

MEETING: 10 SEPTEMBER 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 sharepoint site. 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 27 August the Commission published the [Moray Best Value Assurance Report](#). The Commission warned that services in are continuing to deteriorate, in particular within education. There has been a significant decline in services since the previous BVAR in 2015. The Accounts Commission have instructed the Controller of Audit to follow up on today's report, with a further assessment of the council's position within 18 months.

Other business

6. On 6 August, the Ethical Standards Commissioner [published](#) a consultation paper seeking views on prospective revisions to the Code of Practice for Ministerial Appointments to Public Bodies in Scotland. The Auditor General will be responding to the consultation given his audit responsibility for many public bodies. The Commission will also, however, respond in its capacity as a public body covered by the Code of Practice. Members' views will therefore be sought. The closing date is 9 November.
7. On 24 August Minister for Older People and Equalities wrote to the Accounts Commission regarding the [Public Sector Equality Duty](#) (PSED). The key points in the letter are that the PSED remains a legal duty and still of critical importance but a planned review of the operation of the PSED has been delayed. Changes to the Scottish Specific Duty Regulations will not be introduced before the 2021-2025 cycle. Meantime, public bodies should continue to plan for a new equality outcome cycle beginning in April 2021. I will liaise with the Audit Scotland Diversity and Equalities

Steering Group in this regard and keep the Commission updated accordingly.

8. On 26 August the Commission Chair and Controller of Audit presented 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. The Commission has also provided a submission to the Committee's call for evidence, to be submitted on Friday 4 September which will be made available on the [members' sharepoint site](#).

Audit Scotland

9. On 20 August Audit Scotland [published](#) a briefing paper on Covid-19: Implications for public finances in Scotland. The analysis of the financial implications of the pandemic - and the uncertainty it has brought - notes that more of the Scottish budget may need to be reprioritised to cover Covid-19 costs. The briefing paper breaks down the £5.3 billion announced by the Scottish Government up to the end of July 2020 to tackle the impact of coronavirus and it highlights the extra risks posed to the public finances by the pandemic.
10. On 25 August Audit Scotland submitted a response to the National Audit Office's consultation the detailed statutory guidance that will support auditors to deliver work under the new Code of Audit Practice. The new Code of Audit Practice came into force on 1 April 2020, after being approved by Parliament. It was developed following a [consultation process](#) in 2019. The most significant changes to the new Code are in relation to auditors' work on value for money arrangements. The response is available on the [Member sharepoint site](#).
11. On 28 August four Audit Scotland colleagues were named in this year's ICAS (the Institute of Chartered Accountants of Scotland) Top 100 Young Chartered Accountants (CAs) list. Adam Haahr, Marta Kuźma, Sobhan Afzal and Wojciech Kuzma have all been named on the 2020 list as part of a global competition. The list is ICAS's annual showcase of the best and brightest CAs in the world of accounting, finance and business.

Issues affecting local government

Scottish Government

12. 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

13. On 3 August the Scottish Government launched a [consultation](#) on the circumstances

where Scottish Ministers have the power to modify local connection referrals between local authorities in Scotland (in connection with homelessness/affordable housing). The consultation will close on Friday 23 October. It is not proposed to respond to this consultation.

14. On 13 August the Scottish Government published [guidance](#) for public authorities on state aid. It highlights the European Commission's approach on how state aid rules can support measures in Scotland and address the impacts of Covid-19.
15. On 27 August the Scottish Government announced [low emission zones](#) (LEZs) that seek to improve air quality will be introduced across Glasgow, Edinburgh, Dundee and Aberdeen between February 2022 and May 2022. Plans to implement LEZs were temporarily paused due to the Covid-19 pandemic but work has now restarted. The new timeframe takes into account various legislative and regulatory steps which need to be taken by the Government and local authorities.

