

Agenda

Thursday 10 October 2024 10.00am
Audit Scotland offices, 102 West Port,
Edinburgh, and online via Microsoft Teams
514th 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 9 to 15 in private for the reasons set out on the agenda.
-

Business requiring decisions in public

4. **Minutes and matters arising from previous meeting** Secretary 10.05
-

Business for discussion in public

5. **Best Value report: City of Edinburgh Council** Controller of Audit 10.10
-

Business for information in public

6. **Local government policy update report** Policy Manager 11.20
 7. **Chair's update** Chair 11.30
-

Any other public business

8. **Any other public business** Chair 11.35
The Chair will advise if there is any other public business to be considered by the Commission.
-

Business for discussion in private

9. **Strategic Alliance with the Improvement Service: annual review** Secretary 11.40
[Item to be taken in private as it requires the Commission to consider confidential policy matters.]

Break for lunch

12.15

Business for information in private

10. Controller of Audit update report Controller of Audit 13.00

Business for discussion in private

11. Best Value report: City of Edinburgh Council Controller of Audit 13.10
 [Item to be taken in private as it requires the Commission to consider actions in response to a statutory report.]

12. Housing benefit performance audit: draft report Audit Director, ASG 13.40
 [Item to be taken in private as it requires the Commission to consider a draft publication in private before publishing.]

13. Diversity, Equality and Inclusion strategy: consultation Director of Innovation and Transformation 14.05
 [Item to be taken in private as it requires the Commission to consider confidential policy matters.]

14. Chief Operating Officer update Chief Operating Officer 14.25
 [Item to be taken in private as it requires the Commission to consider confidential policy matters.]

Any other private business

15. Any other private business 14.40
 [Item may be required if there are any confidential matters that require to be discussed out with the public domain.]

Close of meeting

Minutes and matters arising from previous meeting

Secretary to Accounts Commission

Item 4
Meeting date: 10 October 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 to members via SharePoint and shared with them monthly – provides updates on progress from previous meetings.

Minutes

Thursday 12 September 2024, 10.00am

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

513th meeting of the Accounts Commission

Present:

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

In attendance:

Sarah Watters, Secretary to the Accounts Commission
Helena Gray, Controller of Audit
Sandy Denholm, Audit Manager, Deloitte (items 5 and 10)
Pat Kenny, Director, Deloitte (items 5 and 10)
Joe Chapman, Policy Manager to Accounts Commission (items 6 and 13)
Blyth Deans, Audit Director, PABV (item 11)
Derek Hoy, Senior Manager, PABV (item 11)
Lucy Jones, Audit Manager, PABV (item 11)
Lorna Munro, Senior Auditor, PABV (item 11)
Paul O'Brien, Director of Quality and Support (item 12)
Martin Walker, Director of Corporate Support (item 14)

1. Apologies for absence

There were no apologies for absence noted.

2. Declaration of connections

No other connections were declared.

3. Order of business

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

Items 9 to 15, for the reasons stated on the agenda.

4. Minutes and matters arising from previous meetings

The Commission considered a report by Sarah Watters, Secretary to the Commission, presenting the minutes of the August meeting, including a summary of actions arising from the minutes. With no comments, the minutes were approved as a correct record.

5. Best Value in Clackmannanshire Council

The Commission considered the Controller of Audit's report on Best Value in Clackmannanshire Council.

Following an introduction by Helena Gray, the discussion was structured according to the following themes:

- Finances – sustainability, including:
 - the financial sustainability of the council in the medium to long term
 - budget setting and the financial management process
 - the council's capacity to produce a medium-term financial strategy
- Finances – reserves, including:
 - whether reserves are sufficient to cover the council's share of IJB funding gap
 - previous reliance on reserves and non-recurring savings
 - evidence of reserve levels being replenished to previous levels
- Transformation, including:
 - the potential role for the development of shared services or other collaboration with partners to achieve transformation plan aims and/or efficiencies
 - the capacity and capability to deliver transformation at the pace required
- Workforce and leadership capacity, including:
 - capacity challenges in the finance team
 - capacity of the senior leadership team to achieve financial sustainability
 - the extent to which recruitment challenges are impacting delivery
 - the commitment of members to make difficult decisions to drive transformation
- Performance, including:
 - the extent to which the council is tracking its longer-term performance against its commitments in the community plan
- Community and partner engagement, including:
 - progress made collaborating with Community Planning partners, third sector and communities

Following discussion, the Commission agreed to decide in private how it wishes to respond to the report.

6. Local Government policy update report

The Commission considered a report by Joe Chapman, Policy Manager, providing an update on significant recent activity relating to local government.

During discussion,

- Christine sought assurance on the implications of recent spending reductions announced by the Finance Secretary in relation to IJBs this year. Joe confirmed this would be monitored with implications of the reductions likely to become clearer over the next month or so.
- Regarding plans to give the Scotland Office powers to spend directly in Scotland, clarity was sought around who would audit this. Joe confirmed it was within the remit of the National Audit Office (NAO) to audit how the Scotland Office spends its money. Helena explained that Commission audit work may consider how the UK funding complements a council's other spending particularly in relation to its priorities.
- Carol raised a related query about this funding replacing European Structural Funds and whether the volume of money was known and when councils would likely receive this. Joe confirmed the figures aren't available yet but would form part of the Scotland Office's budget.
- Jennifer raised the visitor levy plans, noting her interest in how the Commission could incorporate areas like this into their programme to assess value for money versus the cost of administering such schemes. Derek added that consideration also needs to be given to the differing impacts on councils depending on how much they are able to use any new revenue-raising powers.
- Mike noted the significance of the announcement by the Scottish Housing Regulator that ten councils either are suffering or are at heightened risk of suffering systemic failure in the services provided to people who are homeless. Jo also highlighted the need for the Commission's work to be joined up with the regulator on this issue.
- Funding associated with maintaining teacher numbers was also raised and confirmed as an area the Commission would be keeping under review.

Following discussion, the Commission noted the report.

7. Chair's update report

The Commission considered an update by Jo Armstrong on recent and upcoming activity.

During discussion,

- Jo highlighted her attendance at a private session of the Local Government, Housing and Planning Committee, noting the majority of the issues discussed by the committee were around the use of reserves, which is an area the Commission needs to maintain a focus on.

Following discussion, the Commission noted the update.

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. Controller of Audit's update report

The Commission considered a written and verbal update by Helena Gray, Controller of Audit, on recent and upcoming activity. During discussion:

- Helena highlighted the recently published National Fraud Initiative (NFI) report as an area for potential exploration on risk in the future. It was suggested there could be a link with the housing benefit audit. Members agreed in principle with this being a topic for discussion at a future members' forum, which Helena will discuss with Sarah.

