

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. The first revised report is being tabled this month and 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. This document is live and is updated monthly.
6. On 29 March the Accounts Commission [published](#) a blog "Learning the lessons of Covid-19 has never been more important". The blog outlined how important councils were during the pandemic confirming the significant funding they received to help support their communities. Now that this funding has ended, councils must evaluate what worked well, what impact their work had and what they would change allowing themselves to learn important lessons for any future crises as well as informing their plans for recovery and renewal.

7. On 30 March the Executive Director of Performance Audit and Best Value, Antony Clark [published](#) a blog “Encouraging progress on education data but still a long way to go”. The blog outlines how important education is on improving young people’s resilience and wellbeing in the adult world. One of the barriers to improving young people’s educational outcomes is a lack of data. While there is data on how pupils get on in exams, there is less on other outcomes such as health, confidence, and resilience. The blog continues that there is currently a lot of work ongoing across Scotland to decrease or remove gaps in data to address these issues and that this will be something we’ll need to follow up on and see what difference any improvements have made to outcomes for young people.

8. Due to the publication dates of the above blogs being within a few days of the end of March, we will cover the publication statistics and information in next month's report. We also intend to report the Quarter 4 and annual publication statistics for 2022/23 at the May commission meeting. This was scheduled to be reported to members this month, but focus has instead been given to providing, by request, a more detailed update on public sector pay deals ([Appendix 1](#)).

Issues affecting Scottish local government

Scottish Government

9. On 01 March the Scottish Government [published](#) details of Scottish Crown Estate funding given to local authorities to fund local projects in 2022-23. A total of £11 million was given to projects in 26 local authorities. A report detailing how councils have spent their allocations will be published in summer 2023.

10. On 02 March the Scottish Government [published](#) an overview of the calculation for funding for local government 2023-24. It notes how the general funding of £14.5bn for the local councils was calculated, as well as the information used to calculate specific allocations for each of the councils, with islands populations given a 12% uplift due to their additional costs.

11. On 20 March the Scottish Government [published](#) the latest local government finance circular 4/2023: Non-Domestic Interest Rate 2023-2024. This sets out the interest rate to be applied by local authorities in calculating the interest due when repaying rates overpaid in error or following alterations to the valuation roll.

12. On 24 March the Scottish Government and COSLA [agreed](#) £50 million in funding to local authorities over the next three years for the refurbishment of children’s play parks.

13. On 26 March the Scottish Government [announced](#) planning reforms to encourage local authorities to support planning applications for the development of play spaces, parks and sports facilities. The changes are meant to increase opportunities for outdoor activity and help implement a commitment to incorporate children and young people’s rights into Scots law and practice.

14. In March 2023 [Louise Macdonald](#), previously Director-General Economy, was appointed Director-General Communities.

15. On 29 March the First Minister Humza Yousaf [announced](#) his cabinet and ministers. Joe FitzPatrick was unveiled as the minister for Local Government Empowerment and Planning. Shortly thereafter, on 31 March, the Scottish Government announced an initial meeting had been held between the First Minister, Deputy First Minister and Mr FitzPatrick and COSLA about the continued commitment to, and development of, a “[New Deal for local government](#)”.

Health, Social Care and Covid Response

16. On 04 March the Scottish Government [announced](#) that almost £600,000 is being allocated to six projects run by NHS Boards throughout Scotland to ensure all children develop healthy habits aimed at preventing childhood obesity and reducing health inequalities.

17. On 24 March the first of four planned National Treatment Centres was [opened](#) in Fife. The NTC will provide additional capacity for more than 700 orthopaedic procedures a year including hip and knee surgery, by 2025-26. Further facilities are due to open at NHS Highland, NHS Forth Valley and the Golden Jubilee Hospital.

Social Security and Communities

18. On 09 March the Scottish Government [announced](#) the launch of the Social Isolation and Loneliness Fund. The £3.8 million fund is part of a new plan, Recovering our Connections, that aims to reduce inequality by bringing people from communities across Scotland together to tackle isolation.

19. On 13 March the Scottish Government [announced](#) that several projects supporting young people at risk of entering the criminal justice system and their communities, impacted by crime, are to receive a share of £20 million of funding recovered from the proceeds of crime.

20. On 14 March the Scottish Government [announced](#) £4.3 million of funding for local communities across Scotland who will be supported to take climate action in their areas through a new nationwide network of Climate Action Hubs. This follows the success of two pathfinder hubs in the North East and the Highlands, which helped to widen participation in climate action and have supported a range of projects, including on local energy and flood mitigation.

Economy and business

21. On 23 March the Scottish Government [announced](#) a new fund, the Small Producers Pilot, to help grow local supply chains. The pilot will provide the opportunity to support individual small producers in developing their skills and enhancing the contributions they make, creating more-localised food supply chains, enhancing producer value and cutting food miles.

