

Annual report

2023/24



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Our context

Public audit in Scotland, the shared statement of purpose between the Auditor General, the Accounts Commission and Audit Scotland sets out our joint vision and mission, and the outcomes where we aim to achieve measurable change by 2028.



Vision

Public money is well spent to meet the needs of Scotland's people.



Mission

Provide clear, independent and objective assurance on how effectively public money is being managed and spent.



Outcomes

By 2028 we want to achieve measurable change in the following areas:

Public services in Scotland work better together to target resources more effectively.

Financial planning and management are more effective across Scotland's public services.

Public bodies deliver clearer and more transparent reporting.

Our recommendations have a positive impact for people in Scotland.



Who we are

The Accounts Commission holds councils and other local government bodies in Scotland to account and helps them improve by reporting to the public on their performance, including sharing good practice. We are impartial and operate independently of councils and the Scottish Government.

We expect councils and other local government bodies to achieve the highest standards of governance and financial stewardship and fulfil their statutory duty of **Best Value** in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils, Integration Joint Boards (IJBs) and other joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits and related work to help councils and IJBs improve their services
- requiring councils to publish information to help the public assess their performance.

Best Value is a legal duty all councils in Scotland need to meet. Best Value ensures that councils deliver continuous improvement across all services and functions.

You can find out more about the work of the Accounts Commission on our website: www.audit.scot/about-us/accounts-commission.

The current members of the Commission are listed on [page 16](#).

Chair's foreword



This is my first annual report as Chair of the Accounts Commission, in a year that marks the 50th anniversary of the first Commission meeting.

The Commission was formed at a time of significant upheaval across local government in Scotland, with the Commission's core purpose remaining true to today – scrutiny of the financial audits of councils, to enhance accountability and integrity. In the decades since, its role and remit has been strengthened, to include performance reporting and local authorities' duty to secure Best Value.

True to the Commission's founding principles, my priority as chair is to ensure we deliver effective scrutiny of Scotland's local government bodies. But in 2024 and beyond this must also include highlighting good practice, supporting councils as they transform how they deliver services, and underlining where services and financial pressures are impacting services and service users.

We have a wide breadth of experience on the Commission from across the public, private and third sectors. The individual and collective insight that members bring enhances the value of our work and our reputation.

Across local government, it has been an incredibly challenging year – our work has highlighted how existing pressures have intensified. It's getting harder for councils to do more with less. Services are beginning to decline. It isn't sustainable to continue delivering services in their current form. Throughout our reporting we've underlined the increasingly urgent need for deep and lasting transformation in the way services are delivered. As we emphasise in our Best Value reporting, underpinning this is the importance of collaboration and co-operative decision-making, alongside meaningful engagement with local communities on the tough decisions ahead.

Over the coming year, alongside Audit Scotland we look forward to supporting accountability and assurance arrangements for the Verity House Agreement. Progressing this is critical, and time is running short before the next Holyrood election – not least in establishing a new fiscal framework for local government.

Since being appointed in January, I've been impressed by the professionalism, and the breadth and depth of knowledge of Audit Scotland colleagues. To them and my fellow members, I'd like to say thank you for all your hard work.

Jo Armstrong
Chair of the Accounts Commission



Our strategy and impact

In 2023/24, we agreed and published [Public audit in Scotland](#), our shared statement of purpose between us, the Auditor General and Audit Scotland.

Public audit in Scotland sets out a shared vision and mission, and the four outcome areas where we aim to have a measurable impact in the coming years.

This shared statement sits alongside the [Accounts Commission Strategy 2021-26](#), to give a complementary view of our strategic priorities and the impact we want to have on public services and the lives of people and communities in Scotland.

To support this, we have finalised our new approach to evaluating our impact, setting out the early impact of our work and then a wider evaluation over time.

Our early impact approach looks at progress against our recommendations, how our work is influencing change, and stakeholder perceptions of our work. For example, in June we reported on the good progress that the agencies involved in [Scotland's City Region and Growth Deals](#) have made in implementing the recommendations we made in our 2020 performance audit.

