

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. Details of recent [publications](#) and [blogs](#) is available online. In the coming months, a new communications schedule will be developed providing information on future publications and activities, including indicative roles for members in promotion and engagement.
6. This report usually lists the publications issued by the Commission since the previous month's report, with initial figures for the number of downloads or page views. However, there are no new publications to include this month.
7. In addition, quarterly and annual download statistics for relevant Accounts Commission publications are provided to supplement the regular monthly statistics. Due to the timing of forthcoming meetings, the next quarterly figures will be provided in the February report.

Issues affecting Scottish local government

Scottish Government

8. The Scottish Government issued the following general announcements and publications during October:
- 8.1. The First Minister announced plans for a [council tax freeze](#), designed to support people struggling with the effects of high inflation and said to be in response to consultation “on what level the council tax should be next year”. The Scottish Government has said the freeze will be fully funded, but details of this are subject to ongoing negotiation as part of the 2024-25 budget process. Background information relating to the Council Tax freeze is provided in the Appendix at the end of this report.
 - 8.2. Later in October, the Scottish Government published an [analysis of responses](#) to a recent consultation on council tax for second and empty homes and thresholds for non-domestic rates. The findings were as follows:
 - 8.2.1. 55% of respondents said councils should be able to charge a premium for second homes; this figure rose to 89% among organisations that answered.
 - 8.2.2. Reasons for and against the measure broadly concerned the impact of second homes on housing supply and on a perceived unfairness towards those who had bought a second home before this premium existed.
 - 8.2.3. 60% thought councils should have discretion to charge more than a 100% premium on council tax for homes that are empty for more than 12 months, with the most frequently chosen option being a maximum of 300%.
 - 8.2.4. 53% supported a change in letting thresholds for self-catering accommodation to qualify for non-domestic rates, with most of those wishing to see increases to the existing thresholds.
 - 8.2.5. These responses were typically linked to a view that thresholds should be set to ensure that a greater proportion of self-catering properties pay Council Tax, and concerns that self-catering accommodation can exacerbate housing shortages and negatively impact local communities and economies.

This consultation ran from April to July 2023; it was separate from the ‘Fairer Council Tax’ consultation regarding charges for properties in Bands E to H, which ran from July to September 2023.

Policy areas

9. The following announcements and publications were made during October.

10. Health and Social Care:

- 10.1. The [Scottish Government and COSLA joint Winter Plan](#) setting out seven priorities for winter planning, including: enabling care at home; a focus on recruitment, retention and wellbeing of staff; and maximising capacity to meet demand. These priorities are driven by three principles: right care, right time, right place; a partnership approach across the whole system; and local and national actions that work. The launch of the Plan included announcement of a £50 million funding boost for Scottish Ambulance Service (SAS) recruitment and up to £12 million to expand Hospital at Home.

- 10.2. [Annual funding of £100 million](#)** for the NHS to help reduce inpatient and day-case waiting lists by an estimated 100,000 patients over three years. This recurring annual funding running to the end of this Parliamentary session is, however, subject to the outcome of the Scottish Budget process.
- 10.3. [Funding for eight projects supporting people with neurological conditions](#).** The projects are to receive a total of almost £440,000 to enable them to enhance and expand the services they provide. This funding is the fourth round of awards made as part of a five-year action plan to improve support for people living with neurological conditions.
- 10.4. [Value Based Health and Care Action Plan](#):** setting out the actions to support health and care colleagues to practise Realistic Medicine and deliver value-based health and care, by focusing on outcomes that matter to people, optimising use of health and care resources, and contributing to a more sustainable health and care system.

11. Social Security and Communities:

- 11.1. [Funding for The Promise](#):** 42 organisations across Scotland will benefit from £4 million funding to deliver projects that will help children, young people and families in the care system. The second round of The Promise Partnership Fund will be split across third sector and public organisations that prioritise work to:
- Build supportive workforces that can provide unique support for young people and families in the care system to thrive.
 - Create school structures that provide support, opportunities and a sense of belonging.
 - Enhance youth justice and rights to reduce and prevent the criminalisation of children and young people with care experience.
- 11.2. [Bairns' Hoose test sites](#):** Announcement of six locations that will become home to Scotland's first Bairns' Hoose test sites. Supported by £6 million of funding, multi-agency partnerships in Fife, North Strathclyde, Aberdeenshire, Aberdeen City, Tayside and the Outer Hebrides will set up pathfinders to provide coordinated comprehensive support for children and young people in the justice system.
- 11.3. [Payment for care leavers](#):** Young people transitioning from the care system into adulthood are to receive a one-off Care Leaver Payment of £2,000 to support them to move into more independent living. The proposed payment will be co-designed with care experienced people to ensure it meets their needs and helps reduce some of the financial challenges they face.