Action – Controller of Audit / Secretary

- Helena flagged the proposed timing of the Renfrewshire Council BV report and suggested a revised timeframe may be worth exploring to allow the council adequate time to respond to issues previously raised by the Commission. After discussion the Chair confirmed that the Commission was happy to take the professional advice of the Controller of Audit and approved a revised date of spring 2025. A confirmed date will be agreed and presented at the next Commission meeting.

Following discussion, the Commission noted the update.

10. Best Value in Clackmannanshire Council

The Commission considered its response to a report by the Controller of Audit on Best Value in Clackmannanshire Council.

Following discussion, the Commission agreed to make findings to be published on 26 September 2024; the drafting of those findings would be delegated to the Chair and the Secretary on behalf of the Commission and would then be circulated to all members for comment, with responsibility for final sign-off resting with the Chair.

In discussing what the findings should include, the following general points were raised:

- The Commission welcomed the progress made since the previous Best Value reports, particularly in relation to priority setting, performance management & scrutiny, budget development, community engagement, equalities and climate change.
- Members highlighted that while the council has a strong track record of delivering savings targets, it has also relied on one-off budget flexibilities and reserves to balance its budget. Members agreed that the council needs to develop a robust Medium Term Financial Strategy (MTFS) which should be linked to transformation plans and projects, workforce and digital strategies, and show how current funding challenges with the Health and Social Care Partnership will be addressed. Following discussion, it was agreed to set a timescale of the end of financial year 2024/25.
- The Commission discussed the steps the council has taken to develop its transformation programme and agreed that clarity is required in relation to allocation of resources and the benefits it expects to realise, and by when.

- Capacity, recruitment, resilience, leadership development and sickness absence were discussed by members as areas where the council is facing challenges. Members stressed the consideration of all options within transformation plans and projects including partnering arrangements, digital delivery, collaboration and shared services to ensure the future sustainability of service delivery.
- The Commission recognised the ongoing positive working relationships between elected members and officers and across political parties but noted that this should not come at the cost of effective scrutiny and challenge.
- Members discussed the declining comparative performance of Clackmannanshire Council's services, and the impact of capacity on progress in improvement actions in some service areas. Members agreed the council must be clearer on the action it is taking to tackle poor performance and the impact it expects from these actions.
- The council's approach to engaging the local community was highlighted, and members praised the alignment of the council's annual priorities to the community planning partnership's local outcome improvement plan (LOIP), underpinned by a performance management framework. However, there was a desire by the Commission to see the impact on outcomes of these plans and strategies.

11. Sector-led transformation in councils: draft briefing

The Commission considered a draft of the report on Sector-led transformation in councils.

Blyth Deans introduced the draft report, summarising the new overview reporting programme which will be reviewed and refined for 2025. Blyth acknowledged the potential to further refine the messaging in the report including the connection between the need for transformation and the current financial challenges facing councils.

Blyth also agreed to share with members a draft set of principles for transformation. Members agreed that these should be included in the final version of the report as it is important to be clear on what is meant by transformation.

Action: Audit Director, PABV

During discussion, the Commission noted they were generally happy with the content of the report, subject to the below observations / requests for amendment:

- It was felt the report was missing any reference to previous work / examples, and that an acknowledgment of this work in the introduction would be welcome. Members and the audit team discussed previous collections of examples, but also a desire to shift the focus from smaller-scale change projects towards larger-scale transformation.
- The Commission discussed the extent of the work being done as part of the national transformation programme. The audit team and sponsors explained the desire to acknowledge that some work is being done whilst recognising the limitations and scale of this and emphasising that councils should not rely solely on the national programme to achieve the necessary transformation.
- It was queried whether the expectations of the Commission were achievable in a 12-month window, with a risk of local authorities being reluctant to commit to something they don't believe to be achievable. The audit team recognised the timeframe was

challenging but believe that is needed to drive progress, and explained that what is being sought in the short term is agreement on a desired end state to work towards, rather than the achievement of that end state. The audit team agreed to review this section to ensure this is sufficiently clear.

- The Commission highlighted the need to be mindful of the tone used in the report recognising that transformation has been going on for decades, whilst not diluting the scale and pace with which transformation now has to occur. The need to recognise and provide scope for local flexibility was also noted. The audit team will explore this and reflect in the wording used.
- The importance of all community planning partners working together, and not just councils, was highlighted with a request made to the audit team to consider making this more prominent in the paper. Members also discussed the need for local government transformation to link to the Scottish Government's public service reform programme, and the link between recent actions in some policy areas and the extent of progress in implementing the Verity House Agreement.

Following discussion, the Commission approved the content of the draft report, subject consideration of the to the amendments identified, which will be shared with the audit sponsors for approval.

12. Guidance on planning 2024/25 audits

The Commission considered a report by Paul O'Brien on Guidance on planning 2024/25 audits.

During discussion,

- The Commission sought assurance that the Best Value section of the guidance adequately covered the desired scope of the thematic work and wasn't likely to cause concern to auditors. Paul explained there can be challenges in carrying out the work within 40 days but advised that no one had flagged the ask as being unreasonable.
- Paul provided clarity around the discretion provided in the guidance in relation to audit fees, which is intended to provide necessary flexibility to respond to local issues or particular circumstances that arise, which cannot be provided for in the expected fee set by AQA.
- The Commission discussed the arrangements in place for reflecting and managing audit risks, and for auditing best value, including in relation to IJBs. Paul explained that the guidance is intended to help auditors to plan their approach to annual audit work across all sectors, so must be broadly applicable.
- It was noted that coverage of IJBs in audit work was a matter for the Commission to discuss in relation to its work programme. Helena highlighted her powers under section 102 to report to the Commission on any significant concerns arising from annual audit work, and agreed to consider how to provide clarity to the Commission on the arrangements that exist for auditing IJBs including in relation to best value.

Following discussion,

- The Commission approved the Guidance on planning 2024/25 audits to be issued for consultation.
- The Commission agreed to delegate to the Chair authority to approve publication of the final guidance.
- The Chair agreed a further discussion on IJBs at a future Commission meeting would be appropriate.

13. Statutory Performance Information Direction: draft Direction

The Commission considered a report on the Statutory Performance Information Direction: draft Direction.

During discussion,

- Sarah thanked the working group and highlighted that the draft Direction sees a move from two indicators that are quite vague in nature to four themes which councils' performance information would be required to cover.
- Members agreed that the guidance was in a good place with assurance that an additional level of guidance was being developed to support the audit teams.
- It was noted that some of the proposed consultation questions weren't as clear as they could be, and the team may benefit from using the Scottish Government consultation question development guidance to assist.
- It was agreed the short life working group for the SPI Direction would meet to discuss any amendments in the coming weeks.

Following discussion and feedback on the draft Direction and the proposed questions, the Commission approved the draft Direction to be issued for consultation.

14. Q1 Corporate performance report

The Commission considered the Audit Scotland Q1 Corporate performance report.