The wider evaluation approach will look at the impact of our work on the four outcomes in Public audit in Scotland. Our approach recognises that major change comes from many drivers and a whole system approach where we are one of multiple contributors. To reflect this, we will explore how our activity makes a difference alongside the other factors and agencies involved.

We have committed to reporting on our impact against public audit outcomes at least twice by April 2028. We will commission our first wider evaluation in the second half of 2024 and report the findings in summer 2025.



Reporting on individual bodies

Best Value

Councils have a statutory duty to demonstrate Best Value – essentially, ensuring there is good governance and effective management of resources, with a focus on continuous improvement, to deliver the best possible outcomes for people. The duty is introduced in Part 1 of the Local Government in Scotland Act 2003.

In 2023, we began a new approach to auditing Best Value in Scottish councils. The new approach continues to audit against the statutory duty but is now fully integrated with the annual financial audit of each council. This integrated approach is intended to increase our impact and efficiency while reducing the scrutiny burden on councils.

The reports produced by the Controller of Audit are also more streamlined, highlighting in just a few pages the key issues and conclusions from the annual audit work.

Our new approach also includes detailed work each year focusing on a theme across all councils, which is collated into a national report. This work gives us an opportunity to offer a national overview of key aspects of Best Value, to highlight best practice, as well as supporting accountability and improvement within individual councils.

The themes for the first two years of the new Best Value reporting cycle are:

- **Year 1** – 2022/23 audits (reporting in 2023/24): Leadership of the development of new strategic priorities
- **Year 2** – 2023/24 audits: Innovation and improvement in the use of the workforce.

In September 2023, we published [Best Value in Scotland](#), marking 20 years since the introduction of Best Value. The report reflected on the impact and value of this work, which has driven significant improvements in local government, including in performance management, partnership working and community engagement.

However, the report also highlighted areas where progress has been made, but not fast enough, including strategic and collaborative leadership, public performance reporting, workforce planning, medium- to long-term financial planning, scrutiny, and the pace and depth of continuous improvement.


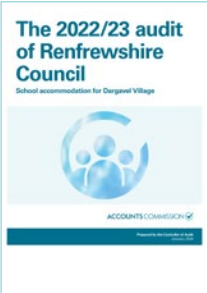
These areas have been a focus of our Best Value reports on individual councils.

Council	Commission findings
<p><u>South Ayrshire Council</u> (November 2023)</p> 	<p>We said the pace of change has been too slow, and that the council needs to improve how it measures and reports performance, be clearer about the benefits of its plans for change, prioritise progressing council-wide self-evaluation, and clearly align its budget with its strategic priorities.</p>
<p><u>Dundee City Council</u> (November 2023)</p> 	<p>We found the council to be well run, with effective leadership, good financial management and community engagement as it seeks to tackle long-standing issues. There is a strong commitment to continuous improvement, but it will take time to determine the impact of its work to tackle high levels of deprivation, drug deaths and child poverty, and reduce the educational attainment gap.</p>
<p><u>Dumfries and Galloway Council</u> (January 2024)</p> 	<p>The council has a good financial track record, with clear plans to transform services so it can balance future budgets – but it now needs to deliver those plans. The council must also provide clearer and more easily accessible information to local people on its progress, and about how services are performing.</p>
<p><u>Orkney Islands Council</u> (January 2024)</p> 	<p>We are concerned about the significant gap between the council's transformation plans and ambitions, and its ability to deliver on them. There must be greater urgency in its financial planning, and management of capital projects. While the council faces particular challenges as an islands authority there are also opportunities which it must use to its advantage, including abundant natural resources as well as very positive relationships with its communities.</p>
<p><u>Moray Council</u> (March 2024)</p> 	<p>We concluded that the council must accelerate plans to transform how it works and delivers services, demonstrating that it can sustain the pace and momentum to change. Unless this happens, the council will fail to identify savings needed to tackle its budget gap. We are extremely concerned that the council is relying on unidentified savings and the unsustainable use of financial reserves.</p>

Statutory reports

Under section 102(1) of the Local Government (Scotland) Act 1973, the Controller of Audit has the power to produce a report for us at any time on any specific issue of concern arising from annual audit work (we can also instruct the Controller to report to us).

