

MEETING: 13 AUGUST 2020

REPORT BY: SECRETARY TO THE COMMISSION

UPDATE REPORT

Introduction

1. The purpose of this report is to provide an update to the Commission on significant recent activity relating to local government, focussing particularly on the response to the Covid-19 pandemic.
2. The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. This report also complements the weekly briefing provided by Audit Scotland's Communication Team made available on the extranet site, which provides more detailed news coverage in certain areas.
3. The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business

Publications

4. Audit Scotland collects [media coverage](#) on all the reports published by the Accounts Commission. Audit Scotland also provides a weekly summary of the [key media stories regarding local government](#). Both are available through Audit Scotland SharePoint, on the Accounts Commission Members' Extranet. The usual Appendix on download statistics for published reports will be reintroduced in a future report.
5. On 23 June the Commission [published](#) the latest annual overview of local government in Scotland. The report was compiled before the pandemic, but the Commission suggests its findings remain relevant as Covid-19 "*multiplies*" the challenges of local government. Scottish Government funding to councils was found to have reduced in real terms by 3.3% between 2013-14 and 2020-21. However, it has increased by 3.9% in real terms since 2017-18. The report concludes that councils are working in increasingly complex circumstances and the pressure on councils is starting to show across service performance and use of financial reserves. It argues "*more radical thinking is needed for long-term solutions*" and calls for time and capacity to be invested by political and management leaders. The report's recommendations are broken down to cover governance, collaboration, services and capacity and skills.
6. On 20 June the Commission [published](#) the Best Value Assurance report on North Ayrshire Council. Overall, services have improved over the last five years. However, the council should continue to focus on areas of poorer performance, most notably a recent decline in education. The council also needs to develop detailed plans to support its aims of further transforming services and saving up to £19 million over the next two years.
7. On 2 July the Commission [published](#) its annual report for 2019/20. The report outlines the Commission's work in 2019/20 across Scottish local government. This includes audit work on councils and health and social care integration joint boards as well as national performance audits on significant themes across Scotland

Other business

8. On 30 June Argyll and Bute Council considered the Best Value Report that was published in May. Members welcomed the positive findings in the report and agreed the recommendations contained therein, including the draft improvement plan which was developed in consultation with Audit Scotland and the Improvement Service.
9. On 30 July the Commission Chair issued a response to the Scottish Housing Regulator's consultation on the future regulatory approach in response to Covid-19. The [response](#) is available on the members' sharepoint site.
10. The Islands (Scotland) Act 2018 requires the Scottish Ministers to establish by regulations, provision about review of decisions of relevant authorities relating to island communities impact assessments. The Accounts Commission and Audit Scotland are listed as relevant authorities in the Act. In June the Scottish Government proposed a review scheme under Section 9 of the Act to allow consultation with relevant authorities. On 30 July a [response](#) to the proposal was submitted from the Commission and Audit Scotland and can be found on the members' sharepoint site.
11. On 31 July Dr Graham Sharp [formally](#) retired as Chair of the Accounts Commission. Elma Murray has now assumed the role of Interim Chair.
12. Commission members took part in a Strategy Seminar on 12 August. At the event, members discussed the policy environment and risks presented by Covid-19 emergency. They considered what these risks mean for the immediate work programme. The Commission will consider a report to this end at its meeting in September. Members also agreed an 'Insight Programme' with a view to the Commission considering over coming months the longer term implications of the current emergency on its role and responsibilities, with a view to publishing a revised strategy and work programme in Spring 2021.
13. On 26 August the Commission Chair and Controller of Audit will present the [2020 Local Government Overview](#) to the Local Government and Communities Committee. This will form part of the Committee's pre-budget scrutiny activity on the impact of Covid-19 on the financial sustainability of local government in Scotland (see paragraph 110).
14. The Commission now has its own [YouTube channel](#), which will contain all of our published material.

Auditor General

15. On 18 June the Auditor General [published](#) a report about Highlands and Islands Enterprise's (HIE) management of Cairngorm Mountain and funicular railway. The report concludes HIE acted appropriately when it transferred ownership of Cairngorm Mountain Limited (CML), which operated the mountain's winter sports and leisure activities, to Natural Assets Investment Limited in 2014. HIE was found to have acted quickly when CML went into administration in 2018. However, efforts to steady the business and attempts to restart the funicular railway put a strain on HIE's staff and finances. The estimated cost of repairing the railway is between £10-£15m, though these costs are subject to review due to Covid-19. The report warns "*tough decisions*" will have to be made about future operations at the mountain. Increased long-term uncertainty due to the pandemic is also highlighted as a cause for concern.
16. On 1 July Stephen Boyle [formally](#) took over from Caroline Gardner as Auditor General for Scotland. Prior to his appointment, Mr Boyle was an Audit Director at Audit Scotland, leading its central government audit work, including the Scottish Government, the Scottish Parliamentary Corporate Body and the European Agricultural Funds Account. He was also the appointed auditor of the Scottish Police Authority, the

Scottish Public Pension Agency and Registers of Scotland, and has previously worked in senior positions in the Scottish public sector.

Audit Scotland

17. On 12 June Audit Scotland [published](#) its annual report and accounts for 2019/20, outlining its performance and activity during the past year. The report pays tribute to all those working so hard to save lives, support communities and protect jobs during the Covid-19 pandemic. The report says the global crisis comes at a time when Scotland's public services and finances are already under significant pressure from an ageing population, continuing inequalities and the climate emergency, as well as working to mitigate the potential effects of EU withdrawal.
18. On 22 June the Scottish Commission for Public Audit [published](#) a letter from Audit Scotland following a discussion on the impact of Covid-19.
19. On 25 June Audit Scotland [published](#) the report, 'Covid-19: How public audit in Scotland is responding.' This briefing paper considers the impact of Covid-19 on the work of public audit in Scotland.
20. On 8 July it was [announced](#) that Jackie Mann and Colin Crosby will join Audit Scotland's board as non-executive members after being appointed by the Scottish Commission for Public Audit.
21. On 9 July Audit Scotland [published](#) the National Fraud Initiative in Scotland for 2018/19. The report warned that the Covid-19 pandemic has brought additional fraud risks. They include public-sector staff working remotely under extreme pressure, and potentially less scrutiny of applications for government stimulus packages for individuals and businesses. The latest NFI identified £15.3m of potential fraud since the last report. The Commission considered the draft report at its June meeting.

Issues affecting local government

Scottish Government

22. Given that the Covid-19 emergency has meant a significant number of matters originating from the Scottish Government since the last meeting of the Commission, this section is divided, for ease of reference, into the following sub-sections:
 - Local government general
 - Economy
 - Health and social care
 - Education
 - Transport
 - Communities
 - Business
 - Other matters

Local government general

23. On 6 June the Scottish Government [published](#) a local government finance circular containing the guidance for phase 3 of the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund.

24. On 24 June the Scottish Government [published](#) statistics on council tax collection for 2019-20. During this period the total amount of council tax billed was £2.559bn, 95.8% of which was collected by 31 March 2020. [Statistics](#) on the Council Tax Reduction scheme, which reduces the council tax liability of lower income households in Scotland, has also been published.
25. On 24 June the Scottish Government [published](#) a summary of the 2019-20 provisional outturn and 2020-21 budget estimates for services provided by Scottish councils. Provisional outturn for net revenue expenditure in 2019-20 was £12,942m, an increase of 5.2% on 2018-19, with education and social work the services accounting for the highest net revenue expenditure.
26. On 7 July the Scottish Government [published](#) guidance for public sector organisations on how to access and use the electronic purchasing card contract 2020-24.
27. On 9 July the Minister for Housing [wrote](#) to councils, housing association and housing co-operative tenants to provide information and advice regarding the resumption of services as Scotland progresses through the different phases of easing restrictions. The challenges in ensuring the safety, security and wellbeing of social housing tenants are outlined.
28. On 15 July the Scottish Government [published](#) the Local government 2019-2020 provisional outturn and 2020-2021 budget estimates – capital expenditure. The provisional outturn for capital expenditure in 2019-20 is £3,798 million – an increase of 32 per cent, or £913 million, on 2018-19. The budgeted capital expenditure for 2020-21 is £4,310 million – an increase of two per cent, or £98 million, on the 2019-20 budget.