12. Other policy areas:

- 12.1. [Rural & Islands Housing Action Plan](#):** the Plan sets out actions so that people in rural and island areas have access to high quality, affordable housing. It's part of the Scottish Government's commitment to deliver 110,000 affordable homes by 2032, of which 10% will be in rural and island areas.
- 12.2. [Centre of Teaching Excellence](#):** Part of ongoing work to reform Scotland's education system, the Centre, which will be developed in partnership with teachers and professional associations, will support research and innovation in teaching practice for all children and young people.

COSLA

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

- 13.1.** [Statement following Council Tax freeze announcement](#) confirming the announcement was made without any discussion with local government leaders or COSLA and that there was absolutely no agreement to freeze Council Tax next year, a decision which COSLA said can only be made by Councils. Background information relating to the Council Tax freeze is provided in the Appendix at the end of this report.
- 13.2.** A [subsequent statement on behalf of Council Leaders](#) expressed a clear view that the announcement was a “serious breach” of the Verity House Agreement, undermining its “spirit and letter”, and that individual Councils should be left to set the level of Council Tax independently.
- 13.3.** [Statement welcoming acceptance of the latest pay offer](#) by GMB and Unite members. The latest offer represents a pay rise of around £2,000 for the lowest-paid staff, and a 5.5% increase for others. However, at the time of writing, strikes were still due to go ahead in some councils (including Glasgow and Edinburgh) on 1 and 8 November, after members of the largest council union, Unison, voted to reject the deal. The industrial action involves non-teaching staff including catering, cleaning, pupil support, administration and janitorial workers in schools and early years centres.
- 13.4.** [Statement on the Health and Social Care Winter Preparedness Plan](#), emphasising the vital role of local authorities in ensuring people and communities are safe and cared for, the importance of the integration of health and social care, and the clear leadership role of Local Government in maximising capacity. COSLA expects the winter period to be challenging across the whole health and social care system at a time when that system is experiencing significant demand and staffing pressures.

Improvement Service

14. In October, the Improvement Service published the following “insight articles”:

- 14.1.** [“Arts, Culture and Councils: How to Collaborate on Climate Action”](#) - This article discusses how local authorities and the arts/culture sector can collaborate to address climate change. Arts organisations can provide creative approaches to engage different audiences and be trusted messengers to reach groups not typically involved in climate action, creating accessible spaces for conversation and helping to find innovative solutions to complex problems.
- 14.2.** [“What are your ambitions for the planning system?”](#) - Craig McLaren, Scotland’s new National Planning Improvement Champion, is calling for views on what a high-performing planning system looks like. He believes successful planning enables the delivery of sustainable, liveable and productive places through efficient services and constructive user engagement. He wishes to hear a range of views on what good performance means, to be submitted by 30 November, and poses three questions:
- What outcomes should the planning system deliver?
 - What makes a high performing authority?
 - How can this be measured?

UK local government

15. The Local Government Association (LGA) has warned that [persistent high inflation and rising service demand](#) have added another £1 billion to council funding pressures over the next two years, in just three months. English councils are set for a budget gap of £4 billion by March 2025 just to keep services at current levels, the LGA said. It added that current reliance on council tax increases and reserves to fill gaps is unsustainable, while some authorities have warned that extra costs are threatening their financial stability.

16. Continued budget pressures and likely Welsh Government funding cuts could leave councils in Wales with a gap of £350m in 2024-25 and £750 million by 2027-28, according to [analysis from Cardiff University's Wales Governance Centre](#). Welsh councils used £137 million of reserves last year and will draw down a further £193 million this year to help meet overspends, which the researchers said shows that finances are on an “unsustainable path”.

17. Only five of 467 local government bodies in England had audit opinions on their 2022-23 accounts published by the 30 September deadline, and more than 900 local authority audit opinions are outstanding, according to [figures from Public Sector Audit Appointments](#). Audit timeliness has slumped since 2017-18, with fewer authorities receiving fully audited statements of accounts on time; just 9% of opinions on 2020-21 accounts were published by the deadline.