There were two such reports in 2023/24:

Council	Commission findings
<p><u>Glasgow City Council: Update on equal pay arrangements</u> (August 2023)</p> 	<p>This was a follow-up to our previous report on equal pay arrangements in Glasgow City Council, published in February 2020. It provided an update on the issues raised in that report, and the council's progress on implementing a new equitable pay and grading structure and funding its substantial equal pay liabilities.</p> <p>We urged the council, trade unions and others to maintain the pace in implementing a new system aimed at ensuring employees are paid equally in the future for the work they do, following delays due to the complexity of the issue and the Covid-19 pandemic.</p>
<p><u>Renfrewshire Council: School accommodation for Dargavel village</u> (January 2024)</p> 	<p>This report specifically focused on Renfrewshire Council's actions in response to an independent review (the Bowles review) of the circumstances which led to the council significantly underestimating the demand for primary school places resulting from a large new housing development, Dargavel village.</p> <p>We concluded that the council faces significant challenges in rebuilding the trust of local people, having failed to engage appropriately or transparently with the local community over the expansion of secondary school provision – risking repeating past mistakes. We requested a follow-up report, to be presented to us in summer 2024.</p>

A new approach to overview reporting

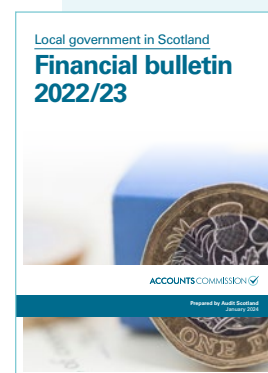
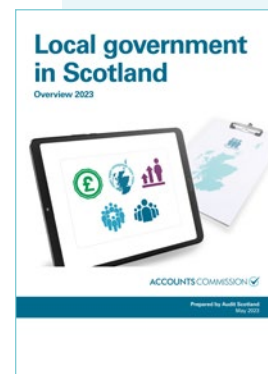
In May 2023, we published [Local government in Scotland: Overview 2023](#). We stated that Scotland's councils had never faced such a challenging situation, with demand and workforce pressures deepening after the Covid-19 pandemic and funding forecast to fall in real terms. We said councils must radically change how they operate – particularly how they collaborate with partners – if they are to improve and maintain services to their communities.

The 2023 report was the third and final report in a series of overview reports initiated during the pandemic.

In October 2023, we agreed a new approach to overview reporting, to move away from this single large annual overview report (plus a financial bulletin) to a broader suite of local government outputs that are shorter and are published throughout the year. Each output will be focused on a specific aspect of current overview reporting (for example finance, budgets, service performance, sector response to challenges, and individual service focus) with the overall programme of work fitting together to provide a more comprehensive overview of the key policy and performance issues facing the local government sector.

The new reporting model introduces new thematic deep dive reporting and more in-depth coverage of a specific local government service. These are both areas which have received more limited coverage in the Commission's work programme over recent years but are both relevant to the Commission's role in holding councils and other local government bodies in Scotland to account and helping them to improve.

In January 2024, we published our [Local government in Scotland: Financial bulletin 2022/23](#). In this report we said financial pressures mean councils now face hard choices about service cuts. While no council was at immediate financial risk in 2022/23, there is no certainty this will continue, making an agreement between the Scottish Government and councils to secure a sustainable, longer-term funding arrangement to deliver local services all the more urgent.