Economy

29. On 3 June the Scottish Government [published](#) a study on the economic impact of not extending the Brexit transition period. It suggests billions of pounds could be removed from the Scottish economy if the UK Government refuses to seek a Brexit extension. When considered along with the impact of the Covid-19 outbreak, the report claims Scottish GDP would be 1.1% lower in two years if an extension is not agreed. The paper also indicates there would be major Brexit-related costs for the foreseeable future and a severe impact on Scotland's agriculture, fisheries and manufacturing sectors.
30. On 3 July the Scottish Government's Enterprise and Skills Strategic Board sub-group on unemployment [published](#) a [report](#) on measures to mitigate the labour market impacts from Covid-19. The sub-group recommends an expansion of online job resources for young people, enhanced help for those facing redundancy, maximising college and university flexibility to offer short courses, assistance to support employee retention, short placement work experience schemes, and the expansion of apprenticeship provision. Work will continue over the summer to develop employment support actions, including a focus on longer-term unemployed people and more vulnerable groups. In related news, the IFS has published a [report](#) on the impact of the pandemic on the employment prospects of young people. The think tank warned that young people have become increasingly reliant on low paid sectors of the economy, which have been the worst hit by Covid-19.
31. On 16 July the Scottish Government [published](#) a report on written submissions to the independent Advisory Group on economic recovery in the wake of the Covid-19 pandemic.

Health and social care

32. On 2 June Public Health Scotland [released](#) data on the estimated prevalence of drug abuse in Scotland. It estimated that in 2015-16, 1.62% of the population were problem drug users under the original definition of opioid and benzodiazepine users, rising to 1.91% if cocaine and amphetamine users were included and 2.51% if cannabis users were also included. Around 71%, 74% and 77% of problem drug users were estimated to be male under each respective definition, while 64% of users were estimated to be aged 35-64 under Definition One, 58% under Definition Two and 52% under Definition Three.
33. On 2 June Public Health Scotland [published](#) statistics on Child and Adolescent Mental Health Services waiting times for the first quarter of 2020. A total of 4,093 children and young people started treatment, a 5.4% increase from the previous quarter and 3.4% decrease from the same quarter the previous year. Of those who began treatment, 65.1% were seen within 18 weeks, compared to 66.4% for the previous quarter and 73.6% for the quarter ending March 2019.
34. On 15 June the report of the Independent Review of the Queen Elizabeth University Hospital (QEUP) was [published](#). It found no clear evidence to link failures in the hospital's design and maintenance with avoidable deaths despite a "*series of problems*" with the building. It concludes patients, staff and visitors should have confidence that the hospital provides a setting for high quality care. However, the Review also highlighted a range of secondary effects, including the erosion of public confidence in the hospital; the disruption of treatment for certain groups of patients; and the diversion of resources and attention. Concerns were also expressed that Scottish Government governance and assurance arrangements were not sufficient.
35. On 26 June the Scottish Government [published](#) analysis about the health and social impacts of Covid-19. Slide packs presenting [information](#) about the impact of Covid-19 broken down by disability, age, ethnicity and gender have also been released. The Government has also published a [note](#) about the economic impact of the virus and labour market effects.
36. On 26 June the Scottish Government [published](#) guidance for social care workers and employers on the Social Care Staff Support Fund. The fund has been established to ensure workers do not experience financial hardship if they become ill or need to self-isolate due to Covid-19. It covers eligibility and criteria for accessing the fund and provides information on how the fund will be administered.
37. On 20 July the Scottish Government [announced](#) that health and social care workers in Scotland will now have access to mental health support 24 hours a day, seven days a week through a new national helpline, in light of the Covid-19 Pandemic.

Education

38. On 10 June the Scottish Government [announced](#) additional funding for schools situated in deprived communities. Nine local councils with the highest concentrations of deprivation in Scotland will share £43 million of investment from the Attainment Scotland Fund. In addition, a further £7 million will be shared from the Schools' Programme between 73 additional schools with the highest concentration of pupils from areas of deprivation.
39. On 15 June the Scottish Government [published](#) guidance for nurseries and other early learning and childcare (ELC) providers to help them plan for reopening. The new guidance sets out the core public health measures that will need to be taken to allow safe reopening, including:

- enhanced hand hygiene and cleaning practice
 - caring for children in small groups and minimising contact between those groups
 - maximising the use of outdoor space
 - physical distancing between adults and older children at drop-off and pickup times.
40. On 23 June the Scottish Government [published](#) the findings of the independent review of the implementation of additional support for learning (ASL). The review found that there are many dedicated, skilled and inspiring professionals who care deeply about children and young people with additional support needs. However, the evidence that emerges from the review affirms that ASL is not visible or equally valued within Scotland's education system. Consequently, the implementation of ASL legislation is over-dependent on committed individuals, is fragmented, inconsistent and is not ensuring that all children and young people who need additional support are being supported to flourish and fulfil their potential. The review makes a series of interlocking recommendations.
41. On 23 June the Cabinet Secretary for Education [delivered](#) a statement in the Scottish Parliament on education provision and Covid-19. He said:
- Schools will return to full-time learning on Tuesday 11 August, subject to scientific advice and continued suppression of the rate of infection
 - Increased levels of funding for “*digital inclusion*”, including £30m to provide laptops for the 70,000 most disadvantaged pupils
 - £100m will be invested over the next two years to help children and young people returning to school “*make up for lost ground*”
 - Continued work with local authorities to resume the rollout of the 1,140 hours of funded childcare
 - A review on relaxing the 2-metre rule in schools and early learning centres will be carried out by the Covid-19 advisory group and will be subject to conditions relating to rate of infection and health and safety standards
 - Reducing the poverty-related attainment gap, support for families and communities from disadvantaged backgrounds would be sought.
42. On 9 July the Scottish Government and COSLA [confirmed](#) that the full roll-out of 1,140 hours funded childcare will be delayed until at least after the next school year.
43. On 9 July the Scottish Government [announced](#) the publication of the Covid-19: Further and Higher Education Sustainability Plan and the steps already taken to support further and higher education. The plan includes a £10m boost for estate maintenance, £5m to help offset the costs of digital equipment for learners, £75m for university research and starting dates for colleges and universities to begin phased returns. Flexibility for the Scottish Funding Council to create a Covid-19 University Support Fund is also included in the sustainability plan.
44. On 16 July the Scottish Government published advisory notes on [school transport](#) and [physical distancing in schools](#) by the Covid-19 Advisory Sub-Group on Education and Children's Issues. The advice indicates that no physical distancing is required between children and young people in primary and secondary schools.
45. On 22 July the Scottish Government [published](#) an overview of the latest evidence on the impact of Covid-19 and lockdown measures on children, young people and their families.

46. On 30 July the First Minister [announced](#) plans for children to return to school from Tuesday 11 August. The First Minister has also committed an additional £30m to recruit new teachers, bringing the total support to £75m, enough for 1,400 new staff. The funding sits alongside a £50m education recovery fund for local authorities to support cleaning, facilities management, transport and other requirements for a safe return to schools. New [guidance](#) on preparations for returning to school has been developed with the Education Recovery Group. Though local authorities will be given some flexibility, the Government expects all pupils to return to school full-time by Tuesday 18 August. Risk assessments will be carried out for every school and enhanced hygiene and cleaning arrangements will be implemented. Distancing will not be required for primary pupils, but as an additional precaution secondary schools are advised to encourage distancing between young people. A children's rights and wellbeing [impact assessment](#) which considers the impact of the closure of schools, the plan to reopen schools full-time from August and contingency plans for blended learning has been published.
47. On 8 August school pupils [received](#) their senior phase qualifications. The pass rates rose by 2.9% for National 5, 4.1% for Higher and 5.5% for Advanced Higher courses from 2019. Around a quarter of entries were adjusted from the initial estimate, 93.1% downwards. A free appeals process is operating. The SQA has published [Attainment Statistics for National Qualifications and Awards](#), the [methodology report](#) and [Chief Examining Officer's report](#).

Transport

48. On 2 June the Paths for All's Smarter Choices Smarter Places Open Fund [opened](#) for applications. The Fund, which is designed to increase walking, cycling and sustainable travel, has been allocated £2m from the Government's active travel budget for 2020-21. For the first time, it will support the Transport Transition [Plan](#) and fund projects which encourage staying local, making fewer journeys and promote working from home. Under the scheme, grants between £5,000 and £50,000 need to be match funded by public, community and third sector organisations.
49. On 9 July the Scottish Government [announced](#) it will provide £9m of emergency funding for Glasgow Subway and Edinburgh Trams. The funding will support services until the end of September. The announcement follows discussions with Strathclyde Partnership for Transport and Edinburgh Trams regarding available resources due to the unprecedented impact that Covid-19 has had on travel demands.
50. On 16 July Transport Scotland announced a £10 million [fund](#) to support the rapid deployment of bus priority infrastructure by local authorities. The new infrastructure fund will help local authorities with the highest concentration of congestion to implement temporary measures, including bus lanes or gates to make journeys quicker and more reliable for passengers.

