

Agenda

Thursday 7 March 2024, 10.00am
Audit Scotland offices, 102 West Port,
Edinburgh, and online via Microsoft Teams
508th meeting of the Accounts Commission

1. **Apologies for absence**
2. **Declaration of connections**
3. **Order of business**
The Chair seeks approval of business, including proposing taking items 8 to 17 in private for the reasons set out on the agenda.

Business requiring decisions in public

4. **Minutes of meeting of 8 February 2024** Secretary
5. **Best Value in Moray Council** Controller of Audit

Business for information in public

6. **Local government policy update report** Secretary

Any other public business

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

Business for information in private

8. **Chair's update** Chair
9. **Controller of Audit's update** Controller of Audit

Business for discussion in private

10. **Best Value Report: Moray Council** Controller of Audit

[Item to be taken in private as it requires the Commission to consider confidential policy matters.]

11. Digital exclusion performance audit

[Item to be taken in private as it requires the Commission to consider confidential policy matters.]

Executive Director PABV

12. Diversity, equality and inclusion strategy: Proposals

[Item to be taken in private as it requires the Commission to consider confidential policy matters.]

Head of Organisational improvement

13. Q3 Corporate performance report

[Item to be taken in private as it requires the Commission to consider confidential policy matters.]

Chief Operating Officer

14. Accounts Commission, Auditor General for Scotland and Audit Scotland joint policies

[Item to be taken in private as it requires the Commission to consider confidential policy matters.]

Secretary

15. Deputy Chair

[Item to be taken in private as it requires the Commission to consider confidential policy matters.]

Chair

16. Audit appointment changes

[Item to be taken in private as it requires the Commission to consider confidential policy matters.]

Director of Audit Quality and Appointments

Any other private business

17. Any other private business

[Item 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.]

Minutes and matters arising from previous meeting

Secretary to Accounts Commission

Item 4
Meeting date: 7 March 2024

Purpose

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.

Recommendations

2. The Commission is asked to:
 - Approve the attached draft minute of its previous meeting.
 - Consider any matters arising from the draft minute.

Minutes

3. The minute of the previous meeting is in Appendix 1.
4. Members should note that the action tracker – available on the member SharePoint site and provided to members monthly – provides updates on progress from previous meetings.

Minutes

Thursday 8 February 2024, 10.00am

Audit Scotland offices, 102 West Port, Edinburgh, and
online via Microsoft Teams

507th meeting of the Accounts Commission

Present:

Jo Armstrong (Chair)
Malcolm Bell
Nichola Brown
Andrew Burns
Andrew Cowie (Virtual)
Carol Evans
Jennifer Henderson
Angela Leitch (Virtual)
Christine Lester
Ruth MacLeod
Mike Neilson
Derek Yule

In attendance:

Allan Campbell, Secretary to the Accounts Commission
Helena Gray, Controller of Audit
Antony Clark, Executive Director of Performance Audit and Best Value (items 5 and 6)
Richard Robinson, Senior Manager, Performance Audit and Best Value (item 5)
Fiona Diggie, Audit Manager, Performance Audit and Best Value (item 5)
Mark Taylor, Audit Director, Performance Audit and Best Value (item 6)
Gillian Simpson, Business Manager, Performance Audit and Best Value (item 6)
Joe Chapman, Policy Manager to the Accounts Commission (item 7)
Joanna Mansell, Communications Adviser (item 7)

1. Apologies for absence

There were no apologies for absence noted.

2. Declaration of connections

Carol Evans declared her recent appointment as a non-executive director of the Scottish Environment Protection Agency – for information and not in connection with any items on the agenda for this meeting.

3. Order of business

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

- Items 9 to 11, as they required the Commission to consider confidential policy matters

4. Minutes of meeting of 11 January 2024

The Commission considered a report by the Secretary presenting the minutes of the meeting of 11 January 2024, including a summary of business arising from the minutes.

With no comments, the minutes of the meeting were approved as a correct record.

5. Briefing on the 2024/25 Scottish Budget

The Commission considered a briefing by the Executive Director of Performance Audit and Best Value on the 2024/25 Scottish Budget.

During discussion,

- Commission members discussed the varying interpretations of the Budget in terms of changes in funding for local government, highlighting that the number and scale of in-year adjustments in recent years has led to a substantial difference between different year-on-year comparisons. It was suggested that both forms of comparison – budget to budget, and outturn to budget – were useful ways of understanding how funding was being allocated to public bodies, particularly at a time when significant in-year budget changes were taking place. It was noted, however, that predicting future levels of in-year budget changes was difficult given the significant levels of policy and funding volatility at both UK and Scottish level.
- The team was asked for an update regarding the Fiscal Framework, which it was suggested may help resolve the issue of differing messages regarding local government funding in future. Antony advised that there is no new update, with progress on implementing most aspects of the Verity House Agreement, including the new monitoring and accountability framework, having been much slower than expected. Fiona summarised the December progress report that was published by the Scottish Government and COSLA and agreed to circulate this report.

Action: Audit Manager, PABV

- The decision not to publish a multi-year budget was raised, as a contrast to the medium-term financial planning that many councils are undertaking – as discussed by the Commission in relation to Best Value reports. It was suggested that a Fiscal Framework may support medium-term financial planning as well as providing some clarity on future funding models and accountability frameworks.
- Members raised the issue of the Council Tax freeze, and the team confirmed the understanding that councils are not obliged to implement it and that some are known to be considering whether or not to do so. The team was asked about the cumulative cost to councils on an ongoing basis of previous successive freezes and caps on Council Tax. It was suggested that COSLA or Local Government Directors of Finance (DoFs) may have undertaken analysis or research into this matter. Antony agreed to look into this.

Action: Executive Director of PABV

- The team was asked about the potential impact of the Council Tax freeze on councils' ability to deliver high quality services to local communities and the delivery

of improved outcomes, particularly in relation to inequalities. Antony said the team did not have specific evidence on this point from the budget briefing, however, the impact of budget reductions on service performance in key 'non-protected' service areas was an important theme in recent Local Government Benchmarking Framework (LGBF) annual reports. Asked about scrutiny of the impact of the budget on inequalities, Antony highlighted the role of Equalities Impact Assessments (EIAs), as well as the importance of Parliamentary scrutiny on these matters. The team agreed to look into this further once the Budget Bill has been passed.

Action: Executive Director of PABV

- Concern was raised about the potential costs of the National Care Service (NCS), based on past experience of public sector restructures such as police and fire. The team was asked for its view on risks in this area, and for clarity on the Commission's role in auditing social care funding and spending. Antony reassured members social care reform is a key focus of audit attention in the joint Commission /AGS work programme, including through the forthcoming IJB report – which will cover service performance and the policy context as well as finances – and the intention to audit implementation of the NCS at an appropriate point in the future. Antony agreed to share material being prepared on lessons learnt from previous audit work on police and fire reform once this becomes available.

Action: Executive Director of PABV

- Members asked the team about how the Commission will monitor councils' financial sustainability. Antony referred to the new approach to overview reporting, including the council budget analysis blog and the Challenges, Risks and Opportunities report. The team was also asked how the Commission can ensure the figures that are used in its reports are credible, and consistent with other published information. Antony advised that the team regularly engage with the Scottish Government and COSLA regarding their interpretation of their budget analysis figures and how they are interpreted and reported by Audit Scotland in overview reports and other outputs.

After discussion, the Commission noted the briefing.

6. Work programme update – February 2024

The Commission considered an update by the Executive Director of Performance Audit and Best Value on the Work programme.

During discussion,

- Antony Clark and Mark Taylor outlined the process of adding products to the work programme. For the proposed joint briefing on care experienced children and young people, PABV had identified this as an area of interest through its ongoing work programmed development activity and had previously consulted the Commission and its Performance Audit Committee (PAC) in broad terms on proposed work in this area. The topic had also featured in the December 2023 strategic stocktake of the joint Commission/AGS work programme. If approved by the Commission today, the

scope of the briefing will be developed and presented to a future meeting of the Commission's performance audit committee (PAC).

