

## Purpose

1. The purpose of this report is to provide an update to the Commission on significant recent activity relating to local government.
2. The Commission receives regular information to complement this report, which is available through the [members' SharePoint site](#). This includes:
  - The Controller of Audit report to the Commission, updating the Commission on her activity. This is intended to complement this Secretary's update report.
  - An update on issues relating to local government which is considered by the Commission's Financial Audit and Assurance Committee.
  - A weekly news coverage briefing provided to the Commission by Audit Scotland's Communication Team, now supplemented with a summary of parliamentary activity from the Commission Support Team.

## Recommendations

3. The Commission is invited to:
  - Note this report and consider any implications for its work programme.
  - Agree to the proposed actions with regard to the Commission responding to the consultations highlighted at the end of this report.

## Commission business and recent publications

4. Monthly updates on the activities of both the Chair and Controller of Audit are standing items on the Commission's agenda.
5. Information relating to recent [publications](#) and [blogs](#) is available online, with future planned publications and activities outlined on the members' communications schedule available on the [members' SharePoint site](#). This includes a list of planned publications and activities for the year, along with indicative roles for members in promotion and engagement activities.
6. The Accounts Commission has published the following reports in recent weeks:
  - ["2021/22 audit of Glasgow City Council: Update on equal pay arrangements"](#) 24 August. This report – prepared by the Controller of Audit under Section 102 of the Local Government (Scotland Act) 1973 – confirmed that the council has settled or is in the process of settling about 19,000 claims at a cost of £765 million. In its findings, the Commission commended the council for its effective governance arrangements around its work to implement a new system aimed at ensuring employees are paid equally in the future, but urged the council to maintain the pace in delivering this programme, which has been delayed due to both its complexity and the Covid-19 pandemic.

- “[Adult mental health](#)”, joint report with the Auditor General; 13 September.  
This report found that accessing adult mental health services in Scotland remains slow and complicated for many people, particularly for ethnic minority groups, people living in rural areas and those in poverty. The report highlights that a lack of data makes it hard to see the impact of big increases in spending on adult mental health services, whilst a fragmented system – with the Scottish Government, NHS boards, councils, IJBs and the third sector all involved in funding or providing services – makes accountability complex.
- “[Best Value in Scotland](#)”, 26 September.  
This report covers the process of auditing Best Value in Scotland over the past twenty years and the next steps for Best Value reporting in Scottish councils. It shows how the Commission's Best Value auditing has had a crucial role in holding local government to account, shining a spotlight on what is working and what needs to improve. The report emphasises that Best Value has driven significant improvements in local government, but it has also highlighted areas where progress has not been fast enough.

7. Please see below the figures for the number of downloads for each report and page views for the blog. These figures are correct as at 30 September 2023 – which is a consideration in assessing the figures for the Best Value report and blog in particular.

Report	Date	Downloads
S102 Glasgow equal pay	24 Aug	174
Adult mental health	13 Sep	1,341
Best Value in Scotland	26 Sep	242
Best Value report blog	26 Sep	105 (views)

8. As part of the revised approach to preparing this update report introduced in 2023, it was agreed that quarterly and annual download statistics for relevant Accounts Commission publications would be provided to supplement the regular monthly statistics (and help to overcome the above issue of timing). Figures for downloads of Commission publications in Q1 (April to June) and Q2 (July to September) are provided in [Appendix 1](#).

## Issues affecting Scottish local government

### Scottish Government

9. The Scottish Government issued the following general announcements and publications during September:
- 9.1. The [Programme for Government \(PfG\) 2023-24](#) was published on 5 September setting out the Scottish Government's legislative agenda and funding commitments for the coming year. The programme is based around First Minister Humza Yousaf's three 'national missions' of equality, opportunity and community, and reiterates the Scottish Government's priorities as reducing poverty, delivering growth, tackling climate change and providing high-quality public services. Key commitments include:
    - expanding access to funded childcare from nine months through to the end of primary school in six 'early adopter' local authorities, alongside starting to phase in a national expansion for families with two-year-olds from next year,

- paying direct social care workers and staff providing funded early learning and childcare in sectors outside of local government, at least £12 an hour from April,
- working with COSLA in the coming year to prepare schools and infrastructure for the expansion of universal free school meal provision for to Primary 6 and 7 pupils during 2026, starting with those in receipt of the Scottish Child Payment
- £400m investment in the Scottish Child Payment scheme, £750m for affordable homes in Scotland and reforms to planning for renewable energy.