Communities

51. On 3 June the Scottish Government [announced](#) £3m from the Newly Self-Employed Hardship Fund allocation will be re-purposed to support bed and breakfasts ineligible for existing support. Applications are expected to open for the fund, administered by local authorities, on Monday 15 June. The Cabinet Secretary also confirmed businesses in Scotland had now been awarded over £100m through the Scottish Government Business Support Fund.
52. On 4 June the Scottish Government [awarded](#) £1.6 million to charity FareShare to help them distribute food parcels to vulnerable households. The charity has distributed almost 3.5 million meals since 23 March. The government says the money will help

FareShare purchase more food for local authorities, community-run initiatives and frontline charities across Scotland.

53. On 9 June the Scottish Government [announced](#) that they were delaying the preparation and publication of the 2019-20 progress report on child poverty because of Covid-19. The report was originally scheduled to be published at the end of this month. The Scottish Government will continue to consult with the Poverty and Inequality Commission and will publish the report as soon as possible.
54. On 10 June the Scottish Government [launched](#) a collection of digital maps to display the funding allocated to support communities across Scotland affected by Covid-19. The online dashboard will enable users to view financial support by local authority across the four available community funds, while an overview map shows total and per capita funding in each area.
55. On 23 June the Scottish Government [published](#) a housing statistics quarterly update. In the year ending March 2020, 12,886 homes were approved through the Government Affordable Housing Supply Programme, an increase of 16% on the previous year.
56. On 14 July the Scottish Government [announced](#) that places of worship will be able to re-open for congregational worship and prayer and religious life event ceremonies from 15 July and guidance has been published to help them prepare.
57. On 15 July the Scottish Government [published](#) a final report by the Homelessness and Rough Sleeping Action Group on homelessness in Scotland following the Covid-19 pandemic.

Business

58. On 5 June the Scottish Government [confirmed](#) that a total of 128 companies have collectively received £5.6m in support through the Seafood Resilience Fund.
59. On 9 June the Scottish Government [published](#) the details of organisations funded by the Immediate Priorities Fund since it was first announced on 18 March. Grants totalling £11,941,923.81 were given to 110 projects across 93 national partners.
60. On 17 June the Cabinet Secretary for Finance [announced](#) a £230 million Return to Work package, including funding for business support, the construction industry, green projects and digitisation. The funding will be reallocated from schemes interrupted by the Covid-19 pandemic.
61. On 16 July the Economy Secretary, Fiona Hyslop MSP, [announced](#) the Government's plans for £100 million of funding for employment support and training. She said at least £50 million would be set aside to help young people into work, with a new job guarantee for young people and a national retraining scheme.
62. On 16 July the Scottish Government [published](#) statistics on the Covid-19 business support fund grants. Local Authorities reported that over 105,000 applications had been received for the Small Business Grant Scheme and the Retail, Hospitality and Leisure Business Grant Scheme across Scotland. Of these applications, over 86,000 grants valuing over £969 million have been awarded.
63. On 30 July the Scottish Government [announced](#) two new funding packages worth £15 million in an attempt to help the tourism sector through the Covid-19 crisis.
64. On 26 July the Scottish Government [announced](#) a £10 million funding package to support the events industry.

65. On 29 July the Federation of Small Businesses (FSB) in Scotland [highlighted](#) statistics from the HMRC which broke down number of employees placed on furlough by local authority area. Employers in Highland, Perth and Kinross, Glasgow, South Ayrshire and Stirling council areas furloughed a larger share of workers than operators in other Scottish local authorities. The table below indicates the number of employees that have been furloughed.

Council area	Employments furloughed	Eligible employments	Take-up rate
	736,500	2,471,300	30%
Aberdeen City	33,600	111,800	30%
Aberdeenshire	34,500	125,400	27%
Angus	14,700	50,500	29%
Argyll and Bute	10,400	36,200	29%
Clackmannanshire	6,800	23,000	29%
Dumfries and Galloway	17,400	60,400	29%
Dundee City	17,700	63,200	28%
East Ayrshire	16,100	52,600	31%
East Dunbartonshire	13,300	49,100	27%
East Lothian	14,400	49,000	29%
East Renfrewshire	11,900	42,000	28%
City of Edinburgh	69,500	249,000	28%
Na h-Eileanan Siar	2,900	12,100	23%
Falkirk	22,300	75,500	30%
Fife	45,000	160,700	28%
Glasgow City	88,300	273,600	32%
Highland	36,600	108,500	34%
Inverclyde	8,300	34,000	24%
Midlothian	12,900	45,900	28%
Moray	12,900	42,100	31%
North Ayrshire	16,500	56,100	29%
North Lanarkshire	49,500	159,300	31%
Orkney Islands	2,800	10,400	26%
Perth and Kinross	22,200	67,300	33%
Renfrewshire	26,800	85,100	31%
Scottish Borders	14,500	49,500	29%
Shetland Islands	3,100	12,300	25%
South Ayrshire	14,500	45,800	32%
South Lanarkshire	46,400	150,300	31%
Stirling	12,700	40,300	32%
West Dunbartonshire	12,400	41,900	30%
West Lothian	26,000	88,400	29%

Other matters

66. On 5 June the Scottish Government [published data](#) on crimes recorded in Scotland during April and highlighted [key findings](#). The publication is the first in a new monthly series. The number of crimes recorded was 20,994, an 18% reduction on the same month in 2019 when 17,171 crimes were recorded. Crimes of dishonesty, sexual crimes and non-sexual crimes were all lower in number compared with last year, and there were fewer crimes recorded overall in all but two local authority areas. The Scottish Government attributed the reductions to Covid-19 measures but highlighted the increased risk of fraud.
67. On 9 June the Scottish Government [established](#) an advisory group on the impact that Covid-19 is having on ethnic minorities. The group will draw on the expertise of equality and disabled people's organisations, housing and homelessness bodies and those with lived experience of poverty to address inequality following the Covid-19 outbreak. The Board will be jointly chaired by Aileen Campbell and Shirley-Anne Somerville, with members including Emma Ritch of Engender, Jon Sparkes of Crisis, and the Scottish Refugee Council's Sabir Zazai.
68. On 10 June the Scottish Government [published](#) the first two-monthly report to the Scottish Parliament on the use of the emergency powers contained within the Coronavirus Act 2020 and Coronavirus (Scotland) Act 2020. It covers the period up to Friday 29 May. The report covers the provisions within the Scottish legislation, including evictions, children and vulnerable adults, extension of time limits, release of prisoners, freedom of information and social security. For the UK legislation, the report addresses the temporary modification to mental health legislation, local authority assessment of need, health protection regulations and large gatherings.
69. On 18 June the 2019-20 Provisional Budget Outturn was [published](#). The study revealed a 0.7% underspend on a total Scottish Budget of £34.6bn, down from 0.9% on the previous year. All of the £258m underspend, which was made up of £86m of fiscal resource, £76m of fiscal capital and £96m of financial transactions, has also been carried forward and most of it has already been deployed.
70. On 18 June the Scottish Government [published](#) the Framework for Decision Making - Scotland's Route Map Through and Out of the Crisis – Phase 2 update. Amongst the items included in this report was that members of the public would be required to wear facemasks on public transport from the 22 June.
71. On 22 June the Advisory Group on Economic Recovery [published](#) the report, *Towards a robust, resilient wellbeing economy for Scotland*. This report examines the current context of the Scottish economy, the National Performance Framework and the challenges facing the recovery, before making a series of recommendations. The report calls for unprecedented levels of job creation and recommends the introduction of a two-year jobs guarantee for 16-25-year-olds. It also urges an increase in infrastructure investment with a focus on digital technologies, in addition to targeted reductions in business rates for tourism and hospitality industries. Other key recommendations include bringing forward the review of the fiscal framework; state intervention to prevent the collapse of key firms; measures to increase the responsibility on banks for the survival of businesses they lend to; extra public and private investment in the creative sector; the establishment of a National Arts Force; and the a drive to attract more foreign investment in Scotland.
72. On 30 June the Scottish Government set out ten [principles](#) it believes the UK Government should follow to support the UK economy and public finances as it begins to recover from the impacts of Covid-19. The report proposed a UK-wide £80bn stimulus package should be created to regenerate the economy and reduce

inequalities, as well as finance a temporary reduction in VAT and move the tourism and hospitality industries onto reduced VAT rate of 5%. Other recommendations include a two-pence cut in employers' National Insurance contributions, a jobs guarantee scheme for young people and a National Debt Plan. Citizens Advice Scotland [welcomed](#) several of the proposals, including low carbon investment, strengthening the social security safety net and a jobs guarantee to ensure people received a living income from work.