During discussion,

- The Chair reminded members of the financial environment the public sector is currently operating in and the potential implications for the Commission's budget.
- Members noted that the completion rates for the 2023/24 audit year will be reported in the Q2 performance report. Martin highlighted that there remains work to be done to recover audit completion timelines but progress on last year has been positive.
- Martin highlighted that the figures presented in the slides for non-pay expenditure were incorrect, and agreed to circulate a revised version to members after the meeting. Members also requested further narrative around the figures presented in reports relating to Accounts Commission non-pay expenditure.

Action – Director of Corporate Services

- It was noted that the budget development process has commenced with a discussion to be arranged with a Commission sub-group before this comes back to the November Commission meeting for approval.

Following discussion, the Commission noted the report.

15. Any other private business

The Chair raised one item of other business:

- In relation to the Audit Scotland (and Accounts Commission) Budget setting process for 25/26, the Chair noted the intention is to replicate the working group that was in place last year for this process. The Chair confirmed this would include herself, Andrew, Derek and Jennifer.

Close of meeting

The meeting closed at 14.30.

Purpose

1. This report introduces the Controller of Audit's report on Best Value in City of Edinburgh 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 City of Edinburgh Council's 2023/24 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 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 2023/24 was Workforce Innovation.
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 and 2022.
7. Both the AAR and the Best Value thematic work for City of Edinburgh Council were presented to the council's Governance, Risk and Best Value Committee on 17 September 2024. The AAR was subsequently presented to the Finance and Resource Committee on 19 September and to the Full Council on 26 September.

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 City of Edinburgh Council on 2 October 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 will then consider in private how it wishes to proceed. Subsequently, the Commission is obliged to inform the council of its decision shortly after the 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 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, and 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 to increase the potential for interviews
- Third sector interfaces – provide materials and support to share across their contacts
- Ongoing engagement with the local council.

19. The main audiences for our communications are:

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

Conclusion

20. The Commission is invited to:

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

Best Value

The City of Edinburgh Council

ACCOUNTS COMMISSION 

Prepared by the Controller of Audit

October 2024

Contents

Key facts	3
Controller of Audit Report	4
Appendix 1: 2022/23 and 2023/24 Annual Audit Reports	9
Appendix 2: Best Value	10

Key facts

102 Square miles

537,000 Population

15,588 Workforce (FTE)

63 Elected members
18 x SNP; 13 x Liberal Democrats; 11 x Labour; 10 x Green; 9 x
Conservative; 2 x Other.
(Minority Labour administration)

£109m Savings required by 2028/29

£1,282m Net revenue budget 2023/24

£411m Capital budget 2023/24

Controller of Audit Report

1. This report is made by the Controller of Audit to the Accounts Commission under Section 102(1) of the amended Local Government (Scotland) Act 1973. It is based on evidence collected in the 2022/23 and 2023/24 annual audits of the council, with the latter reported in September 2024. Appendix 1 includes links to the 2022/23 and 2023/24 Annual Audit Reports (AAR) and Appendix 2 includes a link to the Best Value Statutory Guidance.

2. The reporting of Best Value is undertaken through the annual audit of each council and includes detailed work focusing on a Scotland-wide theme. The Best Value theme for 2022/23 was councils' leadership of the development of new local strategic priorities while the 2023/24 theme focused on workforce innovation.

3. The 2023/24 annual audit concluded that The City of Edinburgh Council (the council) has made good progress against improvement actions from the 2020 Best Value Assurance Report. Of the nine outstanding recommendations, five are now complete with the remaining four due for completion by April 2025. It will be important for the Council to ensure revised timescales are met given the time that has now passed since the recommendations were made.

4. The 2022/23 Best Value thematic report on leadership found that the council has set out clear aims and priorities for the next five years in a refreshed business plan covering years 2023 to 2027. The plan sets out three core priorities:

- to create good places to live and work,
- to end poverty in Edinburgh,
- and to become a net zero city by 2030.

5. The priorities are underpinned by ten medium-term outcomes, each supported by short-term actions to be implemented over the next two years. The plan acknowledges that its overarching goals are ambitious and recognises the significant financial challenges it faces to deliver them, including making difficult choices and working more closely with partners and communities. The council has developed a clear framework to measure and monitor progress against its priorities. The first business plan progress update report was considered by the Policy and Sustainability Committee in August 2024 and highlighted that, of the 99 milestones underpinning the plan, 43 were complete, with a further 39 'on track'.

6. The development of the council's strategic priorities was informed by the results of public consultation supporting the council's previous iterations of the business plan. In 2022/23, auditors highlighted the need for the council to

consider directly consulting with residents on the ranking and affordability of its strategic priorities in the development of its business plan.

7. The 2023/24 AAR noted that the council did not consult with residents on its 2024/25 budget proposals prior to its approval, but a multi-year exercise was subsequently launched to seek views on spending proposals and the impact of cuts. This exercise sought to communicate the council's overall budget position over multiple years and strategic priorities to residents, emphasising the need to create efficiencies and in some cases reduce services provided. Residents were asked for their views on how the council can save money, which services could be reduced and where the council has done well. This was the first phase of the council's 2025/26 budget engagement plan. Further public consultation is planned for early October 2024.

8. The political make-up of the council is finely balanced at a time when the council needs to work together to make some difficult strategic decisions. Tensions emerged in agreeing the 2023/24 budget with concerns raised about the lack of transparency and availability of information. This led to reviews of the budget process by the Corporate Leadership Team and by the council's internal auditors with a number of actions being taken. The council is also undertaking greater activity on Integrated Impact Assessments for spending proposals.

9. The council has appropriate financial planning arrangements in place. Options are being explored to close a budget gap of £26.4 million for 2024/25 but it is unclear if these will result in the savings required. The most significant area of savings required is within Health and Social Care, followed by Place which includes spending areas such as homelessness, repairs and maintenance and cleansing and waste. We observed that members receive regular financial information on the council's performance against budget but there is an opportunity for the council to improve its budget papers by providing more specific savings proposals, the impact of these budget reductions on services, and how these are to be achieved.

The council should consider improving its budget papers by providing more specific savings proposals, the impact of budget reductions on services, and how these are to be achieved.

10. The council has developed a medium-term financial plan (MTFP), and progress is reported regularly to the Finance and Resources Committee (F&R). It forecasts the financial landscape facing the council to 2028/29, sets out the financial gap and outlines scenarios for tackling the main financial challenges to sustainability. Financial plans forecast a budget gap of £29.9 million in 2025/26 rising to £109.1 million by 2028/29.

11. The plan acknowledges, however, there is a lack of detailed clarity over how savings will be achieved, or how the budget gap can be met. More specific plans are expected to be formed by late 2024 after being considered by service committees and informed by the results of residents' consultations.

