year. These priorities and workplan are proposed in **Appendix Two**.
10. The priorities to be taken forward in coming months are:
 - Branding and web presence
 - Significantly enhancing the Commission's role in leading debate on the future of local government (such as the symposium)
 - Better data on stakeholders' views and awareness of the Commission
 - Better data on impact
 - Enhance community engagement, both in national reporting and in local (council-by-council) reporting.
11. We also recognise some stakeholder groups gaining in priority for engagement, namely:
 - Scottish Parliament committees
 - Opposition parties
 - Communities/the public
 - The academic community
 - Policy influencers such as think tanks and consultancies.

Progress and reporting

12. Pages 4 and 5 of the strategy set out the activities, targets and measurement tools for monitoring and reporting progress to the Commission on the strategy's objectives and effectiveness. These will be reviewed on an annual basis and revised if appropriate.
13. As well as the regular reporting on individual projects, we will report to the Commission on progress against the strategy on an annual basis.
14. Members should note that this work will include the development and rollout of new methods and approaches, which will require testing, bedding in and adjustments based on early learning.

Branding and website

15. The strategy and workplan lists Commission branding and website in the activities to deliver. Both of these are also outlined in the Commission's change programme.

16. We have discussed and provided strategic and practical advice, indicative timelines and costs to the Chair on how to take these projects forward over coming months. We will engage further with the Commission on this shortly.

Next steps

17. Subject to approval, we will action the activities and priorities outlined in the strategy and workplan, where those activities are not already underway.
18. Proposals for aspects of delivery, such as a symposium, are already being presented to the Commission. Others, such as a public engagement programme, are in progress and will be presented to the Commission shortly. As above, we will also engage further with the Commission on branding and web presence.

Recommendation

19. The Commission is invited to review and approve the strategy, priorities and work plan.

Simon Ebbett
Communications Manager
29 July 2022

Communications and Engagement Strategy

2022-26

APPENDIX ONE

ACCOUNTS COMMISSION 

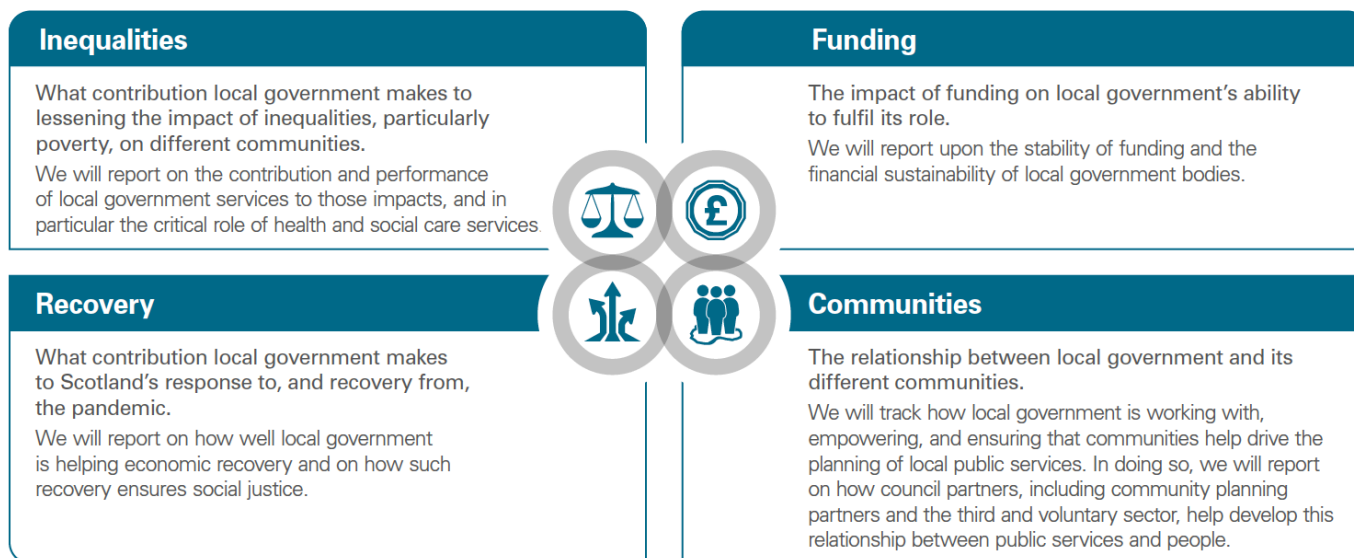
July 2022

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Learning and development	13
Supporting and related plans and projects	14

Purpose

1. The purpose of this Communications and Engagement Strategy (C&E Strategy) is to support and help deliver the Accounts Commission's [Strategy](#) and its strategic priorities.
2. We will do this through this C&E Strategy's objectives and workstream, underpinned by themes of:
 - the Commission's independence, expertise and position as the national body across local government in Scotland
 - and the robustness of the evidence behind Commission work.



Commission independence and expertise

Robust audit evidence base

Aim and objectives

3. The aim of this strategy is to deliver effective communication and promotion of the Commission and its work, and facilitate engagement with the Commission's stakeholders that supports its strategic priorities.
4. We will do this through three supporting objectives:
 - Raising awareness of the Commission, its role and its value to the public sector and service users
 - Ensuring the Commission's work is relevant and informed by effective engagement with stakeholders
 - Increasing the impact of the Commission and its work to support and encourage improvement.
5. This strategy will also support the Commission's dual aims of providing assurance to stakeholders about the performance of local government, when appropriate, and helping drive improvement in public services.
6. The table on pages 5 and 6 details the activity, targets and measurement tools that will deliver these objectives. The Commission will be invited to review the activity and targets annually and adjust as appropriate. Activities in bold are priority activities in 2022/23.

Objective	Activity	Targets to achieve by end of 2024	Measurement tools
Raising awareness	<ul style="list-style-type: none"> • Commission branding • AC website project • Media interviews • Consultation submissions • Media promotion • Social media 	<p>40% public awareness</p> <p>40% understanding of role</p> <p>70% MSP awareness</p> <p>70% MSP positive perceptions</p> <p>70% councillor positive perceptions</p>	<p>Public opinion surveys</p> <p>Client feedback surveys</p> <p>Focus groups</p> <p>Structured interviews</p>
Effective stakeholder engagement	<ul style="list-style-type: none"> • Stakeholder analysis and market research • Symposiums • Conference appearances • Round tables • Community group events • Parliamentary appearances • Social media engagement • Ministerial, council leader, CEO and 3rd sector 1-2-1s • Work programme consultation • Newsletters • Strategic Scrutiny Group • Think tanks 	<p>85% stakeholders receiving engagement</p> <p>85% satisfaction with contact</p> <p>80% of audits containing impact goal based on stakeholder engagement/service user priority</p> <p>80% positive perceptions from community groups</p> <p>Maintain 1% engagement on social media</p> <p>Increase social media audiences by >10% year-on-year</p>	<p>Public opinion surveys</p> <p>Stakeholder surveys</p> <p>Client feedback surveys</p> <p>Focus groups</p> <p>Structured interviews</p> <p>Report impact analytics</p> <p>Social media analytics</p>
Increasing impact	<ul style="list-style-type: none"> • Improved data collection and analysis • Recommendations • Media promotion • Social media • Parliamentary evidence sessions • Local government engagement post-audit • Audit follow-up activity 	<p>Av. 15 media articles for local reports</p> <p>Av. 30 media articles for national reports</p> <p>Maintain 1% engagement on social media</p> <p>Increase social media reach by >10% year-on-year</p> <p>90% recommendations uptake</p> <p>10% increase in Parliamentary mentions year-on-year</p>	<p>Media and social media analytics</p> <p>Parliamentary reporting</p> <p>Take-up of recommendations</p> <p>Political and sector announcements</p> <p>Data on service improvement and service user outcomes</p> <p>Focus groups</p> <p>Structured interviews</p>

Workstreams

7. We will deliver this strategy through three core workstreams linking directly to the objectives:
 - Awareness-raising and positioning
 - Stakeholder engagement
 - Impact measurement and reporting
8. While the diagram below portrays these as separate, in practice there is overlap between all three.
9. Each of these have supporting programmes, and these workstreams work will be supported by learning and development activity.



Positioning and promotion

Promotion and positioning

10. For the Commission to effectively deliver its priorities, stakeholders need to be sufficiently aware of the Commission and its work. Through this strategy we will aim to raise awareness and understanding of the Commission across a broad range of stakeholders, including the public.

11. The Commission also needs to hold the appropriate position in Scotland's public sector. We will work to consolidate its position as:

- The body that holds local government organisations to account and helps them improve, aiming to improve the outcomes for people
- The body that reports directly to the public, in public, on the performance of local government
- The body with a unique and independent national overview across local government in Scotland
- An authoritative, evidence-based voice on the issues facing local government in Scotland, as a sector and as organisations.

Audit promotion and driving priorities

12. We will support the dissemination and impact of the audit work delivered for the Commission through targeted promotion and engagement. This will be based on the specific aims and key stakeholders for each audit, to inform the most appropriate promotion and engagement methods, proportionate resources and appropriate performance measures.

13. We will support the Commission's strategic priorities through two approaches: bespoke activities about the priorities, such as specific audits, blogs and interviews; and identifying other audit work and current events that provide opportunities to highlight the priorities.

Maximising the Commission and its work

14. We will make more of the Commission's unique position, its collective experience and members' diverse expertise and experiences. This will help position the Commission as authoritative, independent and relevant. We will also work to extend the life and impact of audit work post-publication.

Stakeholder engagement

15. The Commission has a diverse range of stakeholders, with unique needs, perspectives and approaches to communication and engagement. We will seek to engage effectively with all stakeholders through a variety of methods and by demonstrating the relevance of the Commission's work to their priorities and concerns. In particular, we will work to better reach communities and service users.

Audiences and relationships

16. We will engage with this diverse range of stakeholders to understand and incorporate their experiences into the Commission's work. We will consider our stakeholders as diverse audiences with specific and different characteristics and interests. We will also seek to build strategic partnerships to help better inform our work, our understanding of our audiences and our reach and engagement.

17. Our engagement will be based on a consideration of the following: What are their priorities and key concerns? How does our work and communications link with those? What are the best methods of engaging and communicating with them?

Informing priorities and work

18. Our engagement will be two-way, so that stakeholders' viewpoints and concerns inform our overarching work programme, our audit work and our communications.

19. Through this engagement, we will aim to ensure the subjects of our audits are timely, relevant and helpful. Our audits and supporting work help drive improved services and outcomes, inform people's relationship with their council, and help public bodies use public money well.

Feedback and follow-up

20. Through improved feedback and targeted follow-up with relevant stakeholder groups, we will aim to get a clearer understanding of the impact of our work and where we can improve.

21. We will also use stakeholder engagement to help gauge the Commission's profile and position, people's understanding of its role, perceptions of its effectiveness, and whether it is focusing on the right priorities.

Measuring and reporting impact

Impact reporting

22. We will measure and report on the impact of the Commission's work and communications and engagement activity to assess what influence it is having, whether it is helping achieve our aims and priorities, how the Commission is perceived and what we can learn.

23. Key to our impact reporting will be prioritising the Commission's work, providing appropriate and proportionate resourcing, and being realistic in targets and aspirations. It will also involve a better blend of objective and subjective evaluation tools. Where appropriate, we will integrate evaluation with stakeholder engagement to ensure we are capturing the relevant viewpoints and perspectives.

Baseline and bespoke targets

24. We measure the performance and impact of our audit work and supporting communications through a mix of quantitative and qualitative targets and metrics. We will also set baseline and bespoke targets for each activity. Baselines targets and measures will apply across all communications and engagement activity, allowing us to compare against other Commission work and against UK audit agencies. When appropriate we will also develop bespoke targets relating to the specific audiences, aims and C&E activity for individual audits and projects.

Progress of C&E strategy

25. We will monitor and evaluate progress and performance of this strategy against the three objectives on page 4 through the targets and measures outlined there, and report to the Commission annually.

Learning and development

26. We will support the strategy through learning and development for both the Commission and support staff and by using the results and insights from our monitoring to develop and improve our approaches.

27. This will broadly cover three aspects of L&D:

- Learning from the implementation of this communication and engagement strategy in order to better inform our approaches
- Learning from relevant stakeholders about their communications and engagement approaches with audiences that are a common priority and in areas where the Commission has an interest
- Commission learning and development – both collectively and for individual members - and Audit Scotland staff continual professional development

28. One aspect of development is recognising that experimenting with new approaches and outputs carries risk. This means Commission members accepting that some experiments sometimes fail. Support staff will ensure that risks are proportionate and do not carry reputational risks, and that we learn from all new approaches whether they are effective or not in order to continue improving.

29. We will review Commission members' existing skills and experiences in order to maximise them and to identify and address communications-related skills gaps. Addressing those needs would include activities such as formal media training, training in blog writing, public speaking and presentation skills and other relevant skills.

Supporting and related plans and projects

30. This strategy is supported by activity plans. It also works alongside existing projects and workstreams.

31. The Commission will each year identify priorities – including identifying priority stakeholders and priority projects and activities – to ensure implementation and delivery of this strategy. These will be set out in a workplan mapping engagement work for the next year.

32. Other supporting plans include but are not limited to:

- Member activity programmes
- Commission learning and development programme
- Individual audit promotion plans.

33. Linked projects and strategies include:

- Commission change programme
- Audit Scotland Insights programme: horizon-scanning, engagement and impact reporting
- Performance Audit communications and production processes improvement project
- Audit Scotland Communications and Engagement Strategy 2020-23.




ACCOUNTS COMMISSION







COMMUNICATIONS AND ENGAGEMENT STRATEGY – PRIORITIES AND WORKPLAN

1. Priority themes

- Enhancing the Commission’s profile (and place in Scottish public audit) with all stakeholders through:
 - Better branding of Commission and of Scottish public audit
 - Better web presence for the Commission
- Building the Commission’s role in helping inform and shape the debate on the future of local government.
- Ensuring better data and analysis on how well different stakeholder groups are aware of us and the value that they place on our reports (including through market research).
- Ensuring better data and analysis on our impact.
- Developing our community engagement (and ‘presence’) along two dimensions:
 - National reporting:
 - More intensive activity around publication
 - Longer-term promotion of national reports
 - Further development of our roundtable model for community advocacy groups.
 - Local reporting:
 - Develop an approach to better promotion (and public understanding) of annual audit reports at a local level.