Economy

16. On 11 August the Scottish Government published the latest labour market [trends](#) for August. The estimates for April to June 2020 indicate that over the quarter, the unemployment rate increased, the employment rate decreased and economic inactivity rate increased.
17. On 17 August the Scottish Government agreed a support [package](#) worth £3.8 million to aid the National Trust for Scotland's (NTS) recovery from the Covid-19 pandemic. The funding will secure nearly 200 jobs and will allow NTS to retain countryside and ranger services. It will also support the reopening of 33 heritage sites this month. The funding is conditional on the NTS considering the long-term sustainability of its operations and reviewing its business model for future challenges.
18. On 19 August the Scottish Government [published](#) the monthly experimental GDP [statistics](#) for June. GDP is estimated to have increased by 5.7% following a 2.3% increase in May, although it remains 17.6% lower than in February. Output increased in all main industry sectors.
19. On 26 August the Scottish Government published the annual [Government Expenditure and Revenue Scotland](#) report. The report estimates the difference between how much the country raises in taxes and how much is spent on its public services. This year's report incorporates the initial impact of the Covid-19 pandemic, but the impact will be greater in the 2020-21 publication. Excluding North Sea revenue, the net fiscal balance for Scotland increased by 0.6%, the same as the UK. The report also states that overall revenues, including North Sea receipts, increased to £65.9 billion, while onshore revenues grew by £1.1 billion to reach £65.2 billion. When including North Sea revenues, which totalled £724 million, £642 million less than in 2018-19, the notional overall deficit is 8.6% of GDP.
20. On 28 August the Scottish Government [published](#) its proposed missions for the Scottish National Investment Bank. The document will be laid in the Scottish Parliament for consultation. The proposed missions for the Bank include achieving a Just Transition to net-zero carbon emissions by 2045, investing in rebalancing the economy towards leadership in sustainable technology, services and industries and harnessing the innovation of industries to improve the future for a healthier, resilient and productive population. The Bank is also expected to play a role in the economic recovery from Covid-19 by delivering sustained investment. The Bank will report to Scottish ministers within three months of it being set up on how it intends to work towards the missions of the Bank.

Health and social care

21. On 4 August following an agreement with COSLA, the Scottish Government [announced](#) the social care sector will receive up to £50 million in additional funding to help meet additional costs related to coronavirus. The funding will be allocated to Integration Joint Boards and is in addition to the £50 million allocated in May. It will support staffing or sickness costs, infection prevention and control, and PPE.

Education

22. On 3 August the First Minister formally announced plans for children to [return to school](#) from Tuesday 11 August. As part of the plans the First Minister has committed to an additional £30 million to recruit new teachers, bringing the total support to £75 million, enough for 1,400 new staff. The funding sits alongside a £50 million 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.
23. On 3 August the Scottish Government produced [guidance](#) on the re-opening of ELC services from Monday 10 August. Until then, current guidance will remain in place. The new guidance confirms that subject to continued suppression of the virus, some restrictions will be reduced. New [guidance](#) for childminders, which will also take effect from Monday 10 August, has been published.
24. On 3 August the Scottish Government produced [guidance](#) to help local authorities, ELC settings and schools continue to support children and young people's learning has been prepared.
25. On 11 August the Cabinet Secretary for Education announced all qualifications results moderated downwards by the SQA will be [withdrawn](#) and re-issued based solely on teacher or lecturer estimates. Awards moderated upwards will not be changed and new grades will be sent to UCAS and schools as soon as possible. The OECD review into the curriculum for excellence will be extended, the SQA will begin a rapid consultation and an independent review into the qualification awarding process will be undertaken.
26. On 25 August the Scottish Government updated [guidance](#) on wearing face coverings in schools. This is based on new advice released by the World Health Organisations (WHO). Face coverings should now (unless exemptions apply) be worn:
- in secondary schools, by adults and all pupils moving around the school, such as in corridors and communal areas where physical distancing is difficult to maintain
 - on dedicated school transport by all children aged five and over, bringing it into line with guidance for public transport.
27. On 27 August the Scottish Government published a [report](#) on the second phase of the Scottish Study of Early Learning and Childcare (ELC), designed to evaluate the funded ELC expansion programme. The second phase focused on children coming to the end of their time in ELC and about to start primary school.

Transport

28. 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.
29. On 10 August the Scottish Government [pledged](#) an additional £63 million to help bus operators maintain services from Monday 17 August until Sunday 8 November. The funding, an extension of the £46.7 million support provided to increase bus services since Monday 22 June, will cover the expected loss of fare-paying passenger revenue that operators continue to experience due to physical distancing requirements and reduced carrying capacity.
30. On 19 August Transport Scotland announced that it will [invest](#) £7 million in public transport upgrades. The newly created Public, School & Community Transport Covid-19 Mitigation Fund will support measures implemented by transport operators on all vehicles used for public, school and community transport that seek to mitigate Covid-19 while increasing capacity and boosting public confidence. The measures could include driver screens, hand sanitiser dispensers or disinfectant fogging equipment.
31. On 19 August Transport Scotland published the 2019-20 analysis [report](#) on its consultation on Scotland's Low Emission Zones: Regulation and Guidance. The consultation sought opinions on technical issues relating to the operation and delivery of Low Emission Zones.
32. On 24 August Transport Scotland [highlighted](#) that £38.98 million has now been allocated to local authorities for pop-up walking and cycling infrastructure through the Space for People initiative. All remaining applications following the closure of the fund were assessed to help enable physical distancing through measures such as widened pavements and temporary cycle lanes. Permanent active travel infrastructure will continue to be delivered by Sustrans through the Places for Everyone programme, with the Government reducing the match funding rate for the programme from 50% to 30%.