12. In recent years, the council has been able to focus on immediate budget pressures while benefitting from one-off measures and increased income such as reduced pensions' contributions, use of reserves, changes to empty property relief and service concession financial flexibilities. From 2025/26 onwards, the

council will need to make increasingly difficult choices about spending priorities and levels of service provided and balance short-term pressures with fundamental reform to provide long-term financial sustainability.

The fine balance of political power at the council means that members will need to work constructively together to reach agreement on options for reform.

13. The council is exploring savings options and has innovative plans to raise additional sources of income. These plans include the creation of a Forth Green Freeport, which the council could benefit from through retained NDR estimated at £107 million, as well as the introduction of a visitor levy, which has been estimated could generate up to £46 million annually for the city, dependent on the rate charged.

14. There has been an increase in the level of general fund reserves over recent years, but much is already allocated to agreed future spending commitments. In 2023/24, the general fund balance increased by £87 million (33%) to £353 million, with a significant element of this due to the adoption of the service concession financial flexibility, with those funds set aside for future years. Only £25.7 million of the general fund balance is unallocated and available as revenue expenditure. This proportion of unallocated reserves has remained relatively stable over the last five years.

15. Total capital expenditure in 2023/24 was £425 million (2022/23: £409 million). Capital expenditure relating to general services was £288.3 million against a revised budget of £285.3 million; and capital expenditure of £136.5 million against a revised budget of £125.5 million for the Housing Revenue Account. Overall, there was 'acceleration' of the council's capital strategy of £13.9 million i.e. capital spending progressed faster than budget in-year, although only after the budget was adjusted in-year to reflect anticipated slippage. A review of the council's ten-year Capital Investment Plan was undertaken during 2024 to ensure alignment with the MTFP.

16. Total external debt, which includes borrowing, finance leases and PPP school schemes, increased to £1.731 billion in 2023/24 from £1.681 billion in 2022/23. In March 2024, the council forecast that significant external borrowing is required (£2.879 billion as at 31 March 2029) to fund forecast capital expenditure of £3.25 billion to 2028/29. The council has acknowledged that such levels of borrowing will bring significant financing risks.

17. The council approved a new people strategy in March 2024 which supports the council's business plan. This sets out an overarching vision on how the council will achieve its future workforce requirements. The strategy is underpinned by a revised workforce plan, which was approved by the Policy and Sustainability Committee in August 2024.

18. Better data is needed to support the council's approach to workforce planning and how it measures impact. Work is underway to improve the information that is available for decision-making and the council has developed a new suite of key performance indicators against the new People Strategy 2024-27.

19. The new HR and payroll system (Oracle), to be introduced in October 2024, provides the opportunity for the council to provide real-time and robust workforce data. The council has developed workforce dashboards and deep dive reports to provide more comprehensive reporting across the council's services, but there is scope to present key information in a way that is more accessible and directs scrutiny to emerging challenges. The council plans to improve how it measures the impact of its workforce planning approach.

The council should ensure it has a robust measurement and reporting framework to evaluate progress of the new people strategy and workforce plan. It should report on specific key performance measures and assess the impact of its actions, including identifying timescales and assigning service leads.

20. The council's approach to workforce planning needs to be clearly aligned to other key strategies. The council's Digital and Smart City Strategy (2020-23) is now out of date, and a revised strategy is being progressed. There needs to be a clear assessment and understanding of the impact of digital technologies on workforce plans and working practices to better inform future requirements.

The council should undertake a corporate review of digital skills in its workforce to identify gaps and areas for improvement. This should include seeking feedback from staff on its digital provision to innovate and improve service delivery.

21. In December 2020, the council and partners agreed plans to adopt the End Poverty in Edinburgh by 2030 target set by the Edinburgh Poverty Commission (EPC). The council's End Poverty in Edinburgh Delivery Plan identified six areas for focused action by the city and its partners: fair work, a decent home, income security, opportunities to progress, connections and belonging, and health and wellbeing, whilst at the same time removing stigma. The delivery plan agrees actions for priority delivery over the next 12 months, and progress is reported annually each year.

22. The latest progress report (October 2023) shows that an estimated 17 per cent of people in Edinburgh were living in poverty in the period to 2022, including 20 per cent of all children. The data indicates that poverty rates have remained relatively unchanged in recent years, despite the impact of the pandemic and the early months of the cost-of-living crisis in 2022. The report also highlighted that women and families in priority groups are at most risk of poverty in Edinburgh. Across the council, NHS Lothian and other Edinburgh Partnership bodies, there are over 40 local actions in progress aimed at ending poverty in Edinburgh.

23. The council has developed plans which set out actions to deliver its ambition of being a net zero city by 2030, including:

- a city-wide 2030 Climate Strategy, which was published in December 2021. It sets out the strategic priorities for tackling climate change in the city, with high level strategic actions to achieve the aim of becoming a net zero city by 2030; and
- a council emission reduction plan, approved in November 2021, which sets out actions to reduce its corporate emissions covering up to 2030.

24. Difficult decisions and further resources will need to be targeted in this area if it is to meet the scale and pace required. Achieving net zero targets is a complex area and plans for reducing emissions compete with other priority policy areas for funding, and significant additional investment will be required.

The council should continue to build on its existing net zero plans to include further detail on specific project costs and budgets. This should include outturn information, and details of any additional funding required. This would provide better information for decision making about prioritising projects which make the most impact and therefore maximising the contribution to achieving its 2030 Climate Strategy goals.

25. The council has developed a clear performance framework to measure and monitor progress against the council's priorities. The framework identifies milestones and specific key performance indicators (KPIs). It is aligned with the refreshed business plan and maps out the plan's outcomes against the National Performance Framework, the Accounts Commission's seven Best Value themes and the community plan's priorities.

26. The performance framework commits the council to reviewing performance measures and targets on an annual basis to ensure that they remain aligned to the delivery plan. Three annual reports are produced covering progress against the business plan, the public performance scorecard and the Local Government Benchmarking Framework (LGBF).

27. Overall, 67 of 104 available LGBF performance indicators had improved since the base year. Performance was improved or maintained, as compared to last year, in the areas of financial sustainability, children's services, adult social work services, corporate services, culture and leisure services, economic development and tackling climate change.

28. The council's analysis shows the four housing measures sit in the second bottom quartile, just below the national average. This reflects the challenges the council has acknowledged in delivering its housing service.

29. The council's own Public Performance Scorecard covers core service-level Key Performance Indicators (KPIs). Updates are provided on a quarterly basis and each year in the form of an annual performance report. Overall, the KPIs show a mixed picture, with 31 out of 78 marked as being on or ahead of target with data showing declines in street cleaning, waste and housing.

30. It is important that performance reporting is fair and balanced and should clearly and easily highlight where underperformance or weaknesses exist so that timely, targeted action can be taken. The council is considering how the Public Performance Scorecard can be enhanced following a public consultation and plans to review the format and content with elected members to ensure it meets their needs. Last year, auditors reported that accessibility requirements were not being met. Improvements were found this year, for example, there is information provided on whether performance reports are available in alternative formats or different languages.