2. Priorities by stakeholder

Key	 Currently underdeveloped, so significant increase in priority and activity planned.	 Recently improved activity, but more needed.	 Activity currently in place, so minor enhancements only.
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Stakeholder	Priority	Aim
Scottish Government		
Ministers		While the Commission has had regular engagement with Ministers in the past, we want to be clearer on the purpose of this engagement, which is that: <ul style="list-style-type: none"> Ministers are kept more fully apprised of our impact We are contributing to Ministers' thinking about and relationship with local government.
Civil servants		A similar aim applies to civil servants, particularly in ensuring that the Commission is kept apprised of emerging thinking in the Scottish Government.
Scottish Parliament		
Scottish Parliamentary committees		Evidence suggests that parliamentary committees do not have a full understanding of the role of the Commission and how our work fits (and can help) with their remit. We therefore want our profile to be much higher with this stakeholder group.
Scottish Commission for Public Audit		SCPA's engagement with public audit partners is entirely with Audit Scotland. The Commission wants SCPA to better understand its role and how we can contribute to its remit. We are clear that such engagement needs to be done in partnership with Audit Scotland.
MSPs		In a similar fashion to parliamentary committees, evidence suggests that MSPs as a whole do not have a full understanding of the role of the Commission and how our work fits (and can help) with their remit. We therefore want our profile to be much higher with this stakeholder group.
Opposition parties		It is not clear whether opposition parties fully understand the role of the Commission and how our work can be used by them in (a) their policies relating to local government and (b) their scrutiny of the Scottish Government. We therefore wish to significantly increase our engagement with opposition parties.

Stakeholder	Priority	Aim
Councils		
Leaders	↗	We have regular engagement with council leaders, mainly through 'pushing' information on our reports and our work (e.g. newsletter), but it important that we ensure good two-way engagement, such as through COSLA leaders forum.
Members	↗	Similarly, we have good information dissemination with elected members, but we want to look at ways of encouraging more 'two way' engagement.
Chief Executives	↔	While we can be confident about chief executives' understanding of our role, there is potential for improving how we contribute to their collective thinking. More engagement with SOLACE such as through branch meetings is an easy way to improve this.
IJBs		
Chairs	↔	We have agreed our approach to auditing IJBs and social care in the run up towards the introduction of the National Care Service. Discussion and debate on the proposals will increase, and so we will want to ensure fruitful dialogue with IJBs.
Members	↔	Ditto.
Chief Officers	↔	Ditto.
Staff	↔	Ditto.
Other stakeholders - external		
Communities / the public	↑	Engagement with communities is a top priority for the Commission's communications and engagement strategy. This is to be shaped in two dimensions: <ul style="list-style-type: none"> National reporting – how our reports are understood and used by communities Local reporting – ensuring our work informs the relationship between councils and their communities (thus '32 local engagement plans').
Third and voluntary sector	↗	Third and voluntary sector play a crucial role in council service delivery and outcome improvement. The Commission has made initial steps to improve engagement to this stakeholder group through its roundtable initiative, but we now need to increase the pace.
Council community planning partners	↔	This does not feel like a priority area. Our engagement is based upon ensuring that council partners are aware of our reporting, and contribute to BV work as necessary.

Stakeholder	Priority	Aim
Strategic scrutiny partners	↔	The Commission is currently giving thought to how it wishes to take forward its responsibility to co-ordinate local government scrutiny. There is therefore no need for further development in this area beyond the Strategic Scrutiny Group.
Improvement Service	↗	While we recently completed a first year of our Strategic Alliance with the Improvement Service and agreed a second year of activity, the Commission's interest in
Local Government Benchmarking Framework	↗	The Commission has identified data as being an important priority area for development to help fulfil its responsibilities. LGBF will therefore be an important stakeholder with whom to engage in how to take this forward.
Academics	↑	In line with the priority set out above of building the Commission's role in helping inform and shape the debate on the future of local government, we need to significantly increase our engagement with this stakeholder group. The proposed symposium will be a good start to this end.
Think tanks / consultancies	↑	Ditto.
Other stakeholders - internal		
Appointed auditors	↗	We need better two-way engagement with appointed auditors, to be delivered through: <ul style="list-style-type: none"> • More effective use of quarterly local government forum meetings • More engagement through FAA Committee.

3. Priority activities

Activity	Detail	When
Website and branding	As part of the Commission Change Programme, we are committed to putting in place better branding of Commission and of Scottish public audit, and a better web presence for the Commission	<ul style="list-style-type: none"> • By end of 2022.
Data and intelligence	We want better data on how well different stakeholder groups are aware of us and the value that they place on our reports.	<ul style="list-style-type: none"> • First reporting to Commission by end of 2022. • Proposal on market research approach by end of 2022. • Enhanced data for BV reporting by Autumn 2023
Annual conference and/or symposium	We want to firm up proposals for an annual conference (i.e. the Commission reporting its work) and / or a symposium (i.e. the Commission using its work to inform debate)	<ul style="list-style-type: none"> • First symposium planned for late Autumn 2022 • Longer-term approach needs agreed by then.
Third sector roundtable	As noted above, we need to develop this important medium so that the third sector can see the value in – and contribute to – our work.	<ul style="list-style-type: none"> • Next roundtable planned before end of 2022. • Longer-term approach needs agreed by then.
Commission meetings 'roadshow'	We need to consider the business case for taking monthly meetings beyond Edinburgh.	<ul style="list-style-type: none"> • Business case by the end of 2022.

4. Stakeholder engagement workplan

Key:

Black text: already in place

Red text: proposed future development

Stakeholder	Approach	Next engagement
Communities		
Communities	<ul style="list-style-type: none"> • Roundtables with community advocacy/representative organisations (two per year) • Targeted outputs and social media engagement • Commission meetings in different locations • Significantly increased promotion of annual and BV audit to local communities • Potential market research activity 	<ul style="list-style-type: none"> • Next newsletter: October 2022 • Market research proposals by end of 2022 • Commission meeting proposals by end of 2022 • Annual audit promotion proposals by early 2023
Scottish Government		
Ministers	<ul style="list-style-type: none"> • Annual Commission meetings with ministers for local government and public finance. • (Also annual Chair meeting with Local Government Minister) • Annual work programme consultation • Minister involvement in annual symposium / conference 	<ul style="list-style-type: none"> • Next meeting with ministers: November Commission meeting • One-off meeting with Social Care Minister around National Care Service proposals and mental health issues: Autumn 2022 • Next work programme consultation: end 2022
Civil servants	<ul style="list-style-type: none"> • Monthly meetings between Commission support team and sponsor department on: <ul style="list-style-type: none"> ○ Framework agreement ○ Commission work programme ○ Scottish Government priorities • (Also six-monthly Chair meeting with Director and Deputy Director of Local Government) • Annual work programme consultation 	<ul style="list-style-type: none"> • Next meeting: September 2022 • Next work programme consultation: end 2022

Stakeholder	Approach	Next engagement
Scottish Parliament		
Scottish Parliamentary committees	<ul style="list-style-type: none"> • Bilateral relationship with Local Government, Housing and Planning Committee (LGHPC), particularly in considering Commission reports, supported by regular meetings between Commission support team and Committee clerking team. • Bilateral relationship with Public Audit Committee (PAC) on considering joint reports. • Bilateral liaison with other committees as business requires. • Annual work programme consultation • (Also six-monthly Chair meeting with LGHPC Convener and annual Chair meeting with PAC Convener) • Committee invitations to annual symposium / conference 	<ul style="list-style-type: none"> • LGHPC: Being discussed with clerking team • PAC: Late August (Committee planning day) • Next work programme consultation: end 2022
Scottish Commission for Public Audit	<ul style="list-style-type: none"> • Commission Chair liaises with SCPA as part of Audit Scotland Board 	<ul style="list-style-type: none"> • SCPA considering Audit Scotland budget in November/December
Opposition parties	<ul style="list-style-type: none"> • Annual 'workshop' meetings with shadow spokespersons for local government and public finance. • Enhanced communications with shadow spokespersons, focusing on Commission newsletters to councillors and third and voluntary sector. • Annual work programme consultation • (Also six-monthly Chair meetings with each spokesperson) 	<ul style="list-style-type: none"> • Next newsletter: October 2022 • Next work programme consultation: end 2022 • Round of meetings between Chair, Secretary and party local government spokespersons: Autumn 2022
MSPs	<ul style="list-style-type: none"> • Enhanced communications with shadow spokespersons, focusing on Commission newsletters to councillors and third and voluntary sector • MSP invitations to annual symposium / conference 	<ul style="list-style-type: none"> • Next newsletter: October 2022
Councils		
Leaders	<ul style="list-style-type: none"> • Six-monthly appearance at COSLA leaders' meeting • Annual member seminar around overview work • Annual work programme consultation • Leader invitations to annual symposium / conference 	<ul style="list-style-type: none"> • COSLA leaders' meeting in September 2022 • Next work programme consultation: end 2022

Stakeholder	Approach	Next engagement
Members	<ul style="list-style-type: none"> • Councillor newsletters three times per year • Annual member seminar around overview work • Member invitations to annual symposium / conference 	<ul style="list-style-type: none"> • Next newsletter: October 2022 • Next work programme consultation: end 2022
Chief Executives	<ul style="list-style-type: none"> • Six-monthly appearance at SOLACE branch meetings • Annual symposium around overview work • Annual work programme consultation • Chief Executive invitations to annual symposium / conference 	<ul style="list-style-type: none"> • SOLACE branch meeting to discuss strategy and BV auditing: Post August 2022 • Next work programme consultation: end 2022
IJBs		
Chairs	<ul style="list-style-type: none"> • Annual work programme consultation 	<ul style="list-style-type: none"> • Letter to Chairs on future auditing: sent July 2022 • Next work programme consultation: end 2022
Members	<ul style="list-style-type: none"> • Councillor newsletters three times per year 	<ul style="list-style-type: none"> • Next newsletter: October 2022
Chief Officers	<ul style="list-style-type: none"> • Appearance as required at meetings of IJB Chief Officers group • Annual work programme consultation 	<ul style="list-style-type: none"> • Letter to Chief Officers on future auditing: sent July 2022 • Next work programme consultation: end 2022
Staff	<ul style="list-style-type: none"> • Annual work programme consultation with trade unions • Trade union invitations to annual symposium / conference 	<ul style="list-style-type: none"> • Next work programme consultation: end 2022
Other stakeholders: external		
Third and voluntary sector	<ul style="list-style-type: none"> • Roundtables (two per year) • Newsletters: three per year • Invitations to annual symposium / conference 	<ul style="list-style-type: none"> • Roundtable: Autumn 2022 • Next newsletter: October 2022 • Next work programme consultation: end 2022
Council community planning partners	<ul style="list-style-type: none"> • Sharing councillor and community newsletters • Significantly increased promotion of annual and BV audit to local communities 	<ul style="list-style-type: none"> • Next newsletter: October 2022 • Annual audit promotion proposals by early 2023
Strategic scrutiny partners	<ul style="list-style-type: none"> • Regular liaison through Strategic Scrutiny Group • Annual work programme consultation 	<ul style="list-style-type: none"> • Further discussion by Commission on way forward for strategic scrutiny: Autumn 2022 • Next work programme consultation: end 2022

Stakeholder	Approach	Next engagement
Improvement Service	<ul style="list-style-type: none"> • Regular meetings between Commission Support Team and Chief Executive • (Also annual meeting between respective Chairs) • Annual seminar on overview reports 	<ul style="list-style-type: none"> • Next work programme consultation: end 2022
Local Government Benchmarking Framework	<ul style="list-style-type: none"> • Commission Secretary attends LGBF board meetings as observer (five/six per year) • (Also meetings between respective Chairs as required) 	<ul style="list-style-type: none"> • Next Board meeting: September 2022
Academics	<ul style="list-style-type: none"> • Involvement in annual symposium / conference • Longer-term engagement arrangements are needing to be developed. 	
Think tanks / consultancies	<ul style="list-style-type: none"> • Involvement in annual symposium / conference • Longer-term engagement arrangements are needing to be developed. 	
Other stakeholders: internal		
Appointed auditors	<ul style="list-style-type: none"> • Quarterly local government forum meetings • Auditor appearances at FAA Committee • Significantly increased promotion of annual and BV audit to local communities 	<ul style="list-style-type: none"> • Quarterly forum with new round of appointed auditors: August 2022 • Schedule of FAA appearances to be developed before end of 2022.

MEETING: 11 AUGUST 2022

REPORT BY: SECRETARY TO THE COMMISSION

SECRETARY'S UPDATE REPORT

Purpose

1. The purpose of this report is to provide an update to the Commission on significant recent activity relating to local government.
2. The Commission receives regular information to complement this report, which is available through the [members' SharePoint site](#). This includes:
 - The Interim Controller of Audit report to the Commission, updating the Commission on his activity.
 - An update on issues relating to local government which is considered by the Commission's Financial Audit and Assurance Committee.
 - A weekly news coverage briefing provided to the Commission by Audit Scotland's Communication Team.

Commission business

Publications and activities

3. Audit Scotland collects media coverage on all reports published by the Accounts Commission. [Appendix 1](#) provides download and view statistics for the Commission's published reports and blogs over the last 12 months, as of 30 June 2022. [Appendix 2](#) provides additional information on the overall engagement that reports, and other business received on social media, as of 31 July 2022.
4. During June and July, the Commission published the following reports:
 - A joint report with the Auditor General for Scotland on [Scotland's financial response to Covid-19](#). The report found that the Scottish Government moved at pace with its partners to respond financially to the pandemic. But public sector leaders need to be clearer about how one-off Covid-19 funding is being spent and what impact it has had (16 June).
 - An [Annual report 2021/22](#) (29 June) outlining the Commission's work in 2021/22 across Scottish local government.
 - An [Integration Joint Boards report with financial analysis for 2020/21](#) and accompanying [vlog](#) by William Moyes. The report highlights funding of IJBs in 2020/21 had increased by nearly 10% in real terms but this was mainly due to one-off Scottish Government funding to mitigate the impact of the Covid-19 pandemic. It warns of significant problems with financial sustainability, given future funding uncertainty and rising demand. (30 June).
 - A [Best Value Assurance Report on Angus Council](#). The report found the Council serves its communities well, has made impressive improvements to services in

recent years and benefits from effective leadership and a clear vision. There is strong partnership working and collaboration to help deliver services that benefit local people (5 July).