The Scottish Parliament Information Centre (SPICe) published a [detailed analysis of the PfG](#), addressing the Scottish Government's three national missions and implications for local government, as well as a section on each main policy portfolio.

- 9.2. A [joint statement with COSLA](#) regarding Reinforced Autoclaved Aerated Concrete (RAAC) in schools in Scotland, following inspections carried out by local authorities. Data from the inspections showed that there were 16 councils which had identified schools as containing RAAC, with those councils confirming that mitigations are in place in accordance with guidance from the Institute of Structural Engineers. More information on RAAC can be found in [Appendix 2](#) of this report.

## Policy areas

10. The following announcements and publications were made during September.

### 11. Health and Social Care:

- 11.1. Publication of [recommendations for improving care regulation](#) in Scotland. The Independent Review of Inspection, Scrutiny and Regulation in Scotland makes 38 recommendations including updating legislation, Health and Social Care Standards and regulatory bodies' powers of intervention and enforcement. It also highlights a need for the system to 'rebalance', increasing the focus on continuous improvement and being more inclusive of the voices of people receiving social care support.
- 11.2. A [consultation on the future of the Minimum Unit Pricing policy](#), including a proposal to increase the minimum unit price of alcohol from 50p to 65p per unit. Views are being sought on whether to continue the Minimum Unit Pricing (MUP) legislation beyond the current term which ends next April, and the level at which it should be set. (*This is also featured in the Consultations section at the end of this report.*)

### 12. Social Security and Communities:

- 12.1. The [launch of the Carer Support Payment](#), a new Scottish benefit intended to replace the Carer's Allowance. Subject to Parliamentary approval the new benefit will be piloted in Perth & Kinross, Dundee City and Na h-Eileanan an Iar from November 2023, before a phased national rollout from Spring through to Autumn 2024. More than 80,000 carers will be able to receive the benefit in Scotland, including 1,500 carers who are currently ineligible for Carer's Allowance due to studying full-time.
- 12.2. The [Warm Scots Future strategy](#) for helping displaced Ukrainians living in Scotland settle into communities and gain longer-term housing. The new strategy, developed in collaboration with the Scottish Refugee Council and COSLA, sets out priorities for the next phase of Scotland's Ukraine response, including reducing the use of temporary accommodation, boosting access to settled housing, and keeping human

rights at the heart of all integration efforts. To support these priorities, more than £1.5 million is being made available to third sector organisations to benefit Ukrainians, while local authorities will also receive £3.2 million to support staffing of resettlement teams. This is in addition to £30 million being distributed to councils to support Ukrainians into sustainable housing, including through private and social renting.

### 13. Other policy areas

- 13.1. Confirmation of the approval by MSPs of a [final extension of tenant protections](#) under the Cost of Living (Tenant Protection) Act. The extension means that measures such as a 3% cap on most in-tenancy private rent increases and a pause on enforcement of evictions except in specific circumstances will now be in place until March 2024 at the latest. Social rented sector tenants are protected by the voluntary agreement reached with social landlords on below-inflation rent increases for this financial year.
- 13.2. Publication of the [Agriculture and Rural Communities Bill](#), intended to introduce a new framework of support to replace the current Common Agricultural Policy, with the aim of supporting farmers and crofters to produce food sustainably, work with nature and reduce emissions. The Bill provides for a payments framework that incentivises low carbon approaches to improve the resilience, efficiency and profitability of the sector.