73. On 1 July the Scottish Government [published](#) guidance on the £100 million emergency loan fund created to support SME housebuilders with liquidity issues due to the temporary closure of housebuilding sites. The fund closed to new applications on Monday 29 June.
74. On 2 July it was [announced](#) that experts in town planning, public health, transport and business would be brought together to consider the views of local communities in revitalising town centres in the wake of Covid-19. Leigh Sparks, of the University of Stirling, will chair the group. COSLA, the Royal Town Planning Institute, South of Scotland Enterprise, the Carnegie Trust, the Federation of Small Businesses, Public Health Scotland, Sustrans and Inclusion Scotland are also involved.
75. On 3 July the Scottish Government [confirmed](#) the details of the remaining changes to the phase 2 restrictions. An [update](#) on physical distancing in phase 2 has been published. The advice will remain to retain two metres as the default physical distancing requirement for phase 3 but exceptions to this requirement, if practicable mitigating measures can be implemented, have been outlined in the [guidance](#). A list of the mitigation examples has been provided along with details of the new measures for children and young people. The [advice](#) from the Government's Covid-19 Advisory Group that informed this decision has been published. The travel distance limit has also been [relaxed](#), visits to self-catering accommodation and second homes are now allowed and outdoor hospitality, subject to public health advice, can open from Monday 6 July. Mandatory face covering is to be extended to include retail settings from Friday 10 July in line with expected changes to other lockdown measures on that date. [Updated guidance](#) explaining shielding support for people to arrange for food and medicine deliveries, and other support services, has been published.
76. On 3 July the Scottish Government [published](#) an overview of the poverty and equality impacts evidence in relation to the measures being taken in the route map. The document sets out the evidence on the likely impact of the proposed activities on different groups, based on protected characteristics and socio-economic disadvantage. Measures put in place to mitigate negative impacts are also explained. On 14 July the Scottish Government also [published](#) supporting evidence. The publication details the six key criteria for easing restrictions as identified by the World Health Organisation.
77. On 9 July the Scottish Government [published](#) the Coronavirus (Covid-19) - Framework for Decision Making - Scotland's route map through and out of the crisis - Phase 3 Update. Further [information](#) on what people can and cannot do, with regards to distancing, face coverings and gatherings, has also been updated as has the [document](#) for shielding support and contacts. In this phase, indoor restaurants, cafes and pubs will be able to re-open from Wednesday 15 July. All holiday accommodation can re-open from Wednesday, as well as the childcare sector, hairdressers and barbers.
78. On 9 July the Cabinet Secretary for Finance [announced](#) new measures to support homebuyers and help people into work or to re-train. The threshold at which Land and Buildings Transaction Tax is paid will be increased from £145,000 to £250,000, meaning 80% of house buyers will be exempt from the charge, excluding the Additional Dwelling Supplement. An extra £50m is being added to the First Home Fund, a shared equity scheme providing first time buyers with up to £25,000 to buy a property, while a

further £100m is being invested in targeted employment support and training.

79. On 17 July the Scottish Government [published](#) a consultation paper on proposed interim changes to the Scottish Planning Policy to clarify specific parts of the Scottish Planning Policy that relate to planning for housing. The changes, once finalised, will apply over the interim period ahead of the adoption of National Planning Framework 4.
80. On 30 July the First Minister [provided](#) an update on Covid-19. The First Minister announced phase 3 would continue for some time and warned a move to phase 4 might not take place at the next review in three weeks. However, she said prevalence of the virus was at a very low level, with an estimated 300 infectious cases last Friday and the R number remaining below 1.
81. On 30 July the Scottish Government [published](#) an annual review of the Warmer Homes Scotland Scheme 2018/19.
82. On 27 July the Infrastructure Commission for Scotland [launched](#) its Phase Two report into infrastructure development. It made recommendations including creating an independent body to offer long-term strategic advice to the Scottish Government; enshrining the Place Principle in law to support sustainable development and ensure a “one public sector” approach to planning; and strengthening the relationship between the public sector and construction industry by creating a Construction Accord, which would include measures to support a diverse and capable workforce in the sector. It also recommended an increased focus on digital technology through the creation of a digital data co-ordination, standards and facilitation role.
83. On 28 July the Scottish Government and relevant trade unions [published](#) revised terms and conditions for staff working during Covid-19.

Scottish Parliament

84. On 2 June Pauline McNeill MSP introduced the [Fair Rents \(Scotland\) Bill](#) to the Scottish Parliament. The Bill will prevent landlords from increasing rent by more than a set level and allow tenants to apply to rent officers to have a fair open market rent set for the property. This also means landlords would have to include details of any rent changes in the Scottish Landlord Register and would require the Scottish Government to publish a statement within three years showing how the Bill has affected rent levels. A copy of the Bill [as introduced](#) has been published, along with a [Policy Memorandum](#), [Financial Memorandum](#), [Explanatory Notes](#), and [Statements on Legislative Competence](#).
85. On 3 June Jamie Greene MSP received a response to his parliamentary question that asked the Scottish Government how many children are still attending educational outlets during the lockdown, also broken down by local authority. The Cabinet Secretary for Education and Skills, John Swinney responded by saying that over the week of Monday 18 – Fri 22 May 8,216 children and young people attended local authority educational hubs, which is around 1.1% of all children and young people. A breakdown of these figures by local authority can be found in the following table. Click [here](#) to view table.
86. On 3 June the Scottish Parliament Information Centre (SPICe) [published](#) a briefing on the EU-UK future relationship and the proposed legal text.
87. On 4 June the Scottish Elections (Reform) Bill [passed](#) unanimously. The Bill extends Scottish parliamentary and local election terms to five years in line with the UK Parliament and other devolved legislatures. The legislation also enables 14-year-olds to register ahead of reaching voting age, and bans people from voting in more than one

area in local elections, which mirrors the law for Scottish and UK parliament elections. The Commission will consider a briefing on this matter at a future meeting.

88. On 5 June SPICe [produced](#) a briefing on the Disclosure (Scotland) Bill ahead of Stage 3 proceedings on Wednesday 10 June. Audit Scotland and the Auditor General are mentioned repeatedly in a section about Audit Scotland's report on Disclosure Scotland's new IT system.
89. On 10 June MSPs [passed](#) the Disclosure (Scotland) Bill. The legislation will make the Protecting Vulnerable Groups (PVG) scheme mandatory for those carrying out regulated roles with children and adults. It will also adapt Scotland's disclosure system, including decreasing the number of disclosure levels and ensure individuals have greater control over sharing information.
90. On 10 June Rachael Hamilton MSP received a response to the parliamentary question that asked the Scottish Government what guidance was issued to local authorities on the allocation of funding to sporting businesses from the Creative or Tourism and Hospitality Enterprises Hardship Fund. The Cabinet Secretary for Culture, Tourism and External Affairs, Fiona Hyslop by pointing out that the Creative, Tourism and Hospitality Enterprises Hardship Fund (CTHEHF) provides support for small creative, tourism and hospitality companies who have experienced at least 50% loss of current or projected revenue as a result of Covid-19 and are experiencing hardship. Due to significant demand we have increased the fund from £20m to £30m. The fund is administered by our enterprise agencies, which are currently progressing applications. The fund is now closed. Each enterprise agency administers the fund in its respective area so no guidance was issued to Local Authorities. Prior to launch of CTHEHF, the Scottish Government provided guidance on the purpose and eligibility criteria to the enterprise agencies. This covered, for instance, which sectors were included within the fund rather than detailed guidance on allocating funding to sporting businesses. Each application is assessed by trained assessors with awards made based on need.
91. On 24 June MSPs passed unanimously a Government motion on the Local Government Finance (Coronavirus) (Scotland) Amendment [Order](#) and the [recommendations](#) from the Advisory Group on Economic Recovery., with MSPs approving an additional £257.6m for local authorities to tackle Covid-19, including for food provision, education and social care.
92. On 25 June SPICe [published](#) a briefing covering local government finance figures from 2013-14 until 2020-21. The Accounts Commission's 2019 challenges and performances report is cited. It is also noted that the Accounts Commission has adopted the same approach as SPICe relating to the removal of police and fires services from the local government settlement. The Accounts Commission's approach to ring-fenced funds is also outlined.
93. On 1 July SPICe [published](#) a briefing on what impact Covid-19 could have on the 2021 Scottish Parliament election. The briefing discusses:
 - how the date of an ordinary Scottish general election can be moved
 - what the evidence on elections has shown to date in terms of COVID-19
 - what challenges electoral administrators are likely to already be planning to have to overcome in order to deliver a Scottish general election in the time of a pandemic.
94. On 6 July Mary Fee MSP published the following motion in the Scottish Parliament:

Renfrewshire Council's Commitment to Black History Month—That the Parliament commends Renfrewshire Council for having made a commitment to

support Black History Month across Renfrewshire; understands that, by passing a motion, it has committed to recognising Black History Month every year in October and to improve education on black history in Renfrewshire; notes that it plans to work with the black community to ensure that events held outside of Black History Month are adequately supported by the council; recognises that the cultural team at Renfrewshire Leisure is currently researching links between Renfrewshire and the slave trade in the hope that fully addressing the past will ensure that racism is not part of the future in Renfrewshire; acknowledges that the Black Lives Matter movement has been a catalyst for opening these discussions at all levels of government, and considers that there is no place in society for racism and discrimination and that all moves to improve anti-racism education are welcome.