5. During June, two blogs were published following the publication of the Overview of Local Government report:
 - A [blog](#) by William Moyes, Chair of the Commission published about local government in Scotland 2022 highlighting the continuing challenges and uncertain future faced by local authorities, Integration Joint Boards, and other local bodies overseen by the Commission (1 June).
 - A [blog](#) by Geraldine Wooley, Commission member, on the inequalities in Scotland, highlighting the increasing body of evidence of serious health and wellbeing impacts and inequalities across Scotland and urging local government leaders to take urgent and decisive action (23 June).
6. On 17 June a [video](#) by Commission member Stephen Moore reporting on the June Commission meeting was published.
7. Over June and July, numbers on the Twitter account remained positive and the number of followers increased, particularly during June. This may be linked to [the Inequalities in Scotland blog](#) which accounted for over a quarter of impressions (the number of browsers exposed to the Commission's social media content), for the month at over 5,000. The blog was very well engaged with on Twitter, including by MSP Monica Lennon and third sector figures from the Poverty Alliance, Barnardo's Scotland and Save the Children. Throughout June the [Commission's annual report 2021/22](#), the Chair's [blog on the LGO](#) and the [Financial analysis of IJBs briefing](#) were promoted in addition to the recruitment of Commission members. On the Audit Scotland Facebook and LinkedIn accounts we advertised the current vacancies for posts about the recruitment of Commission members, adding over 2,700 and 8,500 impressions, respectively, from each account.
8. In July, the [Angus Council BVAR](#) featured well on social media. Angus BVAR posts accounted for over half of all organic impressions (over 9,000) on the Commission Twitter account in July, with a further 5,000 impressions on Facebook – this is a significant number for our Facebook account across all Accounts Commission and Audit Scotland content and outperformed the [Moray Council's Best Value Assurance report: progress report](#), which generated 2,200 impressions across all platforms. Angus Council and the local political party running the council also engaged and shared the content widely on social media, and we would attribute this to the positive numbers.
9. On 10 June William Moyes launched the recruitment campaign for four new Commission members. Three blogs by Commission member Andrew Burns were also launched as part of the campaign, covering what he [enjoys about being a Commission member](#), [the impact of the Commission](#) and about [bringing expertise to the Accounts Commission](#). Two online events for prospective applicants to learn more about the work of the Commission on 30 June and 5 July were well attended. Appointments are due in October 2022.
10. On 28 July the Commission issued its latest newsletter to all 1227 of Scotland's councillors providing an update on the work of the Commission. This can be found on the [members' SharePoint site](#). These newsletters are issued three times a year.
11. On 29 July the Commission issued its latest newsletter to third and voluntary sectors and community groups (also issued three times a year). This can also be found on the [members' SharePoint site](#).

12. On the 3 August, Tim McKay, Interim Deputy Chair of the Commission hosted a joint webinar with the Improvement Service for councillors considering the Commission's Annual [Local Government overview report 2022](#). The event was well attended with over 40 councillors.

Forthcoming publications and activities

13. During August the following publications are planned:
- A video by the sponsors on the proposed briefing Scotland's councils' approach to addressing climate change (5 September)
 - A vlog/video by Tim McKay reporting on today's Commission meeting (19 August)
 - The Best Value Assurance Report on Shetland Islands Council (25 August).

Other Commission business

14. On 19 May the Commission submitted a joint response with the Auditor General for Scotland on the revision consultation in relation to the National Strategy for Community Justice. This can be found on the [members' SharePoint site](#).
15. At its meeting in May, the Commission endorsed the *Quality of public audit in Scotland 2022* report, conclusions from which were reported in the Commission annual report, published on 29 June. At that meeting, the Commission also noted that the Director Audit Quality and Appointments and Secretary would liaise with Audit Scotland to ensure a response to the Commission on matters raised in discussion. I have agreed with the Director of AQA and Director of Audit Services, Audit Scotland, that the Commission will consider the matter at its November meeting.
16. During June and July the Commission submitted the responses to the following consultations:
- A joint response with the Auditor General to the Scottish Fire and Rescue Service on the SFRS draft Strategic Plan 2022-25. This can be found on the [members' SharePoint site](#).
 - A joint response with the Auditor General and Audit Scotland to the Scottish Parliament's inquiry into the role of public participation. This can be found on the [members' SharePoint site](#).
 - A joint response with the Auditor General to the Scottish Government on the enhanced data collection on Education – National Improvement Framework. This can be found on the [members' SharePoint site](#).
17. On 20 June Carol Calder, Interim Director, Audit Scotland spoke to the Improvement Service Change Managers Network about the Local Government Overview Report 2022. Following the presentation, the network of council representatives shared learning and experiences in change and transformation.
18. On 1 July the Scottish Government [announced](#) that the Minister for Social Security and Local Government had reappointed Andrew Burns, Andrew Cowie and Christine Lester as members of the Accounts Commission for a second four year term.
19. The Commission's Code of Conduct, agreed at its last meeting, has been approved by Ministers and is now available on the [Commission's website](#). Meanwhile, the Standards Commission has issued guidance accompanying the new Model Code, upon which the Commission's Code is based. It is available on the [members' SharePoint site](#). The

guidance confirms previous advice from the Scottish Government in relation to paragraph 4.20 of the Code, that interest in shares and securities should only be registered if it could be “significant to, of relevance to, or bear upon, the work and operation of the public body”. The Scottish Government has also confirmed that there will be no need to change the wording of the Code itself.

20. Members are asked to review the members’ communications schedule on the [members’ SharePoint site](#). This includes a list of planned publications and activities for the year, along with indicative roles for members in promotion and engagement activities. This document is live and is updated monthly, following discussion with Audit Scotland’s communications team.

Auditor General

21. On 7 July the Auditor General [published](#) a report *Scotland’s Colleges 2022* outlining that colleges responded well to Covid-19 but that change is now needed to ensure financial sustainability on the longer term. Although colleges responded well to the shift to online learning during the pandemic the proportion of students successfully completing their course fell.

Audit Scotland

22. From 6 June Audit Scotland moved into phase five for returning to the office. Revised guidance and office guides were published and are available on the [members’ SharePoint site](#). All facilities are now available to use. Some of the key changes include distancing rules being relaxed and the wearing of masks is now discretionary.
23. During June and July Audit Scotland published the following reports:
 - [Annual report and accounts 2021/22](#)
 - [Quality of public audit in Scotland 2021/22](#)
 - [Transparency report 2021](#)
 - [International work report 2021/22](#)
 - [Correspondence and whistleblowing report 2021/22](#)
 - [Corporate Plan 2022/23 update](#)
 - [Annual fraud and irregularity report 2021/22](#)
24. On 23 June Audit Scotland hosted colleagues from Audit Wales and the Northern Ireland Audit Office data analytics teams in the Edinburgh office to discuss respective projects and plans, share knowledge and plans to continue collaborating. Senior Manager Morag Campsie posted this [tweet](#) about the event.
25. On 28 Audit Scotland launched its events and communications programme *Audit Scotland 2022*, with the first keynote event, a conversation with the Auditor General, scheduled for 25 August.

Issues affecting Scottish local government

Scottish Government

26. At its last meeting, I advised the Commission about the Scottish Government [consultation](#) on its first Data Strategy for health and social care. The consultation

covers how the data should be used and managed. I advised that I was still liaising with Audit Scotland colleagues on whether the Commission responds to the consultation. It is proposed that the Commission responds to this consultation.

27. During May the Scottish Government [published](#) a new equalities training tool relating to children's rights aimed at anyone who wants or needs to better understand children's rights including local and national government employees, parents, carers and families and those working with children. It provides a broad overview of children's rights and the many rights-based frameworks and legislation which support them and how these rights are embedded in Scottish policy and practice.
28. On 31 May the Scottish Government [published](#) an analysis of responses to the consultation on the Resource Spending Review. The consultation asked six questions and ran from 9 December 2021 until 27 March 2022 and received 72 responses. An additional six external engagement roundtable sessions were held between March and May 2022 with key stakeholder groups. There are six key findings from the analysis:
 - Respondents generally agreed with the priorities outlined
 - Respondents generally agreed with the drivers of public spending listed
 - Respondents gave a number of suggestions on how policy interventions can be used to maximise the value achieved from the public sector workforce. Most suggestions focused on investment and financing, the third sector, workforce remuneration, recruitment, retention, training and development.
 - Respondents broadly agreed with the Framework's proposed approaches to maximise the positive impact of Scotland's public spending.
 - Respondents supported the decision to conduct an equality assessment of the spending review's findings.
 - Views on how to continue the engagement featured a number of recurring themes including improving the timing for consultations, including lived experiences in decision making, and the need for diversity of views and deeper levels of engagement.
29. On 9 June the Scottish Government [wrote](#) to Lady Poole, chair of the Covid-19 Inquiry, noting changes to the terms of reference of the inquiry which have been agreed between her and the government.
30. On 29 June the Scottish Government [published](#) its fourth annual progress report on the tackling child poverty delivery plan. The report identifies investment of almost £8.5 billion committed to support low-income households between 2018-22 and reported that all the actions committed to as part of the first delivery plan have been delivered. Key achievements over the period 2018-22 included:
 - The introduction of the Scottish Child Payment
 - An increase in the number of real Living Wage accredited employers
 - An increase in the funded hours for Early Learning and Childcare from 600 hours in 2018 to 1,140 hours in August 2021.
 - The delivery of 35,095 affordable homes, 25,562 of which were for social rent
 - The extension of concessionary travel to all under 22s
 - The expansion of universal free school meals to children in primaries 4 and 5, and an increase in School Clothing Grants.

31. On 1 July the Scottish Government published details about a [consultation](#) on the draft improvement plan on Scotland's Equality Evidence Strategy 2023-25. The consultation:
- Seeks views on the vision for equality data improvement over the period 2023-25
 - Seeks views on the proposed improvement actions, including how these should be revised and prioritised, and any additional actions that should be considered for inclusion
 - Seeks to understand when and how equality evidence is used and any barriers faced
 - Seeks to understand who is producing equality evidence and any barriers faced

It is proposed that, given the focus on data, that the Commission does not respond, but to note that Audit Scotland will respond, which I will share with the Commission.

32. On 1 July the Scottish Government's Head of Human Rights Strategy and Legislation Unit provided an update to key stakeholders including the Commission, on the work being undertaken on the review of the Public Sector Equality Duty. In addition to some key staff changes, the update advised that work over the summer will focus on consultation analysis and administration and that future stakeholder engagement is planned after this.
33. On 7 July the Scottish Government [published](#) details of stakeholder events that will focus on Just Transition Outcomes (relating to the Energy Strategy and Just Transition Plan). Each stakeholder event will include cross-sectoral key partners including COSLA, local authorities, Community groups, Trade Unions, Environmental Groups and those associated with equalities and outputs from the events will be published once available. Separate engagement will take place relating to the developments of the draft Energy Strategy and Just Transition Plan.
34. On 12 July the Scottish Government [published](#) details of the support that is being made available to mitigate the increased cost of living. Amongst other policy areas and specific support funding, the article highlights the following funding for 2022-23:
- £294.4 million for Scottish Child Payment and other family benefits, including Best Start Grants, Best Start Foods and Bridging Payments.
 - £64 million for universal provision of free school meals during term time for children in p4 and p5 and alternative holiday provision for eligible children.
 - £306 million for concessionary travel.
 - £437 million to help with household bills via Council Tax Reduction and Water Charge Reduction.
35. On 18 July Kate Forbes [joined](#) her Welsh and Northern Irish counterparts in writing to the UK Chancellor Nadhim Zahawi outlining their areas of concern ahead of the forthcoming UK Budget. They highlighted the uneven distribution of cost-of-living pressures and advocated a targeted package of support, rather than broad-based cuts in taxes. The devolved finance ministers also expressed concerns around the impact of inflationary pressures on spending plans, with all three arguing emerging pressures are likely to affect recovery in education and the health service.
36. On 18 July the HM Chief Inspector of Prosecution contacted the Commission and Audit Scotland with details of the national review of diversion from prosecution. The joint

review will be carried out HM Inspectorate of Prosecution in Scotland (IPS), Her Majesty's Inspectorate of Constabulary in Scotland (HMICS), Her Majesty's Inspectorate of Prisons for Scotland (HMIPS) and the Care Inspectorate. The review will include four local authority case study areas and the terms of reference for the review are available on the [members' SharePoint site](#).

Local government general

37. On 21 June the Scottish Government [published](#) the Local Government 2021-22 Provisional Outturn and 2022-23 Budget Estimates which summarises the 2021-22 provisional outturn and 2022-23 budget estimates for revenue and capital services provided by local authorities. The data is collected from local authorities annually via the Provisional Outturn and Budget Estimates (POBE) statistical return. Figures for 2021-22 will reflect the impact of Covid-19 on local authorities' provisional revenue and capital expenditure; whilst figures for 2022-23 will reflect any budgeting assumptions local authorities' have made for the continued impacts of Covid-19.
38. On 21 June the Scottish Government [published](#) Council Tax collection statistics for 2021-22. In 2021-22 for Scotland as a whole, the total amount of Council Tax billed (after Council Tax Reduction) was £2.723 billion. Of this total, £2.607 billion, or 95.7%, was collected by 31 March 2022. This provisional in-year collection rate is higher than the previous year which was impacted by the economic effects of the Covid-19 pandemic. Provisional in-year Council Tax collection rates for 2021-22 ranged from 92.8% to 97.7% across the 32 local authorities (details of Council tax collection levels for each local authority are available online [here](#)).

Health and social care

39. On 1 June the Scottish Government [published](#) details of social security investment in the Resource Spending Review with more than £23 billion to be delivered in social security payments over the next four years which will help lift children out of poverty and mitigate the cost of living.
40. On 14 June the Scottish Government [published](#) a summary report of views from early engagement on the development of Scotland's new suicide prevention strategy and action plan 2022. Analysis of seven themes identifies priority and policy areas and includes Mental Health, Social Care, Criminal Justice, Education, Transport, Housing and Poverty. This was followed in July by the launch of a joint [consultation](#) with COSLA on the new suicide prevention [strategy](#) and [action plan 2022-25](#). The 10 year strategy aims for a cross-departmental and societal approach and the initial action plan is for 3 years. The consultation seeks the views on the strategy and action plans' proposed vision, priorities and outcomes as well as individual actions. The actions reference a number of local authority linked service areas including homelessness prevention activity, local authority housing teams, partnership working with criminal justice and ensuring counsellors in education settings have appropriate skills. It is proposed that the Commission respond (in conjunction with the Auditor General), albeit at a high level, noting its interest and its ongoing performance audit work on mental health.
41. On 20 June the Scottish Government [introduced](#) its National Care Service (Scotland) Bill (the Bill) in the Scottish Parliament. The Bill provides the framework for a National Care Service (NCS) and the intention is the detail of the NCS will be co-designed with stakeholders and those with direct experience of social care services. The Parliament's Health, Social Care and Sport Committee will lead on scrutiny of the Bill. A more detailed briefing paper produced by Audit Scotland outlining the vision, principles and expectations, NCS arrangements and summary of the Bill can be found on the [members' SharePoint site](#).
42. On 21 June the Scottish Government [published](#) of an outline timetable to implement

the Health and Care (Staffing) Act by spring 2024. The act is the first workload and workforce planning legislation for the NHS and social care in Scotland and aims to ensure appropriate staffing levels are in place to support high quality care for patients and service users.

