

MEETING: 10 MARCH 2022

REPORT BY: SECRETARY TO THE COMMISSION

WORK PROGRAMME: STAKEHOLDER CONSULTATION FEEDBACK 2022

Purpose

1. This report summarises the key messages from the Commission's consultation on its work programme for 2022 and beyond and asks the Commission to consider responses from stakeholders in the context of its work programme (which is the next item on today's agenda).

Consultation

2. The Commission is required by statute to consult with its local authority stakeholders before undertaking its audit work.¹ In January and February 2022 stakeholders were invited to comment on the proposed work programme the Commission considered at its meeting in January 2022. The [consultation](#) outlined the draft work programme and asked stakeholders:
 - Do you think the Commission has identified the right priorities and topics for its work?
 - Do you think the timing and sequencing of the work programme is right? Are there any areas that could be brought forward or moved back?
 - Do you think there are any other areas the Commission should be considering?
3. The consultation closed on 18 February 2022. Over 100 stakeholders were consulted, comprising council chief executives, chief officers from Integration Authorities, members of the Strategic Scrutiny Group and third sector representatives. We received 25 responses comprising 16 councils, two Integration Authorities and five other representative bodies including SOLACE Scotland, the Improvement Service and the Scottish Government's department for local government and analytical services. COSLA also still plans to respond and we will share its feedback verbally at the meeting on 10 March. The response rate is an improvement on the 18 responses (including 11 councils) we received in 2021. Individual responses have been collated and summarised on the [members' SharePoint site](#).

Summary of feedback from the consultation exercise

4. Respondents welcomed the opportunity to provide feedback and overall were very positive about the content, timing and flexibility of the programme. This gives the Commission assurance that it is addressing risks and issues that are important to the local government community.
5. In [Table 1](#), we summarise the feedback under the five themes of the joint work programme. The 'Planned work' rows include Accounts Commission, joint or related Auditor General or Audit Scotland outputs planned up until October 2022 and then between October 2022 and March 2024, as per Appendix 1 in the Director's paper. Where the type of output (eg performance audit or briefing paper) has been confirmed, this is also included.

¹ 1973 Local Government (Scotland) Act, section 97A(3).

Table 1. Summary of consultation responses and planned work (slide numbers refer to Appendix 1 at item 10)

Theme 1: Economic recovery and growth – consultation responses
<ul style="list-style-type: none"> - Five respondents supported the proposals around the review of Scotland’s financial response to Covid-19, with suggestions including: <ul style="list-style-type: none"> • The likely need for further reviews as local authorities continue to disburse Scottish Government Covid-19 grants. • Considering reporting examples of best practice that should be continued into recovery. • The need to look at costs associated with running courts within the justice pipeline. - Three respondents commented on the absence of any planned work around the implications of EU exit, noting that: <ul style="list-style-type: none"> • EU Exit has impacted on availability of some staff groups, problems with procurement, inflated costs, and impacted on service delivery • A review of the new government funding programmes to replace EU programmes now and in the future might be useful.
Planned work 2022
<p>Performance audits</p> <ul style="list-style-type: none"> - Reviewing Scotland's financial response to the Covid-19 pandemic (June, joint) <p>Briefing papers</p> <ul style="list-style-type: none"> - Scotland’s economy: Supporting businesses through the Covid-19 pandemic (March, joint)
Planned work October 2022 to March 2024 (slide 15)
<ul style="list-style-type: none"> - Audit Scotland’s national database of UK and Scottish Covid-19 funding announcements - Planned research and development work to scope audit work in this area, including: <ul style="list-style-type: none"> • The Scottish Government’s new 10-year strategy for economic transformation. • Strategic capital investment, building on the January 2020 audit on privately financed infrastructure investment and looking at the Scottish Government’s Medium Term Financial Strategy and updated Climate Change Plan. • The implementation of schemes designed to replace the EU Structural, Social and Agricultural Funds. • Developments affecting City Region and Growth Deals and the impact of our previous performance audit report.
Theme 2: Policy priorities and outcomes – consultation responses
<ul style="list-style-type: none"> - Climate change: <ul style="list-style-type: none"> • 11 respondents explicitly supported the proposals around work on climate change, highlighting particularly strong support for this work. One Health and Social Care Partnership suggested it should not be a priority given the immediate impact of the pandemic. • Four asked questions around the scope of the work. In particular whether the work