Other national reports

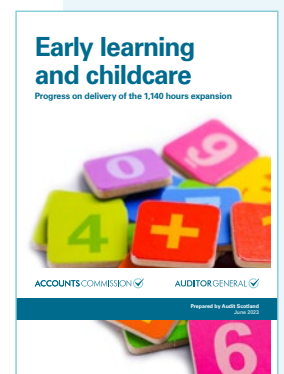
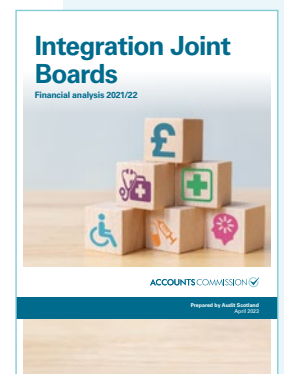
Through our performance audit programme, we report on issues which have a direct impact on people's daily lives. These include key public services, reviews of major reforms and projects, and reporting on how local government and its partners are responding to key issues.

We are taking a more dynamic and flexible approach to our performance audits, enabling us to react to circumstances and emerging issues, and make a difference to people and communities. We communicate our work through varied products and approaches, from detailed reports to animations, to ensure we reach our diverse stakeholders and that our messages are heard by the people affected by the services we review.

Our briefing and financial analysis on [Integration Joint Boards](#) (April 2023) stated that they face considerable financial and workforce challenges, with significant transformation needed to ensure long-term capacity, financial sustainability and good quality of services people receive.

In June 2023, we followed up our previous joint performance audit with the Auditor General on [early learning and childcare](#). We reported that councils, the Scottish Government and partners had done well to increase the hours provided to each child but that the sector was fragile.

We worked together with the Auditor General again on our joint review of [adult mental health services](#) (September 2023). We found accessing services remained slow and complicated for many people, and that ethnic minority groups, rural residents and people in poverty faced additional barriers to getting care.



Alongside our performance audits and briefings, we published four blogs in 2023/24:



Homelessness affects us all – action is needed:

a joint blog with the Auditor General, summarising relevant work to date and our intended future work in this area.



20 years of Best Value auditing in Scotland: accompanying our Best Value in Scotland report, highlighting the importance of Best Value and our new approach to reporting.



A renewed focus on the sustainability of social care:

providing an overview of current issues in the sector and looking ahead to our future reporting and other activities.



How the Accounts Commission holds local government

to account: explaining the Commission's role, powers and procedures, particularly in relation to statutory reports.



Engaging with others

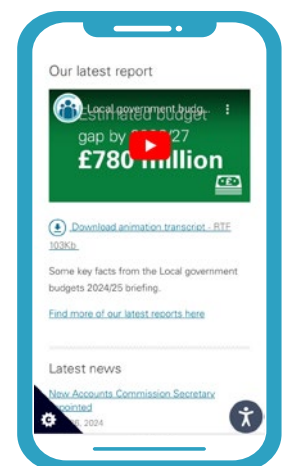
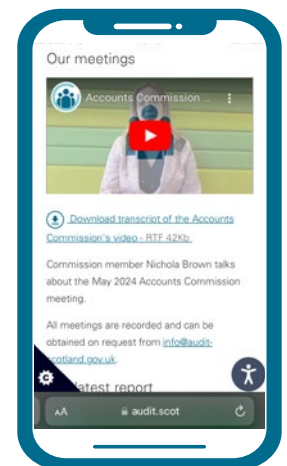
Over the last year we continued to promote our work to communities, local government stakeholders and the wider public.

All Accounts Commission meetings are [open to the public](#), both online and in person, except for items which must be discussed in private (for which we provide a clear rationale). We have welcomed members of local communities, alongside officers and elected members from councils across Scotland.