43. On 24 June the Scottish Government [published](#) details of a new wellbeing economy monitor that has been introduced to complement traditional metrics like Gross Domestic Product (GDP) and include measures such as child poverty, levels of greenhouse gas emissions and biodiversity, and fair work indicators to consider Scotland's economic success.
44. On 29 June the Scottish Government published a new healthcare [framework](#) for adults living in care homes. The framework covers eight aspects: A nurturing environment, the multi-disciplinary team, prevention, anticipatory Care, self-management and early intervention, urgent and emergency care, palliative and end of life care, a sustainable and skilled workforce and data, digital and technology. A total of 77 recommendations are made throughout the framework. The Scottish Government plans to establish an implementation oversight group, work with key stakeholder to develop a set of metrics to monitor and evaluate success and produce an annual progress review.
45. On 29 June the Scottish Government [published](#) details of a consultation on a new mental health and wellbeing strategy for Scotland. The strategy will be used to guide the work that the government and stakeholders will undertake to improve mental health and wellbeing in Scotland. The consultation questions cover the proposed vision, draft outcomes for individuals, communities and services and support. In addition to the strategy a workforce plan will be published in 2023. It is proposed that the Commission respond (in conjunction with the Auditor General), albeit at a high level, noting its interest and its ongoing performance audit work on mental health.
46. On 1 July the Scottish Government [published](#) details of a new group - the National Drugs Mission Oversight Group made up of international experts, people affected by drugs, the third sector and local government representatives to support the national mission to reduce drug deaths. The group met for the first time in June and the [terms of reference](#) for the group and an [overview of the group](#) including membership were also published in July.
47. On 8 July the Scottish Government [published](#) revised guidelines relating to support and for people in adult care homes to be able to connect with others and see family and friends without restrictions and that booking systems should only be used when a care home is managing a Covid-19 outbreak. The guidelines set out the principles and expectations for supporting people living in adult care homes and provides an overview of measures that currently remain in place.
48. On 15 July the Scottish Government [published](#) details of the planned Autumn/Winter Covid-19 booster programme. This outlines that from September, in Scotland, a further booster vaccination will be offered to those at highest risk of severe Covid-19 disease including residents and staff in care homes for older adults, frontline health and social care workers, all adults aged 50 years and over, people aged over 5 years in a clinical risk group or who are household contacts of people with immunosuppression and carers aged over 16 years.
49. On 21 July Scotland's Drug Death Taskforce [published](#) its final report as it warns there is a need to take urgent action to reduce deaths in part by tackling stigma and ending discrimination around addiction. The taskforce concluded greater resource is required to deliver transformational change as it advocates governments move away from punitive measures in favour of rehabilitation. This includes a call for the UK Government to amend legislation to allow for safe consumption rooms in Scotland. The

report identifies 20 recommendations and 139 actions to be taken. In relation to reviewing current diversion from prosecution guidance, local authorities are asked to work with specialist and people with lived experience to embed the guidance in a consistent and evidenced-based way and to monitor and evaluate its effects.

Education and Young People

50. On 31 May the Scottish Government [published](#) the fifth annual report of the Commissioner for Fair Access which showed that all six indicators are flashing green despite of the impact of Covid-19. However the figures relate to 2020-21, the first academic year impacted by Covid-19 and it is anticipated the full impact of interrupted schooling, digital poverty, financial hardship and other factors will be seen in future reports. The following six recommendations are made:
- That the 2026 target of 18% of SIMD20 entrants is not raised or brought forward before the medium and long-term impact of Covid-19 can be assessed.
 - National targets on fair access should continue to be defined in terms of SIMD. But institutional SIMD targets are no longer fit-for-purpose and institutions should use their own measures to determine their targets.
 - In taking forward the Scottish Funding Council sustainability review, and in future considerations of the structure of Scottish Government agencies and their responsibilities, attention should be paid to the current work of the Welsh Government in promoting an integrated system of tertiary education.
 - The Scottish Government should commit to providing an adequate number of (fully) funded places in higher education to reduce the possibility that progress towards fair access for the most deprived students might increase competition for places among other social groups.
 - Sustainable funding should be provided for the Scottish Framework for Fair Access.
 - The Scottish Funding Council should take more decisive action to enforce its 75-per-cent target for Higher National (HN) students moving to degree courses to receive advanced standing
51. On 14 June the Scottish Government [published](#) annual summary statistics for the follow-up destinations of 2020-21 school leavers. The results showed 93.2% of school leavers were in a positive destination nine months after the end of the school year, an increase from 92.2% in 2019-20.
52. On 14 June the Scottish Government [published](#) details that the Education Secretary was inviting children, young people, families and teachers to join a national discussion on education with learners playing a key part in decision-making. The National Discussion will be co-convened with COSLA, launching in the new term to inform wide-ranging plans, including the creation of three new education bodies and a review of qualifications and assessment.
53. On 17 June the Scottish Government [published](#) the 2021 Headteacher Survey. This reports that 87% headteachers in Scotland say improvements have been made in closing the poverty-related attainment gap despite the impact of the Covid-19 pandemic. And that 94% expect to see improvements over the next few years as a result of Attainment Scotland Fund (ASF) supported approaches.
54. On 21 June the Scottish Government published details of a [consultation](#) on draft

guidance on the use of physical intervention in schools. The human-rights based guidance was developed with input from young people, parents, carers, education staff and the Children and Young People's Commissioner Scotland. The consultation runs until 25 October. Given the operational nature and that this is draft guidance, it is proposed the Commission does not respond (in common with the Auditor General).

55. On 1 July the Scottish Government [published](#) details about summer support for thousands of children from low-income families who will benefit from free childcare activities and healthy food as part of a £10 million summer programme. Funding has been allocated to local authorities to supplement existing holiday programmes or develop new ones. Support has been targeted at the six priority family types at greatest risk of poverty.
56. On 4 July the Scottish Government [published](#) its Purpose and Principles for Post School Education, Research and Skills Development Ecosystem: Scope and Approach document, which aligns with wider education reform underway.
57. On 7 July the Scottish Government [published](#) information about £32 million to be given to local authorities as part of the Whole Family Wellbeing Fund in 2022-23. The funding will build services focusing on prevention and early intervention, so families can get support before reaching crisis point. Decision on the use of the funding will be made by Children's Services Planning Partnerships.
58. On 11 July the Scottish Government [published](#) details of a consultation on the current inspection arrangements for early learning and childcare (ELC) and school-aged childcare. The consultation sets out the vision and guiding principles and also seeks views on the proposal for a shared ELC inspection framework to be developed by the education inspectorate and the Care Inspectorate. The consultation closes on 28 October. It is proposed that the Commission responds to this consultation.
59. On 12 July the Scottish Government [published](#) a summary review of Scotland's Children's Services Plans published in 2020-23. The review analysis was structured around 15 Criteria and highlighted the following areas of strength:
 - A clear and shared vision
 - Services offered with a focus on prevention and early intervention
 - Incorporation of the GIRFEC practice approach
 - Incorporation of children's rights and UNCRC
 - Presentation of links to aligned national/local plans
 - A narrative on children's services offered
 - Setting out how services provide whole family
 - Presentation of robust governance arrangements

In addition, the majority of plans addressed Covid-19, referencing the impact of the pandemic and lockdown restrictions and describing innovative services and supports developed locally in response. Areas for further development included the following:

- Presentation of sufficient budget and resourcing information
- Use of data and evidence to explain the rationale behind the choice of strategic priorities, and stronger reference to joint strategic needs assessment data
- Measurable and time-related Plans to meet the SMART Criterion
- Engagement with parents/carers/families, the wider community, and local workforce, including the Third Sector

- Reflection of the National Performance Framework (NPF)
- A third of Plans needed to include more information on the provision of related services.

Social Security

60. On 11 May the Scottish Government [published](#) its plans to support an additional 30,000 people by removing income thresholds from Best Starts Foods eligibility by 2023/24 as part of the Tackling Child Poverty Delivery Plan.
61. On 7 June the Scottish Government [published](#) details of a new benefit to support those struggling to pay winter fuel bills. The Low-Income Winter Heating Assistance will support 400,000 households by guaranteeing them a payment of £50 in February 2023. £20 million has been set aside for the payment. This benefit replaces the UK Government's Cold Weather Payment, which the Scottish Government claims is unreliable as it is only triggered during cold spells.
62. During June and July the Scottish Government published details about the [second](#) and [third](#) phases of its pilot rollout of the new Scottish Adult Disability Payment. Individuals living in Aberdeenshire, Angus, City of Aberdeen, East, North and South Ayrshire, Fife, Moray and North and South Lanarkshire, can now apply for the benefit, which replaces the UK Government's Personal Independence Payment (PIP). The benefit was introduced in Perth, Dundee and the Western Isles in March and is planned to be nationwide from 29 August. Cases will be transferred from the DWP to Social Security Scotland in stages starting this summer and concluding in 2025.
63. On 22 June the Scottish Government [published](#) details of the Job Start Payment which eligible young people aged 16-24 years who are in receipt of certain other benefits or tax credits. The payment is a one-off payment to help with the costs of starting a job after a period of being unemployed.
64. On 28 June the Scottish Government [published](#) details of an increase in the number of successful applicants applying for the Young Carers Grant which increased by 200 in 2021-22 compared to the previous year. The Young Carers Grant is unique to Scotland and available for 16–18-year-olds who spend on average 16 hours caring for a person or people in receipt of a disability benefit.

Climate Change / Energy Efficiency

65. On 1 June the Scottish Government [published](#) details of the Environmental Protection (Single-use Plastic Products) (Scotland) Regulations 2021 that came into force from 1 June, meaning it is an offence for businesses in Scotland to provide single use plastic items such as plastic cutlery, plates, containers made of expanded polystyrene and stirrers. Enforcement will be the responsibility of local authorities.
66. On 14 June the Scottish Government [published](#) its response to the Zero Emissions Social Housing Taskforce (ZEST) report. The response highlights that 89% of homes in the social rented sector now meet the standards of the first Energy Efficiency Standard for Social Housing (EESH) broadly equivalent to EPC Band C or D. However, agrees the need to build on the 'Fabric First' approach and continuing to install energy efficiency measures including zero emissions heating systems in greater numbers. T action must be taken to cut emissions and transform the housing stock into zero emissions homes of the future. The report sets out the government's response to the 8 recommendations and 35 actions under the following themes:
 - Supporting a just transition
 - Structuring and design of capital investment

- Providing social landlords with certainty
 - Understanding the existing stock
 - Shared learning and communication to support technological solutions
 - Quality control and skills
 - Understanding the wider impacts
67. On 15 June the Scottish Government [published](#) new energy standards as part of improved building regulations that will cut emissions of all new-build homes by nearly a third. The standards will also apply to newly built non-domestic buildings and form part of plans to reduce emissions across Scotland's building stock by more than two thirds by 2030. The new standards, which will apply from December 2022, also support plans for all new buildings to have zero emissions heating systems from 2024.
68. On 13 July the Scottish Government [published](#) a list of capital projects supported under the Low Carbon Infrastructure Transition Programme (LCITP). This includes projects where the following local authorities are partners: Aberdeen City Council, Aberdeenshire Council, Dundee City Council, Fife Council, Glasgow City Council, Midlothian Council, North Lanarkshire Council, Renfrewshire Council, Shetland Islands Council, Stirling Council and West Dunbartonshire Council.
69. On 28 July the Scottish Government [published](#) details of over £3.4 million investment from the Recycling Improvement Fund to improve local recycling and reuse services in three local authorities. The authorities are Aberdeen City, Perth and Kinross and Renfrewshire Councils with the potential to reduce CO2 emissions by over 8,000 tonnes each year.

Communities

70. On 3 June the Scottish Government [published](#) details that the offshore work and installation of cables to connect island homes and businesses to faster and more reliable broadband had started. Investment includes the £384 million Reaching 100% (R100) North contract being delivered by Openreach to Shetland and will connect 15 islands to faster broadband. The work up to September will improve connectivity for communities on the following islands:
- Colonsay, Iona and Lismore in the Argyll and Bute Council area
 - Eigg in the Highland Council area
 - Eday, Flotta, Hoy, Rousay, Sanday, Shapinsay and Stronsay in the Orkney Islands Council area
 - Fair Isle, Unst, Whalsey and Yell in the Shetland Islands Council area.
71. On 14 June the Scottish Government [published](#) details of the number of affordable homes delivered in 2021/22 which 9,757 - the highest figures in a single financial year since 200/01. The 50,000 target was hit in March and work is now underway towards the target of 110,000 affordable homes by 2032.
72. On 20 June the Scottish Government [published](#) details of the latest round of Cashback for Communities funding. The latest round of funding of up to £20 million over the next three years will support young people and communities affected by crime through the delivery of a range of activities for young people aged 10-25 years.
73. On 30 June the Scottish Government [published](#) details of its National Strategy for Community Justice which includes an updated road map and aims to optimise the use of prevention and intervention at the earliest opportunity to ensure robust community

interventions and public protection arrangements across Scotland.

74. On 30 June Scotland's Rural College (the SRUC) and Scottish Government published a joint report on [improving understanding of child poverty in rural and island Scotland](#) which builds on the evidence review - [Poverty in rural Scotland](#) (December 2021). The report aimed to consider existing datasets and identified gaps in trends and experiences of child poverty in rural and island communities and examine interventions to tackle the causes of and support those experiencing child poverty. The report identified gaps in key data and knowledge at a sub-local authority level and in lived experience data and set out five recommendations to address these.
75. During July the Scottish Government published [guidance](#) for local authorities on the Scottish Government's Super Sponsorship Scheme and Scotland's responsibilities under the UK Government's Homes for Ukraine scheme. The guidance sets out the role of local authorities and partners across a range of aspects including housing provision, early learning and childcare provision and primary and secondary education. The Scottish Government also [announced](#) a three month pause on new applicants to the Super sponsor scheme from 13 July, although it will not affect applicants who had applied before this date.
76. On 22 July the Scottish Government [published](#) details about an additional £300,000 expansion of in-house welfare rights services from the autumn being available in GP practices in 20 rural and 10 island communities. This will enable GPs to refer patients directly to an in-house welfare rights officer for advice on increasing income, social security eligibility, debt resolution, housing and employability issues. This builds on work already being undertaken at nearly 150 GP practices in the most deprived areas of the country as part of the Welfare Advice and Health Partnerships programme which is managed by the Improvement Service.