- Regarding the spotlight report on homelessness, Antony explained that this choice of this topic had previously been agreed by the Commission when the new overview approach was discussed in October 2023. This report is intended as a 'test case' for a spotlight on a broad theme within a service delivery context and will be reflected on as part of a review of this year's overview reporting, once all outputs are complete.
- Members asked the team about allocation and management of people across the work programme, and monitoring of audit delivery against budgeted staff time, particularly in relation to the new overview outputs. Antony explained how this is managed and reviewed by Audit Scotland and confirmed he is confident about the proposed budgets for the overview products.
- The team was asked how cross-cutting issues such as public service reform, and legislative changes including on human rights and the UN Convention on the Rights of the Child, could be reflected in the Commission's work programme. Antony agreed that this an important area of focus and will work with the Commission Support Team on the best approach to keeping members informed and updated on key developments in these areas.

Action – Executive Director of PABV / Secretary

- Members also asked about taking a human rights perspective in audit work, with reference made to this approach being adopted in the Digital Exclusion performance audit. It was suggested that this could form part of the work programme discussion at the March Strategy Seminar. Antony added that audit teams are also increasingly incorporating the perspectives of people with lived experience in audit work.
- The team was asked about how the focus of audit work has evolved over time and whether this could be reflected on periodically, including possibly revisiting areas previously but no longer focused on. It was reported that Commission and AGS have made important changes to the nature and focus of their audit work in recent years through, for example the adoptions of a more dynamic work programme with a wider range of audit outputs (e.g. briefings, blogs, and Round Tables) alongside more traditional audit reports following the pandemic. The increased coverage of new policy areas such as Climate Change/Net Zero, Digital and equalities and human rights in the work programme was also noted as was the work that took place during the pandemic to revisit and refresh a range of previous audit outputs (e.g. guidance for Audit Committees) in the context of Covid-19. Mark agreed to take a look back at previous Commission products and produce some trend analysis.

Action – Audit Director, PABV

After discussion, the Commission:

- Noted the progress in delivering the work programme from September 2023 to January 2024.
- Noted the planned products up to May 2024.

- Agreed to the additions proposed to the programme.

7. Local Government policy update report

The Commission considered a report by the Secretary to the Accounts Commission providing an update on significant recent activity relating to local government.

During discussion,

- Members welcomed the new format of the report. It was agreed further detail on impact would be provided at the March Strategy Seminar as part of the communications and engagement strategy discussion.
- Joanna Mansell (Communications adviser) agreed to hold a training session to assist members in amplifying the impact on social media channels.

Action – Communications Adviser

Following discussion, the Commission noted the report.

8. Any other public business

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

9. Chair's update report

The Commission considered a verbal update by the Chair providing an update on recent and upcoming activity, which included the following:

- Thanked colleagues for the welcome and welcomed support so far from Audit Scotland colleagues and Scottish Government civil servants.
- Discussed upcoming engagement included in the induction programme.
- Discussed the upcoming Strategy Seminar agenda, circulated by the Secretary, and asked for any feedback to be sent via email.
- Allan Campbell outlined the process for appointing a Deputy Chair. Allan agreed to email members after the meeting with more information.

Action – Secretary

Following discussion, the Commission noted the verbal update.

10. Controller of Audit's update report

The Commission considered a verbal update by the Controller of Audit on recent and upcoming activity, which included the following:

- Regular meetings with Accounts Commission members and introductory session with the new Chair, Jo Armstrong.

- Regular meeting with Sarah Gadsen, Chief Executive of the Improvement Service, to discuss recent Best Value reports and the potential of sharing emerging key themes.
- Attended John Cornett's keynote speech with guest Brian Roberts OBE, former CIPFA President and leading national expert on public financial management. It was agreed Helena would share lessons learnt from Northampton Council with members.

Action – Controller of Audit

- Noted the Best Value programme is progressing with four reports in the pipeline for the next four Commission meetings.
- Attended Local Government Sector meeting, discussing the current issues local authorities are facing.
- Led a deep dive at Audit Scotland Executive Team on financial sustainability in local authorities which will be presented at the next FAAC in February.
- The Annual Assurance and Risks Report – a summary of key risks and issues from across the 2022/23 audit work – will be brought to the March Strategy Seminar to support the discussion on the work programme and future Best Value themes.
- Following discussion, the Commission noted the verbal update.

Any other private business

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

11. Close of meeting

The meeting closed at 12.05.

Purpose

1. This report introduces the Controller of Audit's report on Best Value in Moray Council for the Commission's consideration, alongside the associated publication arrangements.

Recommendations

2. The Commission is invited to:
 - Consider the Controller of Audit's report.
 - Approve the proposed publication arrangements.
 - Decide how it wishes to proceed.

Background

3. The report draws the Commission's attention to the findings set out in Moray Council's 2022/23 Annual Audit Report (AAR) on how effectively the council demonstrates Best Value through continuous improvement in how it delivers its strategic priorities.
4. Best Value audit work is now fully integrated into annual financial audit work to increase its impact and efficiency and reduce the scrutiny burden on councils. Best Value work is reported in AARs and also includes follow-up and thematic Best Value work, providing judgements on the pace and depth of continuous improvements and service performance. This work provides the Commission with the opportunity to offer a national overview of key aspects of Best Value, as well as supporting accountability and improvement within individual councils to generate greater impact from the Best Value audit work.
5. The theme chosen by the Commission for its annual Best Value thematic work for 2022/23 was Leadership of the development of new strategic priorities. The Commission intends to publish a national thematic report on leadership of strategic priorities, drawing on the findings of Best Value thematic work across all 32 councils, in 2024.
6. At least once during the current five-year audit appointment the Controller of Audit is required to report to the Commission on Best Value in each council. These reports are based on the Best Value audit findings reported in AARs. They replace the Best Value Assurance Reports that were published on all councils between 2017-22.
7. Both the AAR and the Best Value thematic work at Moray Council were presented at a special meeting of the Council on 25 October 2023.

The Controller of Audit's report

8. This report is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).

- 9.** 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.
- 10.** The Controller of Audit Report was sent to Moray Council on 28 February 2024, the same date it was issued to the Commission. The council has been advised that it is obliged to supply a copy of the report and the AAR on which it is based to each member of the council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the council it is effectively in the public domain.

Procedure

- 11.** 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.
- 12.** 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.
- 13.** 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 AAR, with a focus on Best Value. This is done in the public part of the Commission meeting.
- 14.** The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform Moray Council of its decision on the same day as the Accounts Commission meeting which the Commission does before making the decision public.
- 15.** The Commission asks the council for a meeting, preferably in the period between the Commission publishing findings and the council considering them, to do the following:
- for Commission members to hear what the council thinks of their findings
 - to discuss what the council will do with the findings
 - to confirm any next steps
 - to review the audit process.

16. The council is required by statute to do the following:

- consider the findings of the Commission within three months of receiving them
- publish in a newspaper circulating in the local area a notice stating the time and place of the meeting, indicating that it is to be held to consider the findings of the Commission and describing the nature of those findings (at least seven clear days before the meeting)
- after the council has met:
 - notify the Commission of any decisions made
 - publish in a newspaper circulating in the local area a notice containing a summary, approved by the Commission, of the council's decision.

Publication arrangements

17. The main communications outputs for each of the new Best Value reports currently include:

- Short animation – key messages for local communities from the annual audit report
- News release – based on the Account Commission's findings, including a quote from the Chair of the Accounts Commission
- Social media – detailed list of key groups to tag within each council area, including community councils, tenant groups, third sector and local third sector interfaces.

