

## 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.
  - 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.
3. The wider Commission Support Team are developing a new approach to the monthly Secretary's update report which we hope to have fully in place for March 2023. This is outlined below.

## Recommendations

4. The Commission is invited to:
  - Agree to the revised reporting process outlined below, and to comment on the proposed format, content and general principles underpinning the changes to the Secretary's update report.
  - Agree to the proposed actions with regard to the Commission responding to the consultations highlighted at the end of this report.
  - Note this report and consider any implications for its work programme.

## Revised reporting process

5. The Secretary's update report is an important resource for the Commission, providing members with a summary of key Commission activities, highlighting both the work of the Commission and key stakeholders, and important developments in the external operating and policy environment.
6. To ensure the Secretary's update report remains a useful resource, but enable a more concise and focused monthly report, the following changes are proposed:
  - The report will focus primarily on the external environment and external activity, with less detailed information being provided on the internal activities of, and meetings between, the Commission and Audit Scotland.

- The Commission Support Team have identified relevant items for inclusion within this report. From next week, members will be asked to use the weekly summary of relevant media coverage and parliamentary activity they receive to request items they would like further information on. This is intended to let individual members request specific items for inclusion within the next Secretary's update report, allowing members to influence the more detailed content they receive.
- The report will continue to include information about consultations, and the advice of the Secretary and Commission Support Team as to the appropriate action required, for members to approve.
- Statistics relating to report downloads and social media engagements will be provided for reports published in the preceding month, with overall statistics (previously included as appendices to the Secretary's update report) moving to a quarterly reporting cycle.
- Updates relating to the Standard's Commission and Scottish Public Sector Ombudsman will move to being provided by exception (significant publications or hearing outcomes only). Information relating to these bodies' forms part of the regular Intelligence Report provided to the Commission's standing committees. This is due to be tabled at the February Committee meetings and so those bodies are not included below.

## Commission business and recent publications

**7.** Monthly updates on the activities of both the Chair and Controller of Audit are standing items on the Commission's agenda.

**8.** 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. This document is live and is updated monthly.

**9.** On 12 January the Accounts Commission published [Local Government in Scotland: Financial bulletin 2021/22](#). The report outlines the financial pressures facing local authorities, saying many councils are facing the most difficult budget setting context in many years. The report received extensive media coverage which has been shared with members.

**10.** Between publication and the end of January, the report web page was viewed 809 times, and the report downloaded 733 times. On social media, over the same period, there were 5,915 impressions, 260 engagements and 1,133 video views.

**11.** The Chair and Andrew Burns, supported by Carol Calder (Audit Director) and Blyth Deans (Senior Manager), attended the Scottish Parliament's Local Government, Housing and Planning Committee on 31 January to provide evidence on both the report and wider Local Government Fiscal Arrangements.

## Issues affecting Scottish local government

### Scottish Government

**12.** On 10 January the Scottish Government [published](#) the latest local government finance circular 11/2002 containing details of the finance settlement for 2023/24 and redeterminations

for 2022/23. A [letter](#) including the circular was sent to Chief Executives and Directors of finance of Scottish local authorities on 20 December.

**13.** A briefing on the Scottish Government's budget forms part of the Commission's February agenda and responses from bodies such as COSLA are outlined in relevant sections below.

### **Health, Social Care and Covid Response**

**14.** On 12 January the Scottish Government [published](#) its response to the Drug Deaths Taskforce report outlining a cross-government action plan backed by £68 million as outlined in the final report. Measures are being taken across a broad range of areas including employment, justice, transport, education and health and social care to improve the lives of those affected by drugs. The response is underpinned by two principles: that services treat problem drug use the same as any other health condition and that people with lived experience are involved in policy decisions.

**15.** On 18 January the Scottish Government [published](#) details of a new national residential rehabilitation service designed to support women and their children through recovery officially opened in Dundee. The facility was developed in partnership with Hillcrest Homes and will be run by the children's charity Aberlour.