22. On 25 March the Scottish Government [confirmed](#) it is investing £250,000 to enable Scotland Loves Local gift cards, currently utilised by more than 20 councils, to operate digitally via devices such as mobile phones. The digital cards can then be used by businesses to reward loyal customers and encourage repeat custom along with being made compatible with transport providers' ticketing systems, allowing them to be used for train and bus fares.

Scottish Parliament

23. During March, the Scottish Parliament Information Centre (SPICe) [published blogs](#) on: Scotland's performance against the National Performance Framework, the Community Empowerment Act and what difference it has made, Empty homes in Scotland: facts, figures and policy, Fiscal sustainability: long term thinking required, and Supporting creative enterprises – exploring the impact of infrastructure and place-based initiatives.

Parliamentary committee news

Public Audit Committee

24. During March the Committee took evidence on and [considered](#): The 2021/22 audit of the Commissioner for Ethical Standards in Public Life in Scotland, New vessels for the Clyde and

Hebrides: Arrangements to deliver vessels 801 and 802, NHS in Scotland 2022, The 2021/22 audit of the Commissioner for Ethical Standards in Public Life in Scotland, The Auditor General for Scotland's Work Programme, and its work programme.

25. On 22 March the Auditor General Stephen Boyle [wrote](#) to the Public Audit Committee to provide further information on the 2021/22 audit of the Commissioner for Ethical Standards in Public Life in Scotland. Regarding what an acceptable level of backlog would be, the Auditor General confirms that it is difficult to answer this question as similar bodies to the Commissioner's Office in Northern Ireland and Wales for example, vary in size, scope and nature of activity. However, while information and performance indicators are presented differently, in overall terms, it appears that these bodies have also experienced increased workload pressures in recent years.

26. On 29 March the Auditor General Stephen Boyle [wrote](#) to the Public Audit Committee to provide an update on the 2022 joint Accounts Commission and Auditor General published report on Scotland's financial response to Covid-19. The Auditor General provided evidence to the Committee on this report on 23 June 2022. At the time the full two years of outturn data was not available which meant the report and June 2022 evidence session was based on spending up to December 2021. Since then, the Scottish Government has published 2021/22 outturn data which means a fuller picture of total spending on Covid-19 during 2020/21 and 2021/22 is now available. The Auditor General then confirms that Audit Scotland have published an interactive webpage on the total Covid-19 spending over the two financial years showing where this money came from, and where it went.

Local Government, Housing and Planning Committee

27. During March the Committee took evidence on and [considered](#): Planning Inquiry: Post-Legislative Scrutiny of the Community Empowerment Act 2015, Understanding Barriers to Local Elected Office, Review of Local Governance, subordinate legislation, and its work programme.

28. On 28 February the Committee [published](#) a report on the Local Government, Housing and Planning Committee's consideration of subordinate legislation under the Cost of Living (Tenant Protection) (Scotland) Act 2022.

Finance and Public Administration Committee

29. During March the Committee took evidence on and [considered](#): Public administration - effective Scottish Government decision-making, Effective Scottish Government Decision Making, Scottish Fiscal Commission (Fiscal Sustainability Report), subordinate legislation, and its work programme.

Other Committee news

30. During March the Economy and Fair Work Committee took evidence on and [considered](#): Just Transition for the Grangemouth area, subordinate legislation, and their work programme.

31. During March the Health, Social Care and Sports Committee took evidence on and [considered](#): National Care Service (Scotland) Bill and Reducing drug deaths in Scotland and tackling problem drug use.

32. During March the Net Zero, Energy and Transport Committee took evidence on and [considered](#) a modern and sustainable ferry service for Scotland, and subordinate legislation.

33. During March the Citizen Participation and Public Petitions Committee took evidence on and [considered](#): Petitions PE1989 to increase defibrillators in public spaces and workplaces, and

PE1864 to increase the ability for communities to influence planning decisions for onshore windfarms.

Local government news

COSLA

34. On 02 March COSLA [welcomed](#) the announcement from the Scottish Government that current plans for the National Care Service in Scotland would be paused for the time being.

35. On 27 March COSLA [announced](#) the appointment of Jane O'Donnell as its new Chief Executive. Jane replaces current Chief Executive Sally Loudon who leaves COSLA in June after seven years in the job.

Improvement Service

36. On 17 March the Improvement Service [published](#) an article, on the back of the annual Local Government Benchmarking Framework National Benchmarking Overview Report, which reveals the impressive effort and achievements which have been delivered across local government during the 2021/2022 period. The report confirms that councils are continuing to have to make savings and are facing increasingly difficult choices with their spending priorities, as the financial outlook for local government is more challenging than ever before, given current funding pressures, growing demand, the ongoing impacts of Covid, inflation, and the cost of living crisis.