Economy and business

77. During June and July the Scottish Government published its labour market monthly briefing for [June](#) and [July](#). This summarises employment and economic inactivity from the Labour Force Survey and other labour market statistics from a range of official sources. Some of the information is broken down into Scottish local authority areas. SPICe also published overviews of the labour market for Scotland in [June](#) and [July](#).
78. On 4 July the Scottish Government [published](#) progress of the £28.75 million enhanced 4G mobile phone coverage programme which has reached its halfway point. The programme is improving digital connectivity in rural areas across Scotland and has now built and activated 28 phone masts with the remaining 27 on track to be connected by 2023.
79. On 28 July the Scottish Government [published](#) information that more than 16,000 young people have been offered workplace opportunities through the Young Person's Guarantee scheme. In addition, that over 600 employers signed up to the initiative with up to £45m being invested in 2022-23 as part of the government's ongoing commitment to support young people.

Transport

80. On 8 June the Scottish Government [published](#) the second Delivery Plan for Scotland's national transport strategy. The strategy outlines four priorities for Scotland's transport system:
 - It reduces inequalities
 - Tackles climate action

- Helps deliver inclusive economic growth
- Improves health and wellbeing

The plan sets out the government's plans for 2022 and 2023 to provide affordable and sustainable travel options and contains 70 actions which are underway or due to begin. These include the introduction of a Community Bus Fund and investment in greener bus fleets, the piloting of an active freeway network and undertaking public consultations for the Islands and Connectivity Plan, the Cycling Framework and the Delivery Plan for Active Travel. It also reaffirms the government's commitment to transitioning to net zero in line with just transition principles. A [Monitoring and Evaluation Baseline Report](#), was also published and reviews the indicators used in 2019 and outlines those to be used in monitoring progress of the strategy.

Scottish Parliament

81. During June and July, the Scottish Parliament Information Centre (SPICe) published:
 - A [briefing](#) on Judicial review
 - A [briefing](#) on intergovernmental relations
 - A [blogpost](#) on the Coronavirus (Recovery and Reform) (Scotland) Bill
 - A [briefing](#) on the Resource Spending Review and pre-budget scrutiny
 - A [briefing](#) on suicide and self-harm
 - A [blog](#) on the mental health of young adults
 - A [blog](#) on Scotland's Performance
 - A [blog](#) on Scottish Government support on the cost of living
82. On 14 June the Scottish Government [published](#) details of Education Secretary Shirley-Anne Somerville's update to Parliament in which she appealed to children, young people, families and teachers to join a national discussion on education to deliver change and improvement. The discussion will inform plans including the creation of three new education bodies and a review of qualifications and assessments.
83. On 28 June the Scottish Parliament [passed](#) the Coronavirus (Recovery and Reform) (Scotland) Bill to help Scotland recover from the pandemic and ensure greater resilience against future public health threats. The bill proposes changes in 35 legislative areas, many of which originated in temporary Scottish and UK Covid legislation.
84. On 29 June at the Scottish Parliament, the Cabinet Secretary for Social Justice, Housing and Local Government, Shona Robison, delivered a statement and answered questions on the [fourth year progress report 2021-22](#) of the [Every child, every chance: tackling child poverty delivery plan 2018-22](#) as reported in the [official report](#) of the Parliamentary meeting.
85. On 7 July the Scottish Parliament [published](#) details about how views on the National Care Service (Scotland) Bill are being sought with the Health, Social Care and Sport Committee leading scrutiny of the bill and other committees scrutinising provisions in the bill. This is further referred to in paragraph 104 below.
86. From 2 July until 4 September inclusive, the Scottish Parliament will be in recess, and no meetings in the Chamber or committee meetings are scheduled.

Parliamentary committee news

Scottish Commission for Public Audit (SCPA)

87. On 22 June the Scottish Commission for Public Audit [considered](#) Audit Scotland's [Annual report and Accounts 2021/22](#) and the Auditor's report on the Accounts. Auditor General Stephen Boyle, Chair of Audit Scotland Board Alan Alexander, Acting Director of Corporate Services Martin Walker, Corporate Finance Manager Stuart Dennis and Alexander Sloan Partner, David Jeffcoat attended and gave evidence.

Public Audit Committee

88. During June the Committee took evidence on and [considered](#): the Auditor General's performance audit on the new vessels for the Clyde and Hebrides; Scotland's financial response to Covid-19; Scotland's economy: supporting business through the Covid-19 pandemic; Progress on implementing the devolved benefits; the accountability and governance arrangements of major capital projects; and its work programme.
89. On 1 June the Committee [published](#) its annual report for 2021-22. The Committee held 28 meetings, undertook a number of inquiries, considered 14 reports including 7 Section 22 reports and published 1 report during the parliamentary year.
90. On 9 and 16 June the Auditor General and Audit Scotland Audit Director Angela Canning gave evidence on the [new vessels for the Clyde and Hebrides report](#).
91. On 23 June the Auditor General and Audit Scotland Senior Manager Richard Robinson, and Audit Managers Ashleigh Madjitey and Martin McLauchlan gave [evidence](#) on the report [Scotland's financial response to Covid-19](#) and [Scotland's economy: supporting business through the Covid-19 pandemic](#). This was followed by the Auditor General and Audit Scotland Audit Director Carole Grant giving evidence on the report [Social security: Progress on implementing the devolved benefits](#).
92. On 30 June the Auditor General, and Audit Scotland Audit Manager Gill Miller, gave [evidence](#) on the [new vessels for the Clyde and Hebrides report](#). Following this the Auditor General and Audit Scotland Senior Manager Morag Campsie, gave evidence in relation to the Scottish Government's most recent [update on Major Capital Projects](#).
93. On 4 July the Committee [wrote](#) to the Social Justice and Social Security Committee regarding the implementation of devolved social security benefits. The committee had closed its scrutiny of the report but encourages the Social Justice and Social Security Committee to monitor progress with particular regard to long-term financial sustainability, workforce issues, system management and IT requirements, and impact evaluation.

Local Government, Housing and Planning Committee

94. On 31 May the Committee [published](#) its annual report for 2021-22. The Committee held 30 meetings, undertook a number of inquiries, considered 27 Scottish Statutory instruments scrutinised 2 bills and published 10 reports during the parliamentary year.
95. During June the Committee took evidence on and [considered](#): the Accounts Commission's Local Government and Financial Overview 2020/21 report; the Local Government in Scotland Overview 2022 report; National Planning Framework 4; pre-budget scrutiny; allotments; subordinate legislation; and its work programme.
96. On 21 June the Chair of the Commission Bill Moyes and Audit Scotland's Director of Performance Audit and Best Value and Interim Controller of Audit, Antony Clark, Interim Audit Director Carol Calder, Interim Senior Manager Blyth Deans and Senior

Auditor Lucy Jones gave [evidence](#) on the [Local Government in Scotland: Financial Overview 2020/21](#) and [Local Government in Scotland Overview 2022 reports](#).

97. On 8 June the Committee [wrote](#) to the Minister for Public Finance, Planning and Community Wealth, Tom Arthur seeking an indication as to when the final form of the National Planning Framework 4 will be laid in parliament and an indication of progress on developing indicators to measure effectiveness of NPF4.
98. During July the Committee [published](#) a survey from the Improvement Service of councillors in 2017-2022 as part of its inquiry on understanding barriers to participation in local politics. A third of Scottish councillors responded to the survey which reported that the “average councillor” was a married white male, aged 50-59 who was well-educated and a homeowner coming from a managerial or professional occupational background.

Finance and Public Administration Committee

99. During June the Committee took evidence on and [considered](#): the Financial Memorandum for the Children and Young People (Scotland) Bill; proposed contingent liability; Scotland's Economic and Fiscal Forecasts - May 2022; Resource Spending Review; Medium-Term Financial Strategy; the committee annual report; and its work programme.
100. On 8 June the Committee [published](#) its annual report for 2021-22. The Committee held 29 meetings and undertook a range of financial scrutiny work including pre-budget scrutiny, Budget scrutiny, a review of the medium-term financial strategy, it held inquiries into the Resource Spending Review framework and the National Performance Framework and National Outcomes, issued a call for views on nine Financial Memorandums and considered three Scottish Statutory Instruments during the parliamentary year.
101. On 24 June the Committee launched its [inquiry](#) into how the rising cost of living will impact the Scottish Budget in 2023-24 and whether the Scottish Government's proposals for reforming the public service will deliver the efficiencies expected.

Health, Social Care and Sport Committee

102. During June the Committee took evidence on and [considered](#): Alternative Pathways to Primary Care; Health Inequalities; subordinate legislation; the National Care Service (Scotland) Bill; Pre-Budget Scrutiny; and its work programme.
103. On 29 June the Committee [launched](#) a consultation seeking to appreciate how proposals under the government's Resource Spending Review will impact services. It notes plans for 0.6% real terms increase over the next four years and asks how funding should be allocated to address the Covid backlog and deliver the planned National Care Service. It also questions how the government should best use its resources to ensure health and social care services are delivered in a way that is consistent with achieving net zero ambitions. It is proposed that the Commission respond to this consultation which closes on Wednesday 24 August.
104. On 8 July the Convener of the Health, Social Care and Sport Committee, Gillian Martin MSP, [launched](#) the call for views on the Bill and the establishment of a National Care Service. Responses can be submitted until 2 September. It is proposed that the Commission responds to this consultation.
105. On 14 July the Minister for Mental Wellbeing and Social Care, Kevin Stewart MSP [wrote](#) to the Committee regarding the commitment to recruit additional mental health workers as per the Mental Health Strategy 2017-27 which ended in March 2022. He

confirms 958.9 whole time equivalent posts have been recruited across A&E departments, police station custody suites, GP practices, prisons, community settings and the Enhanced Mental Health Pathway, equating to 120% of the original commitment.

Covid-19 Recovery Committee

106. During June the Committee took evidence on and [considered](#): communication of public health information in relation to the experience of the Covid-19 pandemic; the Coronavirus (Recovery and Reform) (Scotland) Bill; subordinate legislation; and its work programme.
107. On 30 June the Committee published details of two new inquiries:
 - An [inquiry](#) into the impact of Covid-19 on labour market inactivity and the prospects for recovery in the short, medium and long-term.
 - An [inquiry](#) into how the Scottish Government intends to fund ongoing pandemic related costs and the Covid Recovery Strategy.

I will update the Commission on these inquiries as they progress.

Social Justice and Social Security Committee

108. During June, the Committee took evidence on and [considered](#): the inquiry into low income and debt problems; the Resource Spending Review and framework; the Medium-term financial strategy; subordinate legislation; and its work programme.
109. On 31 May the Committee [published](#) its annual report for 2021-22. The Committee held 30 meetings and three focus groups, held one inquiry, scrutinised one bill and 21 pieces of secondary legislation and held 13 thematic evidence sessions during the parliamentary year.
110. On 22 June the Minister for Children and Young People [wrote](#) to the Committee in relation to issues raised concerning kinship care and the Kinship Care Collaborative. The Minister outlines three priority groups and the work each is taking forward to develop before being discussed by the Collaborative.
111. On 2 July the Committee [published](#) a report following its inquiry on low income and debt problems. It urges the Scottish and UK governments to use their experience of the pandemic to develop a framework to distribute funding fairly to alleviate the burdens of rising inflation, increased energy prices and the cost of living on low-income households.

Net Zero Energy & Transport Committee.

112. During June, the Committee took [evidence](#) on and considered: the role of local government and its partners in financing and delivering a net-zero Scotland; ferry services; High Speed Rail (Crewe-Manchester) Bill; Energy Price rises; public petitions; and its work programme. Commission member Sharon O'Connor – one of the two sponsors of climate change work alongside Andrew Burns – will take part in an evidence session of the Committee on 13 September, considering the proposed Commission briefing paper *Scotland's councils' approach to addressing climate change*, to be published on 8 September. This is elsewhere on today's agenda.
113. On 01 June the Committee [published](#) its annual report for 2021-22. The Committee held 31 meetings, 2 inquiries, considered 20 Scottish Statutory Instruments and 3 petitions during the parliamentary year.

114. On 1 July the Committee launched an [inquiry](#) into current and future ferry provision in Scotland. The inquiry will consider the needs of different ferry users and the institutional and funding arrangements and fleet requirements that would be required.
115. On 11 July the Committee [published](#) an inquiry report into energy price rises. The report states the Scottish and UK Governments must provide more immediate, carefully targeted support to those struggling with increasing fuel bills. It highlights the following three areas where immediate action and targeted support for the most vulnerable could be improved; additional financial help for households, better energy education and advice services and acceleration of programmes to retrofit and insulate homes. It also argues that medium and long-term plans and strategies must accelerate to reduce exposure to volatile energy prices and help meet net zero targets.

Education, Children and Young People Committee

116. During June the Committee took evidence on and [considered](#): Declaration of interests; choice of Convener; Colleges Regionalisation inquiry; subordinate legislation; the Scottish Attainment Challenge Inquiry; the Committee's annual report; and the its work programme.
117. On 17 June the Committee [published](#) its annual report for 2021-22. The Committee held 27 meetings, 9 inquiries, scrutinised 2 Bills, considered 15 Scottish Statutory Instruments, considered 4 petitions and published 11 reports during the parliamentary year.

Equalities and Human Rights Committee

118. On 4 July the Committee issued a [call for views](#) in its pre-budget scrutiny on human rights budgeting. The closing date is 9 September. It is proposed that the Commission respond to the call, in conjunction with the Auditor General.

Other Committee news

119. On 24 June the Constitution, Europe, External Affairs and Culture Committee launched a consultation on the impact of budgetary decisions including the Resource Spending Review on the culture sector in Scotland. The Committee would like to hear from individuals, groups and businesses in this area. The consultation runs until 19 August 2022. It is proposed not to respond to this consultation, given its aimed audience (the Commission also responded to the Committee last year on this matter).
120. On 30 June the Deputy First Minister, John Swinney, [wrote](#) to the Equalities, Human Rights and Civil Justice Committee setting out the work that is ongoing in relation to the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill. Engagement with key stakeholders seeking views on the proposed approach to amend the Bill had been undertaken and stakeholders, including children and young people indicated their support in principle to the proposals and recognised the amendments were necessary to address the Supreme Court Judgment and minimise the impact on the original intention.
121. On 1 July, the Rural Affairs, Islands and Natural Environment Committee wrote to the [Scottish Futures Trust](#), six [local authority chief executives](#) of Orkney Islands, Shetland Islands, Comhairle nan Eilean Siar, Argyll and Bute, Highland, and North Ayrshire councils and Mairi Gougeon, the [Cabinet Secretary for Rural affairs and islands](#), about its scrutiny of the 2023-24 Scottish Budget. The letters ask specific questions pertinent to each organisation including details about the work of the Islands Programme.