18. In addition, we will carry out the following communications and engagement:

- Local media – advance engagement with local media about the report to increase the potential for interviews
- Local third sector interface – share messages, animation and images with each of the local third sector interfaces, provide support to share across their wide-ranging contact groups
- Ongoing engagement with the local council.

19. The main audiences for our communications are:

- Council and council staff
- Local communities
- Third sector groups
- Local and specialist media
- COSLA and the Improvement Service
- Other councils – to share best practice.

- 20.** Alongside reviewing the impact of our specific communications activity for each report, we will carry out a comparative review of our communications after four Best Value reports have been published.

Conclusion

- 21.** The Commission is invited to:

- consider the Controller of Audit's statutory report on Best Value in Moray Council
- approve the proposed publication arrangements
- decide in private how it wishes to proceed.

Best Value

Moray Council



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit

February 2024

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Key facts

864 Square miles

96,410 Population

3,800 Workforce (FTE)

26 Elected members
9 Conservative, 1 Conservative non-aligned, 9 SNP, 3 Labour, 3 Independent and 1 Green (minority Conservative administration)

£26.5m Savings required by 2025/26

£258.2m Net revenue budget 2022/23

£43.4m Capital budget 2022/23

Controller of Audit Report

- 1.** This report is made by the Controller of Audit to the Commission under Section 102(1) of the amended Local Government (Scotland) Act 1973. It is based on evidence collected in the 2022/23 annual audit which reported in October 2023. Appendix 1 includes the 2022/23 Annual Audit Report (AAR), and Appendix 2 includes a link to the Best Value Statutory Guidance. The reporting of Best Value is now undertaken through the annual audit at each council and includes detailed work each year focusing on a Scotland-wide theme. The theme this year concerns councils' Leadership of the development of new local strategic priorities.
- 2.** The Best Value Assurance Report (BVAR) for Moray Council published in August 2020 highlighted that the council has received six Best Value reports since 2006 which have consistently highlighted that while there have been improvements the pace of progress has been slow. The Commission considered a progress report in 2022 and concluded that they were encouraged by the steps the council had taken but were concerned about whether momentum would be maintained.
- 3.** My report highlights that the council continues to face challenges in demonstrating Best Value. Appendix 3 provides a timeline of Best Value audit activity at Moray Council (Table 1) together with a summary of progress reported in the 2022 Progress report and 2022/23 AAR against the recommendations made in the 2020 BVAR (Table 2). Important aspects of Best Value raised in previous reports continue to be issues the council needs to prioritise.
- 4.** The AAR noted that, as at October 2023, the council had not yet approved its new Corporate Plan. The council is now due to consider its revised Corporate Plan at its full Council meeting in February 2024.
- 5.** The council has a finely balanced political leadership position and there have been changes in leadership and elected members since the local government election in 2022. Decision-making appears to be time consuming and challenging due to a lack of effective cross-party working. This, alongside emerging national issues such as the Verity House Agreement and the challenging financial position, have contributed to the delay in agreeing the Corporate Plan.
- 6.** Auditors identified in the AAR that there was some confusion at the Audit Risk and Scrutiny Committee on its remit with often lengthy discussions on what issues should be escalated rather than the issue at hand. The Council has used external support to develop its collaborative leadership, scrutiny, and improve member and officer working relationships including the introduction of a Strategic Leadership Forum. This is an area auditors will keep under close review.

The council should ensure that members work effectively together to act on key decisions in an effective and efficient manner.

The council should ensure all Audit and Scrutiny Committee members are clear on their remit.

7. The council engages well with citizens and communities. The auditors found the council's community engagement work to inform the new corporate plan to be an area of strength. The council has undertaken a consultation exercise for the 2024/25 budget asking citizens to consider strategic priorities. It has also involved local communities in smaller-scale participatory budgeting exercises, a recent example being the refurbishment of a community playpark. These amount to some 0.26 per cent of council expenditure, below the Scottish Government target of one per cent.

The council should undertake further consultation and engagement to ensure local communities are more involved in participatory budgeting.

8. The council reports performance and progress internally through its service committees, and it reports progress on its corporate plan annually to full Council. It is updating its corporate delivery framework to align with its draft corporate plan. It is therefore too early to assess its effectiveness in demonstrating progress toward the new priorities.

9. The council has undertaken some self-evaluation exercises, including community learning and development. The AAR noted the council lacked an established approach to corporate self-evaluation. It had previously adopted the Public Sector Improvement Framework self-evaluation approach but suspended its use due to the Covid-19 pandemic in 2020, and it has not applied this since. The council is currently developing an approach to corporate self-evaluation.

The council needs to finalise the performance and delivery framework for its new Corporate Plan. It should implement annual self-evaluation to identify strengths as well as areas for improvement.

10. The council's annual performance reporting is not done in a timely manner. It has yet to publish its annual performance report for 2022/23. The last annual performance report to Audit and Scrutiny Committee was for 2020/21 LGBF data in February 2023.

The Council needs to report performance in a more timely manner.

11. Auditors analysis of the most recent Local Government Benchmarking Framework (LGBF) data shows a declining picture of service performance relative to other councils. In 2022/23, 47 per cent of

performance indicators were in the upper two quartiles of performance, compared to 54 per cent in the relevant 'base years' for these indicators¹.

12. The council has financial, workforce and asset plans that align with the priorities in its current Corporate Plan. The digital strategy and plan were approved by the council's Corporate Committee in August 2023. The medium-term financial plan (MTFP) currently extends to 2025/26 and the council is looking to extend this further to capture a longer time frame. The council revises its MTFP three times a year, taking into account budget setting and its use of reserves.

13. A report to Council in January 2024 identified a £31 million cumulative budget gap over the three-year period covered by the MTFP to 2025/26 after using £17.2 million of reserves. The Council plans to bridge its budget gap primarily from savings from 2024/25 onward. It has identified that it must make £20 million of savings in 2024/25 of which only £6.5 million are currently identified. The continued use of earmarked reserves to bridge the budget gap is not sustainable beyond the short-term unless the council identifies savings at pace.

14. The council approved its Improvement and Modernisation Programme (IMP) in December 2018. This is integral to it delivering the savings component of its budget gap and achieving sustainable transformation in line with its 'Council of the Future' ambitions.

15. The IMP incorporates digital, service restructure, asset and other transformation projects. The council has delivered its projected £2.3 million savings from the IMP and other transformation schemes up to 2022/23. It has also projected future savings of £2.4 million over the life of identified projects.

16. The council needs to increase its pace of change to achieve the required future savings. In November 2023, a report to Corporate Committee noted that eight of the 14 active projects within the IMP and transformation program were off target. Some £13.5 million of savings are still required to be identified to bridge the 2024/25 budget gap. The council recognises this as a priority. It is developing a programme of further transformation and intends to report this in April 2024. The auditors will follow-up on progress through their annual audit work.

The council needs to increase its pace of transformation and identify savings to ensure its financial sustainability.

17. The AAR noted that the council has an ambitious capital plan with £501 million total expenditure between 2023/24 and 2032/33, of which £400.5 million (80 per cent) is planned to be financed through loans. This level of borrowing has significant revenue implications for the council in an already challenging financial climate. In January 2024, the council scaled back its ten-year capital plan to £351.4m expenditure, with £272.2 million to

¹ The LGBF covers over 100 indicators and base years range from 2007 to 2019 depending upon when each indicator was introduced.

be financed from a similar proportion of borrowing, equivalent to 77 per cent. The council plans to offset this borrowing to a significant degree with external funding including Learning Estate Investment Programme funding.

The council should keep the affordability of its capital plan and related revenue implications under review.

18. There have been recurring underspends in the council's capital programme. These have increased in the past five years from a twelve per cent underspend to a 35 per cent underspend. These are in part attributable to the Covid-19 pandemic and to council decisions to manage and reduce its capital spend. Capital underspends can result in additional costs to the revenue budget through extending the council's borrowing requirement over time.