18. The [TaxPayers' Alliance published similar analysis](#) covering the whole of the UK, showing that just 31 councils in Britain had released audited accounts for 2022-23, and 97 had failed to publish any accounts for that year. It highlighted that Woking and Birmingham – both of which have issued section 114 notices – had not published accounts for the last 2 years, and that only 6 Scottish councils had published audited accounts for 2022-23 by the 30 September deadline.

19. The UK Government announced that 55 towns across the UK – including seven in Scotland – will receive [£20 million of funding each](#) over the next decade to improve transport, reduce crime and encourage high street regeneration. Areas will set up town boards, consisting of local businesses, councils and MPs, to develop long-term investment plans. Clydebank, Coatbridge, Dumfries, Elgin, Greenock, Irvine and Kilmarnock are among the towns that will receive funding.

Scottish Parliamentary committees

20. During October, Parliamentary committee business was as follows.

Local Government, Housing and Planning (LGHP) Committee

21. The [LGHP Committee](#) took evidence on:

- Reinforced Autoclaved Aerated Concrete (RAAC)
- Visitor Levy (Scotland) Bill

22. The Committee also considered its draft letter on Pre-Budget Scrutiny, and its approach to scrutiny of the New Deal. It also published a [report tracking its work in 2022-23](#).

Public Audit Committee

23. The [Public Audit Committee](#) took evidence on:

- Early learning and childcare: Progress on delivery of the 1,140 hours expansion
- Scotland's colleges 2023

Finance and Public Administration (FPA) Committee

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

- The sustainability of Scotland's finances
- Circular Economy (Scotland) Bill: Financial Memorandum

Other Committees

25. The [Constitution, Europe, External Affairs and Culture Committee](#) took evidence on Pre-Budget Scrutiny 2024-25.

26. The [Criminal Justice Committee](#) took evidence on the Victims, Witnesses, and Justice Reform (Scotland) Bill.

27. The [Economy and Fair Work Committee](#) took evidence on Pre-Budget Scrutiny 2024-25.

28. The [Education, Children and Young People Committee](#) took evidence on the children (Care and Justice) (Scotland) Bill, and published its Stage 1 report on the Disabled Children and Young People (Transitions to Adulthood) (Scotland) Bill.

29. The [Equalities, Human Rights and Civil Justice Committee](#) took evidence on Pre-Budget Scrutiny 2024-25 and the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill, and published the report of its inquiry into the Human rights of asylum seekers in Scotland.

30. The [Health, Social Care and Sport \(HSCS\) Committee](#) took evidence on the National Care Service (Scotland) Bill and Pre-Budget Scrutiny 2024-25. It also published the report of its inquiry into Female participation in sport and physical activity, and considered the following:

30.1. Its draft letter on Pre-Budget Scrutiny 2024-25

30.2. Its approach to Post-legislative scrutiny of the Social Care (Self-directed Support) (Scotland) Act 2013

30.3. Its inquiry into Healthcare in remote and rural areas.

31. The [Net Zero, Energy and Transport Committee](#) took evidence on the Circular Economy (Scotland) Bill and Environmental regulation.

32. The [Social Justice and Social Security Committee](#) took evidence on, and later considered its draft report on, Pre-Budget Scrutiny 2024-25.

Other publications and updates

SPICe

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

- [How is Scotland Performing?](#) (National Performance Framework)
- [Displaced people from Ukraine in Scotland](#) ("What is the long-term plan?")

- [UK Government net zero policy changes and what they mean for Scotland](#)
- [The New Build Heat Standard](#)
- [Life Expectancy in Scotland](#)
- [Cost Crisis](#) (sources of information and support for responding to enquiries)

Care Inspectorate

34. The Care Inspectorate issued the following publications in October:

- 34.1.** An updated version of "[Safer Recruitment Through Better Recruitment](#)" which aims to help social care, early learning and childcare and social work employers to meet legislative and regulatory requirements for the recruitment and selection of staff.
- 34.2.** "[Report of a joint inspection of services for children and young people at risk of harm in North Lanarkshire community planning partnership](#)" which evaluated the impact of services as very good. The report noted that the work of partners was making a positive difference to the lives of children and young people at risk of harm.
- 34.3.** A "[Children's rights report](#)" which must be published every three years to show what steps have been taken to put the United Nations Convention on the Rights of the Child (UNCRC) into practice. This report covers progress during the period 1 April 2020 to 31 March 2023 and looks ahead to next steps for 2023-2026.