Appendix 1: 2022/23 and 2023/24 Annual Audit Reports

2022/23 and 2023/24 Annual Audit Reports

These reports summarise the findings from the 2022/23 and 2023/24 annual audits of The City of Edinburgh Council.

Each 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.

[LINKS TO BE ADDED FOR PUBLICATION]

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.

Best Value

The City of Edinburgh Council



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Purpose

1. This regular report provides updates on notable recent activity relating to local government. Similar updates are provided through the Weekly Digest, sent to members by Audit Scotland's Communications Team and available via the [members' SharePoint site](#).

Recommendations

2. The Commission is invited to:
 - Note this report and consider any implications for its work programme

Recent publications and engagement

3. Below are details of the media coverage, download statistics and social media engagement for publications issued recently by the Commission.
 - **Best Value in Clackmannanshire Council** (*27 September 2024*)
 - Media: [STV News](#), [Herald](#), [Scotsman](#) (also in print), [Daily Express](#), [Alloa Advertiser](#), [Central FM](#), [LocalGov](#), [The MJ](#), [Public Finance](#) (including an interview with Jo Armstrong), [Scottish Housing News](#) (also [pre-publication](#)), [WiredGov](#)
 - Broadcast: STV News, Central FM
 - Social (*first 24 hours*): 1400 views, 570 video views, 124 engagements incl. 60 link clicks; shared by local community councils and residents groups on Facebook.
 - Downloads: 150 in first 4 days (Fri-Mon). Comparisons: Orkney – 140 in 2 days; Moray – 560 in 4 days; Falkirk – 330 in 30 days.
 - **Transformation in councils** (*1 October 2024*)
 - Media: *online*: [BBC News](#), [STV News](#), [Daily Mail](#)*, [Herald](#)*, [Scotsman](#)*, [The Times](#)*, [Holyrood](#), [LocalGov](#), [Scottish Housing News](#), [The MJ](#), [Aberdeen Chamber of Commerce](#), [Room 151](#) (* also in print); *print*: Courier, Daily Record, Press & Journal
 - Broadcast: BBC Radio Scotland (Good Morning Scotland and lunchtime news), STV News (including in Good Morning Britain), Central FM, Heart Scotland West
 - Social (*first 24 hours*): 2200 views, 225 engagements incl. 120 link clicks, 19 shares including by leaders of Third Sector D&G (and Vice Chair of NHS24), Carnegie Trust, Enable, NI Local Government Association and Shetland Islands Council.
4. Quarterly download statistics for Commission publications are also provided, to supplement the usual monthly data. The next quarterly update, covering the period up to the end of September 2024, will be provided in the November edition of this report.

Media and Parliamentary monitoring

5. The Commission and its publications continue to be referenced in news articles:
 - [Scottish councils facing £500m funding gap amid fears over cuts to services](#) – this piece in the Scotsman reported on [research by Unison into predicted council budget shortfalls](#) for 2025/26 in England, Scotland and Wales, and compared their figures with those published by the Accounts Commission.

Note: The Scotsman erroneously reported Unison’s £487.8m figure for Scotland as being for 2024/25, then compared it with the Commission’s estimate of £585m in 2024/25 (in the Council budgets briefing). Unison have also produced [this interactive map](#) showing each council’s budget gap.
 - Neil Bibby MSP and Renfrewshire Council leader Iain Nicolson both referred to the recent report on Dargavel in their respective columns in the Paisley Daily Express: [No accountability for Dargavel](#) (Mr Bibby); [Plan for investment in schools](#) (Cllr Nicolson).
6. The IJBs Finance and Performance 2024 report has been a key reference point for the Health, Social Care and Sport Committee’s pre-budget scrutiny which is focusing on the financial position of IJBs. Kathrine Sibbald [gave evidence to the Committee as part of a panel](#) at its meeting on 3 September.
7. Jo Armstrong and Derek Yule, alongside Blyth Deans and Lucy Jones, [gave evidence to the Local Government, Housing and Planning Committee](#), as part of its pre-budget scrutiny, on 24 September. This followed a private briefing session with the Committee on 3 September.
8. Mike Neilson, alongside the Auditor General and Audit Scotland colleagues Jillian Matthew and Bernie Milligan, [gave evidence to the Public Audit Committee](#) on 5 September regarding the joint performance audit on Tackling digital exclusion.

Local and Scottish government finance issues

9. Council leaders have agreed to implement the most recent pay offer for local government workers despite Unison members in waste and in education voting strongly to reject it. The pay deal – an increase of £1,292 per year or 3.6%, whichever is greater – was accepted by the GMB and Unite unions, who represent a large proportion of lower-paid council staff and want their members to get the rise they voted for as soon as possible. Days before the COSLA Leaders meeting where the move to impose the deal was agreed, the Scottish Government had reiterated that no more money is available for pay this year.
10. Before the decision was made to implement the offer, Unison had announced it would hold [a postal ballot of all of its members who work for councils](#). Following COSLA’s decision, the union reiterated that [the ballot – of 90,000 workers – will go ahead](#). No timetable for the new ballot had been set at the time of writing but it is likely to take several weeks. Unison already has mandates for strikes by waste and recycling workers at 13 councils and by education and early years staff at five councils. It argues council staff have seen the value of their pay fall by 25% over the last 14 years, leading to councils struggling to recruit staff for some roles, and has warned of further unrest following the decision to implement the offer.
11. Meanwhile, [teaching unions have unanimously accepted a 4.27% pay increase](#) across all grades from 1 August 2024 for 12 months. The offer is less than the 6.5% initially requested by teaching unions in January, and follows the rejection of an earlier two-stage (2% then 1%) offer from COSLA. Unions accepted that this deal was the best that could currently be

achieved, and welcomed its undifferentiated nature and a recognition that it is the first step towards the “restoration in the value of teachers’ pay to pre-austerity levels”.