The council should continue to monitor any slippage of the capital plan

19. The AAR highlighted that the council also has a history of underspend against its revenue budget and its forecasted year end position. In 2021/22, it returned a £6.8 million underspend; and in 2022/23 a £17 million underspend. Allowing for one-off savings and additional income this amounts to only a two per cent variation in outturn for 2022/23. Inaccurate forecasting can impact on decisions taken by members on the allocation of financial resources to deliver council priorities.

The council should review its forecasting process to ensure the most accurate projections.

20. The draft council priorities and the LOIP clearly reflect issues of inequality, including child poverty and supporting vulnerable members of the community. The council uses equality impact assessments to consider the risks and implications of its decisions.

21. The current 2019-2024 Corporate Plan references the councils aims to protect and sustain the environment. The council declared a climate change emergency in June 2019. In 2020 it introduced its Climate Change Strategy and action plan with the aim of becoming carbon neutral by 2030. These, together with the Local Development Plan, are designed to provide a coordinated local response to the expected challenges of climate change. The delivery of this target remains challenging.

22. Previous Best Value reporting has highlighted capacity and skills pressures with some recruitment challenges in key posts. This remains a challenging issue for the council and it should continue to review its capacity to deliver on its priorities.

Appendix 1: 2022/23 Annual Audit Report

2022/23 Annual Audit Report

This report summarises the findings from the 2022/23 annual audit of Moray Council.

This Annual Audit Report comprises:

- significant matters arising from the audit of the council's Annual Accounts.
- conclusions on the council's performance in meeting its Best Value duties.
- conclusions on the following wider scope areas that frame public audit as set out in the Code of Audit Practice 2021:
 - Financial management
 - Financial sustainability
 - Vision, leadership and governance
 - Use of resources to improve outcomes.

**Insert
AAR cover
image**

2022/23 Annual Audit Report [[Moray Council AAR 22-23](#)]
[Moray Council]

[October] 2023

Appendix 2: Best Value

[The Local Government in Scotland Act 2003](#) introduced a statutory framework for Best Value for local authorities. The Best Value duties set out in the Act are:

- to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost); and, in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirement and to contribute to the achievement of sustainable development.
- to achieve break-even trading accounts, subject to mandatory disclosure
- to observe proper accounting practices
- to make arrangements for the reporting to the public of the outcome of the performance of functions.

Appendix 3: Moray Council BV progress

Table 1

Moray Council Best Value timeline

Feb 2006- Audit of Best Value and Community Planning	<ul style="list-style-type: none"> • Moray Council has a very long way to go to respond to its statutory duties on Best Value. Significant work is needed to create a culture of improvement. • Since 2004 new political leaders and the chief executive have started to make a considerable difference and introduced a series of reforms. Implementation of these will take time.
August 2007- Progress report on the audit of Best Value and Community Planning.	<ul style="list-style-type: none"> • The pace of change has been steady. The council needs to sustain the pace of improvement to deliver better outcomes for local communities. • Elected members need to set a clearer strategic direction and ensure that there is sufficient capacity to sustain improvement.
February 2009- Progress report	<ul style="list-style-type: none"> • The council has demonstrated a willingness to progress improvement and has an increased openness to external advice. • Elected member leadership has improved; the council has clearer priorities and more systematic performance management. • A more structured approach is required to manage strategic priorities, and to ensure continuous improvement in services. • Elected members need to increase their commitment to personal development.
September 2012 The Moray Council Targeted Best Value audit work	<ul style="list-style-type: none"> • Political and officer leadership has improved. The council needs to consolidate its strategic planning to demonstrate progress. • Elected members and officers are challenging performance more effectively. • The council is making progress with improvement. It needs to improve governance and reporting and prioritise its improvement programmes.
October 2015- Progress report	<ul style="list-style-type: none"> • Progress with strategic planning and improvement action plans – ten-year community plan, and corporate plan links to service planning and performance review. • Council showed a shared commitment to develop these but must increase the pace of change to meet its Best Value duties.

August 2020 Best Value Assurance Report	<ul style="list-style-type: none">• Continued political instability and lack of focus has resulted in slow pace of change. Some progress toward significant strategic decisions (e.g. revised corporate plan, learning estate review).• The financial position is extremely challenging and reliance on reserves to balance the budget is unsustainable.• Performance reporting is service-focused and does not clearly show council progress with its overall priorities.• Performance relative to other councils has deteriorated over the past 5 years, particularly in educational attainment.• Staff capacity to deliver change is a significant risk to the delivery of Best Value.
March 2022- Progress report	<ul style="list-style-type: none">• Progress in some important areas; challenges remain in delivering strategic change. Elected members need to work better together to deliver the council's priorities.• The council was quick to respond to the Covid-19 pandemic, but this impacted the overall pace of transformation.• Improved capacity to drive strategic change but recruitment challenges in key posts e.g. head of transformation.• Decision-taking is challenging. Elected members need to work constructively together and ensure a shared and clear view on scrutiny and the remit of the Audit and Scrutiny Committee.• The council should continue to seek external support. It needs to continue to address capacity to ensure its priorities are achievable and that it protects the wellbeing of its staff.

Table 2**Progress map – BVAR recommendations**

Controller of Audit BVAR recommendations 2020	2022 Progress report conclusions	2024 AAR and BV thematic conclusions
<p>Collaborative leadership The council needs to continue to progress its governance review, including reviews of committee structures, schemes of delegation and reporting to committee.</p> <p>The elected member development strategy should be implemented through programmed activity and personal development plans.</p>	<ul style="list-style-type: none"> • Elected members need to work better together to deliver council priorities. This should be a priority and external support will be helpful. • A governance review is being finalised and the remit of the Audit and Scrutiny Committee is still to be agreed. • Council plans to implement elected member development strategy from May 2022. 	<ul style="list-style-type: none"> • Lack of effective cross party working - decision-taking is time consuming and challenging. • Members remain unclear on remit of the Audit and Scrutiny Committee including what should be escalated to the Council. • Auditors recommend further members training. Council have committed to a briefing on this topic by 31 March 2024.
<p>Performance management The council needs to complete its performance management suite of documents. This should include key indicators to support priorities and address the level of reporting at an overall council level versus service level.</p>	<ul style="list-style-type: none"> • Council has made good progress. Performance reports focus on strategic priorities and improvement. • Emphasis now on refining performance management to drive priorities and outcomes. 	<ul style="list-style-type: none"> • Delays in signing off the Council Plan and delivery framework. • Annual performance reporting is not timely. • Auditors recommended the Council implement an annual self-evaluation to identify strengths and areas for improvement.
<p>Service performance The council should investigate and better understand the reasons for poorer satisfaction levels in housing.</p> <p>Development work is required to improve educational attainment, alongside making significant changes to the school estate.</p>	<ul style="list-style-type: none"> • The Scottish Housing Regulator has no major concerns and actions are being taken to better understand tenant satisfaction • Measures have continued to be taken to improve attainment ; it is not possible to make national comparisons given lack of data during Covid-19 pandemic. 	<ul style="list-style-type: none"> • Performance in 2021/22 significantly below the national average for 'Proportion of council dwellings meeting Scottish Housing Quality Standards'. The latest 2022/23 service report shows a slight improvement but the council continues to underperform.

Financial sustainability

The medium- and longer-term financial position needs to be addressed and the continued reduction in the council's reserve position halted before the position becomes acute

- Financial position improved over the last two years; reserves are sustainable in the medium term.
- The council plans to use significant Covid-19 reserves to balance its budget in 2022/23 and 2023/24.
- It plans to develop new transformation projects to deliver the savings required and ensure services are financially sustainable.
- Budget underspends - council needs to improve its financial management.
- Developing Medium to long term financial strategy.
- Significant funding gap over the 3 years to 2025/26. Identification of further savings will be challenging.