95. On 9 July Miles Briggs MSP received a response to his parliamentary question that asked the Scottish Government what plans it has to establish Covid-19 recovery taskforces across the local authorities in the Lothian parliamentary region. The Cabinet Secretary for Education and Skills, John Swinney issues a response saying that a recognised structure for supporting recovery is already in place and supported by local authorities through Regional and Local Resilience Partnerships. The Lothian region comes under the Lothian and Borders Local Resilience Partnership, the partnership supported by their Scottish Government Resilience Partnership Co-ordinator has established a Recovery group encompassing all local authorities.
96. On 16 July SPICe [published](#) a briefing on the labour market statistics. It covers data from March-May 2020 and shows that unemployment in Scotland was 4.3% relative to 3.9% in the UK. Similarly, employment in Scotland was 74.1% relative to 76.4% in the UK, and inactivity was 22.4% in Scotland and 20.4% in the UK.
97. On 31 July Liam Kerr MSP received a response to his parliamentary question that asked the Scottish Government what steps it was taking to tackle fraud arising from Covid-19, in light of Audit Scotland stating that the risk of fraud has increased during the pandemic. The Cabinet Secretary for Justice, Humza Yousaf MSP confirmed that the Scottish Government were working with partners on the Serious Organised Crime Taskforce to reduce opportunities for criminals to exploit individuals' concerns generated by the Covid-19 crisis. The Scottish Government is also implementing action to raise among the public of potential fraud. This is being done through Police Scotland's 'Shut out Scammers' campaign and the opportunity for the public to subscribe to Trading Standards Scotland's Scam Share e-Bulletin. The Scottish Government Cyber Resilience Unit is working with partners including the UK Government, National Cyber Security Centre, Scottish Business Resilience Centre, Scottish Council for Voluntary Organisations and Police Scotland to support a regular bulletin which provides a collated source of trusted actionable cyber threat and scams advice that businesses, charities and umbrella organisations can amplify in their messaging to their staff and the wider public. The Scottish Government has provided guidance to Scottish local authorities and other public sector organisations giving grants to mitigate the effects of Covid 19 requiring them to ensure that procedures for administering the grants are robust and include due diligence to mitigate fraud.
98. On 31 July Jackson Carlaw MSP [announced](#) his resignation as leader of the Scottish Conservative and Unionist Party.

Parliamentary Committee News

Public Audit and Post Legislative Scrutiny Committee

99. On 5 June the Committee:
 - Took evidence from senior civil servants in the Scottish Government on the governance and assurance arrangements that the Scottish Government has

put in place in response to Covid-19.

- Took evidence on the Affordable Housing performance audit report from Caroline Gardner, the Auditor General for Scotland; Claire Sweeney, Audit Director; and Kate Berry, Audit Manager, Audit Scotland.

100. On 9 June the Public Audit and Post-legislative Scrutiny Committee [published](#) its Annual Report for 2019-20. The Committee considered 19 reports from the Auditor General and said it had observed similar themes in audit reports across the public sector, including managing ICT projects, workforce capacity, data collection and accountability.
101. On 18 June the Committee took evidence on the section 23 report, “Early learning and childcare: Follow-up” from Caroline Gardner, Auditor General for Scotland; Tricia Meldrum, Senior Manager; and Rebecca Smallwood, Audit Manager, Audit Scotland.
102. On 25 June the Committee took evidence on the impact of Covid-19 on Audit Scotland’s work from Caroline Gardner, Auditor General for Scotland.
103. On 10 July Paul Johnston, Director-General for Education, Communities and Justice for the Scottish Government, [wrote](#) to the Public Audit and Post-legislative Scrutiny Committee regarding the 2018-19 Audit of Bòrd na Gàidhlig.
104. On 14 July Cllr Steven Heddle, Environment and Economy Spokesperson for COSLA, [wrote](#) to the Public Audit and Post-legislative Scrutiny Committee regarding Scotland’s city region and growth deals. The letter responds to Audit Scotland’s report on the topic.

Local Government and Communities Committee

105. On 3 June the Committee took evidence from a range of stakeholders on how local authorities are dealing with current challenges relating to Covid-19.
106. On 5 June the Committee [published](#) its annual report for 2019-20. The report highlighted that the Committee met 29 times and reported on bills including the Non-Domestic Rates (Scotland) Bill, the Scottish Elections (Reform) Bill and the Period Products (Free Provision) (Scotland) Bill. It undertook one-off evidence sessions on building regulations and fire safety, alcohol licensing and the First Tier Tribunal (Housing and Property Chamber), and conducted an inquiry into empty homes in Scotland.
107. On 12 June COSLA [wrote](#) to the Local Government and Communities Committee following up on points raised during a recent evidence session on the response of local authorities to Covid-19, including the £155m in UK Government consequentials.
108. On 19 June the Committee took evidence from a range of stakeholders on building regulations and fire safety in Scotland.
109. On 30 June the Committee [considered](#) its work programme during its last meeting. The Committee agreed to make the impact of Covid-19 and sustainability of local government the main focus of its pre-Budget scrutiny, with post-legislative scrutiny of Part 3 (participation requests) and Part 5 (asset transfer requests) of the Community Empowerment (Scotland) Act 2015 also to be carried out. An invitation will be issued to the UK Government to give evidence on City Region Deals, to the Scottish Government regarding the impact of Covid-19 on the third sector, and to the Scottish Housing Regulator in relation to its 2019-20 annual report.

110. On 3 July the Committee [wrote](#) to Secretary of State for Scotland restating the Committee's invitation to the UK Government to give evidence on city region deals at a future meeting.
111. On 23 July the Committee launched a consultation on the impact of Covid-19 on the financial sustainability of local government in Scotland. The consultation will close on Friday 4 September. It will form part of the Committee's pre-budget scrutiny activity on the impact of Covid-19 on the financial sustainability of local government in Scotland. The Commission Chair will present the Local Government Overview to the Committee on 26 August as part of this pre-budget scrutiny. A response on behalf of the Commission will complement this.

Finance and Constitution Committee

112. On 5 June the Committee took evidence from stakeholders on the impact that Covid-19 is having on public finances and the fiscal framework.
113. On 8 June the Committee [launched](#) a call for views on the impact of Covid-19 on the Scottish Government's Budget 2021-22. The Committee is seeking views on a range of issues, such as the priorities for addressing the impact of Covid-19, how should the Budget address the unprecedented levels of uncertainty and volatility in the public finances to allow public bodies some certainty in planning and managing their own budgets, and what changes to the Budget process may be required to ensure sufficient transparency and ministerial accountability in a rapidly changing fiscal environment.
114. On 8 June the Cabinet Secretary for Finance [wrote](#) to the Local Government and Communities Committee to clarify the position regarding the £155m UK Government consequential for local government following the Committee's evidence session with COSLA. She confirmed provision for the consequential had been authorised for payment to local authorities but that the sum had not yet been formally added to the block grant.
115. On 9 June the Finance and Constitution Committee [published](#) its Annual Report 2019-20. A significant portion of Committee business centred around the constitution and the implications of Brexit, including its inquiry into the replacement of EU structural funding and a new inquiry into the UK internal market. The Committee also scrutinised the EU (Withdrawal Agreement) Bill and introduced the Referendums (Scotland) Bill. This was also the second year of the new Budget scrutiny process.
116. On 12 June the Committee took evidence from stakeholders on the impact of Covid-19 on the public finances and the fiscal framework, and on the summer budget revision.
117. On 18 June the Cabinet Secretary for Health [wrote](#) to the Health and Sport Committee to confirm the Integration Authority budget settlements for 2020-21. The letter was sent at the beginning of the month.
118. On 6 July the Committee [launched](#) a call for evidence on the UK Withdrawal from the European Union (Continuity) (Scotland) Bill. The Committee is seeking views on the implications of keeping pace power in the Bill, potentially leading to policy divergence with the rest of the UK; the implications of no longer having a formal role in influencing EU policy making; and statutory and non-statutory constraints on keeping pace with changes to EU law. The deadline to respond is Friday 7 August.

Covid-19 Committee

119. On 3 June the Committee took evidence from the Cabinet Secretary for the Constitution, Europe and External Affairs, Michael Russell, on the Health Protection (Coronavirus) (Restrictions) (Scotland) Amendment (No 3) Regulations 2020.
120. On 10 and 17 June the Committee took evidence from stakeholders on options for easing the Covid-19 lockdown restrictions.