Communities

33. On 6 August the Scottish Government published [guidance](#) outlining the action that local authorities and Registered Social Landlords should be taking in order to mitigate the impact of the Covid-19 pandemic on delivering grant-funded affordable housing projects which were contractually awarded prior to lockdown.
34. On 13 August the Scottish Government [confirmed](#) £60 million will be invested in a Youth Guarantee to give young people access to work, training or education. Funding will be committed from the £100 million employability fund.
35. On 20 August the Scottish Government published a second year [progress report](#) for the Tackling Child Poverty Delivery Plan. The report highlighted 56 of 58 actions reported in last year's report were either in progress or being delivered and included the delivery of the Best Start Grant and Best Start Foods payment, the launch of the Parental Employability Support Fund, development of proposals for the Job Start Payment and publication of the Benefit Take-up Strategy among key achievements.
36. On 21 August the Scottish Government announced that it will provide £11.6 million in [funding](#) to programmes aimed at raising the attainment of care experienced young people. Local authorities will work with Chief Social Workers and Directors of Education to decide how the funding will be used, with projects such as mentoring programmes

and outdoor education supported through the Care Experienced Children & Young People fund last year.

37. On 27 August the Scottish Government published an [annual update](#) on homelessness in Scotland during the period 1 April 2019 to 31 March 2020. [Statistics](#) highlight that while applications for homelessness applications remained broadly consistent, 31,333 households were assessed as being homeless or threatened with homelessness, an increase of 4%. As of 31 March, 11,665 households were in temporary accommodation, an increase of 6%, with the average time spent being 184 days. Of homelessness cases closed in 2019-20, 82% secured settled accommodation.

Business

38. On 3 August the Scottish Government [updated](#) the list of legislation relating to non-domestic rates in Scotland to include the Non-Domestic Rates (Coronavirus Reliefs) (Scotland) Amendment Regulations 2020.
39. On 5 August the Scottish Government published an [action plan](#) which accepted all 25 recommendations from the Advisory Group on Economic Recovery as part of. The response sets out six areas for action: business recovery and sustainable green growth; engagement and partnership approach; employment, skills and training; supporting people and places; investment-led growth for wellbeing; and monitoring progress and outcomes.
40. On 5 August the Scottish Government published its [response](#) to the Enterprise & Skills Strategic Board (ESSB) Sub-Group's report on the "*labour market emergency*" caused by the Covid-19 pandemic. The ESSB made recommendations on measures to mitigate the impact of the pandemic on employment levels across four themes: business retention, individuals facing redundancy, unemployed people and vulnerable people. The Scottish Government response highlighted the actions already taken which support the recommendations, including the £2.3 billion package of direct business support and further investment in the Partnership Action for Continuing Employment programme.
41. On 17 August the Scottish Government's Job Start Payment benefit for people aged between 16-24 who have been unemployed for six months and are beginning a new job [opened](#) for applications. Those eligible will receive a one-off payment of £250 to cover the costs of starting a new job, rising to £400 for those with children.
42. On 26 August the Scottish Government published a [bulletin](#) about non-domestic rates appeals in the first quarter of 2020-21. At the end of June, 64,299 appeals against the 2017 revaluation had been resolved. A total of 9,592 appeals are still outstanding.

Other matters

43. On 28 July the Scottish Government and relevant trade unions [published](#) revised terms and conditions for staff working during Covid-19.
44. On 5 August the First Minister [announced](#) new lockdown measures for Aberdeen. This followed a resurgence of new Covid-19 cases in the region. All pubs, bars and restaurants were ordered to close on Wednesday evening while residents have been told not to travel more than five miles for leisure purposes or go into each other's houses. As of 1st September, lockdown measures in Aberdeen have now been lifted. Restrictions on travel, gatherings, and hospital and care home visits have now been eased in Aberdeen City. Restaurants, pubs, casinos and other hospitality premises can re-open, subject to an assurance check. Hospitality business that have been affected by the local lockdown may be able to claim a grant of up to £1,500.