Transformation

The council needs to make some difficult strategic decisions on areas such as, asset management, leisure services, flexible working, income generation and service transformation in education and social work

- Council approved a revised and re-prioritised an Improvement Modernisation Programme (IMP)
- IMP more clearly aligns with priorities and sets short and medium- to long-term targets.
- Major transformation is needed to close the funding gap. IMP programme is currently unlikely to deliver the scale of transformation required. Council needs to progress this at pace.
- Council has an asset strategy spanning 10-year period to 2032/33. Council need to consider the revenue implications and affordability.

Partnership working and Community engagement

The council needs to continue working with CPP partners to determine clear outcome milestones and performance reporting

- Performance management is being refocused. This is an evolving area of work which has been affected by the pandemic.
- Community empowerment is reflected in council priorities; good engagement over the corporate plan.
- Examples of participatory budgeting, but council are not achieving the one per cent of expenditure target.

Best Value

Moray Council



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Purpose

1. This report provides an update on significant recent activity relating to local government. Much of its content is derived from weekly digests of media and Parliamentary mentions, Parliamentary committee updates, consultations and other relevant news updates, which are provided to members by Audit Scotland's Communications Team and are available through the [members' SharePoint site](#).

Recommendations

2. The Commission is invited to:
 - Note this report and consider any implications for its work programme
 - Agree the recommendations regarding responding to consultations.

Recent publications and engagement

3. Below are details of the media coverage, download statistics and social media engagement for reports issued recently by the Commission.
 - **[Best Value in Orkney Islands Council](#)** (30 January 2024)
 - Media coverage: [STV News](#), [The Herald](#), [The National](#), [The Scotsman](#) (online); Daily Record, The Herald, The i, Press and Journal, The Scotsman (print).
 - Engagement statistics (up to 21 February): 265 report downloads; 2,750 views, 1,000 video views and 110 engagements on social media; 4% engagement rate.
4. Quarterly and annual download statistics for Commission publications are also provided, to supplement the regular monthly statistics. The next quarterly update, covering the period up to the end of March 2024, will be provided in the May edition of this report.

Media and Parliamentary monitoring

5. The Commission has been cited by the Deputy First Minister and Cabinet Secretary for Finance (DFM), Shona Robison MSP, on two occasions so far during debates regarding the Scottish Budget. During the Stage 1 debate on 8 February (as well as in the debate on Pre-Budget Scrutiny reports the previous week), the DFM referred to a statistic in the Local Government Overview 2023 report about the trend in revenue funding, stating:

"We all rely on local authorities for vital public services, and the budget provides a record £14 billion for local government, including £144 million to fund the council tax freeze, which is a 6 per cent increase on the current year. As the Accounts Commission has confirmed, our local government revenue funding is now 2.6 per cent higher in real terms than in 2013-14."

Scottish Budget

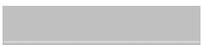
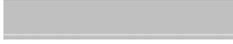
Overview

6. The Budget Bill was passed by the Scottish Parliament following the Stage 3 debate on 27 February. It had earlier been passed at Stage 1 on 8 February and proceeded through Stage 2 consideration by the Finance and Public Administration Committee on 20 February. The Local Government Finance Order was agreed on 28 February.

Local Government

7. On 22 February, the DFM announced that – subject to the UK Spring Budget delivering an improved funding position as expected – the Scottish Government will provide an additional £62.7 million of funding to councils *if they agree to freeze Council Tax*. This sum consists of:
- £45 million in expected in Barnett consequentials arising from the additional extra funding for social care in England that had already been announced
 - A further £17.7 million from the Scottish Government
8. This additional funding is designed to meet the gap in the Local Government Settlement identified by COSLA in its [Budget Reality](#) document. Therefore, according to the Scottish Government, the money offered to councils to cover the Council Tax freeze is now “wholly additional funding”. However, COSLA has said that tying this funding to the council tax freeze rather than providing it to all councils as part of the Settlement is “not appropriate”.
9. The DFM had earlier [written to COSLA and Council Leaders](#) to advise them of the allocation each council would receive if it agreed to freeze Council Tax, and stated explicitly that any council that did not freeze Council Tax would not receive any of the earmarked funding.
10. Under the proposed methodology, each council would be set to receive whichever is higher of the following options:
- a share equivalent to what they would expect to obtain from a 5% rise locally – net of the Council Tax Reduction Scheme;
 - a distribution by council based on their share of gross national revenue
- For 23 councils, the former option is the most advantageous. The total sum thus allocated is now £147.2 million.
11. As of Tuesday 27 February, only one council – Argyll & Bute – had decided to reject the freeze, opting instead to increase Council Tax by 10%. The additional funding was only announced on the day that Argyll & Bute set its budget, and it’s now thought that the council may be worse off, even with the 10% increase, than if it had frozen Council Tax.
12. Others including Aberdeenshire, Comhairle nan Eilean Siar, Edinburgh, Fife, Glasgow, North and South Lanarkshire, and Scottish Borders, had all agreed to freeze Council Tax. However, most had still to agree their budgets, with many set to do so on 29 February.
13. Meanwhile, [COSLA has declared a “fundamental position of dispute”](#) with the Scottish Government over a range of issues including the Council Tax freeze and teacher numbers. One council leader described the Verity House Agreement as “dead in the water” due to the deteriorating nature of relations between the two parties.

Analysis

- 14.** The Scottish Parliament Information Centre (SPICe) published its [detailed briefing on the Local Government Settlement](#). The briefing's summary included the following points:
- The Budget document shows that the local government revenue settlement increases by 5% in real terms when comparing the 2024/25 Budget to the 2023/24 Budget. Local authority directors of finance believe that this is not an accurate representation of changes to local authorities' spending power.
 - COSLA argues that the cost of previously agreed national commitments means that the local government revenue settlement is £62.7 million less than they expected, even before inflation is factored in.
 - All local authorities see a real terms increase in their revenue funding when comparing the provisional 2024/25 figures with provisional 2023/24 allocations. Island authorities receive a far higher per head allocation than mainland local authorities; Edinburgh and Aberdeen receive the lowest per-head allocations.
 - There is a significant reduction in capital funding between 2023/24 and 2024/25.
 - There is continued debate over the principle of the Scottish Government announcing a council tax freeze without consulting local government, and the estimated cost of "fully funding" such a freeze.
- 15.** The briefing included the following figures for local government revenue funding:
- A cash increase of 6.8% – 5% in real terms – *compared to the 2023/24 Budget* (rising from £12.4 billion to £13.25 billion in cash terms).
 - A cash increase of 3% - 2% in real terms – *compared to the latest available figures for 2023-24 outturn*.
 - Local government's share of the Scottish Government revenue budget is 33.1% - up from 31.7% in the 2023/24 Budget, and back to the level seen in 2013-14.
- 16.** The figures in the briefing also show a significant shift from specific ('ring-fenced') grants to core funding. Overall, SPICe indicates the following trend in the proportion of the total revenue settlement that is made up of ring-fenced or transferred funding:
- 2020-21 & 21-22:  11%
 - 2022-23 & 23-24:  18%
 - 2024-25 Budget:  13%
- 17.** On capital funding, SPICe figures show a significant reduction in both cash terms (23%) and real terms (24%) compared to the 2023/24 Budget. Most of this is accounted for by the switch into the General Revenue Grant (GRG) of £120.6 million of funding for pay deals, which was previously provided as capital and then transferred to revenue (conversely, this explains some of the increase in revenue funding).
- 18.** Meanwhile, the Institute for Fiscal Studies (IFS) said on 6 February that [the Scottish Budget gives a "misleading impression"](#) about spending increases. Taking the example of health, the IFS pointed out that while the budget documentation shows a 1.3% real-terms year-on-year increase, funding is set to fall by 0.7% in real terms when in-year top-ups are included.