<p>would look at the role of the Scottish Government in supporting councils to deliver national targets.</p> <ul style="list-style-type: none"> • Three respondents commented that this should be one of the Commission's strategic priorities. • One suggested that the note that the proposed data tool could be useful but needs to be aligned with other work on data, so as not to further clutter the landscape <p>- Social care and the proposed National Care Service</p> <ul style="list-style-type: none"> • Seven respondents supported work in this area, in particular noting the value of an independent view of the issues and the need to look at the impact the proposed National Care Service will have on local government. <p>- Drugs and alcohol</p> <ul style="list-style-type: none"> • Three respondents supported this work, encouraging the Commission to look at impact not just activity, as well as recognising the important role of the third sector.
Planned work 2022
<p>Briefing papers:</p> <ul style="list-style-type: none"> - Climate change: Local government targets and plans (August) <p>Other:</p> <ul style="list-style-type: none"> - Climate change: Baseline Review (February, Audit Scotland) - Drugs and alcohol (March, joint) - E-hub: Lifelong learning (April, Audit Scotland) - Social security: Implementation of devolved powers (May, Auditor General)
Planned work October 2022 to March 2024 (slides 16-17)
<p>Performance audits</p> <ul style="list-style-type: none"> - Social care (joint) - Community justice (early 2023, joint) <p>Other</p> <ul style="list-style-type: none"> - Climate change – longer term approach and priorities to be discussed with the Commission and Auditor General later in 2022 - Early learning and childcare (joint) - Drug and alcohol services (joint)

Theme 3: Inequalities and human rights – consultation responses
<ul style="list-style-type: none"> - Nine respondents explicitly supported this strategic priority and noted the intersectionality across multiple areas of the work programme. <ul style="list-style-type: none"> • Two respondents questioned why there was no explicit mention of food and fuel poverty. They note that these are key risks for local government, with anticipated impacts on tax and rent arrears as well as increased demand for welfare and support services. • One respondent suggested that it would be useful to reflect how inequality is being challenged across all pieces of work. They note that if council services are not

<p>accessible to those who are most disadvantaged then the deep-rooted inequalities will never be tackled.</p> <ul style="list-style-type: none"> • One respondent requested clarity on what is meant by a human rights-based approach <p>- Child poverty</p> <ul style="list-style-type: none"> • Seven respondents supported this work, with one suggesting bringing it forward and one asking for details on the scope. <p>- Mental health</p> <ul style="list-style-type: none"> • Five respondents supported this, with one suggesting that this should include consideration of children's mental health and another the mental health of prisoners. <p>- Digital exclusion</p> <ul style="list-style-type: none"> • Supported by three respondents, with two expressing disappointment in its delay. • One respondent highlighted that digital transformation is a focus of many transformation plans but digital exclusion is a barrier to adoption of online services. • One respondent noted that this cuts across all four of the Commission's strategic priorities and is key to successful recovery (and growth) at an individual, local economy and national level. <p>- Children with additional support needs</p> <p>- Two respondents noted their support for the work on services in this area.</p>
Planned work 2022
<p>Other</p> <ul style="list-style-type: none"> - Child poverty (June, joint) - Services for children with additional support needs (May)
Planned work October 2022 to March 2024 (slide 18)
<p>Performance audits</p> <ul style="list-style-type: none"> - Mental health (joint) - Digital exclusion and connectivity (joint)

Theme 4: Innovation and transformation – consultation responses
<ul style="list-style-type: none"> - Local Government Overview reporting: <ul style="list-style-type: none"> • Four councils noted disappointment that the financial local government overview is not due to be published until March 2022. They note that this is too late for councils to include in council budget considerations (as has been helpful in previous years). - Digital innovation <ul style="list-style-type: none"> • Two respondents noted that this needs more focus, to look at the challenges facing, for example Integration Joint Boards and prison healthcare. - One respondent suggested that the Commission consider publishing an overview report including best practice examples of the successful implementation of transformational change (see paragraph 7).

Planned work 2022

Overview reports:

- Local government finances 2021 (March)
- Local government challenges and performance 2022 (May)
- Financial analysis of Integration Joint Boards (IJBs) 2020/21 (June)

Best Value Assurance reports:

- Moray Council follow up (March)
- Angus Council (July)
- Shetland Council (August)
- Comhairle nan Eilean Siar (September)

Other

- Digital connectivity: R100 update (March, Auditor General)

No other thematic audit products under this theme are planned for 2022, but the topics are interwoven throughout the programme and will feature throughout annual audits, overviews and other outputs.

Planned work October 2022 to March 2024 (slides 19 and 20)

Overview reports

Audit Scotland will monitor the impact of the 2020/21 local government overview reports as well as the financial analysis of IJBs. Audit Scotland will support the Accounts Commission to consider the focus and format of local government overview reporting in 2023 and beyond to maximise reach and impact.