45. On 7 August the Scottish Government announced that it will move forward its [review of its fiscal framework](#) forward a year, in a bid to help the country's recovery from Covid-19. The Fiscal Framework is an agreement between the UK and Scottish Government setting out financial arrangements for the devolved nation. The last review in 2016, agreed future reviews on the framework should take place every five years.
46. On 14 August the Scottish Government introduced the [Redress for Survivors \(Historical Child Abuse in Care\) \(Scotland\) Bill](#). This Bill creates a scheme to compensate the survivors of historic child abuse in Scottish care homes. A new independent body, Redress Scotland, will be established to manage these payments. There are also provisions for other forms of practical and emotional support. [Explanatory notes](#), a [policy memorandum](#) and [financial memorandum](#) are available alongside the Bill. The Auditor General is mentioned in the Bill, the explanatory notes and the financial memorandum.
47. On 17 August the Scottish Government published an [analysis of responses](#) to the call for views on the National Planning Framework 4 (NPF4). Respondents believed NPF4 represented an opportunity to place the planning system at the heart of the climate change agenda, with aspects of planning policy including sustainable energy, active travel, green infrastructure, the circular economy and the energy efficiency of buildings considered important in reaching the target of net zero emissions by 2045. Comments also focused on the types of communities people might want to live in the future, with successful placemaking seen as central in achieving many of Scotland's National Performance Framework Outcomes. It was suggested NPF4 could assist in shaping the housing system in line with the principles outlined in the Housing to 2040 strategy, while support was also expressed in using the planning system to stem depopulation in rural areas and there were calls for stronger commitments on the use of vacant and derelict land. An [executive summary](#) has also been published.
48. On 18 August the Scottish Government published its updated [testing strategy](#). It focuses on several areas, including whole population testing for symptomatic individuals; the prevention of outbreaks in high-risk settings through routine testing; surveillance testing; and testing for direct patient care. All contacts of Covid-19 index cases will be offered testing whether or not they have symptoms. The Scottish Government has also confirmed that Scotland will participate in the ONS Covid-19 infection survey from next month.
49. On 20 August the First Minister delivered the latest [three-weekly update](#) on the Coronavirus situation confirming there would be [no move from Phase 3](#) to Phase 4. The First Minister stated that the virus still posed a "*significant threat*" to public health, so it was not time to move into Phase 4. However, she [confirmed](#) that from Monday 24 August, organised outdoor contact sports, some outdoor live events, driving lessons, child contact centres, face-to-face advice services, bingo halls, amusement arcades, casinos, snooker and pool halls, indoor bowling and both static and travelling funfairs can re-open. Gyms, swimming pools and indoor sports courts can reopen from Monday 31 August. It was also announced that local authorities will be given the power to act in respect of individual, specific premises that are breaching guidelines and risking transmission of the virus. Police will also be given powers to break up and disperse large indoor gatherings.
50. On 1 September the First Minister unveiled the [Programme for Government 2021/2022](#). The following bills will be introduced over the next year:
- Budget Bill
 - Domestic Abuse Bill
 - UN Convention on the Rights of the Child (Incorporation) Bill.

The Programme for Government also included some other announcements that will be taken forward by the Scottish Government. Some of the headline announcements included:

- A £60 million Youth Guarantee that will guarantee an opportunity at university or college, an apprenticeship programme, employment to everyone aged between 16 and 24 years old
 - An initial £25 million National Training Transition Fund to provide retraining opportunities for people who have lost their jobs or are at risk of doing so
 - Create a £100 million Green Jobs fund to support new opportunities for green job creation
 - A £1.6 billion investment over the next Parliament to decarbonise buildings
 - A new Inward investment strategy that will look to attract investment and jobs
 - Steadily increase Scotland's annual infrastructure investment until it is £1.5 billion higher by the end of the next Parliament than in 2019-20
 - A £62 million Energy Transition Fund to support businesses in the North East
 - Commit an additional £23m this year to help more digitally excluded people get online
 - Establish an independent review of adult social care. This will examine how adult social care can most effectively be reformed to deliver a national approach to care and support services. This will include consideration of a national care service
 - Deliver increased early learning and childcare and set a new target date for the expansion of childcare to 1,140 hours for all three and four year olds, and vulnerable two year olds, across all local authorities by the end of 2020
 - Support children to learn on-line through the provision of 25,000 chromebooks
 - Conduct a broad independent review of the Scottish approach to assessment and qualifications
 - Design night shelters and dormitory-style provision out of the homelessness system, and scale up Housing First
 - Work with local government to take forward plans for 20-minute neighbourhoods where people can live, work and learn in communities close to home
 - Introduce Low Emissions Zones in Scotland's major cities in the first half of 2022.
51. On 1 September the Scottish Government imposed new [lockdown restrictions](#) in Glasgow, East Renfrewshire and West Dunbartonshire. Indoor gatherings should not take place in these areas – extended households and people providing care may continue to meet indoors with enhanced hygiene measures – and only essential indoor visits to hospitals and care homes are to take place. Schools and nurseries will remain open and plans for the opening of colleges and universities remain in place.