19. While the Scottish Government says it is obliged to present like-for-like comparisons with the previous year's Budget, the Committee itself has recommended that the Scottish Government follows the lead of the UK Government and the Scottish Fiscal Commission in comparing Budget plans for spending with the latest estimates or outturns from the previous year. This detail has now been published as a [supporting document for the Budget](#), showing initial allocations and in-year changes for Level 3 budget lines in each of the last two years.

Other local government finance issues

20. 'Our Scottish Future', a think-tank set up by former Prime Minister Gordon Brown, has [recommended a new system of local taxation in Scotland](#), and called for "efforts to build a cross-party consensus" before the 2026 Scottish election. The report recommends that councils are given the power to join together to form Scottish Combined Authorities, and are given greater financial discretion, with more multi-year budgets and a reduction in ring-fencing. The report says Scotland is one of the most centralised nations in Europe, and says the 'command and control' culture exemplified by the Council Tax freeze must end.
21. The Local Government Information Unit (LGIU) has published a new [comparative analysis of council tax systems](#) in Scotland, Wales and Ireland, as part of a series of briefings on council tax reform that started with [an overview of the issues](#). (*Commission members can now access LGIU's member-only content by logging in or setting up an account using their Commission email address.*) Key messages from the latest briefing include a need to expand council tax reform beyond revaluation, to ensure that any reforms future-proof the system, and to increase councils' autonomy including by enabling multi-year rate-setting.
22. The Levelling Up, Housing and Communities (LUHC) Committee of the House of Commons published [a report on its inquiry into "Financial distress in local authorities"](#). The report says "local authorities are now issuing section 114 notices at an alarming rate which puts them and local taxpayers at risk" and called for Government action to help local authorities "survive the severe crisis and financial distress that they face". The Committee said whoever wins the next election "must embark on a fundamental review of the systems of local authority funding, local taxation, and delivery of social care services".
23. Other key points in the LUHC Committee's report included:
- The financial crisis in local government comes after significant reductions in councils' spending power, which has coincided with increasing demand and high inflation; local authorities face a funding gap estimated at £4 billion over the next two years.
 - Local authorities are increasingly reliant on income from council tax to fund services – but council tax is regressive, long overdue for reform and leading to a disproportionately negative impact on funding levels of authorities in the most deprived areas.
 - Children's and adults' social care, services for children and young people with special educational needs and disabilities, and rising levels of homelessness, are all frequently cited as key pressures on local authorities' finances
24. Birmingham City Council announced [details of cuts to services](#) it is planning to make in order to save £300 million over the next two years, including: a £52 million reduction in the budget for children and families services; £24 million cut from the adult social care budget; £39 million saved in city operations including waste; and a £6 million cut to the city housing budget – all in 2024/25 alone. The council also plans to increase council tax by 10% in

2024/25, and a further 10% in 2025/26 (using special dispensation from the Government to exceed the normal 5% cap), and as previously reported, up to 600 jobs are likely to be lost.

25. The IFS produced a [podcast titled 'Are Councils in Crisis?'](#) looking at how so many councils – in England, particularly – ended up in financial difficulty and what can be done about it. The podcast features the IFS's Director, Paul Johnson, its Head of Local Government Finance, David Phillips, and Tony Travers, professor at the London School of Economics.
26. The Guardian produced a series of articles at the end of January on the theme of "[Councils in crisis](#)", supplemented by occasional stories since then. Features included an [analysis of funding cuts](#) (including some Institute for Government data) to various council services in England, and a warning about the likely [maximum council tax increase](#) south of the border.
27. The Scottish Local Authorities Remuneration Committee (SLARC) published its final report on its [independent review of councillor remuneration](#). Reconvened in April 2023 after a gap of 12 years since its last report, SLARC engaged extensively with Scottish councils to gain insights into the role of modern-day councillors and how this has changed over the past decade. SLARC also considered how key population groups may be excluded from public office and what steps can be taken to address this.
28. The SLARC report includes a total of [22 recommendations](#) relating to councillors' remuneration and expenses, based on its [findings](#) which include the following:
 - The demographic make-up of councillors does not match the general population, with women, young people and people with disabilities particularly under-represented.
 - Most councillors spend at least 26 hours per week on formal council duties, while more than 40% consider the role to be full-time; at the same time, nearly 40% of councillors spend 26-40 hours per week on other employment, education or caring duties.
 - Social media creates more casework for two thirds of councillors; almost three quarters say their involvement in partnerships and committees is increasingly demanding.
 - The role of councillors – in particular the scale of responsibility for key public services and community wellbeing – is not always well understood by members of other public bodies, and often proves much more demanding than new members expected.
 - Remuneration levels are not considered to reflect the complexity of the role, and can be a significant barrier to potential candidates and serving councillors.
29. Dumfries and Galloway Council received confirmation that [it will not receive government support](#) – from either the UK or Scottish Governments – for the £7.6 million cost of removing potentially dangerous reinforced autoclaved aerated concrete (RAAC) from schools and a swimming pool. Councillors raised concerns about the financial strain, with fears that the bill might increase. The council already faces a bill of £920,000 for initial remedial works.
30. A new [Addressing Depopulation Fund](#) will provide £180,000 to help three councils facing acute population decline to trial ways of attracting and retaining people in their communities. Part-funding has been provided by the Scottish Government for the current and next financial years for Community Settlement Officers in Argyll & Bute, Highland and Comhairle nan Eilean Siar, while Dumfries and Galloway Council will receive £30,000 to research the causes of local population decline, to inform the development of future policy interventions. Other projects set to receive funds will be announced later this year.

Policy area updates

National Care Service

31. The Health, Social Care and Sport Committee published its [Stage 1 report on the National Care Service \(Scotland\) Bill](#) on 22 February. Most members of the Committee have given qualified backing to the principles of the Bill (SNP and Green members voted in favour, Conservative and Labour voted against), but [warned that their support is conditional](#) on the Government addressing the issues highlighted in the report and agreeing to facilitate further scrutiny of the Bill ahead of formal Stage 2 proceedings.
32. A lack of detail on how the proposed National Care Service would operate was highlighted as a particular concern, along with a lack of clarity on the scope and purpose of the co-design process. The Committee has asked to see a full list of amendments the Scottish Government intends to bring forward at Stage 2 to reflect the revised approach agreed with local government and the NHS, and for additional time to take further evidence based on those amendments. The timescale for this expanded Stage 2 process is not yet clear.
33. Meanwhile, the Finance and Public Administration Committee [wrote to the Minister, Maree Todd MSP](#), setting out its continuing concerns about the finances for the Bill and requesting a range of information as promised by Scottish Government officials in recent evidence sessions (which [the Minister later provided](#)). The Committee concluded that it is still “not confident” the new figures provided are “an accurate reflection of the final costs of the Bill”.
34. The Stage 1 debate took place on 29 February – after this report was issued to Commission members; an update will be provided if there are any significant issues to report.

Health and social care

35. The Scottish Government has announced its intention to retain the legislation that provides for a minimum unit price of alcohol beyond 30 April 2024, and to [increase the minimum unit price](#) from 50p per unit to 65p per unit from 30 September 2024, in order to counteract the effects of inflation. Public Health Scotland has said that while alcohol-related deaths have risen 25% in the last three years, minimum unit pricing has meant that deaths that are wholly attributable to alcohol are 13.5% lower than would otherwise have been expected. Meanwhile, public attitudes research in 2023 found a narrow majority in favour of the policy.
36. The latest [monthly figures from Public Health Scotland](#) show that the number of cases of delayed discharge – where patients remain in hospital after they are fit to be discharged, due to delays in the availability of care packages – fell by 5% in December, from 1,900 to 1,800. The average length of delays, however, rose from 22 days to 29 days.