### **Education and Local Government pay dispute**

**16.** On 6 January the Scottish Government [published](#) details of £200,000 funding for School libraries across Scotland for projects focused on anti-racism, diversity, and racial equality. In 2022/23 18 initiatives across 10 local authorities will benefit from the School Library Improvement Fund grants.

**17.** On 16 January the Scottish Government published figures across all local authorities on the recruitment of [additional teachers](#) and [support staff](#) for the additional £70 million funding.

**18.** On 17 January the Cabinet Secretary for Education and Skills, Shirley-Ann Somerville, provided a statement to [Parliament](#) on improving the education and life chances of all children and young people.

**19.** Members will be aware of ongoing strike action across local government, in particular the rolling strikes by teachers. The Commission Support and Communication Teams will ensure that further developments are communicated to members in a timely manner.

### **Social Security and Communities**

**20.** During January the Scottish Government published and reported the [first statutory report](#) to the Scottish Parliament on the of the Cost of Living (Tenant) Protection (Scotland) Act 2022. Covering the period 28 October to 31 December 2022, the report reviews the operation of the emergency measures in place and whether they remain necessary and proportionate. Stakeholders must also be consulted. The Scottish Government [published](#) details that the Tenants Rights' Minister, Patrick Harvie had given a [statement](#) to Parliament on 12 January confirming emergency measures will be extended with private rents capped and the enforcement of evictions prevented in most cases.

**21.** On 4 January the Scottish Government [published](#) details about grant funding for over 180 projects across rural Scotland, from the Rural & Island Communities Ideas into Action (RICIA) fund. The fund encourages and supports not-for-profit community groups with innovative approaches to community-led local development, including work towards net zero and just

transition goals, tackling rural poverty and supporting rural communities through the cost-of-living crisis.

**22.** On 12 January the Scottish Government [published](#) details of an additional £2.4 million to help people struggling to afford food and other essentials. The funds will go to four organisations; Corra Foundation, FareShare, the Scottish Federation of Housing Associations and Citizens Advice Scotland to distribute to people in immediate need.

### **Economy and business**

**23.** On 30 December the Scottish Government [published](#) information that Scotland will miss out on more than £300 million following the replacement of EU funding with the UK Government's Shared Prosperity Fund which is distributed exclusively through local authorities. The UK Government said the fund would fully replace all EU funding but has only allocated £212 million to Scotland over a three-year period. EU funding would have been worth around £549 million over three years.

**24.** On 10 January the Scottish Government [published](#) a draft Energy Strategy and Just Transition Plan on actions to deliver a net zero energy system across Scotland. It has 7 chapters; 1) The vision, 2) Preparing for a just energy transition, 3) Energy supply, 4) Energy demand, 5) Creating the conditions for a net zero energy system, 6) 4 route maps to 2045 and 7) Action the UK Govt must take. The 4 route maps cover the Scottish Governments investment plan over the current parliament, policy and legislation, energy supplies and energy demand.

**25.** On 18 January the Scottish Government [published](#) details about an investment of £27 million to support 23 community-based initiatives with funding from the Regeneration Capital Grant Fund (RCGF) that will be delivered in partnership with COSLA and local authorities. The money aims to support schemes addressing child poverty, suicide rates and addiction and will support town centres by bringing derelict buildings back into use.

### **Scottish Parliament**

**26.** During January, the Scottish Parliament Information Centre (SPICe) [published blogs](#) on: Scotland's performance; the cost crisis, the Citizen Participation and Petitions Committee's Public Participation Inquiry and recommendations and Levelling up funding (round 2).

**27.** SPICe also produced a more detailed [briefing](#) on the 2023-24 local government settlement.

**28.** On 11 January the Scottish Parliament approved the National Planning Framework 4 (NPF4) that will be formally adopted and published from 13 February 2023. A joint [letter](#) from the Planning Minister, Tom Arthur and Chief Planner, Fiona Simpson was sent to stakeholders advising of the formal approval and next steps.