Scottish Parliament

52. On 8 August Liam Kerr MSP received a response to his parliamentary question that asked the Scottish Government what steps it is 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 issued the following response: “The Scottish Government is working with partners on the Serious Organised Crime Taskforce to reduce opportunities for criminals to exploit individuals’ concerns generated by the Covid-19 crisis and have been raising awareness of the potential risks. The effort to raise awareness among the public is being delivered through various means such as 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.”
53. On 5 August the Scottish Parliament Information Centre (SPICe) [published](#) a briefing on parts one and three of the UK Withdrawal from the European Union (Continuity) (Scotland) Bill. The [paper](#) explores Scotland’s ability to keep pace with EU law in relation to issues including the future relationship, UK internal market and EU funding. It also poses questions around the post-Brexit relationship between the Scottish Government and EU law.
54. On 6 August the Scottish Liberal Democrats [requested](#) that Audit Scotland investigate the measures used by the SQA to determine this year’s exam results.
55. On 10 August the Scottish Parliament published the [Annual Report 2019-20](#), the penultimate report of the fifth session of the Scottish Parliament. The report notes matters relating Brexit and the Covid-19 pandemic have made up the bulk of business throughout the past year, with the Parliament adapting how business was conducted following the introduction of social distancing measures and lockdown. This culminated in the Parliament holding its first fully remote plenary business on Thursday 7 May. Overall, 26 bills were introduced, with 19 bills being passed and 22 bills receiving Royal Assent.
56. On 12 August SPICe published a [briefing](#) on the recent labour market update.

Parliamentary Committee News

Public Audit and Post Legislative Scrutiny Committee

57. On 20 August the Committee continued its post-legislative scrutiny of the Control of Dogs (Scotland) Act 2010 by taking evidence from a range of stakeholders.
58. On 27 August the Committee took evidence on the Audit Scotland report ‘Covid-19: Implications for public finances in Scotland’ from Stephen Boyle, Auditor General for Scotland, Mark Taylor, Audit Director and Fiona Diggie, Audit Manager.

Local Government and Communities Committee

59. On 3 August the Scottish Government wrote to the Local Government & Communities Committee to advise of the Scottish Government's investment in the [Falkirk Growth Deal](#) and the [Islands Growth Deal](#).
60. On 14 August the Committee:
- Took evidence from stakeholders on the actions that have been taken by the Scottish Government to tackle homelessness during the pandemic.
 - Took evidence from representatives from Govan Community Council on petition PE1743, on the rights of pre-1989 Scottish secure tenants.
61. On 21 August the Committee took evidence from stakeholders on the impact Covid-19 has had on voluntary organisations and the third sector. This included assessing the impact on the Third Sector Resilience Fund, and how the Scottish Government plans to help the sector to recover over the coming months and years.
62. On 27 August the Committee updated the [remit](#) of its inquiry on community wellbeing. The Committee will take evidence on parts 3 and 5 of the Community Empowerment Act (2015), which deal with participation requests to enable engagement between community participation bodies and how a community transfer body can request to buy, lease or use land and buildings belonging to a relevant authority, to determine if their ambitions have been met. The first evidence session will take place in September.

Finance and Constitution Committee

63. On 12 August the Committee took evidence from Michael Russell, Cabinet Secretary for the Constitution, Europe and External Affairs on the UK Government's UK Internal Market White Paper.
64. On 19 August the Committee took evidence from stakeholders on the UK Government's UK Internal Market White Paper.
65. On 25 August the Committee launched a [call for views](#) on the UK Trade Bill and the associated Legislative Consent Memorandum.
66. On 28 August the Cabinet Secretary for Finance [wrote](#) to the Finance & Constitution Committee to provide an update on the Scottish Government's proposed timetable for fiscal events this year. The letter follows the postponement of the Medium-Term Financial Strategy (MTFS), which was to be published in May, due to Covid-19. The Cabinet Secretary confirms she expects to publish the Scottish Budget in December as usual and plans to publish the MTFS on the same day.

Covid-19 Committee

67. On 28 July and 20 August the Committee considered a range of subordinate legislation.

Other committees

68. On 6 August the Cabinet Secretary for Health [wrote](#) to the Health & Sport Committee regarding plans to write to Local Authority Chief Executives and Integration Authority Chief Officers to provide an update on financial support to help the social care sector meet additional costs related to Covid-19.

69. On 17 August the Rural Economy & Connectivity Committee launched a [consultation](#) on the implications of Covid-19 for the Scottish Budget related to connectivity and the rural economy. The inquiry is specifically focused on the financial implications of Covid-19 on policy areas falling within the Committee's remit and the outcomes derived from public spending. Responses received will inform the Committee's pre-Budget scrutiny. The [call for evidence](#) makes specific reference to the impact of Covid-19 on the transport sector and a green recovery. The deadline for responses to the consultation is Friday 18 September.