Housing and homelessness

37. The latest [annual housing statistics](#) have been released. New housing supply increased by 10% in 2022/23 – 24,400 new homes were made available (of which 98% were new builds), which compares to 22,200 in 2021/22 and is the highest level since the 2007/08 financial crisis. Private sector and social housing sector new build completions increased by 12% and 6% respectively, while local authorities saw a fall of 28% (750 homes) in completions. However, [figures reported elsewhere](#) indicate that the number of new build homes being started is down by 26% and the number of completions has fallen by 6%.

- 38.** Meanwhile the latest [quarterly homelessness statistics](#) show that in April to September 2023, 16,500 households were assessed as homeless or threatened with homelessness – 4% more than the same period in 2022– while 15,600 households and nearly 10,000 children were in temporary accommodation at 30 September 2023, both up 8% in a year. There were just over 20,000 applications for homelessness assistance in the 6-month period – an increase of 3% compared to a year earlier – with 30,000 open cases at 30 September 2023, 10% higher than in 2022 and the highest level on record.
- 39.** [In Glasgow](#), the number of people in temporary accommodation rose by 25% between November 2023 and January 2024, exceeding 7,000 people including 3,500 children. There was also a jump in those reporting rough sleeping, and a 34% increase in the number of people housed in hotels and B&Bs, during the same period.
- 40.** A public opinion survey commissioned by advisory firm True North has found that [74% of people in Scotland agree the country is in a housing crisis](#), with 55% believing too few homes are being built. Meanwhile, [more than 10,000 people signed an open letter](#) produced by Shelter Scotland demanding that the First Minister declare a housing emergency and deliver an action plan to end it. The letter argues that reducing social housing budgets would be detrimental to poverty reduction efforts, stating that safe, warm and affordable housing is a basic human right. The survey and the letter come after the announcement in the Scottish Budget of a £200 million cut to the Affordable Housing Supply Programme.
- 41.** The Scottish Parliament Information Centre (SPICe) published a [blog on affordable housing](#) in January, assessing the proposed budget cut as well as progress towards the Scottish Government’s housing targets.

Poverty and inequality

- 42.** The Scottish Government is providing Citizens Advice Scotland (CAS) with £200,000 funding as part of a new [pilot scheme to help tackle council tax debt](#). The pilot aims to better understand the reasons why some people end up in council tax arrears, and to help reduce and prevent future council tax debt. The pilot – in Clackmannanshire, Renfrewshire and the Scottish Borders – will involve testing different ways of working including providing targeted support to people facing council tax debt, simplifying referral processes between councils and advisory services, and organising mutual training sessions for council and CAS staff.
- 43.** The pilot comes as council figures show significant increases in council tax debt in recent years. For example, the [total outstanding council tax debt in Moray is £17.5m](#) while [the Highland Council area has a total of £39 million](#) of council tax debt – both about a third of the expected income for the current financial year. To put those figures in context, Moray’s newest primary school cost £11.5 million to build and its newest secondary school cost £42 million. The largest single debt in Moray is £31,500 – equivalent to the total council tax paid on a band D property in the last 22 years – and one household in the Highlands has a debt of £48,800, which equates to 28 years of Band C payments.

Climate change

- 44.** On 31 January the Scottish Government published four reports as part of its Environment Strategy for Scotland, on the evidence base, policy levers and international best practice for ensuring Scotland’s [international environmental impact is sustainable](#), ensuring Scotland has a [sustainable global footprint](#), supporting the necessary [transformations in Scotland’s economy to tackle the climate emergency](#), and [transitioning to a nature positive economy](#).

45. The Scottish Housing Regulator (SHR) has warned that [the social housing sector faces a bill of up to £9 billion](#) to meet the Scottish Government's net zero standards, with "difficult choices" needing to be made between funding new social housing and investing in existing properties. The SHR said there is a "lot of uncertainty for landlords" around the Scottish Government's consultation on its proposed net zero standard, and that improvements will ultimately have to be funded either through public subsidy or by rent paid by tenants.

Education

46. The number of young people in work, training or further study three months after the end of the school year has reached a record high of 95.9% - up from 95.7% in 2021/22 – according to new figures. The 2022/23 [Attainment and Initial Leaver Destination statistics](#) also show that the gap between those from the most and least deprived areas progressing after leaving school has continued to narrow and is now at a record low of 3.7 percentage points.
47. The proportion of school leavers with one or more technical or vocational qualifications at SCQF Level 5 or better has reached a record high of 30.4%. However, the proportions of pupils who left school having attained one pass or more at each of the SCQF Levels all fell compared to 2021/22 – partly due to the return to pre-pandemic measurement, but some of these measures are at their lowest for a decade. 2022/23 also saw higher proportions of S4 and S5 leavers and fewer S6 leavers than in recent years.
48. Council leaders have warned that maintaining teacher numbers at "arbitrary levels" set by the Scottish Government will not be sustainable at current funding levels, with a £145.5m funding allocation for that purpose for next year set to only cover a "very small proportion" of the wage bill. A [COSLA briefing for MSPs](#) says this ring-fencing "will force even deeper cuts on services like social work support, early intervention services, cultural services, youth work and libraries, all of which are vital to supporting children and young people".
49. It's reported that [Glasgow City Council is considering cutting around 450 teaching posts](#) over three years as part of a plan to save £27.8 million. Unions say the move will negatively impact all children and may lead to more exclusions. The council says the education budget amounts to more than half of service expenditure directed by the council, and continuing to protect it is significantly more challenging when substantial savings are still needed.
50. Similarly, [Dundee City Council is set to cut 32 full-time teacher posts](#), affecting both primary and secondary schools, in an effort to save nearly £2 million in the next financial year. The new total number of teachers would still be above that required by the Scottish Government. An impact assessment included in budget papers states the proposed cuts will have a negative impact on pupils and employment opportunities.

Scottish Parliamentary committees

Local Government, Housing and Planning (LGHP) Committee

51. The [LGHP Committee](#) took evidence on or considered the Housing (Cladding Remediation) (Scotland) Bill, and the Scottish Government's 'Housing to 2040' strategy.
52. On 30 January, the Committee Convener, Ariane Burgess MSP, wrote [to Joe FitzPatrick MSP](#) (Minister for Local Government Empowerment and Planning) and [to Cllr Katie Hagmann](#) (COSLA Resources spokesperson) requesting further information and reflections on various Budget-related issues following their earlier evidence session, including:

- Different interpretations and presentations of the budget figures
- Differing understanding of what is and isn't ring-fenced or directed funding
- Prospects for multi-year budgets and greater flexibility to adopt preventative approaches
- The long-term impact of the council tax freeze

53. Ms Burgess called on Mr FitzPatrick to invite his officials to discuss with Parliament officials how figures could be presented for future budgets to enable more effective scrutiny. She also asked him to explain the decision-making process that led to the “incontestable” cut in the capital budget for local government, and its potential impact on assets and investment. Responses were due by 20 February but had not been published by 27 February.

54. The Committee also received a [letter from Paul McLennan MSP](#) providing an update on the implementation and monitoring of short-term let licensing.

Public Audit Committee

55. The [Public Audit Committee](#) took evidence on:

- The 2022/23 audit of the Scottish Prison Service
- The 2022/23 audit of the Water Industry Commission for Scotland
- Administration of Scottish income tax 2022/23

56. The Committee also considered a draft report on its scrutiny of Adult mental health.

Finance and Public Administration (FPA) Committee

57. The [FPA Committee](#) published its [Budget Scrutiny 2024-25 report](#) on 31 January, then hosted a debate on 1 February in which Conveners of all Committees summarised their own Committee's pre-budget scrutiny.

58. In its report, the FPA Committee: reiterated its scepticism about the degree to which the Scottish Government has prioritised its spending “in a strategic, coherent and co-ordinated way” in accordance with its three ‘missions’ of equality, opportunity and community; concluded that the Government “remains focused on plugging short-term funding gaps at the expense of medium- and longer-term financial planning”; and was highly critical of the absence of multi-year spending plans and other strategic documents, accusing the Government of “procrastinating on important decision-making”.