### **Parliamentary committee news**

#### **Public Audit Committee**

**29.** During January the Committee took evidence on and [considered](#): the 2021/22 audit of the Scottish Government Consolidated Accounts and the new vessels for the Clyde and Hebrides and the arrangements to deliver vessels 801 and 802.

**30.** On 11 January the Auditor General Stephen Boyle [wrote](#) to the Public Audit Committee to provide further information following an evidence session on Scotland's public finances: challenges and risks.

## Local Government, Housing and Planning Committee

**31.** During January the Committee took evidence on and [considered](#): the Standards Commission for Scotland Annual Report 2021-22, Ethical Standards Commissioner Annual Report 2021-2022, Local Governance Review, Allotments, Budget Scrutiny 2023-24, short-term lets, Local Government Fiscal Arrangements, Post-Legislative Scrutiny of the Community Empowerment Act 2015: Community Planning Inquiry, Cost of Living (Tenant Protection) Act 2022 and subordinate legislation.

## Finance and Public Administration Committee

**32.** During January the Committee took evidence on and [considered](#): Budget Scrutiny 2023-24, subordinate legislation and its work programme.

**33.** The subsequent Committee led debate on budget scrutiny made reference to the Scottish Commission for Public Audit's (SCPA) scrutiny of Audit Scotland's 2023/24 budget proposal in December. Members have been briefed on this throughout December and January.

## Other Committee news

**34.** During January the Citizen Participation and Public Petitions Committee published submissions from [Highland Council](#) and [Aberdeenshire Council](#) on [petition PE1955](#): Make the provision of public toilets a statutory duty. Highland Council outlines 37 businesses are registered with Comfort Schemes, with an annual cost of £96,000, and a further £30,000 spent on seasonal comfort scheme providers in 2022-23. Aberdeenshire Council indicates it pays £2,000 per year to businesses for agreeing to operate as part of a Comfort Partnership, with the average running cost for any local authority run public toilet being around £12,000 per annum.

**35.** On 23 January the Net Zero, Energy and Transport Committee [published](#) a report discussing the role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland. The report confirms that while councils are best placed to fight climate change, wider funding constraints are seeing authorities prioritise resources to support services, current funding approaches that consist of short-term bidding pots limits planning and that without longer term funding settlements, it will be impossible for authorities and the Scottish Government to meet the legal target of net zero by 2045.

## Local government news

### COSLA

**36.** On 5 December COSLA [launched](#) a campaign in advance of the Scottish Budget on 15 December as an 'SOS call' to Save our Services. COSLA says the SOS call reflects the extremely precarious financial situation in which Councils in Scotland find themselves, during a particularly challenging period. This is as a consequence of real-term cuts to the core budgets of Scotland's 32 Councils over recent years.

**37.** On 21 December COSLA [published](#) an article confirming that in recognition of the cost-of-living crisis, Scotland's Council Leaders have committed to keeping the rental and fee increases for social housing and Gypsy/Traveller pitch or site provision to an average of less than £5 a week across the country in the next financial year.

**38.** On 4 January COSLA [renewed](#) calls for the Scottish Government to pause National Care Service plans and direct available funding to frontline care services. The call comes following the Scottish Government's December Budget which set out real-terms cuts to councils' funding, which will impact the social care and social work services they provide.

**39.** On 16 January COSLA [published](#) an article where they confirm spending decisions of local authorities are “increasingly directed” by the Scottish Government and that the way Local Government finances are presented by the Scottish Government is potentially confusing for the general public. They believe that this can lead to raised expectations and lack of clarity in communities about the reality of what is possible to deliver on the ground.

### Improvement Service

**40.** On 20 January the Improvement Service [published](#) an article about its Knowledge Hub and how it supports Local Government collaboration in Scotland. The Hub is an open knowledge platform for public services, aiding collaboration across teams, organisations and communities, and within and between individual organisations. During the past 13 years, 20,000 Scottish community members have joined Knowledge Hub, collaborating in over 1,650 groups and significantly reducing costs for partners.