Local government news

70. On 5 August CIPFA and the Local Government Institute published a [report](#) that warned that budget reductions that English councils have faced over the past decade have left the, ill-prepared to deal with the impact of Covid.
71. On 12 August Renfrewshire Council [announced](#) that it has introduced a new cloud-based case management system to help encourage more efficient social work and social care case management. The local authority said the coronavirus pandemic pushed it to introduce the new system, ECLIPSE from OLM, which it says will support its digital transformation and improve social work practices to achieve better outcomes.
72. On 13 August it was [announced](#) that Moray Council would delay the reintroduction of parking charges in its largest town in order to help businesses recover from Covid-19. Pay and display fees were dropped in Elgin during the pandemic and had been due to be brought back from August 1. Parking charges will now be reintroduced in October.
73. On 13 August it was [announced](#) that communities across Aberdeenshire would receive £1 million to help town centres recover from the impact of coronavirus. This was awarded by the Towns and Business Improvement Districts (BIDs) Resilience and Recovery Fund which is financed by the Scottish Government.
74. On 25 August the UK and Scottish Government [signed](#) an agreement to invest more than £100 million in the Moray Growth Deal. The governments have committed £32.5 million each with a further £35.8 million from partners. The UK Government has highlighted the projects that will be funded, including a Moray Aerospace, Advanced Technology & Innovation Campus, a Manufacturing Innovation base, along with a digital health project and new visitor centre in Elgin. The deal aims to deliver more than 450 jobs over the next ten to 15 years.
75. On 26 August rating agency Moody released a [report](#) that suggested local authorities in the UK are set to experience higher fiscal pressures resulting from the coronavirus pandemic than other leading European nations.
76. A number of senior officers in Scottish local government have announced their intention to retire:
- On 26 August [East Ayrshire Council](#) announced that its chief executive and deputy chief executive are to retire. Fiona Lees, who has held the position of chief executive since April 2004, will retire in January 2021 with Alex McPhee, deputy chief executive and chief financial officer, leaving in December 2020.
 - On 27 August, [Dundee City Council](#) announced that David Martin, Chief Executive will retire early next year after six years in post.
 - On 28 August, [Scottish Borders Council](#) announced that Tracey Logan, Chief Executive, will retire at the end of September after nine years in post.

COSLA

77. On 14 August COSLA submitted a [response](#) to the Scottish Parliament's Finance and Constitution Committee's 2021-2022 Budget consultation. COSLA stated that any investigation should consider the impact that Covid-19 has had on local government.

Improvement Service

78. On 17 August the Improvement Service published a [dashboard](#) showing uptake of government support in all Scottish council areas. This dashboard will look to understand the economic impact in local areas allowing comparisons to be made with different areas across Scotland.
79. On 19 August the Improvement Service, in collaboration with the National Records of Scotland (NRS), published a [standard set of population projections](#) for sub-council areas. The NRS regularly produces population projections for each council area, but not for smaller areas within each council. This project addresses this gap by making available a set of projections for 345 small areas within Scotland's councils.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO)

80. [The SPSO's Newsletter - August](#) 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

81. On 28 August the Scottish Housing Regulator published new [guidance](#) to support social landlord governing members during the Coronavirus pandemic.
82. On 28 August the Scottish Housing Regulator [wrote](#) to all landlords about the potential to be the victim of fraud during the Covid-19 pandemic.

Other public policy news

83. On 29 July MCR Pathways [released the results of a survey](#) of 1,347 young people that suggested 68 per cent of youngsters from the most disadvantaged communities struggled to do any schoolwork during lockdown. MCR Pathways is calling for schools to give equal focus to young people's mental wellbeing as well as academic education in the first few months of returning to school.
84. On 5 August Douglas Ross MP was [appointed](#) as leader of the Scottish Conservatives and Unionist Party. Mr Ross succeeds Jackson Carlaw. Currently the MP for Moray, Douglas Ross formerly served as Parliamentary Under-Secretary of State for Scotland until resigning in May.
85. On 27 August IPPR Scotland [suggested](#) youth unemployment in Scotland could reach over 100,000 this year, which would be over one in three of the young workforce. It is calling for urgent action, including the provision of 100,000 new opportunities in Scotland across education, skills and employment. It claimed this will require action from Government, colleges, universities and employers. As the Job Retention Scheme comes to an end, the IPPR has recommended that the scheme be replaced with a short-time work scheme that would allow employers to offer subsidised part-time work, rather than to make employees redundant.