Other committees

121. On 5 June the Economy, Energy and Fair Work Committee [published](#) its annual report for 2019-20. The report covers the work of the Committee during the parliamentary year from 9 May 2019 – 8 May 2020. The Committee met 32 times over the past year and held nine inquiries. It also scrutinised five bills, including the Scottish National Investment Bank and Consumer Scotland Bills.
122. On 5 June the Equalities and Human Rights Committee [published](#) its annual report for 2019-20. The Committee launched inquiries on race, equality, employment and skills and on the impact of Covid-19. During the reporting period it scrutinised the Children (Equal Protection from Assault) Scotland Bill, the FGM (Protection and Guidance) (Scotland) Bill and the Civil Partnership (Scotland) Bill. Information on one-off evidence sessions, the Committee's consideration of public petitions and its draft budget scrutiny is also included.
123. On 8 June the Rural Economy and Connectivity Committee [published](#) its Annual Report for 2019-20. During the parliamentary year, the Committee met 30 times and covered a selection of bills and inquiries. The Committee took evidence and reported on the Transport (Scotland) Bill, Restricted Roads (20mph Speed Limit) Bill, South of Scotland Enterprise Bill and Agriculture (Retained EU Law and Data) (Scotland) Bill. The Committee also launched its inquiry into the construction and procurement of ferry vessels in Scotland and held evidence sessions on transport, agriculture, fisheries, digital connectivity, the National Islands Plan and leaving the EU.
124. On 8 June the Culture, Tourism, Europe and External Affairs Committee [published](#) its annual report for 2019-20. The report highlights the Committee's inquiries into Article 50, arts funding, the BBC annual report, the impact of Covid-19 on the cultural and tourism sectors, local commercial radio and Screen Scotland.
125. On 9 June the Justice Committee [published](#) its Annual Report 2019-20. The Committee held 30 meetings and heard from 116 witnesses, 53% of whom were female. Legislation considered this year included the Scottish Biometrics Commissioner Bill, the Children (Scotland) Bill, Defamation and Malicious (Publications) Scotland Bill and the Hate Crime and Public Order (Scotland) Bill. Members also investigated secure care places for children and young people, the Budget, Brexit and the consequences of Covid-19 for the justice system. The report covers briefly the work of the Sub-Committee on Policing.
126. On 10 June the Education and Skills Committee [published](#) submissions from a range of organisations in response to the Scottish Government's announcement about the reopening of schools and early learning centres.
127. On 11 June Ben Macpherson, Minister for Public Finance and Migration, [wrote](#) to the Social Security Committee explaining revisions to the Council Tax Reduction Scheme would be delayed in light of Covid-19.

128. On 1 July the Education and Skills Committee [published](#) a letter from the SQA regarding the replacement for the exam diet in 2020. The letter provides details on plans for the appeal system, an equality impact assessment, the awarding model and the 2020-21 session. The SQA has also said it will engage with national bodies, including the National Parent Forum of Scotland, Young Scot and the Scottish Youth Parliament on future planning.
129. On 3 July Fergus Ewing [wrote](#) to the Rural Economy and Connectivity Committee regarding further information on its [inquiry](#) into the impact of Covid-19 on the rural economy and connectivity in Scotland. The letter includes information on Government discussions with the fishing industry; the AHDB marketing scheme; the Scottish Food Fund; and resilience in the Scottish food system.
130. On 10 July Kate Forbes MSP [responded](#) to the Finance and Constitution Committee's letter on the impact of Covid-19 on the public finances and the Fiscal Framework.
131. On 22 July John Swinney wrote to the Education and Skills Committee to confirm the provision of critical childcare will end before the return of schools.

Local government news

132. On 24 June Highland Council [announced](#) that they were adapting local streets and public spaces to help residents deal with social distancing.
133. On 30 June it was [reported](#) that motorists had spent £101,537.50 on parking meters in Edinburgh despite charges being dropped during the Covid-19 pandemic. Parking charges have now been reinstated in Edinburgh.
134. On 21 July the Scottish Government [announced](#) it will invest up to £50 million in the Falkirk area as part of the Falkirk Growth Deal. The money, to be invested over ten years, will fund targeted economic development activity across a range of themes including infrastructure, transport, innovation, energy transition and skills. The UK Government is investing £40 million in the growth deal.
135. On 21 July Moray Council [launched](#) its 'Bee Safe' campaign in preparation for pupils returning to school. The Bee Safe logo will appear on new signs throughout all school buildings identifying hand washing points, sanitisation stations and giving general advice on access and direction of travel if it is a one-way zone.
136. On 22 July it was [reported](#) that Highland Council had reduced its projection of the impact that Covid-19 will have on their finances to £32 million. It was previously anticipated that the impact of Covid-19 would result in a £92 million cost to the council's finances.
137. On 23 July the Prime Minister [announced](#) that the UK Government will commit £50 million in the Outer Hebrides, Orkney and Shetland to develop the islands' economic potential. This funding will be matched by the Scottish Government as part of the Islands Growth Deal.
138. On 24 July it was [reported](#) that refuse and recycling workers from Glasgow City Council held a socially distanced demonstration outside the City Chambers calling for a Covid-19 bonus payment.

Public Policy News

139. On 1 June Scotland's Serious Organised Crime Taskforce [published](#) guidance to help organisations avoid being affected by online crime during Covid-19. The taskforce warned that criminals were exploiting the pandemic to target public and private organisations. A few examples of recent crimes were provided:
- a care home in the Forth Valley area was left without a PPE order after the supplier claimed they had not received the £10,000 payment, despite it being sent. A police investigation showed that the payment had been moved from the bank account it was paid into and they believe organised criminals were behind it.
 - a number of reports of people knocking doors and offering to disinfect the householder's driveway to rid it of any Covid-19 for a fee.
 - businesses emailed by scammers urging them to click on an official-looking link for a £25,000 grant. The link leads to a fake 'UK Government'-branded website asking for business and banking details.
 - £10,000 fraud intercepted by Scottish Borders Council when an application for a business support grant was hacked by criminals who requested the redirection of the payment to a different bank account. Due to the checks in place the council were alert to the scam and the money was not paid out.
140. On 3 June the Trussell Trust has [recorded](#) its largest increase in emergency food parcels going to children in Scotland during the Covid-19 pandemic. Deliveries rose 47% in April compared to the same period in 2019, including a 62% increase in parcels going to children.
141. On 5 June the Equality and Human Rights Commission [launched](#) an inquiry into racial inequalities highlighted by Covid-19.
142. On 5 June the Scottish Funding Council (SFC) [announced](#) that they were considering the future provision and sustainability of colleges and universities in relation to the Covid-19 pandemic, with initial findings to be provided by August. The SFC will review the provision and delivery of teaching and research activity across the college and university sector and how activity will be funded.
143. On 5 June Citizens Advice Scotland (CAS) [published](#) a poll that found that 36% of people are concerned about their income as a result of Covid-19. This is down from 41% in April. The poll also examined concerns about utility bills, rents, mortgage payments, debt repayments, food and essentials, and council tax payments, with CAS concluding further work would be necessary to support those facing financial uncertainty.
144. On 23 June the Resolution Foundation [published](#) analysis on the impact of Covid-19 on saving and spending.
145. On 24 June the Fraser of Allander Institute [published](#) a new economic commentary. The Institute argues that despite Scotland slowly moving out of lockdown, it remains unclear how quickly businesses will be able to reopen and how industries will recover. The commentary also notes it will take several years before the full impact of Covid-19 is understood. Regarding the Government's interventions, the Institute predicts large deficits and public spending could lead to an increase in taxes, along with new guidance for corporate conduct to improve working conditions and a wave of merger and acquisition activity. The report also includes a set of scenarios regarding the pace of economic recovery, along with reflections for the Auditor General of Scotland on future challenges for the public sector. The best-case scenario predicts the economy

could recover by the end of 2021, while the worst-case scenario suggests it could be 2024 before a new normal is established.

146. On 30 June Reform Scotland [published](#) a report on Government investment programmes. The report calls for the creation of two new investment bodies to oversee a simplified economic development structure. Scottish Government Investments would be an active shareholder of publicly-held assets and Equiscot would be the asset management arm of the Scottish National Investment Bank. The report also recommends that the UK and Scottish governments co-operate on enhanced access to debt-funded capital for the Scottish recovery and renewal strategy. Regarding Scotland's economic development organisations, the report recommends a review to avoid duplication and waste.
147. On 16 July the Observatory of Children's Human Rights Scotland [released](#) a report on how the Scottish Government's emergency measures have impacted children's human rights. The report highlights that children's rights have been overlooked throughout the Covid-19 emergency. For example, there has been no direct input from children and young people into decisions around the cancellation of exams. There is also no representation of children or young people on the Scottish Government's Education Recovery Group.