### COSLA

14. COSLA issued the following publications and announcements during September:

- 14.1. Local authorities will be able to [charge a premium of up to 100% on council tax](#) for second homes under legislation aiming to increase the availability of housing. If approved by Parliament, this legislation would bring second homes, of which there are more than 24,000 in Scotland, into line with long-term empty homes, which can already be subject to a 100% premium on the full rate of council tax.
- 14.2. A [joint statement with the Scottish Government on building safety](#) in relation to the presence of Reinforced Autoclaved Aerated Concrete (RAAC) in schools in Scotland, emphasising local authorities' focus on the safety of people in Scotland's schools and all other council buildings, the regular inspections carried out on buildings across councils' estates, and the mitigations or closures put in place as required.
- 14.3. The joint announcement with the Scottish Government of the [Warm Scots Future strategy](#) for helping displaced Ukrainians living in Scotland to settle into communities and gain longer-term housing, supported by £3.2 million of funding for councils in 2023-24 to support staffing of local authority resettlement teams.
- 14.4. A statement welcoming the final report from the [Children and Young People's Mental Health and Wellbeing Delivery Board](#), co-chaired by COSLA and the Scottish Government. The Board has highlighted the need to: retain a focus on prevention and early intervention; prioritise work to support care experienced children and young people in vulnerable situations and providing crisis support; support policy coherence across the complex mental health policy landscape; and build on connections between mental health supports and services.

## UK local government

15. In early September it was widely reported that [Birmingham City Council has issued a section 114 notice](#), as it faces a £87m budget gap this year and the equal pay liability of three-quarters of a billion pounds. The authority has faced costs and setbacks, most notably an outstanding equal pay liability (£650m-760m, on top of the £1.1bn it has already paid), as well as the 2022 Commonwealth Games and a faltering IT system implementation.
16. The Accounts Commission has contributed to subsequent media articles analysing whether a similar situation could arise in Scotland – including on [Public Finance](#), [Scotland on Sunday](#) and [BBC News](#).
17. A briefing on the differences between the English and Scottish local government finance frameworks and the safeguards in place in Scotland is available in [Appendix 3](#) of this report, and there's useful background information on what a section 114 notice in England means in practice in this [summary by the Local Government Information Unit](#).

## Scottish Parliamentary committees

18. During September, Parliamentary committee business was as follows.

### Local Government, Housing and Planning (LGHP) Committee

19. The [LGHP Committee](#) took evidence on:
  - Post-Legislative Scrutiny of the Community Empowerment Act 2015
  - New Deal with Local Government
  - Pre-Budget Scrutiny
  - Building (Scotland) Amendment Regulations 2023
  - Cost of Living (Tenant Protection) (Scotland) Act 2022 (Amendment of Expiry Date) (No. 2) Regulations 2023.
20. The committee also considered its approach to:
  - its inquiry into Community Councils
  - scrutiny of the impact of defective Reinforced Autoclaved Aerated Concrete (RAAC) elements in public buildings in Scotland
  - scrutiny of the draft Climate Change Plan.

### Public Audit Committee

21. The [Public Audit Committee](#) took evidence on:
  - How the Scottish Government is set up to deliver climate change goals: Governance and risk management arrangements for net zero targets and adaptation outcomes
  - Criminal courts backlog
  - New vessels for the Clyde and Hebrides: Arrangements to deliver vessels 801 and 802
  - Adult mental health (including from Christine Lester on behalf of the Commission).

## Finance and Public Administration (FPA) Committee

22. The [FPA Committee](#) took evidence on:

- The Scottish Fiscal Commission's Forecast Evaluation Report and Paper on Productivity and Fiscal Sustainability
- The Scottish Government's public service reform programme
- The sustainability of Scotland's finances
- National Care Service (Scotland) Bill Financial Memorandum
- Land and Buildings Transaction Tax (Green Freeports Relief) (Scotland) Order 2023.

## Other Committees

23. The [Constitution, Europe, External Affairs and Culture Committee](#) took evidence on Pre-Budget Scrutiny with a focus on the culture sector.