Local government news

122. On 1 June Social Work Scotland [published](#) a report, reviewing the profession's capacity across Scotland in terms of workloads and caseloads. Just over 1,500 Social workers responded to their survey. The report identified a number of challenges which are not new but have intensified over time including:
- Workforce retention and recruitment.
 - Increasing volume and complexity in the policy landscape.
 - Unprecedented financial pressures and costs associated with implementing new pieces of legislation simultaneously.
 - An increase in complex and challenging cases often presenting higher levels of risk.
 - Fewer services available to connect people to.

The British Association of Social Workers' Scottish branch, the Scottish Association of Social workers (SASW), responded to the report highlighting that the unmanageable caseload are part of a wider and more deep-seated range of problems facing the profession. The SASW called for an increase in the workforce and the adoption of an indicative caseload limit and published a [briefing](#) on wellbeing and working conditions. COSLA published its [response](#) to the report, commenting that the profession plays a crucial role in improving lives of people across Scotland. A COSLA spokesperson commented that the report rightfully spotlights the significant challenges that social work professionals have been faced with for some time including years of underinvestment in local government and an increase in ringfenced funding.

123. On 1 June the Scottish Government [published](#) information about a pilot project with assistance from Scottish Water, Aberdeenshire Council and Consumer Scotland, to understand what opportunities are available to extend the public water networks to connect with households reliant on private supplies. Aberdeenshire was chosen as over one third of Scotland's 22,000 private water supplies are located in the area.
124. On 8 June the Educational Institute of Scotland (EIS) [published](#) details that it had issued a legal strike notice to Dundee Council over the authority's plans to introduce a faculty structure and recruit faculty heads in its secondary schools, as it "would remove the vital experience offered by subject specialist principal teachers from schools".
125. On 9 June Unison Scotland [published](#) an article about an industrial action ballot for 25,000 local government workers across schools, early years, waste and recycling services. Unison is recommending the workforce vote yes to strike action. The ballot will run from 10 June until 26 July.
126. On 12 June the Daily record [published](#) an article advising that the majority of Scottish local authorities plan to bid for money from the second round of the Levelling Up Fund totalling £800 million and which has attracted bids from almost all councils across Scotland, Northern Ireland, England and Wales. In the first round, eight Scottish local authorities were successful in their bid for funding.
127. On 14 June the Scottish Government published a public sector employment statistics [factsheet](#) for the first quarter of 2022. This shows the public sector headcount increased by 2.4% from the previous year, accounting for 22.1% of total employment, compared to a 2.1% increase in the private sector. Details for each local authority are available online in the detailed [tables online](#).
128. On 15 June the BBC [published](#) an article that due to spiralling energy costs, Sport Aberdeen had announced that the beachfront swimming pool is to temporarily close

from 21 August. The decision will be reviewed in the spring.

129. On 18 June the Herald [published](#) an article highlighting that a reclassification by local authorities of some support services given to severely disabled people as 'housing support' is resulting in higher costs for care. The article also identifies some councils have also increased charges for essential aids and adaptations.
130. On 21 June Aberdeen City Council [published](#) details of the decision by the City Growth and Resources Committee to review major capital projects due to supply chain volatility that may lead to additional cost and delays outwith the current project budget and contingency provisions.
131. On 22 June Glasgow City Council [published](#) details the City Administration Committee had approved the roll-out of Covid low-income gift cards worth £105 to around 85,000 low-income households in the city. The funding comes from the Scottish Government's £80 million Covid Recovery Fund with the council being given £9.456 million for this project and is part of the Covid Economic Recovery programme. It is hoped the cards will also help city businesses as well as low-income households.
132. On 27 June the Glasgow Herald and The Ferret published articles about the claim that half of Scottish Councils are 'mismanaging' community funds. These were created to benefit local communities and are unique to Scotland and collectively worth £860 million, however it is claimed some local authorities are mismanaging the use of these assets and were undervalued and being used to subsidise other council services or used to buy things of little community benefit. The articles are available on the [members' SharePoint site](#).
133. On 28 June the BBC news [published](#) an article about a cross-party leaders panel is being proposed to help run Dumfries and Galloway Council. The heads of the four political groups would form the panel, which would not have decision-making powers but would provide a forum for "constructive and collaborative" discussion. If agreed, the new arrangements would come into force after the summer recess and be reviewed in 2023.
134. On 30 June Aberdeen City Council [published](#) details of a new approach to helping homeless people and council tenants at risk of homelessness to find jobs. The council is the first in Scotland to partner with an online fundraising platform and social enterprise organisation, Beam, that was launched in London in 2017 and has supported more than 850 homeless people across the UK into stable jobs and homes. The scheme will initially support 30 homeless residents into jobs over a 12-month period.
135. On 6 July the BBC [published](#) an article about Scottish Borders Council submitting a request for court eviction notices to be serviced on Gypsy Travellers who refuse to relocate from a local park in Selkirk after it was established as a temporary site in April 2020 to meet Scottish Government requirements during the Covid-19 pandemic. The families had been offered pitches at an alternative site but have failed to leave.
136. On 8 July the BBC [published](#) an article about a decision by Glasgow Life that runs libraries and sports centres in Glasgow and has lost £38 million due to closures of venues during the pandemic, to cut 500 jobs.
137. On 11 July North Lanarkshire Council [published](#) details of plans to temporarily reinstate 200 empty flats in high-rise towers in Coatbridge and Wishaw back into use for refugees from Ukraine. This work has been supported with £5 million of funding from the Scottish Government and will help provide suitable and safe accommodation that is more sustainable than long-term hotel stays and will give people the chance to establish a sense of community.

138. On 12 July the Independent [published](#) an article that the leader of Moray Council, Councillor Neil McLennan, renounced his party affiliation to the Conservatives over poor behaviour in the party. He will now sit as an independent.
139. On 15 July the BBC news [published](#) an article about families of young people with complex disabilities calling for equal treatment amid complaints that councils across Scotland are cutting summer activities for their children, replacing them with activities that their children are excluded from due to their complex needs. Only three out of 32 councils contacted by the BBC said the number of opportunities offered for complex needs was the same as for mainstream. The article has examples of reduced facilities/summer groups across North Lanarkshire, South Lanarkshire and East Ayrshire. National Autistic Society Scotland's acting director Rob Holland described the situation as "deeply concerning".
140. On 20 July Scottish Housing news [published](#) an article about an app developed by the City of Edinburgh Council with tech company Novoville, is to be launched by Perth and Kinross and East Ayrshire Councils. The app launched been popular, helping more than 500 tenements with nearly 5,000 properties across Edinburgh in carrying out £700,000 worth of repairs to improve their buildings since it was launched in April 2021.
141. On 27 July STV news [published](#) details of the resignation of the leader of North Lanarkshire Council, SNP Councillor Jordan Linden from his post following an allegation of sexual misconduct in 2019. He intends to remain a councillor, representing Bellshill.
142. On 29 July Scottish Housing News [published](#) details of a joint partnership between Comhairle nan Eilean Siar Council and Tighean Innse gall (TIG) and the Scottish Empty Homes Partnership (SEHP) to tackle the issue of empty homes in the Outer Hebrides. A minimum of twelve homes will be brought back into use over the course of the two-year project, revitalising rural communities across the Island chain.

COSLA

143. On 1 June COSLA [published](#) its response to the Scottish Government's Resource Spending Review stating the implications of the spending plans are deeply concerning for communities across Scotland and fail to recognise the fundamental role local government has in addressing the Government's priorities on child poverty, climate change and a stronger economy. Later in June COSLA published a [statement on pay negotiations](#) saying it was deeply disappointed the First Minister and Cabinet Secretary for Finance had refused the request of Council leaders to engage in discussions about the current settlement for local government. The statement added that this in addition to the implications as set out in the Resource Spending Review have further increased the already strong likelihood of industrial action in the coming months.
144. On 17 June COSLA [announced](#) details of its new political team. Shona Morrison, SNP councillor in Moray, was appointed president and Steven Heddle, independent councillor in Orkney, was appointed vice-president. Five spokespeople were also appointed: Katie Hagmann (SNP, Dumfries and Galloway) for resources, Paul Kelly (Labour, North Lanarkshire) for health and social care, Maureen Chalmers (SNP, South Lanarkshire) for community wellbeing, Gail Macgregor (Conservative, Dumfries and Galloway) for environment and economy, and Tony Buchanan (SNP, East Renfrewshire) for children and young people.
145. On 4 July COSLA [published](#) details from a meeting of council leaders regarding the Scottish Government's current plans for a National Care Service at which leaders unanimously raised concerns that the current plans will not work for service users or communities with the current proposals having a significant impact on councils' abilities to deliver social care and other critical services. Council leaders believe services

should remain under the purview of locally elected members; a position echoed by trade unions. COSLA fears the centralisation of power will risk the loss of local knowledge and experience and create further uncertainty at a difficult time.

Improvement Service

146. During May the Improvement service [published](#) a joint report with St Andrews University on good governance practice in local government during the pandemic. Councils had to adapt their governance arrangements in response to the arrival of the Covid-19 pandemic in Spring 2020. This involved enacting emergency protocols or creating new arrangements quickly and reviewing and revising arrangements as the pandemic dipped and peaked. The paper reports findings and learning from discussions with senior officers and elected members in six Scottish councils.
147. On 13 June the Improvement Service [published](#) a revised collaborative council tax collection guide. It was developed by the Improvement Service, working with StepChange (Scotland), the institute of revenues, rating and valuation (IRRV) Scotland, Citizens' Advice Rights Fife, Citizens Advice Scotland, and Money Advice Scotland. The guide offers a set of principles to support a collaborative approach between those in Scottish councils who are responsible for administering council tax and those offering debt and money advice on either an internal or external basis.
148. On 4 July the Improvement Service [published](#) an updated social media guide for elected members, providing an introduction to using social media and tips and advice on how to engage effectively and safely. The guide updates the 2016 guidance and includes information on newer social media channels such as TikTok and Nextdoor.
149. During July the Improvement Service [published](#) details of its partnership working with the Sustainable Scotland Network (SSN) to align priorities and combine resources, in order to improve the support available to help Scotland's public sector bodies in tackling climate change.
150. During June and July the Improvement Services' Recovery and Delivery team [facilitated](#) a series of Covid Recovery Strategy Programme and Community Planning Partnership workshops, attended by twenty local authorities. The aim of the workshops was to better understand how local actions are contributing to the outcomes identified in the Covid Recovery Strategy, and where local delivery teams are facing barriers that could be addressed systematically by the Covid Recovery Programme Board.
151. During July the Improvement Service [published](#) a Future Planners Project Report with Heads of Planning Scotland (HOPS) and the Royal Town Planning Institute (RTPI) looking at strategies for increasing the number of qualified planners working in Scotland's public sector. The report focuses on the promotion of planning as a career, improving recruitment and staff retention and includes four recommendations for the [High-Level Group for Planning Performance](#) who agreed the scope of the research report.

Other scrutiny bodies

Standards Commission

152. On 31 May the Standards Commission [published](#) an article about leadership being one of the key principles of public life. The article sets out expectations of those holding public office to actively promote and robustly support the key principles and challenge poor behaviour when it occurs. The adherence to the key principles and demonstrating high ethical standards in general being essential to ensure the public has trust and confidence in those in public life.

153. On 30 June the Standards Commission [published](#) an article on what the term 'lobbying' means, who might carry out such action and what provisions concerning lobbying and access are contained in the Councillors' Code of Conduct and Model Code of Conduct for Members of Devolved Public Bodies in Scotland.

Scottish Public Sector Ombudsman (SPSO)

154. During June and July, the SPSO published their [June](#) and [July](#) newsletters, outlining statistics on complaints and outlining the findings and learning points from an Investigation report into Lanarkshire NHS Board and a decision report relating to Ayrshire and Arran NHS Board. It also includes statistics on Scottish Welfare Fund reviews, case studies and advises that from 1 July the organisation is extending their freephone advice line to four hours a day and is moving to hybrid working which will enable visitors with an appointment to come to the office. There is also information about their work to develop a child-friendly way for children and young people to exercise their rights and ensure those handling complaints hear and respect children and young peoples' views, and information on their Independent National Whistleblowing Officer and INWO [June](#) and [July](#) e-bulletins.

Care Inspectorate

155. On 1 June the Care Inspectorate [published](#) a report on notifications of serious incident reviews in justice social work submitted over the period January 2018 to December 2021. The report identified the pandemic had caused significant disruption to the criminal justice system and impacted on the delivery of justice social work services. The report highlights a number of areas of positive performance regarding robust operational and strategic oversight by local authorities and therefore assurance that local authorities are aware of the practice and committed to continuous improvement. There was also a significant improvement in the percentage of reviews submitted within the expected three-month timescale and improvement in quality and analytical reflection within reviews. The report identified that a substantial number of review notifications that had not been made within the timeframe of five working days and there was scope to improve the level of detail on core elements of practice, to ensure timeliness of assessments, quality of case management plans and the efficient transfer of information between prison and the community. Revised serious incident review [guidance](#) was also published.
156. On 7 June the Care Inspectorate [published](#) a joint inspection report of services for children and young people in North Ayrshire. The joint inspection report with Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland (HMICS) found the North Ayrshire Community Planning partnership area has strengths in ensuring children and young people at risk of harm are safe, protected and supported. Overall, key processes for assessing and managing risk were established and working well and the oversight and scrutiny of child protection performance was effective. Community planning partners also had established processes for gathering and using performance data to inform and support improvement activity. Areas for improvement included developing the use of outcome data to demonstrate the difference services are making and continuing to ensure the involvement of children and young people in decisions and in the development of future service provision.
157. On 27 June the Care Inspectorate [published](#) details about the appointment of Jackie Irvine to the position of Chief Executive. Jackie has been a Chief Social Work Officer (CSWO) for over 10 years and joins from her post of Service Director, Children and Families and Justice Services at the City of Edinburgh Council.
158. During June and July, the Care Inspectorate published joint inspection reports with

Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland (HMICS) of Adult Support and Protection in the following partnership areas:

- [Aberdeen City Partnership](#). The report found clear strengths in ensuring adults at risk of harm were safe, protected and supported. Inspectors found there was effective communication and information sharing between agencies and working relationships across the strategic leadership team had strengthened. Improvement areas were also identified including the need to take timely action in some investigations to minimise adults to any ongoing risk and consistent and accurate recording of this was required.
- [Moray Partnership](#). The report found key strengths in staff being committed to improving safety, health and wellbeing of adults at risk of harm and supported the adult at risk's involvement in support and protection processes. Collaborative work with advocacy was also strong and the approach to assessments of capacity timely and effective. Areas of improvement identified included the partnership's key processes for adults support and protection.