12. First Minister John Swinney has [refused to rule out seeking to freeze or cap council tax in 2025/26](#). Speaking at the COSLA Conference, he said there would be “an open and candid conversation” and “substantive engagement” with council leaders as part of the budget process, and is keen to see “effective collaboration and partnership with local government”. The Scottish Budget for 2025/26 is due to be published on 4 December 2024.
13. Analysis by the Scotsman found that [two thirds of councils are considering hiking council tax for 2025/26](#) – some by as much as 10 or 11 per cent. The Scotsman looked at available evidence such as 2024/25 budgets and medium-term financial plans, and found 22 that have indicated plans to raise council tax, with Angus, East Lothian and Falkirk proposing double-digit increases and most others considering rises of 5 per cent or more.
14. Councillors in Falkirk have since considered a [draft new Financial Strategy for 2025/26 to 2029/30](#), which warns of a cumulative funding gap of £56.4 million over the next five years – more than half of which falls in 2025/26 – even with a 7% increase in council tax each year. The report outlines some of the measures that could be taken to tackle the deficit, including raising council tax by 10-15%. It notes that Falkirk has one of the lowest council tax levels in Scotland, and the second-largest budget gap as a proportion of revenue budget.
15. Meanwhile a Highland Council report has revealed that its decision to charge double council tax on second homes and long-term empty homes has [raised £5.42 million this year](#), while more than 100 such properties have been returned to permanent residential use. However, the report also admitted a controversial scheme to charge campervan and motorhome users £40 a week to use council car parks has not been successful, raising £40,000 compared to a target income of £500,000 while upsetting local businesses.
16. Scottish Secretary [Ian Murray has dismissed reports](#) that he is set to be given access to a £150 million “war chest” to tackle poverty in Scotland. The figure was first reported in June – before the UK election – as part of plans for the Scotland Office to become a spending department under Labour. Mr Murray says his focus is to see through the process of taking control of what was previously European structural funding to address his department’s priorities of growth, green issues, Brand Scotland and poverty.
17. The professional body for librarians in Scotland has warned that [councils may breach their statutory obligations](#) by making radical changes to library services. CILIPS has written to each councillor in Perth and Kinross warning that full or partial closures of libraries would be “extremely damaging” and could be illegal, as local authorities “have a legal duty to provide library services that their community needs”. The council’s arms-length culture and leisure trust, Culture PK, recently revealed that it was considering options such as “supporting community-led provision, click-and-collect style services and increased mobile library activity”, as it says the current model of service provision is “no longer sustainable”.

Policy area updates

Poverty and inequality

18. A report by the Scottish Health Equity Research Unit highlighted a lack of evidence on the impact of Scottish Government policies to tackle poverty and health inequalities, due to a [“critical gap” in data on the effectiveness of policies](#) such as the Scottish Child Payment. The organisation – run by the Fraser of Allander Institute and Strathclyde University Centre

for Health Policy – says while the Government has a “good grasp” of the problems facing deprived communities, there is a “worrying lack of emphasis” on measuring the impact of policies, hindering informed decision-making about which to keep and which to cut.

Health and social care

19. Council leaders have agreed to withdraw their support for the Scottish Government’s current plans for the National Care Service (NCS), citing significant concerns over the legislation. Leaders agreed a recommendation by COSLA officers to end a ‘shared accountability’ deal which had led to Ministers proposing extensive amendments to the NCS Bill. COSLA says it was not consulted on those amendments, and discussions with Government officials have shown there is “no clear appetite” to make further changes to address local government’s concerns, including in relation to Ministers’ powers and the mandating of children’s services and justice social work services. Unions and professional associations have also withdrawn or indicated an intention to withdraw support for the NCS proposals in recent weeks.
20. Concerns have been raised about budgets, service reductions and financial sustainability in at least two IJBs in recent days. [Glasgow City IJB made a plea for more funds](#) from the council and NHS board after reviewing its 2023/24 annual audit report, which showed a budget deficit of £36 million for 2024/25 and a cumulative deficit of £116 million for the three years to 2026/27. Cuts to deal with the shortfall were agreed as part of the 2024/25 budget. Meanwhile, [Fife IJB has agreed in principle to a ‘recovery plan’](#) including £12 million of savings to be achieved through reduced provision of some services including respite, and raising the threshold for access to social work. A report to the board described the situation as “difficult decision territory” that’s “not going to go away”.
21. New official figures showed that [deaths due to alcohol in Scotland](#) reached a 15-year high in 2023, with 1,277 people dying from conditions caused by alcohol – one more than in 2022, which had been the highest number since 2008. The rate of alcohol-specific deaths had fallen until 2012 but has generally risen since then. Alcohol-specific deaths were 4.5 times as high in the most deprived areas compared to the least deprived; Inverclyde, Glasgow, North Lanarkshire and Dundee saw above-average alcohol-specific mortality rates.

Housing and homelessness

22. New official figures showed that [many homelessness measures have reached record or long-term highs](#). A record 16,300 households – including more than 10,000 children – were in temporary accommodation as of March 2024 – a rise of 9% from last year. Meanwhile, the number of households deemed to be homeless or at risk of homelessness in 2023/24, and the number of homelessness applications made in the year, reached their highest levels since 2011. A record 31,900 applications were ongoing at the end of March 2024 – up by 8% from a year earlier, and it takes an average of 278 days to close a homeless case. The Scottish Government and 12 councils have declared a housing emergency.
23. The Scottish Government has announced a [U-turn on the ban on wood-burning stoves](#) and oil and gas boilers in new homes and conversions. A direction has been issued to local authorities which disapplies the provision in the New Build Heat Standard that prevented installation of ‘direct emission heating systems’ except for use for emergency heating.

Communities and infrastructure

24. The [UK Government has paused funding](#) for a growth and investment deal in Argyll and Bute. The Scottish and UK Governments had each pledged £25 million to the 10-year deal,

matched by at least £20 million of council funding. The ‘Argyll and Bute’s Rural Growth’ plan covers various projects including housing developments and business and tourism facilities, with the aim of creating 300 jobs and attracting 70,000 additional visitors annually. A final decision will now be taken after a review of public finances. The council has pointed out that Argyll and Bute is currently the only area in Scotland without some kind of growth deal.

25. The announcement about Argyll and Bute comes amid widespread uncertainty over the future of ‘Levelling Up’ and ‘Long-Term Plan for Towns’ funding for projects in various areas across Scotland, which was pledged by the previous UK Government but [is under review](#) by the new administration, causing concern among council leaders including in Glasgow, Dundee and Perth. Ten Scottish councils had successfully applied for funding for specific projects, ten Scottish towns were allocated [£20 million each for community-led regeneration schemes](#), and four areas had been selected for [Levelling Up Partnerships](#).
26. Highland Council has abandoned plans for the partial pedestrianisation of Academy Street in Inverness, after deciding to withdraw its appeal against a Court of Session ruling that it [failed to properly consult the public about the proposals](#). Trustees of a shopping centre on the street had argued that the council had not carried out a proper consultation and had failed to consider the impact the plan would have on local businesses. They welcomed the decision and called for a more joined-up approach to reviving the city centre.
27. The Scottish Government and COSLA are [in discussions about extending the visitor levy](#) to include cruise ship passengers and motorhome users. Both groups were left out of the [Visitor Levy \(Scotland\) Act](#). Up to a million cruise ship passengers are expected to dock at Scottish ports this year, while motorhome numbers have also significantly increased in some areas. The Scottish Government has committed to “intensify work” on a cruise ship levy, which would require new legislation. Meanwhile, City of Edinburgh Council has opened a 12-week public consultation on its plans for introducing the levy from July 2026, and Highland Council will also shortly consult on how the measure should work in its area.
28. A [report produced for industry body Scottish Renewables](#) has found that widespread fears about the impact of construction of new power lines on property prices may be unfounded. The report looked at property price trends along the route of what was a controversial stretch of pylons between Beauly near Inverness and Denny near Falkirk, and found that they were in line with trends across their wider local authority areas. The report found that prices were only impacted during the lengthy inquiry into the project, leading Scottish Renewables to call for the planning process to be speeded up to avoid uncertainty.