24. The [Education, Children and Young People Committee](#) took evidence on Pre-Budget Scrutiny, the Independent Review of Qualifications and Assessment, and the Scottish Attainment Challenge, and considered its approach to a Stage 1 report on the Disabled Children and Young People (Transitions to Adulthood) (Scotland) Bill.

25. The [Equalities, Human Rights and Civil Justice Committee](#) took evidence on Pre-Budget Scrutiny 2024-25, received a briefing from the Scottish Government's Bill Team on the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill, and considered a draft report on Asylum Seekers in Scotland.

26. The [Health, Social Care and Sport \(HSCS\) Committee](#) took evidence on:

- Winter planning 2023-24
- Programme for Government 2023-24
- Pre-Budget Scrutiny 2024-25.

27. The HSCS Committee also considered its work on:

- Experiences of the Complex Mesh Surgical Service
- Healthcare in remote and rural areas
- Inquiry into female participation in sport and physical activity (draft report).

28. The HSCS Committee also held a [joint meeting](#) with the Criminal Justice Committee and the Social Justice and Social Security Committee on tackling drug deaths and drug harm.

29. The [Net Zero, Energy and Transport Committee](#) took evidence on Scottish Government priorities relevant to the Committee's remit, the Circular Economy (Scotland) Bill and the Deposit and Return Scheme for Scotland (Miscellaneous Amendment) Regulations 2023.

30. The [Social Justice and Social Security Committee](#) took evidence on Child Poverty and Parental Employment, Social Justice Priorities, Pre-Budget Scrutiny 2024-25, and the Carer's Assistance (Carer Support Payment) (Scotland) Regulations 2023.

## Other publications and updates

### Improvement Service

31. In September, the Improvement Service published the following “insight articles”:

- 31.1. [The Spatial Hub](#) – a website which collects data from local authorities and other partner organisations, transforms and joins it all together to form Scotland-wide datasets available to everyone.
- 31.2. [Scotland's Children's Rights Journey](#) – looking at how children's rights have evolved in Scotland and what the United Nations Convention on the Rights of the Child Bill aims to achieve, as it comes back to the Scottish Parliament for reconsideration.
- 31.3. The [Place Standard Tool and Place and Wellbeing Outcomes](#) – plotting the similarities and differences between two key tools for creating better places.
- 31.4. [Improvement in the Planning System](#) – an article by Scotland's new National Planning Improvement champion on how he intends to work with planning authorities and others to create a high performance planning system.

### SPICe

32. In September, the [Scottish Parliament Information Centre \(SPICe\)](#) published blog posts on:

- [RAAC in Scottish public buildings](#)
- [Covid-19: Where are we now?](#)
- [The 2023-24 Programme for Government](#) (detailed analysis)
- [Disability employment in Scotland](#) (a guest blog from the Fraser of Allander Institute).

### Care Inspectorate

33. The Care Inspectorate issued the following publications in September:

- 33.1. [“Staff vacancies in care services 2022”](#), which shows that the number of care services reporting staff vacancies is at the highest level since publication of figures began in 2017, with nearly half of all care services in Scotland reporting vacancies at the end of 2022. Almost two-thirds of services with vacancies reported having problems filling them, with the most common themes being too few sufficiently qualified applicants.
- 33.2. [“Care Home Report 2020-2022”](#) which aims to highlight the key themes from their work completed in registered care home services for adults and older people between 1 April 2020 and 31 December 2022.
- 33.3. A [“secure care pathway review”](#), which found that timely support, availability and access to the right kind of educational, legal, health and community support is not always available for children and young people with experience of – or who may require – secure care. The report does highlight positive examples of staff working together to provide support for young people, as well as key areas for improvement.