Her Majesty's Inspectorate of Constabulary in Scotland

159. On 30 June Her Majesty's Inspectorate of Constabulary in Scotland (HMICS) [published](#) the HM Chief Inspector of Constabulary's annual report for 2021-22 outlining the HMICS vision, purpose, objectives and values, the scrutiny activity undertaken in 2021-22 and outcomes from these activities.

Education Scotland

160. On 31 May Education Scotland [published](#) details that the routine inspection programme will resume at the beginning of the new academic year. This follows a pause in the programme of routine inspections in March 2020 in response to the Covid-19 pandemic.

Scottish public policy news

161. On 31 May the Institute for Fiscal Studies [published](#) its response to the Scottish Resource Spending Review with early analysis suggesting key services including policing, prisons, universities and rural affairs will be subject to real term cuts upwards of 8% in the coming four-year period.
162. On 31 May the BBC news [published](#) an article on the Finance Minister, Kate Forbes speaking about the Scottish Government's spending plans and raising concerns over plans to shrink the overall size of the public sector workforce. The Finance Minister argues the public sector requires a post-pandemic reset and advised spending would be prioritised in the areas of health, education and tackling climate change as well as a focus on wellbeing.
163. On 7 June Highlands and Islands Enterprise [published](#) details of the appointment of a new dedicated settlement officer in Uist. The 12-month post is part of a pilot project that seeks to reverse population decline in Uist and is one of three settlement posts being established across the Highlands and Islands to assist people moving to the region. The other two pilots will run in Argyll and Bute and Highland council areas.
164. On 9 June Aberlour Children's Charity [published](#) a research report that revealed over £1 million is owed by thousands of families across Scotland unable to pay for their children's school meals. The research, conducted by Professor Morag Treanor from the Institute of Social Policy, Housing, Equalities Research (I-SPHERE) at Heriot-Watt University who reported school meal debt was just the top of the iceberg for families and highlights a worrying increase in hidden hunger amongst school pupils.

165. On 10 June the Health and Social Care Alliance Scotland (the ALLIANCE) [published](#) a summary report of learning from the event series 'exploring Scotland's 20-minute neighbourhoods'. This was a series of four webinars hosted by the Health and Social Care Academy, a programme of the ALLIANCE, in partnership with Disability Equality Scotland (DES) and Mobility and Access Committee for Scotland (MACS). The report identifies a number of key action learning points for local government, local planning authorities and other partner organisations for the successful development and delivery of inclusive, supported and sustainable communities.
166. On 14 June, the Scottish Covid-19 Inquiry [published](#) introductory academic research commissioned as part of a scoping exercise to determine the direction of its investigation. Findings are spread across four portfolios: public sector response; financial and welfare support; provisions of health and social care services; and the delivery of education and certification.
167. On 17 June STV news [published](#) an article about loneliness in Scotland reported nearly a third of Scottish people surveyed said they felt lonelier now than they did last year – despite the lifting of Covid restrictions. The survey was carried out by YouGov on behalf of the British Red Cross. The public policy and affairs manager at the British Red Cross said “Too many people are lonely in Scotland, and this has only got worse since the start of the coronavirus pandemic. These latest findings show that the rising cost of living is also leading to greater social isolation.”
168. On 21 June the BBC [published](#) an article about doctors warning that social care shortages could overwhelm Scotland's NHS and community health services as increased demand and staff shortages are overstressing at-home and care home services.
169. On 20 June the Institute for Fiscal Studies (IFS) [published](#) a report on changes in patterns of work among people in their 50s and 60s and highlighting significant increases in income poverty rates among 65-year-olds, with state pension reform leading to around 24% being left in poverty.
170. On 22 June the Joseph Rowntree Foundation and Save the Children [published](#) a report in response to the Scottish Government's second tackling child poverty delivery plan. The report makes almost 50 recommendations urging the Scottish government to address the following five gaps in the delivery plan.
- Increase the Scottish Child Payment by above inflation in 2023/24.
 - Move immediately from piloting the “no wrong door” approach to working with partners across Scotland.
 - Refocus efforts from bringing parents closer to the labour market, to bringing the labour market closer to parents.
 - Explicitly target actions at priority families, not least in areas like employability.
 - Make restoring and improving mental health services a key plank of efforts to reduce poverty.
171. On 28 June the Scottish Trades Union Congress (STUC) [published](#) a report that revealed Scotland's large private social care providers are associated with lower wages, more complaints about care quality, and higher levels of rent extraction than public and third sector care providers. The research found that large private providers had a higher percentage of complaints upheld against them, that staffing resources were 20% worse than in the not-for-profit sector and that privately owned care homes only spent 58% of their revenue on staffing compared to 75% in the not-for-profit care homes. The report argues that a transformative national care service must be based on a not-for-profit public service, delivered through local authorities with an ongoing role

for the voluntary sector.

172. On 30 June the Fraser of Allander Institute (FAI) [published](#) an economic commentary on quarter two which reveal the rising cost of living crisis has resulted in consumers in Scotland spending less on non-essentials. Also that Scotland's economic growth forecast for 2023 has been revised down due to the impacts of cost increases on consumers and businesses.
173. During June the Open University [published](#) a study of UK businesses from across the public private and third sector. It found that skills shortages are a key issue for Scottish businesses which found 70% of respondents were facing skills shortages, and 77% were seeing reduced output, profitability or growth as a result.
174. On 11 July the Coronavirus Financial Impact Tracker, Commissioned by the ABRDN Financial Fairness Trust [published](#) an analysis that found one-in-six UK households (4.4 million) are now in "serious financial difficulties", compared to one-in-ten in October 2021. Of the 4.4 million, 71% have reduced the quality of food they eat, 36% have sold or pawned possessions and 27% have cancelled or not renewed insurance to make ends meet.
175. On 12 July Child Poverty Action Group [published](#) research data that identified over one in five children across Scotland are still living in poverty, despite the temporary increase to universal credit during the pandemic. Estimates of child poverty for each local authority are available and range from 12.5% in East Dunbartonshire to 29.4% in Glasgow City during 2020/21. The report urges every level of government to take action to maximise family incomes and reduce costs and the cost-of-living crisis deepens.
176. On 25 July the BBC [published](#) an article about Scottish firms struggling with current trading conditions. A survey conducted by the Federation of Small Businesses shows the average Scottish business owner is now more pessimistic than the UK average and that 91% of Scottish firms reported an increase in costs in the second quarter of 2022 as the impact of rising costs and staff shortages sets in.
177. On 28 July the National Records of Scotland (NRS) [published](#) annual drug-related deaths in Scotland in 2021, reporting a small decrease of 1% compared to 2020 and was the first year in which drug misuse deaths had not increased since 2013. However this remained the second highest annual total on record.
178. On 21 July the Drugs Taskforce [published](#) its final report, Changing Lives. The sets out a suite of 20 recommendations and actions over short, medium and long-terms to reduce drug-related deaths and harms and improve and save the lives of people who use drugs. The report states that the Taskforce "are clear that drug-related deaths in Scotland are a public health emergency and action is needed now to turn the tide."
179. During July Citizens Advice Scotland [published](#) a report the experiences of those living on Universal Credit (UC) during the cost-of-living crisis. The report notes 447,500 people are living on UC in Scotland with each being extremely vulnerable to poverty and that this is almost double the number before the pandemic. The report also considers the impact on the reduced £20-per-week uplift to UC amid rising costs and inflation and sets out five recommendations to social security benefits that would help households during the cost-of-living crisis.

Other UK audit bodies

180. On 17 June Audit Wales [published](#) a report reviewing the approach to public engagement of Wrexham County Borough Council. Overall, it found the Council had made good progress in embedding the ten National Principles for Public Engagement

but that stronger coordination and evaluation of its involvement activity would bring further benefit. Three recommendations were made; to develop the central coordination of involvement activities, to develop mechanisms to evaluate involvement activity and to develop the coordination of the findings from involvement activities.

181. On 28 June Audit Wales [published](#) its new five-year strategy for the period 2022-27. It focusses on the vital role public sector audit has to support organisations to delivery for the communities of Wales. There will be a focus on the three emerging trends:

- The response to the pandemic – including the direct and legacy costs and ongoing economic impact on public finances.
- A changing world - challenges of climate change, creating a fairer and more equal society and constitutional changes and new relationships.
- Transforming services – new approaches to service delivery, long term planning and prevention and the use of data and technology.

The strategy identifies three areas of focus and will prioritise action, alongside statutory responsibilities:

- A strategic, dynamic and high-quality audit programme.
- A targeted and impactful approach to communications and influencing.
- A culture and operating model that enables us to thrive both now and in the future.

Other audit matters

182. On 12 July the Financial Reporting Council (FRC) [published](#) a paper setting out the next steps to reform the UK's audit and corporate governance framework and range of measures to increase standards in the UK's audit sector. These include:

- A focus on audit development including changes to the ethical standard, ISA's and audit committees
- The Audit, Reporting and Governance Authority (ARGA) taking on the systems leader role for local authority financial reporting and audit in England. This will also include the transfer of the Code of Audit Practice when legislation allows.
- The transfer of independent supervision of the Comptroller and Auditor General to Parliament in England.

UK Government

183. On 31 May the UK Government [published](#) details of its plans to revamp the UK's corporate reporting and audit regime through a new regulator. The Business secretary confirmed the revamp will provide greater accountability for big business and to address the dominance of the Big Four audit firms.

184. On 31 May Public Finance [published](#) an article about the UK Government being set to make it a statutory requirement for councils in England to have independent members on audit committees as part of local audit reforms.

185. During June the Health and Social Care Committee and Science and Technology Committee [published](#) the UK Government's response to their report on lessons learned from the Covid pandemic. The committees' chairs welcome the fact the government has accepted or partially accepted the majority of their 38 recommendations.

186. On 15 June the Committee of Public Accounts [published](#) its report on Child Maintenance. The report found that 10 years after reforms designed to improve child

maintenance, the DWP is achieving no more for children of separated families than the previous Child Support Agency (CSA). It found that around half the children in separated families (1.8 million children) continue to receive no support from their non-resident parent. Unpaid maintenance has increased by more than £1 million a week to a total of £440 million in October 2021, with arrears expected to grow.

187. On 22 June the UK Government Department for Work and Pensions (DWP) [published](#) details of cash payments from July to ease the cost of living pressures. This will include over eight million households in the UK, including 689,000 households in Scotland. Households will receive an initial instalment of £326 from Thursday 14 July; the second instalment of £324 will be sent to qualifying low-income households from the autumn. The DWP has also revealed the disability top-up will be allocated in September, with nearly one in ten of the population expected to receive the £150 payment.
188. On 28 June the UK Government [published](#) the terms of reference of the public inquiry into the Covid pandemic. The Inquiry will examine, consider and report on preparations and the response to the pandemic in England, Wales, Scotland and Northern Ireland, up to and including 28 June 2022. The terms of reference will cover: preparedness; the public health response; and the response in the health and care sector; and the UK Government's economic response.
189. On 14 July the Department of Health and Social Care (DHSC) [published](#) a report analysing funding flows associated with Building the Right Support (BtRS), which seeks to support an overall reduction in the number of people with a learning disability and autistic people in specialist inpatient mental health care. The report sought to examine funding flows and related financial incentives and disincentives but found limited availability of financial data and systems. This fed into a primary recommendation for comprehensive financial monitoring to cover costs of inpatient care and post-discharge care and investment levels in preventative and crisis services.
190. On 19 July the House of Lords Public Services Committee [published](#) its report on the future sustainability of public services. The report warns of a "vicious circle" of overload and vacancies in public services, arguing a shrinking workforce and rising demand are leading to a looming crisis.
191. On 19 July in his first Mansion House [speech](#), Chancellor, Nadhim Zahawi confirmed the UK Government would accept, in full, the recommendations of all independent pay review bodies. In doing so, he committed to delivering pay uplifts of between 5% and 8.9% in education, 4.5% in healthcare and 5% in policing.

UK public policy news

192. On 12 May Marie Curie and Loughborough University [published](#) a joint report into poverty at the end of life. The report finds one in six of people who die in the UK every year, die below the poverty line and for many the combination of income loss and additional costs from a terminal illness can lead to significant financial strain. Those who die at working age and working age families with children are at a greater risk of poverty after a diagnosis of terminal illness. The report sets out recommendations for the UK Government, devolved governments and local authorities, pension providers, insurers and employers.
193. During June, the Institute for Fiscal Studies (IFS) [published](#) its newsletter which included their responses to the [UK Government's cost of living support package](#) and their response to the [Scottish Resource Spending Review](#).
194. On 4 July the British Chambers of Commerce (BCC) [published](#) its quarter two 2022 economic report which found that figures indicate two in three firms in the UK are expecting to raise prices in the next three months as confidence in profitability has

fallen.

195. On 18 July Public Finance [published](#) an article about the external auditors of Middlesbrough Council, EY, advising in their [draft end of year report for 2020-21](#) that poor relationships between executive committee members have complicated work with officers and determined there are significant weaknesses in the Council's arrangements to secure value for money and that urgent action is required. EY is due to follow up on the council's response over the next six months and if progress is unsatisfactory, they will consider making formal statutory recommendations.
196. On 19 July the Office for National Statistics (ONS) [published](#) its Labour Force Survey (LFS). This showed the unemployment rate in Scotland rose slightly between March and May, and the ONS estimates the employment rate in Scotland for people aged 16 to 64 years was up 0.6 percentage points in the same period, with the rate of inactivity down by the same amount to 21.8%. Unemployment in Scotland is currently below the UK wide average of 3.8%; however, the employment rate at 75.4% is slightly below the UK average of 75.9%.
197. On 28 July the ONS [published](#) a statistical analysis on Housing Purchase Affordability in Great Britain 2021, which looks at the ratio of house prices to disposable household income by GB country and by income and house price decile, up to the year 2021. In the year end 31 March 2021, the report findings show that the average home sold in Scotland cost the equivalent of 5.5 times the average annual disposable income compared to 6.0 in Wales and 8.7 in England.
198. During July the Resolution Foundation [published](#) an interim report of The Economy 2030 Inquiry. The report finds government support in excess of £30 billion this year will mitigate the impact of rising bills but will not prevent household incomes falling this year and next.