Education, children and young people

29. COSLA has responded to the Education, Children and Young People Committee’s call for councils to address gaps in provision for children with additional support needs (ASN), saying [they do not have the funds](#) to expand the number of special schools in Scotland. This number fell from 190 in 2006 to 107 last year, while the number of pupils with ASN rose from 36,500 to 259,000 (37% of the total school population) in a similar period. COSLA says building or commissioning more specialist provision would incur significant costs, which is difficult given funding pressures across the public sector.
30. Falkirk Council has unveiled [a proposal to reduce the school week](#) by having no lessons on Friday afternoons. The council says reducing primary school hours from 25 to 22.5 hours per week and secondary school hours from 26.6 to 24.75 hours per week would save £6 million, and is an alternative to more drastic measures. It says moving to an ‘asymmetric’ school week – with or without reducing hours – would save £250,000 in running costs. The

Scottish Government says [any cuts to learning hours would not be acceptable](#). Eight other councils also close schools on Friday afternoons, but extend the school day in the rest of the week – and Dumfries and Galloway Council is now [considering a similar arrangement](#).

31. Exams are to play a lesser role in pupils' grades in Scottish schools in future, with a greater emphasis on coursework and classroom assessments. Education Secretary Jenny Gilruth [announced the planned new approach](#) in response to Prof Louise Hayward's Independent Review of Qualifications and Assessment, which had recommended that students should not sit exams at all prior to S5. However, while Ms Gilruth said some practical subjects may have exams scrapped by the next academic year, some of the review's recommendations were a "longer term ambition" which needed more work to implement.
32. The General Teaching Council for Scotland (GTCS) has commissioned an [external review of the way it investigates misconduct allegations](#), amid a growing backlog of cases, and widespread concerns about how child protection and safeguarding complaints are handled. The GTCS only investigates complaints that reach a 'threshold' in relation to a person's fitness to teach. Most complaints about teachers fall to their employers, usually councils. The GTCS says the backlog is due to the Covid-19 pandemic and increasing complexity.

Government administration

33. The Labour group in West Dunbartonshire Council has [formed a temporary minority administration](#), four weeks after its members – including council leader Martin Rooney – stepped down from their roles. The arrangement is only due to be in place until the next full council meeting in December. The Labour administration had resigned following defeats in key votes – including an SNP councillor being elected as the new Provost – claiming they no longer had enough votes to pass the council's next budget.
34. Angus Council and Stirling Council also have new leaders. In Angus, [Bill Duff has replaced Beth Whiteside](#) who unexpectedly stepped down in July. Mr Duff was previously the SNP administration's finance spokesman. Meanwhile Labour councillor [Margaret Brisley was appointed Stirling Council leader](#) following Chris Kane's resignation after his election as an MP. Ms Brisley was previously the deputy leader and has been a councillor for 44 years.
35. [Dundee City Council](#) and [Angus Council](#) are among those which have recently reported notable increase in staff absences. Both councils have seen significant increases in the average number of days lost to both general council staff and teaching staff absence since the pandemic. In Dundee, concerns have been raised about staffing levels, with some employees said to be doing the job of up to four people. In Angus, staff turnover of almost 10% and a rise in temporary employees have led one councillor to warn "people can only take so much". Similar trends have also recently been reported in [South Ayrshire](#).

Scottish Parliament updates

36. The Local Government, Housing and Planning Committee received confirmation from the Housing Minister, Paul McLennan, that the Scottish Government is intending to make amendments to the Housing (Scotland) Bill, including in response to concerns about the need to sustain investment in the rental sector. The Government will confirm its proposed approach in October, and the Committee plans to delay its Stage 1 report accordingly.
37. The Finance and Public Administration Committee received a [detailed update on progress with the Scottish Government's Public Service Reform \(PSR\) programme](#). The update includes information about work the Scottish Government is progressing now to deliver PSR

and the results being delivered, as well as a detailed 'highlight' report addressing each of the actions the Government is committed to taking forward in the first 1-3 years of the programme, and a handful of case studies of efficiency and effectiveness improvements.

38. The Economy and Fair Work Committee has [opened an inquiry](#) into the impact of the 12 city region or regional growth deals currently in place in Scotland. The committee says the deals "have potential to deliver significant transformation in communities by attracting investment, creating new jobs and improving economic growth", and the committee is looking into how the impacts are being measured, and how well lessons are being learned from earlier deals. The Commission and Auditor General published a [joint report on the deals](#) in June 2023.
39. The Finance and Public Administration Committee [published its report](#) on its inquiry into Scotland's "commissioner landscape" – the set of organisations that report to the Scottish Parliamentary Corporate Body (SPCB). The report calls for a moratorium on creating any new such bodies, saying the current framework "lacks coherence" and "isn't fit for purpose". The report specifically focuses on SPCB bodies – including the Scottish Public Services Ombudsman, Scottish Human Rights Commission and the Standards Commission – but the Committee hopes it can "set the tone" for decisions about the wider public body landscape.

Other updates

40. Solace, the Society of Personnel and Development Scotland (SPDS) and the Improvement Service (IS) published the [Scotland's Local Government Workforce Report 2024](#) – an in-depth analysis of the workforce challenges facing local authorities across Scotland. The report found evidence of critical workforce gaps in multiple areas, particularly in social care and social work, as well as mental health and planning. Barriers highlighted in a survey for the report included competition from other sectors, local skills shortages, pay-related issues, short-term resourcing, and a lack of funding for staff development schemes.
41. The report calls for increased collaboration between councils, higher education providers and the Scottish Government to develop sustainable solutions, and encourages councils to improve data reporting and analysis to understand workforce gaps and target interventions more effectively. It also highlights examples of innovative recruitment campaigns including local initiatives aimed at attracting younger workers and filling critical roles.
42. The IS also published a [short update on its work supporting public service reform and community planning](#). The update notes an expansion of pathfinder projects tackling child poverty, announced in the Programme for Government. 'Fairer futures partnerships', which have already been running in Glasgow, Dundee and Clackmannanshire, will now also be established in North Ayrshire, East Ayrshire, Inverclyde, Perth & Kinross and Aberdeen.
43. The Scottish Government published a report on [Phase 2 of the Democracy Matters public engagement process](#) and a [joint statement with COSLA on the Local Governance Review](#). Key points from the statement include:
 - forming a cross-sector Democracy Matters steering group made up of Local Government representatives, community leaders and "democratic innovators";
 - co-producing a detailed place-specific prospectus for a Single Authority Model in certain local authority areas;
 - carrying out a robust policy development and testing phase, to ensure proposals from the Local Governance Review work for communities; and