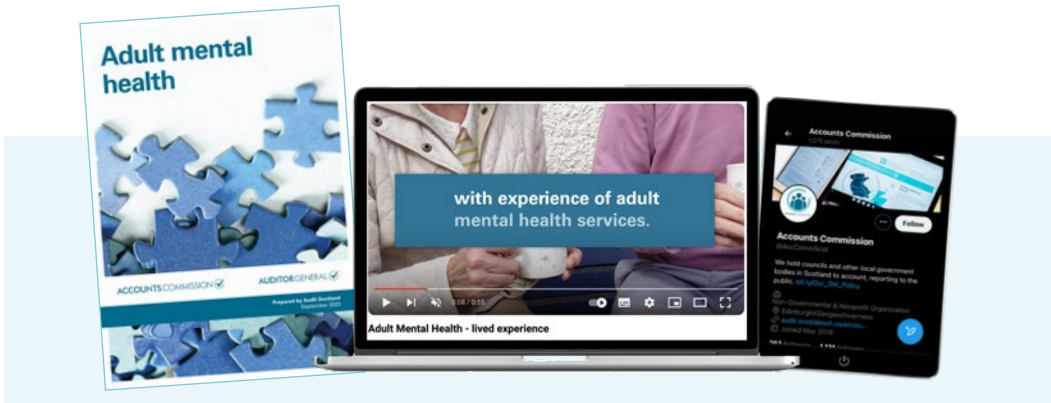
We regularly record a short video after Commission meetings, sharing on social media a brief summary of our monthly business and upcoming reports. [Recordings](#) of all our monthly meetings are also available.

Following publication of reports on individual councils, we visit each council, discussing the report, findings and the council's follow-up actions with councillors and senior council officers. This is a vitally important part of our work, which emphasises the importance of the recommendations and actions we make in our work. In turn, councils must share the actions they have agreed to take in response to our report, with their local communities.

We work hard to make the key messages in our work relevant to local communities. On our website and across social media, we highlight the impacts of our work on services and the people who use these services. We do this through short animations, videos and exhibits. Sharing our reporting with national and local media is vital in communicating our reports with communities, politicians and those working across the public and third sectors.



We are also increasingly focused on hearing and learning from people with lived experience of the services we are reporting on. This includes taking a human rights-based approach to our performance audit work. We took this approach in our 2023 report on adult mental health, alongside which we shared a video which amplified the lived experience of those impacted by mental ill-health. Our forthcoming report on digital exclusion continues and builds on this work.



Throughout the year, we have engaged with key organisations across the sector, including COSLA and Solace. And – alongside colleagues from Audit Scotland – we have been involved in a number of events with the Improvement Service, with whom we have continued our strategic alliance. This has helped extend the impact of our work to our key stakeholders, particularly councillors.

Giving evidence on our national reports to parliamentary committees adds value and impact to our reporting. Alongside the Auditor General, we gave evidence to the Public Audit Committee on our joint report on Adult mental health, and we have given evidence to the Local Government, Housing and Planning Committee on our Local government overview and Financial bulletin reports.



Ensuring quality in our work

The quality of the audit work delivered on our behalf is the bedrock of the assurance we provide and the improvements and changes we drive and support.

As well as the training and support our appointed auditors receive, public audit in Scotland has rigorous quality improvement arrangements supported by improvement programmes.

Audit Scotland's in-house independent Audit Quality and Appointments team conducts internal quality monitoring and reviews. Meanwhile, the Institute of Chartered Accountants for England and Wales (ICAEW) performs external monitoring, assessing the quality of audit work delivered on our behalf and checking that it complies with auditing standards, and regulatory and professional requirements.

Internal and external reviews of a sample of audits completed in 2023/24 found:

- 80 per cent of financial audits and all of performance audits achieved our expected standard of no or minor improvements required
- 46 per cent of the reviews of financial audits gave the highest grade
- a quarter of financial audits required some improvements, and none required significant improvements.

Areas for improvement include planning processes and reliance on previous information. There were no challenges to the validity of audit opinions.

Public bodies gave highly positive feedback on our audit work, rating the overall performance of Audit Scotland's audit teams at 4.3 out of five.

Internally, 92 per cent of colleagues said they were encouraged to deliver high-quality audit work, but only 34 per cent felt they had the time and resources to do so.

The results of this monitoring framework inform our quality improvement activity. More information is available in Audit Scotland's [Quality of public audit in Scotland annual report](#) and [Transparency report](#).

In February, ICAEW independently reviewed this quality assurance programme and concluded that it is appropriate.



Our members

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



Jo Armstrong
Chair

Member since:
2024

'As chair, my role is to ensure the Commission continues to deliver effective scrutiny, identifying and sharing best practice. Given the financial challenges local government is facing, the Commission has a valued role in ensuring critical services continue to be delivered.'