Other UK audit bodies

- 86. On 14 August Audit Wales published a [blog](#) on the use of data by public sector bodies.
- 87. On 20 August the Northern Ireland Audit Office published a [report](#) about workforce planning for nurses and midwives.
- 88. On 2 September the Northern Ireland Audit Office [published](#) their 'Overview of the Northern Ireland Executive's response to the Covid-19 pandemic' report. The report explains that, at August 2020, the total estimated cost of the Covid-19 response relating to Northern Ireland is estimated to be over £2 billion. However, this excludes the NI cost of the Coronavirus Job Retention Scheme. The report states that Northern Ireland is still progressing through the various stages of the pandemic, and the actual cost will be much higher.

UK Government

- 89. On 3 August HMRC provided further [information](#) on how the new Job Retention Bonus will operate. Under the scheme, businesses will receive a £1,000 one-off payment for every previously furloughed employee who is still employed at the end of January 2021. Employees must earn at least £520 per month on average between the beginning of November and the end of January to qualify, while employers will also be eligible for employee transfers protected under TUPE legislation provided they have been continuously employed.
- 90. On 5 August the UK Government agreed to invest £14 million into French biotech firm [Valneva SE's](#) Covid-19 vaccine, in a move to secure its domestic production. The deal would see a manufacturing facility built in Livingston, West Lothian, with the potential to produce 60 million units of a vaccine. There is also an additional deal in place with pharmaceutical company AstraZeneca to produce 100 million units of Oxford University's trial vaccine if proven to be safe.
- 91. On 7 August the UK Government published [information](#) that indicated that Scottish businesses had received £2.3bn in support from UK Government loan schemes. In Scotland, 65,000 firms benefited from loans and support. A total of 17% of loans went to the construction sector while all retail, hospitality, and leisure businesses benefitted from a 100% business rates holiday.
- 92. On 7 August the UK Government published [guidance](#) on sustainability reporting for Government bodies preparing their annual reports.
- 93. On 12 August the UK Government announced that it's [investing](#) in £150,000 in Scottish research projects in an attempt to help drive local economic growth, provide skills training and create jobs in Glasgow, Edinburgh and south-west Scotland. The projects include HotScot in Glasgow which is using low cost, low carbon heat from old flooded mines; the Centre for Regulated Bio-Manufacture, aiming to establish an advanced therapies, biologics and manufacturing cluster in the Lothian region; and Digital Dairy Value-Chain being led by Scotland's Rural College to combine digital communications with advanced manufacturing to help create a modern, efficient, resilient dairy industry.
- 94. On 14 August the UK Government published [guidance](#) for cultural organisations seeking to apply for a Government loan scheme to help the sector recover from the coronavirus pandemic. A total of £270 million in finance will be made available through the Culture Recovery Fund. Organisations will be able to apply for over £3 million with repayment over 20 years at 2% interest following an initial four-year repayment holiday. The Government has also confirmed £120 million in capital investment through the Fund, including £50 million for Heritage England's Heritage Stimulus Fund.

95. On 20 August the UK Government [announced](#) £32 million is to be invested in a new UK Productivity Institute in Manchester to support the Government's aims to increase productivity, boost wages and support the economic recovery across the UK. From September, over 40 researchers from UK institutions will work directly with policy makers and businesses to examine the UK's productivity levels. Areas of research could involve understanding the supply and demand for labour and skills across regions and sectors, looking at how companies can implement new technologies and efficient processes to increase competition, improving working conditions, and encouraging the transition to a low carbon economy and lowering prices for consumers.
96. On 26 August the UK Government [updated](#) its [guidance](#) for staff and children in Year 7 or above in England to allow schools discretion to require face coverings in communal areas. In areas where transmission of the virus is high, the UK Government will advise adults and pupils in secondary schools to wear face coverings. The approach will also apply to further education colleges and guidance to universities. The change will come into effect from Tuesday 15 September. Head teachers in any secondary school will also have the flexibility to introduce masks in their schools.
97. On 26 August the UK Government [published](#) data from a survey of local authorities in England on the impact of the coronavirus outbreak on children's social care up to 14 June. The majority of children in need have had their cases reviewed considering the pandemic.

Other UK news

98. 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.
99. On 6 August the Scottish Affairs Committee launched an [inquiry](#) into the future of funding for Scotland's universities and fees for non-EU students. The inquiry follows budgetary challenges and the decline in international student fee income as a result of coronavirus. Despite funding interventions from the UK and Scottish governments to support research and students, the sector is expected to continue to struggle, with losses expected to reach £651 million. The Committee will look at the challenges and opportunities in funding models for Scottish universities and for student support. The Committee will also examine the impact of UK Government policies on Scottish universities, their students, their employees and on research.
100. On 6 August The Bank of England published its [Monetary Policy](#) and [Financial Stability](#) reports and announced the interest rate will remain at 0.1%. The Bank expects the economy to shrink by 9.5% this year, rather than the initial prediction of 14%. The Bank also forecasts a significant increase in unemployment, with predictions claiming it could almost double from 3.9% to 7.5% as support from the Government comes to an end. On the long-term economic recovery, the Bank of England predicts the economic forecast will not return to pre-Covid-19 levels until the end of 2021.
101. On 5 August the Debt Management Office [released](#) information that suggested that local public bodies borrowed £187.2 million in July from the Public Works Loan Board,

almost a 50% rise on £125.6 million borrowed from the board in June.