Best Value (BV) assurance reporting

- In Q2 of 2023/24 Audit Scotland plan to deliver a legacy thematic summary of BV best practice examples covering the last six years of BV reporting.
- From 2022/23 Best Value work in councils will be fully integrated within Annual Audit Reports (AARs).
- The first AARs under the new audit appointments and new BV approach will be available in Q3 2023/24.

Theme 5: Governance and accountability– consultation responses

Collaborative leadership

Three respondents suggested that the Commission should look at the relationship between the Scottish Government and local government more closely.

- One noted the increasing levels of directed spend and ring-fencing and that there was a need to assess the capacity for local government to respond.
- One suggested that the Scottish Government are limiting the ability of local government to address community needs in delivering universal provision of services e.g., free school meals.

Fraud risks

- One respondent suggested raising awareness around key fraud risks, citing recent publicity in relation to waste crime and the increased presence of serious organised crime groups within the sector as examples of current risks to local authorities and communities.

Effective and efficient scrutiny

<ul style="list-style-type: none"> - Three respondents commented on the importance of coordinating with the Strategic Scrutiny Group, whilst also being aware of the workplans of individual internal audit functions, to avoid duplication.
Planned work 2022
Annual Audit Reports <ul style="list-style-type: none"> - 102 (98%) Local Government accounts had been certified as at 21/02/22 Statutory reports <ul style="list-style-type: none"> - Section 102: Orkney and Shetland Valuation Joint Board (March) Annual Assurance and Risks Report <ul style="list-style-type: none"> - To be considered by the Commission under item 8 of today's meeting Other <ul style="list-style-type: none"> - National Fraud Initiative in Scotland (August 22, Audit Scotland) - Data governance/ethics roundtable (Q2 2022-23), Audit Scotland
Planned work October 2022 to March 2024 (slide 21)
Following the pandemic pound <ul style="list-style-type: none"> - Audit Scotland plan to review the impact of the 2022 performance audit on reviewing Scotland's financial response to the Covid-19 pandemic (under theme 1, above) and propose how best to follow up, looking at changing budget headings and spending considerations as well as financial management and sustainability. Annual Assurance and Risks Report <ul style="list-style-type: none"> - This will draw on the 2021/22 AARs and is due in March 2023

6. Other suggestions for specific areas of work the Commission consider incorporating in the programme included:

- Overview reports on best practice examples of:
 - successful implementation of transformational change
 - community planning and empowerment
 - responses to Covid-19
- Commercialisation in the local government sector
- Youth justice
- Following the public pound and Arm's Length External Organisations
- Cyber security
- Culture and leadership
- Re-introduce the 'how councils work' series of reports (to support new councillors from May)
- Follow up on the outcomes for school education report
- Housing
- Place / place-based approaches, given the role of local government in some related policy commitments, e.g., 20-minute neighbourhoods.

7. In some more general comments on the work programme, three respondents implied that the programme seemed to be more focused on social policy areas of council activity and perhaps light on some other areas of council activity, for example regulatory services, roads, planning or waste services. They note that this is particularly important due to the demographics of the workforce, the talent pipeline, the resourcing of these services and increased demand arising as a result of, for example, EU exit and the pandemic response.

Next steps

8. Most immediately, the Commission has the opportunity today to consider the outcome of its stakeholder consultation in the context of its quarterly refresh of its work programme, which is the next item on today's agenda.
9. The Chair will finalise joint aspects of the work programme with the Auditor General before the programme is refreshed on Audit Scotland's website.
10. The Commission Support Team will share the feedback with Audit Scotland's policy clusters and audit teams who will continue to consider the responses as the work programme is developed and audits are scoped. The feedback will also be shared with appointed auditors.
11. Once the work programme has been agreed, I and the Commission support team will:
 - update, on behalf of the Commission, all of the consultees with the programme, including a summary of the consultation responses.
 - promote the work programme in the Commission's newsletter for interested community and third and voluntary sector representatives in March.
 - ensure the work programme is reflected in planned promotion activities in the members' communication schedule.
12. Together with Audit Scotland the Commission support team will continue to consult with other stakeholders on the work programme, including Audit Scotland's external Equality and Human Rights Advisory Group. Any feedback will be fed into the next refresh that the Commission will consider in June 2022.

Conclusion

13. The Commission is invited to:
 - a) Consider responses from the consultation together with Interim Director of PABV's work programme proposals (agenda item 10).
 - b) Provide comment on feedback in Table 1 and suggestions for the additional pieces of work outlined in paragraphs 6 and 7.

Paul Reilly
Secretary to the Commission
2 March 2022