COSLA

148. COSLA has [produced](#) a central website which provides a range of advice and information to councils in dealing with the challenges posed by Covid-19.
149. On 16 June COSLA and the Scottish Government, in partnership with Public Health Scotland and the Improvement Service, [launched](#) joint guidance for local authorities on violence against women and girls during Covid-19.
150. On 19 July COSLA joined other organisation in outlining their commitment to putting fair work at the heart of Scotland's economic recovery. Organisations including the Institute of Directors, SCDI, STUC, COSLA and SCVO [signed](#) a statement underlining the collaborative approach needed between employers, unions and workers to ensure workplaces can operate safely.

Improvement Service

151. On 5 June the Improvement Service [published](#) the report, 'Impact of Covid-19 on the economy and poverty in Scotland.' The report summarises the latest research from Scotland and internationally. We will continue to update the document as new research is published.
152. On 11 June the Improvement Service and their partners [published](#) a report that assessed the feasibility of a Citizens' Basic Income (CBI) pilot in Scotland. The report concludes a CBI pilot is desirable, but recognises the significant challenges involved.
153. On 16 June the Improvement Service released the results of a consultation that was carried out over plans to simplify the National Entitlement Card. The consultation of local authorities found:
- There is unanimous support in favour of efforts to remove complexity from the scheme's delivery.
 - Councils' views were split exactly 50:50 in terms of whether they were supportive or not of the removal of their council's logo from the card front.

- 26 councils (81%) of councils are supportive of ending paper applications for cards if an online application process is made available.
- A quarter of councils (8) expressed a preference that the phased removal of paper application forms should take place within 3 months. Eight councils felt the service should be phased out within 6 months, and a further 12 councils felt that the phasing should take place over 12 months.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO)

154. [The SPSO's Newsletter - June](#) outlines investigation reports, recent SPSO news and highlights emerging issues. More information on the SPSO's work, including detailed investigations and decision reports, is available on the [Our findings](#) webpage. The Commission's Financial Audit and Assurance Committee will consider more detailed intelligence from the SPSO on a six-monthly basis at its next meeting.

Scottish Housing Regulator

155. On 21 July the Scottish Housing Regulator [published](#) monthly statistics to understand the impact of Covid-19 on social landlords. Findings highlighted the number of people who applied to local authorities as homeless increased by 18% to 2,923, and the number of households in temporary accommodation increased by 7% to 13,875.

Other UK audit bodies

156. On 8 June the National Audit Office (NAO) [published](#) a report about managing PFI assets and services as contracts end.
157. On 10 June the Jersey Audit Office [published](#) the project specification of its review into the Government of Jersey's response to Covid-19.
158. On 10 June the Auditor General for Wales [published](#) their future work priorities in response to Covid-19. On 25 June the National Audit Office [published](#) its annual report and accounts for 2019-20.
159. On 9 July Audit Wales [published](#) a blog about councils' emergency governance arrangements.
160. On 10 July the NAO [published](#) a report about the first payment of Universal Credit. While the report highlights improvement in the proportion of claimants receiving their first payments on time, the actual number of people being paid late has increased as more people are claiming Universal Credit. The NAO has called for the DWP to do more to support vulnerable people and those who may struggle to make a claim. Its forecasts in March 2020 suggested that the cost of implementing Universal Credit has risen from £3.2bn to £4.6bn, but the impact of Covid-19 on these figures is yet to be calculated.

UK Government

161. On 2 June the Department for Education [announced](#) a cap on English student numbers will apply to universities in Scotland and the other devolved nations. A provision is included for any institutions which exceeded its limit on or before the notification date.
162. On 3 June Iain Stewart MP was [appointed](#) as Parliamentary Under Secretary of State in the Scotland Office following the resignation of Douglas Ross MP. He is the MP for Milton Keynes South and before taking up the Scotland Office position he had been a

Government whip since December 2019.

163. On 3 June Public Health England [published](#) a report that found that ethnic minorities are at higher risk of dying from Covid-19, but it is not clear why. People of Chinese, Indian, Pakistani, other Asian, Caribbean and other black ethnicity have between a 10% and 50% higher risk of death when compared to white British people. The [report](#) finds age to be the biggest risk factor, males were at a higher risk than females and those living in more deprived areas were also at more risk. The analysis does not take into account the existence of comorbidities, which it notes are strongly associated with the risk of death from Covid-19.
164. On 9 June the UK Government abandoned its plan for all primary school years in England to return to school before the end of term. It was thought that this was no longer feasible, with many head teachers saying it had never been a practical possibility. Instead, schools will be given flexibility over whether or not to welcome pupils back before the holidays.
165. On 15 June the Treasury Committee [published](#) its interim report into the economic impact of Covid-19. It asks the UK Government to support those who have fallen through the gaps of support schemes. Among the report's recommendations, the Committee calls for an extension to eligibility criteria for the newly employed and self-employed; the removal of the £50,000 cap for self-employment income support; greater protection for Directors who paid themselves in dividends; and greater support for freelancers and those on short term contracts.
166. On 24 June the UK Government announced an additional £105 million of funding to help tackle rough sleepers who are impacted by Covid-19.
167. On 29 June Sir Mark Sedwill [announced](#) his intention to stand down as Cabinet Secretary.
168. On 29 June the Prime Minister [announced](#) set out a ten-year school rebuilding programme for England. The first 50 projects will start in 2020-21 with over £1bn of funding, and £560m and £200m will be committed for repairs and upgrades to schools and further education colleges this year.
169. On 30 June the UK Government [announced](#) stricter lockdown measures will be introduced in Leicester, including the closing of non-essential shops and schools, as Covid-19 cases rise. The loosening of restrictions for pubs and restaurants, planned for the rest of England on Saturday, will also not be taking place.
170. On 30 June the Prime Minister announced the UK Government's post-lockdown economic plans. Some of the plans of the £5 billion 'New Deal' included:
 - £1.5bn this year for hospital maintenance, mental health services, hospital building, and improving AandE capacity
 - £100m this year for 29 projects in the road network, including £10m for development work to unblock the Manchester rail bottleneck
 - £1bn to fund the first 50 projects of a new, ten-year school rebuilding programme, starting from 2020-21
 - £560m and £200m for repairs and upgrades to schools and FE colleges respectively this year
 - £285m for digital upgrades and maintenance to courts, prisons and youth offender facilities
 - £900m for a range of local growth projects in England over the course of this

year and next

- £96m to accelerate investment in town centres and high streets through the Towns Fund this year
- Plans to plant over 75,000 acres of trees every year by 2025 and £40m to boost local conservation projects and create 3000 jobs.

171. On 6 July the Chancellor of the Exchequer [announced](#) a new £1.5 billion credit for the country's arts industry, including support for theatres, music venues and museums. The cash injection had long been awaited, given that social distancing made many of the activities in the sector impossible. The settlement, secured by culture secretary Oliver Dowden, includes £880m of grants for the financial year to April 2021.
172. On 8 July the Chancellor of the Exchequer [provided](#) an update on the UK's economic recovery from Covid-19. He [outlined](#) a series of measures designed to maintain employment and support unemployed people back into work, including a Job Retention Bonus paid to employers of £1,000 for every furloughed worker still employed on 31 January 2021. The Chancellor also laid out plans to bring forward £8.8bn of infrastructure investment, including £3bn for green investments that it is hoped will support around 140,000 jobs while upgrade buildings and reduce emissions. £5.8bn is to be spent on "shovel-ready" construction including hospital projects, court maintenance, rebuilding schools and maintaining further education colleges. Further support was announced for the hospitality sector, VAT on hospitality and tourism related spending will be cut to 5% for six months.
173. On 14 July the Home Office [released](#) further information the UK's point-based immigration system, which will come into effect from 1 January 2021. Several new immigration routes will be opened, including a Health and Care Visa for key health professionals. Those who are eligible for the Visa, along with their families, will also be exempt from paying the Immigration Health Surcharge. The Global Talent Scheme will allow highly-skilled scientists to come to the UK without a job offer. A new graduate route will also open in summer 2021 to allow international students to stay in the UK after they have completed their studies. Students who have completed undergraduate and masters degrees will be able to stay for two years and those who have completed a PhD can stay for three years. An [equality impact assessment](#) for the system has also been published.
174. On 14 July a [report](#) commissioned by the Government Office for Science into the potential for a second wave of Covid-19 suggested there could be between 24,500 and 251,000 virus related deaths in hospitals alone this winter.
175. On 14 July the UK Government's Health Secretary, Matt Hancock MP, [confirmed](#) that wearing a face covering in shops in England will become mandatory on Friday 24 July. Those who fail to comply with the new rule will face a fine of up to £100.
176. On 15 July Rishi Sunak [delivered](#) evidence to the Treasury Committee as part of its inquiry into the economic impact of the Covid-19. The Office for Budget Responsibility (OBR) has published its [Fiscal Sustainability Report](#), which claims unemployment could hit a peak of 12% in the weeks before Christmas due to the cuts made to and the ultimate end of the furlough scheme between August and October.
177. On 15 July the UK Government [published](#) statistics showing that 900,000 jobs in Scotland had been supported during the Covid-19 pandemic. It said the Coronavirus Job Retention Scheme had allowed 736,500 Scottish workers to be furloughed by the end of June. The Government also spent £449 million supporting 155,000 self-employed people through the Self-Employment Income Support Scheme.