102. On 12 August [the UK has officially fallen into a recession](#) for the first time in 11 years due to the impact of the coronavirus pandemic. According to the Office for National Statistics, the UK economy [shrank](#) by 20.4% in the second quarter of 2020, with [services](#), [manufacturing](#) and [construction](#) falling by 19.9%, 20.2% and 35% respectively. As there has now been two consecutive quarters of economic decline, the UK economy is now in recession. The economic decline was at its worst in April, at the height of lockdown in the UK. Following the opening of some non-essential retail, the [economy](#) grew by 8.7%, but remained 17.2% smaller than it was in February. The total [trade](#) balance increased by £8.6 billion to an £8.6 billion surplus in Quarter 2 as imports fell £35.2bn and exports fell by £26.7 billion.
103. On 19 August the Institute for Fiscal Studies released a [report](#) that warned that councils lack the necessary reserves to meet the £2 billion shortfall that local authorities face following the impact of Covid-19.
104. On 21 August the Office for National Statistics released statistics that showed that UK public sector net debt reached £2 trillion for the first time in July. The figure is around 15% higher than the same period last year, when net debt stood at £1.7 trillion.
105. On 25 August trade unions [agreed](#) to a 2.75% pay increase for council workers in England, Wales and Northern Ireland.
106. On 21 August Sir Ed Davey was [elected](#) as Leader of the Liberal Democrats. He has served as acting co-leader of the party since Jo Swinson stepped down in December.

Conclusion

107. The Commission is invited to consider and note this report, and in particular:
 - Note that members' views will be sought on the Ethical Standards Commissioner's consultation on prospective revisions to the Code of Practice for Ministerial Appointments to Public Bodies in Scotland (paragraph 6)
 - Agree not to respond to the Scottish Government consultation on local housing connection referrals (paragraph 13).

Paul Reilly
Secretary to the Commission
2 September 2020

APPENDIX: Accounts Commission reports in past 12 months – downloads

| Report | Date | Report downlds | Podcast downlds |
|---|-------------|---------------------------|----------------------------|
| Best Value Assurance Report: Moray Council | 27 Aug 20 | 496 (n/a) | n/a |
| Accounts Commission annual report 2019/20 | 2 July 20 | 207 (+64) | n/a |
| Best Value Assurance Report: North Ayrshire Council | 30 June 20 | 544 (+82) | n/a |
| Local government in Scotland Overview 2020 | 23 June 20 | 624 (+191) | n/a |
| Equal pay in councils - Impact report | 9 June 20 | 421 (*) | n/a |
| Best Value Assurance Report: Argyll and Bute Council | 21 May 20 | 558 (+82) | 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 | 221 (*) | n/a |
| Early learning and childcare: follow-up | 3 Mar 20 | 1,498 (+149) | 187 (*) |
| 2018/19 audit of Fife IJB | 27 Feb 20 | 299 (*) | n/a |
| 2018/19 audit of Glasgow City Council: Update on equal pay settlement | 6 Feb 20 | 345 (*) | n/a |
| Privately financed infrastructure investment | 28 Jan 20 | 1,031 (+111) | 185 (*) |
| Highland Council: Best Value Assurance Report | 23 Jan 20 | 1,442 (+90) | 340 (*) |
| Scotland's City Region and Growth Deals | 16 Jan 20 | 2,112 (+72) | 163 (*) |
| Scotland's City Region and Growth Deals - Supplement | 16 Jan 20 | 255 (*) | n/a |
| Self-directed support: 2017 progress report - impact | 17 Dec 19 | 545 (+45) | n/a |
| Local government in Scotland: Financial overview 2018/19 | 17 Dec 19 | 2,906 (+209) | 273 (*) |
| Scottish Borders Council: Best Value Assurance Report | 22 Oct 19 | 1,140 (*) | 206 (*) |
| National Scrutiny Plan | 30 Sept 19 | 806 (*) | n/a |
| Perth and Kinross Council: Best Value Assurance Report | 22 Aug 19 | 1,387 (*) | 170 (*) |

Key:

(x) Increase in numbers since last month

* This figure is below 30

n/a Not applicable.