Experience: Economics and finance in energy and banking sectors, and with Scottish Government; Former adviser to Scottish Parliament committees; Chair of Wheatley Group; Chair of Hub West Scotland; Member of Royal Society of Edinburgh's Economy and Enterprise Committee; Fellow of Institute of Directors



Andrew Burns
Deputy Chair

Member since:
2018

'Our work, providing independent, public scrutiny across local government, supporting change and best practice, is increasingly valuable as the relationship between Scottish and local government continues to develop.'

Experience: Former Leader of City of Edinburgh Council; former Convener of the Scottish Council for Voluntary Organisations (SCVO)

Other activities: Chair of Edinburgh Union Canal Society; undertaking part-time PhD at the University of Edinburgh Business School



**Andrew
Cowie**

Member since:
2018

Experience: Former Chief Officer in Northern Constabulary and the Police Service of Scotland; Assistant Inspector of Constabulary with HMICS



Angela Leitch

Member since:
2023

Experience: Former Chief Executive of East Lothian Council; Former Chief Executive of Public Health Scotland (when it was formed); Convener of the Scottish Local Authority Remuneration Committee

Other activities: Trustee on Board of the Cyrenians; Chair of YouthLink Scotland



Carol Evans

Member since:
2023

Experience: Non-Executive Director of Scottish Environment Protection Agency, Skills Development Scotland and Food Standards Scotland; Career in transformational change, strategic leadership and risk management for multi-national companies including AstraZeneca and Royal Pharmaceutical Society

Other activities: Chair of Friends of Cedarbank charity. Carer for a young person with severe learning disabilities and for an older palliative person with significant physical disabilities



**Christine
Lester**

Member since:
2018

Experience: Former Chair of Moray Integration Joint Board; Former Vice Chair of NHS Grampian; Scientific background; Career in commercial sales

Other activities: Full-time carer; Fundraiser for MND Scotland



Derek Yule

Member since:
2023

Experience: Former Depute Chief Executive and Director of Corporate Resources at Highland Council; CIPFA-qualified accountant; Experience on several boards and working groups across UK and Scottish local government



Jennifer Henderson

Member since: 2022

Experience: Chief Executive and Keeper of the Registers of Scotland; Previously led stakeholder engagement for the Building Safety Programme in the Ministry of Housing, Communities and Local Government; Former Executive Director at the Defence Science and Technology Laboratory. Experience of leading organisational change, digital transformation and operational delivery of public services. Fellow of the Chartered Management Institute

Other activities: Interest in the role of organisations in tackling climate change – completed the Climate Solutions Professional Leadership course with the Royal Scottish Geographical Society



Malcolm Bell

Member since: 2022

Experience: Former Convener of Shetland Islands Council; Former Non-Executive Director of the Improvement Service; Former Non-Executive Director and Vice-Chair of NHS Shetland; Former senior police officer in Northern Constabulary; Former Chair of Shetland Child Protection Committee and both Orkney and Shetland Adult Protection committees

Other activities: Honorary Sheriff; Previously on the board of Shetland Citizens Advice



Mike Neilson

Member since: 2023

Experience: Former career civil servant for the UK Treasury, European Commission and Scottish Government, including more than 15 years as a Director; Experience of leading public service improvement and restructuring including in digital services, housing, homelessness and public utilities



Nichola Brown

Member since: 2022

Experience: Chief Executive Officer of PlayPeace (a charity supporting families of children with additional needs); Career in public health

Other activities: Carer for a person with a severe learning disability



Ruth MacLeod

Member since: 2022

Experience: Head of Communications for the Church of Scotland; Career in strategic public relations, crisis communications and change management across the public sector; Fellow of the Chartered Institute of Public Relations

Other activities: Member of a Communications Independent Advisory Group for the Metropolitan Police Service; Volunteer for the MCR Pathways school-based mentoring programme

Annual report

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

Phone: 0131 625 1500 Email: info@audit.scot

www.audit.scot

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