## Updates on previous queries

34. This section is intended to follow up on actions arising from questions or queries raised during discussion of the Secretary's report at recent Commission meetings. These updates have also been added to the Accounts Commission action tracker, an updated copy of which is shared with members alongside the papers for each meeting.
35. At the August Commission meeting, the then Interim Secretary was asked to look into who is responsible for auditing Circularity Scotland – the body set up to oversee the Scottish Government's Deposit Return Scheme.
36. Circularity Scotland was exempt from audit for their most recent published accounts (for 2021) by virtue of being a small company under the Companies Act. The accounts for 2022 were due by the end of September 2023, but at the time of writing they had not been filed. It's worth noting, however, that the company is now in administration and in the process of being wound up.
37. At the September Commission meeting, the then Interim Secretary and the Controller of Audit were asked where responsibility lies for auditing the funding for advice agencies that was referred to in the Secretary's report.
38. This will form part of next year's audit of the Scottish Government. The funding is allocated to third parties on behalf of the Scottish Government by Advice UK. Standard arrangements are that audit will take place at the third party level and assurance or audit returns will be provided to Advice UK who will provide a statement to the Scottish Government.

## Consultations

39. The following consultations were opened this month.
  - 39.1. [Quality prescribing for respiratory: a guide for improvement 2024-2027](#) (closing date: 31 October): This guidance seeks to improve outcomes for people with respiratory disease – a major driver of health inequalities with a high prevalence in the most deprived areas. It covers minimising over-reliance on short acting reliever inhalers, supporting use of propellant free inhalers, and ensuring safe disposal of inhalers.
  - 39.2. [Tackling the Nature Emergency: Consultation on Scotland's Strategic Framework for Biodiversity](#) (closing date: 14 December): This Scottish Government consultation seeks views on a range of topics and proposals relating to biodiversity, specifically three parts of the Biodiversity Strategic Framework: the Scottish Biodiversity Strategy; the first five-year Delivery Plan; and the proposed Natural Environment Bill.
  - 39.3. [Healthcare in Remote and Rural Areas](#) (closing date: 20 October): The Health, Social Care and Sport Committee is seeking views – from anyone who uses healthcare services, works in the health and social care sector, or has an interest in remote and rural healthcare – on what policies and actions would be most effective in addressing the issues people face when accessing healthcare in remote and rural areas.
  - 39.4. [Alcohol: Minimum Unit Pricing \(MUP\): Continuation and Future Pricing](#) (closing date: 22 November): The Scottish Government is consulting on whether MUP should be continued as part of the range of policy measures to address alcohol-related harm, and if so, the level the minimum unit price should be set going forward. MUP was first

implemented in May 2018, at 50p per unit, and current provisions are due to expire on 30 April 2024 unless Scottish Ministers make new legislation to continue them.

**39.5. [National Marine Plan 2 Strategic Environmental Assessment \(SEA\) Scoping Report](#)** (closing date: 30 October): The scoping report sets out the proposed scope, level of detail and an early consideration of potential environmental impacts for the SEA of National Marine Plan 2, together with a description of the proposed assessment methodology. Feedback provided via this consultation will feed into the SEA process.

**40. The Commission Support Team recommends:**

- That the Commission asks the Executive Director of Performance Audit and Best Value to consider how best to respond to the above consultations – taking into account any views expressed by Commission members – and drafts responses as appropriate.

## Appendix 1: Quarterly publication statistics

The table below shows the number of downloads of reports, or page views of blogs and web content, in each quarter of 2023/24, for publications issued by or relating to the Accounts Commission in 2023.

Future reports where these statistics are presented will use graphs to illustrate the figures and include some commentary on trends and any potential conclusions.

Publication	Type	Date	Q1	Q2*
Local Gov financial bulletin 2021/22	Report	12 Jan	432	438
Public sector gender pay gap reporting	Web	07 Feb	243	188
Resourcing the benefit service	Report	15 Feb	131	92
Reporting on housing benefit services	Blog	15 Feb	31	10
Financial response to Covid-19	Web	29 Mar	723	594
Learning lessons of Covid-19	Blog	29 Mar	135	73
Progress on education data	Blog	30 Mar	273	125
IJBs financial analysis 2021/22	Report	06 Apr	886	243
Mainstreaming equality 2021-23	Web	25 Apr	590	124
Homelessness affects us all	Blog	27 Apr	696	102
Local Government Overview 2023	Report	17 May	1,881	1,159
Local Government Overview 2023	Web	17 May	2,450	684
Early learning and childcare	Report	01 Jun	1,238	533
Public audit in Scotland 2023-28	Report	20 Jun	249	453
City Region and Growth Deals	Report	22 Jun	416	480
Accounts Commission annual report	Report	29 Jun	60	229
S102 Glasgow equal pay	Report	24 Aug	n/a	174*
Adult mental health	Report	13 Sep	n/a	1,341*
Best Value in Scotland	Report	26 Sep	n/a	242*
20 years of Best Value reporting	Blog	26 Sep	n/a	105*