- working towards an implementation phase early in the next Parliament (later than previously stated), including consideration of the need for any essential legislation.
44. The winners of this year's [COSLA Excellence Awards](#) have been announced. The awards celebrate innovation and achievements in Scottish local government. North Lanarkshire Council picked up two awards – 'Tackling inequalities and improving health and wellbeing' and 'Excellent people, excellent outcomes' – with awards also going to Aberdeen City, Clackmannanshire, Dumfries and Galloway, Inverclyde, Renfrewshire and West Dunbartonshire councils and the Glasgow City Health and Social Care Partnership.
 45. The Improvement Service published an [article by National Planning Improvement Champion Craig McLaren](#) on the new national planning hub announced in the Scottish Government's Programme for Government. Mr McLaren says his team has already started to develop the model which should be up and running in the next few months. The focus is on ensuring the hub adds value without impacting on resources, offering planning authorities "access to specialist expertise, support for upskilling and help in preparing the workforce for the future".
 46. The UK Government is to [undertake a review of the role of Oflog](#) – the Office for Local Government – by the end of 2024, aimed at ensuring it will "add the greatest possible value to the system of transparency, accountability and support of local government". Minister Jim McMahon said the review is part of work to "reset the relationship" and "clarify roles and responsibilities" between local and central government. Oflog has been instructed to pause work on piloting its current model of 'early warning conversations' pending consideration of the UK Government's overall approach to early warnings and interventions.
 47. The LGiU published the following briefings of relevance to Scotland:
 - [On a mission: What does mission-led government mean for local authorities?](#)
 - [Opportunity for all: Helping disadvantaged children with support for education](#)
 - [Scotland Programme for Government 2024/25 - Insights for local government](#)
 - [Shifting shores: Can councils respond to coastal erosion?](#)
 - [Reflections of a new council leader - East Renfrewshire](#)
 - [Grenfell fire inquiry: key lessons for local government and others](#)
 48. The Scottish Parliament Information Centre (SPICe) recently published the following briefings and blogs of relevance to local government:
 - [Local Government Finance: facts and figures 2024](#) (detailed briefing)
 - [The 2024-25 Programme for Government – reaffirming the four priorities: child poverty, economy, climate emergency and public services](#) (blog)

Follow-up to previous queries

49. The Commission has previously expressed a desire to be kept updated regarding the proposed Human Rights Bill for Scotland. On 5 September, Audit Scotland colleagues were advised by the Scottish Government that Ministers have decided to undertake additional work to develop the Bill, which will therefore not be taken forward in 2024/25 as planned but has instead been delayed to the next Parliamentary session.
50. The Government says it needs more time to develop the Bill as it has become clear how constraints on the devolution settlement, highlighted by the Supreme Court decision on the original UNCRC Bill, limit the potential scope of a new Bill in advancing rights realisation

through treaty incorporation, whilst leading to additional complexity. The Bill team will also seek to respond to criticism of the initial proposals from some stakeholders.

51. At a previous meeting, Commission members requested more information about the methodology behind analysis by the Sunday Times of the relative performance of public services in each council area in Scotland.
52. The analysis looked at the following categories and indicators:
 - *Education*: % of P1, P4 and P7 pupils achieving expected CFE Levels; Attendance rates; Sunday Times Scotland high school league table 2024
 - *Health*: % of outpatients seen within 12 weeks of referral; % of cancer patients receiving first treatment within 62 days of diagnosis; % of young people seeking mental health treatment waiting under 18 weeks
 - *Community*: % of roads needing repairs (red or amber classification); % of household waste that is recycled
 - *Crime*: Percentage of crimes/offences cleared up by police in 2022/23; Crime rate per 10,000 of the population
 - *Finance*: Expenditure per person

Each category was ranked according to the relevant indicators and, to ensure comparability across these and reduce the risk of outliers in certain indicators affecting overall rankings, the results were standardised using the min-max method – each indicator was scaled between 0 and 1 before being combined under the five categories. Rankings were then weighted by population size and relative importance, with health and education weighted as the most important – this was a subjective judgement made by the journalists.

Consultations

53. The response to the call for views on the draft amendments to the National Care Service (Scotland) Bill has been submitted and is available to view [on the Audit Scotland website](#).
54. No further proposals regarding responses to consultations or calls for views have been made since the last Commission meeting (although the [call for views regarding City Region and Regional Growth Deals](#) referenced earlier in this report is under consideration).
55. The Policy Manager will advise verbally of any changes or updates.

Purpose

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

Engagement and Commission business

2. The engagements and work in the period of 1 September to 30 September have been as follows:

Audit Scotland engagement

- 2 September - Regular meeting with Stephen Boyle, Auditor General for Scotland
- 3 September – Attendance at Local Government Housing & Planning Committee – private session with Derek Yule Accounts Commission, and PABV Colleagues.
- 3 September – Audit Scotland Board Extraordinary meeting: Resourcing Software
- 3 September – Meeting with Alan Alexander, Audit Scotland Board Chair.
- 24 September – Attendance at Local Government Housing & Planning Committee – Public session with Derek Yule Accounts Commission, and PABV Colleagues.
- Regular meetings with Vicki Bibby, Chief Operating Officer.
- Regular meetings with Helena Gray, Controller of Audit

Commission business

- Regular meetings with Sarah Watters, Secretary to the Commission, Jack Nixon, Executive Assistant to the Commission and Joe Chapman, Policy Manager, Accounts Commission.
- 2 September – Meeting with Mike Neilson, Accounts Commission
- 4 September - Strategy Session Catch Up with Andrew Burns, Accounts Commission, Sarah Watter, Secretary to the Commission and Joe Chapman, Policy Manager to Accounts Commission.
- 11 September – Accounts Commission strategy seminar.
- 12 September – Accounts Commission meeting.

External Engagement

- 5 September – meeting with Shona Robison, Cabinet Secretary for Finance and Local Government

- 6 September – Solace Conference attendance and panel member for session on 'Sustainable public services: Taking a closer look at financial sustainability.
- 19 and 20 September – COSLA conference attendance.
- 27 September - Media for Best Value in Clackmannanshire Council

Forthcoming activities

3. My forthcoming engagement activities include:

- 9 October – Monthly meeting with Ellen Leaver, Interim Directorate for Local Government
- 10 October – Accounts Commission meeting
- 15 October – Engagement with delegation from Swedish Association of Local Authorities and Regions (SALAR) in conjunction with PABV colleagues
- 23 October – Accounts Commission & Cosla engagement session with Cosla presidential team, Chief Executive and Chief Officer of Corporate Policy
- 23 October – Media for Best Value in City of Edinburgh Council
- 30 October - Panel member at 2024 Annual Audit Planning Conference

Conclusion

4. The Commission is invited to:

- Note this report and enquire about any areas of interest.