SOLACE

37. On 20 March SOLACE [published](#) a document aiming to capture the overarching views of Solace's Policy Board, representing Solace's membership of about 1,600 local government officers, about some of the key learnings from the Covid-19 pandemic to ensure that we are better prepared, and more resilient, to deal with any future crises. The reports key messages were that local government was at the heart of the UK's response to the pandemic, councils played a crucial role in working with other local public bodies, private and third sector organisations and that central and local government working together to co-design and co-produce policies makes the implementation and outcomes more effective. While initial collaboration with the NHS didn't work well, it demonstrated the importance of parity of esteem across an interdependent health and care system and that there is still more to do here, and that local government and local leaders should be listened to more, trusted more and given more control over funding and decision-making.

Scottish Public Sector Ombudsman and Standards Commission

38. We continue to develop our approach to reporting relevant information from both the SPSO and Standards Commission to the Commission. This will form part of the revised bi-annual Intelligence Report that is reported to the Commission's Financial Audit and Assurance Committee, which will include specific information previously requested by the Committee which is not publicly available. Recent and upcoming hearings where decisions were reached, and the results of these, are available [here](#), with hearings resulting in no action or further work outlined [here](#).

Other scrutiny bodies

Care Inspectorate

39. On 21 March the Care Inspectorate published an inspection [report](#) of adult social work and social care services in the City of Edinburgh which has found structural weaknesses in the planning and delivery of services in the health, social work and social care system. This has resulted in too many people and carers not receiving services at the right time or place.

40. On 23 March the Care Inspectorate published a joint inspection [report](#) of adult support and protection measures in the Western Isles which has found important areas of weakness that could adversely affect experiences and outcomes for adults at risk of harm. Substantial areas for improvement were identified however inspectors also noted some key strengths. The Western Isles adult protection partnership have confirmed they will prepare an improvement plan.

41. On 28 March the Care Inspectorate published a joint inspection [report](#) of adult support and protection measures in the Shetland Islands 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. The Shetland Islands adult protection partnership have confirmed they will prepare an improvement plan.

42. On 30 March the Care Inspectorate published a joint inspection [report](#) of adult services, focusing on the outcomes and experiences of adults with physical disabilities and complex needs in the South Ayrshire Health and Social Care Partnership. The report found clear strengths in how integrated health and social care services are positively supporting people's health and wellbeing outcomes. Inspectors also identified areas which could further improve.

Other UK audit bodies

43. On 09 March Audit Wales [published](#) a report exploring digital exclusion in Wales. The report states that 7% of adults in Wales are digitally excluded, meaning that they have not personally used the internet in the past three months. The report highlights several reasons for this including digital infrastructure not being available, those finding themselves digitally excluded having a lack of basic digital skills or being unable to afford to go digital. Although some simply choose not to be digital with safety online or usability and language being a barrier.

44. On 10 March the National Audit Office [published](#) a report exploring digital transformation in government. The report confirms that one of government's main challenges is achieving efficiency savings with digital transformation and modernisation of its services and data being instrumental in achieving these efficiencies, with huge gains to be achieved if all government services were modernised. However, there are many challenges to achieving this modernisation. The report evaluates the government's approach to addressing the underlying issues of why previous attempts at digital transformation have run into problems. They focus on the approach to transforming government, how the recently created Central Digital and Data Office, its 2022-2025 Roadmap for digital and data, and departmental leaders will support and promote this, and whether senior business leaders across government have a suitable level of digital capability to deliver this.

UK Government

45. On 01 March Amanda Solloway, Minister for Energy Consumers and Affordability, sent a [letter](#) to local authorities on the next steps for delivering energy bills support to households via the Energy Bills Support Scheme Alternative Funding programme where all eligible households across England, Scotland, and Wales can apply for support and will be open for applications until 31 May 2023.

46. On 15 March the UK Government [published](#) the Spring Budget.

47. On 17 March the UK Government [announced](#) that a new levy will see developers pay a fairer share for affordable housing and local infrastructure such as roads, schools and GP surgeries. The infrastructure levy, which will replace section 106 contributions for most developments, will prevent developers from negotiating down the amount they contribute to the community when they bring forward new projects. Councils will also be given powers to set rates themselves, putting the power in the hands of local leaders to deliver what their communities need.

48. On 28 March the UK Government [announced](#) that up to £42 million of Local Needs Funding will be allocated to 24 areas of the country with high levels of disadvantaged pupils and low educational attainment. The funds will be used to boost education in cold spots round the country through a package of measures including retaining good teachers, tackling attendance and moving struggling schools into strong multi-academy trusts.

Scottish public policy news

49. On 28 March, Humza Yousaf, backed by his own MSPs and the Scottish Greens, was [confirmed](#) as Scotland's new first minister after a vote in the Scottish Parliament.