178. On 16 July the UK Government [confirmed](#) £500 million of additional funding for councils to help deliver essential services for residents during the Covid-19 pandemic. The funding is part of package of Government support, which includes a new scheme to help councils recover lost income from car parks, museums and other services which have been shut during the lockdown.
179. On 17 July the Department of Health and Social Care [published](#) guidance for local authorities and local decision-makers on containing and managing Covid-19 outbreaks.
180. On 21 July the Chancellor of the Exchequer [announced](#) pay rises above inflation for around 900,000 workers in sectors including the NHS, the justice system, the armed forces and education. Each sector's changes were recommended by their respective independent pay review bodies. Teachers will receive the largest raise (3.1%), followed by doctors and dentists (2.8%) and police and prison officers (2.5%). Members of the armed forces will receive a 2% uplift, as will senior civil servants and members of the judiciary.
181. On 21 July the Chancellor of the Exchequer [announced](#) a Comprehensive Spending Review of Government spending, which will be published in the autumn. The review will set departmental resource budgets for the years 2021-22 to 2023-24 and capital budgets to 2024-25, as well as the devolved administrations' block grants until 2024-25.
182. On 24 July the UK Government [updated](#) its roadmap to Covid-19 recovery with the new timeline for August and the rest of autumn.
183. On 24 July the UK Government [pledged](#) an additional £3.7bn to the devolved administrations to help them tackle the Covid-19 pandemic, including £1.9bn for the Scottish Government.
184. On 31 July the Treasury [published](#) the Block Grant Transparency Report with information on Main Estimates for funding for the devolved governments of the UK. The Treasury has said the figures show the Scottish Government has received an additional £5bn in 2020-21 through the Barnett formula since the previous report in December 2018. The figures also show the devolved administrations are receiving an additional £950m in 2020-21 to maintain direct payments to farmers.

Other UK news

185. On 9 June UK in a Changing Europe [published](#) a report on the current progress that has been made during negotiations between the UK and the EU. The report claims the negotiations have reached an impasse as a result of disagreements on state aid and other level playing field issues, including fishery access. The UK Government has so far remained committed to the current timescale and has not asked for an extension, which has to be requested before the end of June. UK in a Changing Europe claims that without an extension, it is unlikely that a comprehensive deal can be reached and attempting to extend after the June deadline will be legally complicated. While there has been some progress on obligations under the Northern Ireland Protocol, the report suggests a lot remains to be clarified and the Covid-19 outbreak has further impacted business preparation for Brexit.
186. On 12 June the Association of Directors of Adult Social Care [released](#) a survey of 146 local authorities in England with adult social care responsibility, which found that the pandemic has made "extremely fragile" care markets even more susceptible to market failure – with 96% of respondents saying they lacked necessary funding.

187. On 15 June the ONS released figures on UK [GDP](#) and [trade](#). The UK economy shrank by 20.4% in April, which is the largest monthly contraction on record, due to lockdown.
188. On 15 June the National Foundation for Educational Research (NFER) [released](#) a report which found that head teachers believe around a third of pupils are not engaging with set classwork. It also found that 90% of teachers say their pupils are doing less or much less work than they would normally at this time of the year.
189. On 16 June the ONS released figures on the [UK labour market](#), [regional labour market](#), [public sector employment](#), [earnings](#) and an [economic commentary](#).
190. On 24 June CIPFA and Centre for Public Scrutiny (CfPS) [produced](#) the Financial scrutiny practice guide. This guide provides guidance to England councils and councillors on how they might best integrate an awareness of council finances into the way that overview and scrutiny works.
191. On 2 July councils in England [signed](#) agreements with the Department of Health so they can access a digital dashboard with postcode-level data on Covid-19 tests.
192. On 13 July the Public Accounts Committee [published](#) its report into local authority investment in commercial properties. The report found over the last three-years, local authorities had spent £6.6bn in taxpayers money on acquiring commercial property, a 14-fold increase on the previous three-year period. Furthermore, some councils were found to have exposed themselves to commercial investments which could lead to cuts in local services and increased local taxes.
193. On 16 July the Office of National Statistics [published](#) UK labour market figures for July 2020. The number of workers on UK payrolls fell by 649,000 between March and June. The ONS has said early estimates show the number of paid employees fell by 1.9% year on year in June to 28.4 million, and by 0.3% compared with the previous month. The pace of job losses appears to have slowed in June, with claims under Universal Credit by the unemployed and those on low incomes falling by 28,100 between May and June to 2.6 million. In [Scotland](#), the unemployment rate rose to 4.3% between March and May, a 0.6% increase on the previous quarter. This was higher than the UK unemployment rate of 3.9%. The figures do not include the estimated 750,000 workers on furlough. The Resolution Foundation has published analysis of the statistics and what they mean for the wider economic situation.
194. On 23 July the Scottish Affairs Committee [published](#) its interim report into intergovernmental working during the Covid-19 pandemic. The report examines the effectiveness of the four-nations approach, intergovernmental mechanisms and areas of policy divergence. A key area of concern raised in the report is the long-term sustainability of existing intergovernmental structures despite the “unprecedented coordination” between the four nations through the Joint Action Plan, the Coronavirus Act and the collaborative procurement of PPE. The Committee highlights the “disuse” of bodies such as COBRA and ministerial implementation groups and calls for the UK Government to outline how the priorities of devolved nations would be incorporated into proposed Covid-19 response bodies.

Conclusion

195. The Commission is invited to:
 - a) Consider and note this report.
 - b) In particular, note:
 - i. That the Commission will respond to the Scottish Parliament’s Local

Government and Communities Committee's consultation on the impact of Covid-19 on the financial sustainability of local government in Scotland (paragraph 110).

- ii. The Commission's response to the Scottish Housing Regulator's consultation on the future regulatory approach in response to Covid-19 (paragraph 9).
- iii. The Commission's response to the Scottish Government 's consultation on a proposed review scheme under Section 9 of the Islands (Scotland) Act 2018 (paragraph 10).
- iv. That the Commission will respond to the Scottish Parliament's Local Government and Communities Committee's consultation on the impact of Covid-19 on the financial sustainability of local government in Scotland (paragraph 110).

Paul Reilly
Secretary to the Commission
5 August 2020

APPENDIX: Accounts Commission reports in past 12 months – downloads

Report	Date	Report downlds	Podcast downlds
Accounts Commission annual report 2019/20	2 July 20	207 (n/a)	n/a
Best Value Assurance Report: North Ayrshire Council	30 June 20	462 (n/a)	n/a
Local government in Scotland Overview 2020	23 June 20	433 (n/a)	n/a
Equal pay in councils - Impact report	9 June 20	393 (n/a)	n/a
Best Value Assurance Report: Argyll and Bute Council	21 May 20	476 (213)	n/a
Affordable Housing	9 April 20	945 (+454)	n/a
The 2018/19 audit of Renfrewshire Council: Report on accounts closure	24 Mar 20	212 (+75)	n/a
Early learning and childcare: follow-up	3 Mar 20	1,349 (+305)	181 (*)
2018/19 audit of Fife IJB	27 Feb 20	276 (+82)	n/a
2018/19 audit of Glasgow City Council: Update on equal pay settlement	6 Feb 20	333 (+31)	n/a
Privately financed infrastructure investment	28 Jan 20	920 (+216)	179 (*)
Highland Council: best Value Assurance Report	23 Jan 20	1,352 (+110)	331 (*)
Scotland's City Region and Growth Deals	16 Jan 20	2,040 (+205)	157 (*)
Scotland's City Region and Growth Deals - Supplement	16 Jan 20	241 (*)	n/a
Self-directed support: 2017 progress report - impact	17 Dec 19	500 (+46)	n/a
Local government in Scotland: Financial overview 2018/19	17 Dec 19	2,719 (+407)	267 (*)
Scottish Borders Council: Best Value Assurance Report	22 Oct 19	1,109 (+96)	201 (*)
National Scrutiny Plan	30 Sept 19	787 (+47)	n/a
Perth and Kinross Council: Best Value Assurance Report	22 Aug 19	1,361 (+46)	165 (*)
Principles of community empowerment	25 Jul 19	7,680 (+822)	n/a
Midlothian Council: Best Value Assurance Report	4 Jul 19	1,740 (+77)	204 (*)
Clackmannanshire Council: Best Value Assurance Report progress report	27 Jun 19	1,130 (+44)	222 (*)

Key:

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