## Appendix 2: Background information on RAAC

### What is RAAC?

RAAC is Reinforced Autoclave Aerated Concrete, which is a type of concrete used mostly in the 1960s to 1990s, often in flat roofs. It was cheaper to build than standard concrete, but is prone to degradation over time, especially if the roofs have not been properly maintained and water gets into the concrete.

### What buildings are affected?

There is currently not a comprehensive picture of buildings which contain RAAC across the Scottish public sector. Councils were asked to report on its presence in schools by 8 September, and at this point 16 councils reported a total of 39 schools that were affected.

The extent to which those schools are affected varies from full closure to no impact. Councils and the Scottish Government are working to advice from the Institute of Structural Engineers on their approach, which determines whether a building will close.

Other buildings within councils may also be affected, for example North Lanarkshire has identified 400 council homes which may have RAAC and has shut its Motherwell concert hall following a survey of the roof.

The Scottish Parliament Information Centre (SPICe) has produced a [briefing on RAAC in Scottish public buildings](#) which Commission members may find helpful.

### How much will it cost to fix?

The cost of addressing these issues is likely to be substantial, but the overall cost to councils is not known at this stage.

West Lothian Council expects the total cost across its estate will be £76.8 million, while East Lothian Council estimates that costs relating to one school are around £3.8 million.

The Scottish Government wrote to the UK Government on 16 August and 3 September to clarify the funding support that would follow to devolved Governments. We are not currently aware of a response.

## Appendix 3: Scottish council finances – audit safeguards

### Key points

There are important differences between Scottish and English local government finance:

- Scottish councils benefit from **consistent audit oversight**, with their accounts audited and scrutinised annually by the Accounts Commission – in contrast to England where the Audit Commission, which had been responsible for this, was scrapped in 2015
- Councils in Scotland are not able to, or have not been forced to, enter into the sort of **high-risk investments or commercial ventures** that were pursued by many of the English councils that have been affected, such as Slough, Thurrock and Woking
- Scottish councils do not have the same statutory obligation to balance the budget as councils in England – there is **no Section 114 process** of ceasing non-essential spending in Scotland – but they are obliged to ensure sound financial management.

The Controller of Audit and the Accounts Commission have an important role to play in providing assurance on this issue in Scotland.

### Actions that a Section 95 officer should take if they have concerns

Scottish councils' chief financial officers (s95 officers) are advised to take the following steps:

1. Give an **informal indication to the council's Chief Executive** about potential financial difficulties, and attempt to secure immediate remedial action.
2. Conduct informal **consultation with the council's internal and external auditors**.
3. If necessary, **submit a report to the full council** highlighting concerns about the ability to achieve a balanced budget, for consideration within 21 days.
4. **Prohibit any new agreements incurring expenditure** until the full council has considered that report.
5. Seek a **report from the full council specifying the actions to be taken in response** and the planned timescales, with copies of that report sent to every member of the council and to the external auditor.

### Section 102 reports by the Controller of Audit

Where a council does not take the appropriate action in response to a report by the section 95 officer, or such a report is not prepared where auditors consider it necessary, auditors should advise Audit Scotland so the Controller of Audit can take appropriate action.

Such action may include a report to the Accounts Commission under section 102 of the Local Government (Scotland) Act 1973. In practice, a s102 report is likely where a s95 officer has reported significant concerns, regardless of actions subsequently taken or not taken.