Updates on previous queries

- 35.** At the September meeting, it was agreed that the Commission should discuss further how it is represented at the Public Audit Committee, and who should attend, in relation to joint reports with the Auditor General. New internal operational guidance is being produced for Audit Scotland staff in relation to Parliamentary and media engagement for joint reports; the Interim Chair, Christine Lester, and I have provided input to this guidance. Learning from previous joint reports will be put into practice for the upcoming performance audit on Digital Exclusion.
- 36.** Also at the September meeting, members were advised that the draft response to the 'Democracy Matters' consultation would be shared via correspondence; the draft was emailed to members on 27 October 2023, inviting their views by 17 November. Meanwhile, it was agreed that the Commission should respond to the Health, Social Care and Sport Committee's call for views on Healthcare in Remote and Rural Areas. Unfortunately due to time constraints (the deadline was only a week after the Commission meeting) it was not possible to submit a response to this in time, but the Committee's inquiry is ongoing and we will seek opportunities to contribute to it where possible.

Consultations

37. The following consultations or calls for views were opened this month.

- 37.1.** [Scottish Social Services Council – proposed register changes](#) (*Scottish Government consultation; closing date: 02 January 2024*)

The SSSC registers over 160,000 social work, social care and early years workers, setting standards for their practice, conduct, training and education. The consultation aims to build a sustainable 'Register for the Future' by making sure the regulatory system is clear and transparent while raising the standards of practice in the sector. Changes would include: simplifying and streamlining the Register; making it easier for people to move themselves from one part of the Register to another; requiring employees to apply for registration within three months of starting a new role and be registered within six months; and providing more information via the public Register, such as specialist qualifications and information relating to fitness to practise.

37.2. [Building standards enforcement and sanctions](#) (Scottish Government consultation; closing date: 15 January 2024)

This consultation proposes changes to building and fire safety regulatory frameworks that would strengthen enforcement and sanctions for violation of building standards regulations. This includes increased fines, easier issuance of stop notices, expanded demolition powers for local authorities and more. The goal is to enhance enforcement tools to encourage adherence to building codes and improve safety and quality aiming to make enforcement more robust and boost compliance.

37.3. [Agriculture and Rural Communities \(Scotland\) Bill](#) (Rural Affairs and Islands Committee call for views; closing date: 24 November 2023)

This Bill would make changes to the law in a number of ways, including: requiring the Scottish Government to develop a five-year rural support plan to deliver the key objectives of high-quality food production, climate mitigation and adaptation, nature restoration and wider rural development; providing powers to provide financial and other support to farmers and crofters to achieve those key objectives; and providing powers to amend the current EU common agriculture policy rules in Scotland.

38. The Commission is invited to:

- Provide any views on whether and how the Commission should respond to any of the above consultations, and
- Ask the Executive Director of Performance Audit and Best Value to consider and draft responses as appropriate, taking into account any views expressed by members

Appendix: Council Tax freeze background information

What was said

In his speech to the SNP conference on 17 October, First Minister Humza Yousaf announced:

“We have consulted on what level the council tax should be next year. And conference, we have reached our decision. I can announce to the people of Scotland that, next year, your council tax will be frozen.”

The next day, COSLA confirmed that “there is absolutely no agreement to freeze Council Tax next year” and that there had been no discussion with local government leaders prior to the announcement, which COSLA believes undermines the Verity House Agreement (VHA).

Speaking in Parliament on 24 October, Deputy First Minister and Cabinet Secretary for Finance, Shona Robison, reiterated that the Council Tax freeze will be “fully funded”, the cost of which will be subject to negotiation with COSLA as part of the 2024-25 budget process.

Estimated costs

Analysis by the [Fraser of Allander Institute](#) estimated that the freeze will cost £148m in 2024-25. This was based on an assumption that councils would have followed the increases from the previous year, and also factors in expected growth in the number of properties.

Meanwhile, [IPPR Scotland](#) made a “conservative calculation” that funding the freeze would cost £100m in 2024-25. This was based on a 5% increase in Council Tax across all areas, and also accounts for households receiving Council Tax Reduction.

The Commission's position

As a matter of course, the Commission does not take a position on Scottish Government policy announcements.

The Commission has commented previously on issues relating to ring-fencing of funding and flexibility for local authorities. However, the VHA is an agreement between the Scottish Government and local government, and this – and the manner in which the policy will be fully funded – are matters for those parties to work through.

It may be that the financial implications do not become clear until at least the time of the publication of the Scottish Budget on 19 December.