### SOLACE

**41.** On 19 December SOLACE [published](#) its statement on the Local Government Finance Statement with Patrick Melia, Solace spokesperson for local government finance, saying: “At a time when money has never been tighter due to huge inflationary cost pressures combined with rising demand from the cost of living crisis and the aftermath of the pandemic, this entirely avoidable delay in providing certainty increases financial risk and drives councils towards inefficient short-term focused decision-making. By narrowing the window over which investment decisions can be made, local authorities are hindered in their ability to plan and deliver both greater service efficiencies and capital spending decisions that would catalyse much-needed local growth.” He also confirms that while providing extra money is welcome, the settlement still falls short of what is required and that highlighted by the Institute for Fiscal Studies’ latest analysis, councils will remain under huge financial pressure with very few savings options left.

### Other scrutiny bodies

#### Care Inspectorate

**42.** On 6 December the Care Inspectorate published a joint inspection [report](#) of adult support and protection measures in South Lanarkshire, focusing on adults at risk of harm. It found clear strengths that adults who were at risk of harm were safe, protected and supported. However, inspectors also identified areas which could further improve.

**43.** On 13 December the Care Inspectorate and Healthcare Improvement Scotland published a [report](#) commissioned by the Minister for Mental Wellbeing and Social Care in relation to a Significant Case Review (SCR) carried out by Angus Health and Social Care Partnership. The commission requested that the Care Inspectorate and Healthcare Improvement Scotland work together to provide Angus local partners with appropriate advice and, where requested, practical support to deliver the required improvements set out in the Significant Case Review’s recommendations, ensuring that the risks for the delivery of person-centred, safe and effective care delivery and co-ordination to vulnerable adults are being addressed.

**44.** On 15 December the Care Inspectorate published a joint inspection [report](#) of services for children and young people at risk of harm in the Highland area which identified a range of improvements that are needed, along with highlighting some strengths. Chief officers in Highland have given their commitment to taking forward improvements in the areas identified in the report. Third sector partners also need to be fully engaged in the improvement journey, confident that their voice is being heard and their contribution understood.

**45.** On 24 January the Care Inspectorate published a joint inspection [report](#) of services for children and young people at risk of harm in Aberdeenshire community planning partnership. They evaluated the impact of services for children and young people as very good. The inspection found that the work of staff was making a positive difference to the lives of children and young people at risk of harm. A number of areas for improvement were identified that the Aberdeenshire partnership were already aware of through their own self-evaluation.

**46.** On 31 January the Care Inspectorate published a joint inspection [report](#) of adult support and protection in Angus which has found clear strengths in ensuring adults at risk of harm are safe, protected and supported. However, inspectors also identified areas which could further improve and have requested the partnership prepare an improvement plan which will address the priority areas for improvement which were identified.

### Scottish Housing Regulator

**47.** On 16 January the Scottish Housing Regulator [published](#) revised guidance for local authorities and RSLs on designing and conducting surveys of tenants and other service users about how they are performing and sets out best practice approaches.

### Other UK audit bodies

**48.** On 24 January 2023 Audit Wales published a [report](#) reviewing the development of community resilience aimed at helping people do more for themselves and councils make better use of resources to support innovative transformation of council services in the face of budgetary constraints and service reduction.

### UK Government

**49.** On 4 January the UK Government [published](#) details of the new system to regulate the award of subsidies to business which came into force from 4 January replacing the previous EU regime. The new system aims to ensure that subsidies will be tailored to local needs, with public authorities and devolved administrations having added flexibility to ensure they can get support to where it's most needed quickly. Details of the new [Subsidy Advice Unit](#) (SAU), which also came into force and is a new function of the Competition and Markets Authority (CMA) were also published. The SAU will give advice to public authorities wishing to use subsidies to deliver important public objectives.