59. The Committee took evidence from the DFM on the Scottish Government's response to the Budget Scrutiny report on 20 February, having also received a [detailed written response](#). This was followed by the Committee's consideration of the Budget Bill at Stage 2.

Education, Children and Young People (ECYP) Committee

60. The [ECYP Committee](#) is holding a panel discussion on 13 March as part of its inquiry into additional support for learning (ASL). Audit Scotland has been invited, in light of the audit interest and ongoing scoping work on this topic, and Antony Clark has agreed to participate. Antony won't be in a position to share any findings from the ongoing work on ASL at this early stage, but the committee clerk has been made aware of this and is happy for Antony to draw on our wider audit intelligence and evidence.

Other Committees

61. Meanwhile, the following have been the subject of evidence-taking by Committees (links to any specific evidence sessions are available on request):

- [Abortion Services \(Safe Access Zones\) \(Scotland\) Bill](#) – Stage 1
- Additional Support for Learning
- [Agriculture and Rural Communities \(Scotland\) Bill](#) – Stage 1
- [Alcohol \(Minimum Pricing\) \(Scotland\) Act 2012](#) – post-legislative scrutiny
- [Children \(Care and Justice\) \(Scotland\) Bill](#) – Stage 2
- [Community Care \(Personal Care and Nursing Care\) \(Scotland\) Amendment Regulations 2024](#)
- [Consumer Scotland Act 2020 \(Relevant Public Authorities\) Regulations 2024](#)
- [Dangerous Dogs \(Designated Types\) \(Scotland\) Order 2024](#)
- [Gender Representation on Public Boards \(Amendment\) \(Scotland\) Bill](#) – Stage 1
- Homelessness and temporary accommodation
- National Outcomes – *Constitution, Europe, External Affairs and Culture Committee evidence session with Pete Wishart MP, Chair of the Scottish Affairs Committee*
- [Procurement Reform \(Scotland\) Act 2014](#) – post-legislative scrutiny
- [Social Care \(Self-directed Support\) \(Scotland\) Act 2013](#) – post-legislative scrutiny
- Social Security Scotland
- [Victims, Witnesses, and Justice Reform \(Scotland\) Bill](#) – Stage 1
- [Wildlife Management and Muirburn \(Scotland\) Bill](#) – Stage 2

Ministerial changes

62. Michael Matheson resigned as Cabinet Secretary for Health and Social Care, replaced by Neil Gray, who was previously Cabinet Secretary for Wellbeing Economy, Fair Work and Energy. The Wellbeing Economy portfolio was transferred to Mairi McAllan, who is also responsible for Net Zero and Energy, while Fiona Hyslop became Cabinet Secretary for Transport (which was previously part of Ms McAllan's responsibilities).
63. Elena Whitham stood down as Minister for Drugs and Alcohol Policy, replaced by Christina McKelvie. Kaukab Stewart replaced Ms McKelvie as Minister for Culture, Europe and International Development. Meanwhile, Jim Fairlie also joined the government as a new Minister for Agriculture and Connectivity.

COSLA and Improvement Service updates

64. The Improvement Service published the latest [annual report of the Common Advice Performance Management Reporting Framework](#) which measures key indicators of performance for money and welfare rights advice services. Local authority-funded money and welfare rights advice services reported securing £330.5 million of verified financial gain for clients in 2022/23, an increase of 20% from the previous year. The report's findings highlight the important role these services play in tackling poverty, particularly for individuals with low incomes, with continued investment in these small but vital services making a significant contribution to addressing inequality.
65. The Improvement Service published the [findings of the National Planning Improvement Champion's call for ideas](#). The report found that there is no overall agreement on what

successful planning looks like, that the reduced resources available to planning authorities is a key issue, and that there is a clear need to ensure a strong pipeline of people entering the profession, as well as to provide training and support for elected members on their roles, responsibilities and powers. The importance of collaboration rather than a ‘them and us’ culture was also highlighted. The evidence gathered from the ‘call for ideas’ has been used to inform the development of a pilot National Planning Improvement Framework that will help planning authorities assess their performance and identify areas for improvement, with the existing approach in which the Scottish Government assesses performance being replaced by a collaborative peer review process involving a wider range of stakeholders.

66. The Improvement Service earlier provided a [brief update on its local government transformation programme](#) with Solace Scotland. Launch meetings have been held for six short-term projects which will develop and implement changes, in the areas of procurement, statutory duties, Crerar implementation, digital shared services, developing a digital ‘to-be’ state, and active communities. Meanwhile the Leadership Practitioner Forum – a network for aspiring Chief Executives, Directors and Heads of Service, that is being run as part of the transformation programme – was due to be hold its latest meeting on 29 February, focusing on 2024/25 Budgets and the Verity House Agreement.
67. COSLA and the Scottish Government [published the initial 2-year delivery plan for their new Dementia Strategy “Everyone's Story”](#). The delivery plan sets out how the Scottish Government and COSLA will work with those who have lived experience of dealing with dementia as well as delivery partners to realise the vision for change of a person-centred approach to providing support, treatment and care which is set out in the strategy.
68. COSLA President [Shona Morrison congratulated Heather Woodbridge](#) on becoming the new Leader of Orkney Islands Council – the council’s first female leader, and the youngest in Scotland. Ms Woodbridge replaces James Stockan, who has retired as a councillor.

Updates on previous queries

None

Consultations

69. A response to the [Wellbeing and Sustainable Development \(Scotland\) Bill consultation](#) was submitted on behalf of the Commission, Audit Scotland and the Auditor General. The response is available to view [on the Audit Scotland website](#).
70. Meanwhile, the Scottish Government has published an [independent analysis of responses to the consultation on A Human Rights Bill for Scotland](#), which ran from June to October 2023. The Commission, Audit Scotland and the Auditor General submitted a [joint response](#) to the consultation. That joint response is cited twice in the analysis, both times within the section on [Duties](#) (under questions 23 and 26).
71. The following recommendations are made by the Secretary and Audit Scotland staff regarding whether to respond to recently-opened Scottish Government consultations:
- [Learning Disabilities, Autism and Neurodivergence Bill](#) (closing date: 21 April)
Recommendation: No response.
Most of the questions ask to what extent you agree or disagree with different proposals relating to Learning Disabilities, Autism and Neurodivergence, and we don’t have audit

evidence to draw on. We could make some general points such as about the value of having more specific data to help with decision-making and monitoring, but as we have not carried out work on the cost and opportunity cost of public bodies doing that to the level set out in the consultation, we could only say we agree with the general principle but make the point about the cost of doing it, which would have limited value.

- [Scotland's draft Circular Economy and Waste Route Map to 2030](#) (closing date: 15 Mar)
Recommendation: No response.

There would be little value in responding. The questions are focused on the extent to which we agree with the Government's priority actions, and it would be inappropriate for us to comment on its strategic direction or what it should prioritise in its policy and legislative programme. Also, we haven't done any audit work in this area since 2010 so we do not have any recent evidence to draw upon to support a response or highlight any significant risks or issues. We will continue to monitor progress with the Bill as part of wider work to inform audit work on climate change and the environment.

- [Climate change - draft Scottish National Adaptation Plan 3](#) (closing date: 24 April)
Recommendation to follow.

This consultation seeks views on the Scottish Government's draft new plan for adapting to climate change – Scottish National Adaptation Plan 2024-29, which is due to be published in Autumn 2024. An audit on climate change adaptation is currently at the scoping stage, and the questions in this consultation are currently being reviewed as to whether it would be appropriate for us to respond.

72. The Secretary will advise verbally during the meeting of any changes or updates in relation to these or any other consultations.

73. The Commission is invited to agree to the recommendations above.