Conclusion

199. The Commission is invited to:

- a) Agree that it respond to the consultations and calls for views highlighted at paragraphs 26, 40, 45, 58, 103, 104 and 118.
- b) Agree that it does not respond to the consultations highlighted at paragraphs 54 and 119.
- c) Agree that it does not respond to the consultation highlighted at paragraph 31, but to note that Audit Scotland will respond, which I will share with the Commission.
- d) Note this report.

Paul Reilly
Secretary to the Commission
3 August 2022

Appendix 1 Commission reports/blogs in past 12 months: Downloads and views

Report / blog	Date	Downloads/ blog views
Integration Joint Boards: Financial analysis 2020/21	30 June 22	139
Accounts Commission annual report 2021/22	29 June 22	104
Blog: Inequalities in Scotland	23 June 22	273
Scotland's financial response to Covid-19	16 June 22	789
Blog: Local Government in Scotland 2022	1 June 22	338
Local government in Scotland Overview 2022	25 May 22	1,305 (+562)
Blog: Children and young people who need additional support for learning	17 May 22	551 (+165)
Blog: Working together to increase collaboration and accelerate improvement	16 May 22	155 (+65)
The 2020/21 audit of Orkney and Shetland Valuation Joint Board	22 Mar 22	381 (*)
Blog: Councils face complex and urgent challenges	21 Mar 22	501 (+38)
Scotland's economy: Supporting businesses through the Covid-19 pandemic	17 Mar 22	939 (+126)
Local government in Scotland: financial overview 2020/21	10 Mar 22	1,328 (+119)
Drug and alcohol services update	8 Mar 22	1,327 (+111)
Best Value Assurance Report progress report: Moray Council	3 Mar 22	478 (+60)
Blog: The value of independence & scrutiny across local gov't	24 Feb 22	397 (*)
Social care briefing	27 Jan 22	3,449 (+283)
Best Value Assurance Report: Falkirk Council	13 Jan 22	1,139 (+55)
Blog: Public performance reporting – why it matters	21 Dec 21	346 (*)
Blog: Assurance & scrutiny on Scotland's housing benefit services	25 Nov 21	277 (*)
Community empowerment: Covid-19 update	28 Oct 21	2,754 (+55)
Best Value Assurance Report: South Ayrshire Council	27 Oct 21	839 (+46)
Auditing climate change: An update	21 Oct 21	1,180 (+124)
The role of sponsors in our reporting work	14 Oct 21	229 (*)
The impact of Covid-19 on Scottish Councils' benefit services	7 Oct 21	456 (*)
Blog: Christie – it really is now or never	4 Oct 21	780 (*)
Best Value Assurance Report: East Dunbartonshire Council	29 Sept 21	702 (+40)
Accounts Commission Strategy 2021-26	23 Sept 21	1,209 (+162)

Blog: Digital exclusion	16 Sept 21	1,334 (+57)
Blog: Child and Adolescent Mental Health Services	31 Aug 21	1,455 (+38)

Note: Figures are reported as at the end June 2022.

Key:

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

Appendix 2: Accounts Commission social media engagement data

	Followers	Posting views	Video views	Links accessed	Retweets	Likes	Replies	No. of publications
July 22	890 (+7)	18,200	740	124	42	53	2	2
June 22	883 (+30)	20,600	679	245	90	47	10	4
May 22	853 (+12)	17,200	843	140	78	65	8	3
Apr 22	841 (+10)	2,009	0	16	3	2	0	0
Mar 22	831 (+23)	33,100	2,800	118	77	61	12	5
Feb 22	807 (+2)	8,000	1,100	60	34	32	1	1
Jan 22	805 (+13)	12,600	839	103	27	38	6	2
Dec 21	792 (+4)	6,500	108	48	20	25	2	0
Nov 21	788 (+10)	6,600	499	32	29	35	0	1
Oct 21	778 (+13)	22,500	316	93	47	97	6	6
Sep 21	765 (+8)	13,600	584	43	35	39	0	3
Aug 21	757 (-1)	11,200	339	48	3	13	0	0

Figures as of 31 Jul 2022.

Change on previous month shown in brackets.

MEETING: 11 AUGUST 2022

REPORT BY: CHAIR OF ACCOUNTS COMMISSION

CHAIR'S UPDATE REPORT

Purpose

1. This report provides an update on the engagements and work of the Chair of the Accounts Commission.

Engagement and Audit Scotland business

2. The engagements and work in the period of 1 June to 31 July have been as follows:

Audit Scotland Board and Committee meetings

- 1 June – Audit Scotland Board. The main items of substance covered were our Strategic Improvement Programme update, 2021-22 Annual report from the Chair of the Audit Committee to the Board, 2021/22 Annual report: Remuneration and Human Resources Committee, Draft international work annual report for 2021-22, Policy on the provision of Non-Audit Services by Audit Scotland's external auditor, Governance statement and certificate of assurance 2021-22, Audit summary report for the year ended 31 March 2022, Quality of public audit in Scotland 2021/22, Q4 Corporate performance report, Draft Audit Scotland Annual Report and Accounts 2021/22, Interim Corporate Plan 2022/23. Copies of the key papers have been loaded onto the Commission's SharePoint site and brought to members' attention.
- 1 June – Audit Committee meeting.

Audit Scotland engagement

- 6 June – Monthly catch up with Stephen Boyle, Auditor General for Scotland and Accountable Officer, Audit Scotland.
- 6 June – Monthly catch up with Antony Clark, Interim Controller of Audit and Executive Director of Performance Audit and Best Value, and Paul Reilly, Secretary to the Commission.
- 8 June – Leadership Group meeting to discuss Commission Change Programme.
- 20 June – Joint Work Programme discussion with Stephen Boyle, Tim McKay, Interim Deputy Chair, Antony Clark, Patrick McFall and Joanna Mansell Communications Advisers, Michelle Borland, Business Manager and Gemma Diamond, Audit Director, Performance Audit and Best Value.
- 22 June – Introductory meeting with Kenny Oliver, Executive Director of Innovation and Quality.

External engagement

- 7 June – Introductory meeting with Colin Beattie, Convener, The Scottish Commission for Public Audit (SCPA), accompanied by Paul Reilly.
- 7 June – Introductory meeting with Sharon Dowey MSP, Scottish Conservative & Unionist party and SCPA member accompanied by Paul Reilly.
- 21 June – Evidence session at Local Government Housing and Planning Committee on local government overview reports accompanied by Antony Clark, Carol Calder, Audit Director, Blyth Deans, Audit Manager and Lucy Jones, Senior Auditor.
- 21 June – Introductory meeting with John-Paul Marks, Permanent Secretary.

3. Commission business has been as follows:

- Regular catch ups with Paul Reilly and Jillian Elgin, Executive Assistant to the Commission.
- 1 June – Meeting to discuss Controller of Audit recruitment with Gatenby Sanderson.
- 7 & 29 June & 27 July – Communications Group catch up with Simon Ebbett, Communications Manager, Joanna Mansell, Paul Reilly, and Jillian Elgin.
- 8 & 20 June – Preparatory sessions for attendance at Local Government Housing & Planning Committee with Antony Clark, Carol Calder, Blyth Deans, Lucy Jones and Joanna Mansell.
- 9 June – Accounts Commission meeting.
- 10 June – Longlist meeting for Controller of Audit recruitment with Andy Cowie and Geraldine Wooley Commission Members and Stephanie Wilson, Gatenby Sanderson.
- 27 June – Adult mental health sponsor meeting with Christine Lester, Commission Member, Stephen Boyle, Antony Clark, Angela Canning, Audit Director, Leigh Johnston, Senior Manager, Natalie Goddard, Senior Auditor, Eva Thomas-Tudo, Audit Manager, Claire Tennyson, Auditor, Performance Audit and Best Value and Joanna Mansell.
- 27 June – Media preparation for Integration Joint Boards (IJB) publication with Blyth Deans, Christopher Lewis, Senior Auditor, Performance Audit and Best Value and Joanna Mansell.
- 28 June – Local Government, Housing and Planning (LGHP) debrief session with Antony Clark, Carol Calder, Blyth Deans, Lucy Jones and Joanna Mansell.
- 28 June - Shortlisting meeting for Controller of Audit recruitment with Andy Cowie, Geraldine Wooley and Stephanie Wilson, Gatenby Sanderson.
- 28 June – Best Value Working Group meeting. Updates are shared with Commission members at each monthly Commission meeting as a standing item on our agenda.
- 29 June – Media interviews for Integration Joint Board overview report.

- 30 June – Strategic Scrutiny Group catch up with Tina Yule, Chair of Operational Scrutiny Group.
- 20 July – Catch up with David Robertson, Digital Services Manager.
- 20 July – Catch up with Gordon Robertson, Learning and Development Assistant Manager and Paul Reilly around Commission learning and development.
- 27 July – Forward planning meeting with Tim McKay and Paul Reilly to discuss up and coming Commission business.

4. Other areas of work have included the Commission Change Programme.

Forthcoming activities

5. My forthcoming engagement activities include:

- 2 August – Commission member recruitment shortlisting meeting.
- 2 August – Scottish Government meeting around covid recovery.
- 3 August – Monthly catch up with Stephen Boyle.
- 3 August – Improvement Service elected member event.
- 10 August – Monthly catch up with Alan Alexander.
- 10 August – Strategic Scrutiny discussion.
- 11 August – Account Commission meeting.

Conclusion

6. The Commission is invited to:

- a) note this report and enquire about any areas of interest
- b) consider whether there are any changes that they would wish to see to the format and content of the report for the future.

William Moyes
Chair
1 August 2022

MEETING: 11 AUGUST 2022

REPORT BY: INTERIM CONTROLLER OF AUDIT

INTERIM CONTROLLER OF AUDIT UPDATE REPORT

Purpose

1. This report provides an update on my engagement activity during June and July 2022.

Engagement

2. Please note below my engagements in June and July:
 - **2 June** – Further meeting with Secretary to the Commission to discuss the Best Value (BV) approach and future reporting to the Best Value Working Group (BVWG) (follow up to 19 May 2022 meeting).
 - **6 June** – Monthly catch up with Bill Moyes and Paul Reilly.
 - **8 June** – Regular catch-up meeting with Audit Scotland colleagues leading on the BV approach to councils and Integration Joint Boards (IJBs) (Fiona Mitchell-Knight, Audit Director, Audit Services Group (ASG), Carol Calder, Senior Manager, Performance and Best Value (PABV) and Leigh Johnston, Senior Manager, PABV).
 - **8 June** – Preparatory session with Bill Moyes, Local Government Overview (LGO) teams and Communications Advisor for the Local Government, Housing and Planning Committee evidence session on the LGO/Financial LGO reports on 21 June 2022.
 - **9 June** – Accounts Commission meeting.
 - **10 June** – Shetland Best Value Assurance Report (BVAR) draft report discussion with the team.
 - **20 June** – Additional preparatory session with Bill Moyes, Local Government Overview (LGO) teams and Communications Advisor for the Local Government, Housing and Planning Committee evidence session on the LGO/Financial LGO reports on 21 June 2022.
 - **20 June** – Joint Work Programme update meeting with AGS, Accounts Commission and the team.
 - **21 June** – Attending the Local Government, Housing and Planning Committee evidence session on the LGO/Financial LGO reports alongside Bill Moyes and the LGO teams.
 - **21 June** – Adult mental health meeting to discuss draft Issues and Investigations (I&I) and flyer with sponsors (Bill Moyes and Christine Lester) and the team.
 - **22 June** – Quarterly engagement meeting with Sarah Gadsden, Chief Executive, Improvement Service.

- **23 June** – Monthly catch up with the Correspondence team.
- **27 June** – Adult mental health scope/I&I discussion with AGS, Commission sponsors (Bill Moyes and Christine Lester) and the team.
- **28 June** – BVWG discussion on the year one Controller of Audit Best Value reporting programme and indicative longer-term reporting programme.
- **30 June** – Local government climate change briefing with Commission sponsors (Andrew Burns and Sharon O'Connor) and team.
- **1 July** – Regular engagement meeting with the Scottish Government (Laura Turney, Head of Public Service Reform team and David Milne, Public Bodies and Public Service Reform Division) to discuss public sector reform.
- **1 July** – Child poverty additional draft discussion with AGS, Commission sponsors (Andrew Burns and Sophie Flemig) and the team.
- **5 July** – Quarterly engagement meeting with Andrew Kerr, Chair, Society of Local Authority Chief Executives (SOLACE).
- **19 July** – Local Government Forum.
- **20 July** – Shetland BVAR post clearance discussion with the team.
- **21 July** – Comhairle nan Eilean Siar BVAR draft report discussion with the team.
- **27 July** – Quarterly engagement meeting with Sally Loudon, Chief Executive, Convention of Scottish Local Authorities (COSLA).
- **27 July** – Meeting with SOLACE representatives to discuss levelling up and the UK Shared Prosperity Fund (UKSPF).
- **28 July** – Meeting with Helen Happer, Chief Inspector, Care Inspectorate to discuss issues arising from the May Financial Audit and Assurance Committee (FAAC) and consideration of my most recent local government current issues report.

Forthcoming activities

3. My upcoming engagements in August include:

- **1 August** – Quarterly engagement meeting with Audit Scotland's Communications Manager.
- **4 August** – BVWG meeting.
- **4 August** – Early learning and childcare scope discussion with AGS, Commission sponsors (Sophie Flemig and Geraldine Wooley) and the team.
- **4 August** – Scottish Leaders Forum (SLF) Accountability and Incentives Action Group.
- **9 August** – Community Planning Improvement Board (CIPB) meeting focusing on promoting the well-being of children and young people.
- **11 August** – Accounts Commission meeting.

- **12 August** – Regular engagement meeting with the Scottish Government (Laura Turney, Head of Public Service Reform Team and David Milne, Public Bodies and Public Service Reform Division) to discuss public sector reform.
- **5 August** – Regular engagement meeting with Kenneth Lawrie, Chief Executive, Falkirk Council.
- **16 August** – Comhairle nan Eilean Siar BVAR post clearance discussion with the team.
- **17 August** – Monthly catch up with the Correspondence team.
- **17 August** – Monthly catch up with Bill Moyes and Paul Reilly.
- **18 August** – Risk Management (facilitated by Wylie & Bisset) and Digital Security session (facilitated by David Robertson, Digital Services Manager) for the Audit Scotland Board and Executive Team.
- **18 August** – Local Government Sector Forum.
- **24 August** – Joint Performance Audit Committee (PAC)/Financial Audit and FAAC pre meeting.
- **25 August** – PAC/FAAC meetings.
- **31 August** – Regular catch-up meeting with Audit Scotland colleagues leading on the BV approach to councils and IJBs (Fiona Mitchell-Knight, Carol Calder, and Leigh Johnston).

Antony Clark
Interim Controller of Audit
26 July 2022