**50.** On 18 January the UK Government [published](#) information about over 100 projects that had been awarded a share of the £2.1 billion from Round 2 of Government's flagship Levelling Up Fund to create jobs and boost the economy. Projects in Scotland include the investment of £26.8m for a new roll-on, roll-off ferry for Fair Isle in the Shetland Islands, £19.4m to reroute the A78 dual carriageway to reconnect Greenock town centre, £19.4m to accelerate the regeneration of Riverside Park and improve access to the River Leven in Fife, and £17.7m to bring empty spaces and buildings back into use in Dumfries and Galloway. A [full list](#) of successful projects have been made available and includes 10 different Scottish Councils.

### UK public policy news

**51.** During December the Aldersgate group [published](#) a report, Warming Britain Affordably, calling on the UK Government to urgently put in place a long-term plan to improve energy efficiency in all UK homes. The report sets out a three-pillar public policy framework for scaling energy efficiency in homes, using a range of mechanisms to create demand, guarantee delivery capability, and enable access to finance.

- 52.** On 9 January the Office for National Statistics (ONS) [published](#) a report on how increases in housing costs impact households. It highlights that mortgage interest rates began to increase during 2022, which is likely to make borrowing more expensive for those with fixed rate deals coming to an end in 2023. Those with variable rate mortgages and private renters are also facing higher housing costs.
- 53.** On 13 January, the Joseph Rowntree Foundation [published](#) a briefing about how employers can better support their employees in addressing in-work poverty and the cost of living crisis.
- 54.** On 13 January the Office for National Statistics (ONS) [published](#) its latest bulletin on public opinions and social trends from across the UK following a survey over 21 December to 8 January 2023. The most commonly reported issues seen as important continued to be to be the cost of living (92%), the NHS (85%), the economy (75%), and climate change and the environment (58%).
- 55.** On 17 January the New Economics Foundation [published](#) a blog saying money raised from carbon taxes should go towards home insulation, after it was estimated a fifth of low-income households were going without food and heating last week.
- 56.** On 18 January the Joseph Rowntree Foundation [published](#) a report on the determinants and solutions of housing affordability since 1979. Rents in the private and social rented sectors are close to their highest for decades as a share of tenants' incomes. This report examines why, and the policy options that could help tenants stay afloat. It shows that the waning generosity of these measures can fully explain the deterioration of housing affordability for renters over the past 40 years. The report examines the optimal mix of housing subsidies today, arguing for an expansion of social housing and reforms to housing benefits to improve housing affordability.
- 57.** On 31 January Centre for Cities [published](#) a report on the latest economic data on the UK's cities and largest towns. UK unemployment rates could be three times higher than official figures due to economic inactivity. The report confirms that councils and combined authorities are central to identifying and supporting those who are economically inactive. They ask the Government to include councils and combined authorities, as part of its strategy to address economic inactivity and encourage people back into the workforce.

## Consultations

- 58.** On the 14 December, the Scottish Government opened a [consultation](#) on draft quality standards for adult secondary mental health services. The consultation closes on 17 March.
- 59.** On 20 December the Economy and Fair Work Committee published details of its [consultation](#) to understand what more can be done to ensure disabled people can access employment. The inquiry closes on 16 February
- 60.** On the 21 December, the Scottish Government opened a [consultation](#) on a proposed definition of 'Gypsies and Travellers' for the specific purposes of the planning legislation in order to ensure planning authorities properly involve the Gypsy/Traveller community in planning the future of their places. The consultation closes on 15 February.
- 61.** A [consultation](#) is being held on the draft Energy Strategy and Just Transition Plan (paragraph 24). It is seeking the views on the Scottish Government's vision and proposed actions and to understand how to secure the maximum social and economic benefits. It runs until 4 April 2023.

**62.** The Commission Support Team recommend that the Commission:

- notes the first three consultations but does not formally respond.
- considers the merits of formally responding to the consultation on the Energy Strategy and Just Transition Plan.