50. On 28 February the Scottish Government [announced](#) that three organisations supporting people with problem drug use will receive more than £14 million to increase the number of residential rehabilitation placements. The funding will create an extra 225 placements each year and is part of the £100 million allocated to residential rehabilitation as part of the national mission on drug deaths.

51. On 08 March the Scottish Parliament [approved](#) the extension of emergency protections for tenants until 30 September, with private rent increases capped at 3% and restrictions remaining on enforcement of evictions.

52. On 22 March the Scottish Government [announced](#) that twelve Scottish Government benefits including Carer's Allowance Supplement, Young Carers Grant, Child Disability Payment, the Winter Heating Payment, and Best Start Grants will be increased by 10.1% on 1 April, backed by investment of around £430 million.

53. On 30 March the Scottish Government [announced](#) that up to £30 million will be made available through the Fuel Insecurity Fund next year to help households who are at risk of self-rationing or self-disconnecting their energy use. The funding will be made available to third sector organisations in the next financial year to support the most vulnerable households in Scotland.

UK public policy news

54. On 02 March CIPFA [published](#) their annual library survey confirming that total expenditure on libraries in Great Britain fell 17% in 2021/22. The survey also shows that the income libraries received fell by 24% over the last financial year. However, in-person visits to libraries have

increased by 68% since the pandemic and the number of books borrowed has also increased by 58%.

55. On 08 March Public Finance [published](#) an article confirming that 130 councils responded to the Local Government Information Unit's State of Local Government Finance survey. More than half (52%) said they will cut services in 2023-24. One in five said they will need to cut frontline services in a way that is "evident to the public", while 12 (7.5%) said their capacity to provide even statutory services is under threat.

56. On 17 March Levelling up minister Lee Rowley [confirmed](#) that David Smith, former chief executive of South Yorkshire Mayoral Combined Authority, had been appointed as a managing director commissioner at Thurrock Council where he will help run the authority as it tries to recover from its high debt and failing commercial investments.

57. On 29 March the Levelling Up, Housing and Communities Committee have [opened](#) an investigation into the financial pressures facing English social housing providers amid concerns over a crisis in the sector. The inquiry will assess the financial health of providers, the impact of inflation on spending and the ability to meet government demands on housing numbers and home standards.

Consultations

58. On 14 March, the Scottish Government opened a [consultation](#) on reviewing the National Outcomes. The Scottish Government want to know whether the existing National Outcomes are the right ones and as per the Community Empowerment Act (2015) they must consult with communities as part of this review, to ensure the National Outcomes reflect what matters most to communities in Scotland. This consultation is one part of the larger National Outcomes review, and they will also be reviewing previous consultation exercises to understand more about what matters most to communities in Scotland and meeting with stakeholders.

59. On 21 March, the Scottish Government opened a [consultation](#) on plans to set a legal minimum number of hours of school education school pupils should receive each year. Traditionally, Scottish primary schools provide around 25 learning hours per week, and Scottish secondary schools around 27.5 hours per week. However, while local authorities are required to have their schools open for 190 days each year, the number of learning hours is not prescribed. This consultation is an opportunity for local authorities, parents, children and young people and other stakeholders to provide views and evidence about the potential impact of the implementation of this policy.

60. On 24 March, the Scottish Government opened a [consultation](#) on Scotland's national events strategy, 'Scotland: the perfect stage (2015-2025)', which is being reviewed and updated. The national events strategy was first published in 2008 in response to Scotland's burgeoning potential to be a global leader in the events industry. It was last reviewed and updated to cover the period 2015-2025. Although Scotland has had many successes under the current strategy, the event sector has recently endured a period of unprecedented disruption. This presents several challenges and potential opportunities for the sector in Scotland. As the term of the current strategy nears its conclusion, the Scottish Government has therefore committed to supporting another review and update of the national events strategy which will extend its term to the end of 2035. The Scottish events sector, Scottish Government and VisitScotland are working together with trade unions and local authorities to do this.

61. The Commission Support Team recommend that the Commission:

- considers the merits of formally responding to the consultation on National Outcomes.
- notes the consultations on minimum school education hours and Scotland's national events strategy but does not formally respond.

Appendix 1: Update on public sector pay deals

1. At its March meeting, members of the Commission requested an update on the status of public sector pay deals. Below are summary details of the current negotiated pay deals that have been implemented to cover 2022/23 across the main areas of the devolved public sector (excluding those negotiated by the UK Government and those covering public corporations and other bodies that are not subject to the Scottish Government's Public Sector Pay Policy).

NHS

2. On 22 March the pay offer made to healthcare staff under Agenda for Change [was accepted by trade unions](#). It will deliver an average 6.5% increase to 160,000 NHS staff such as nurses, midwives, paramedics, allied health professionals, porters and others. The package costing £568 million also includes commitments to reform terms and conditions and support workforce recruitment, sustainability and retention. All staff will also receive a one-off pro rata payment of between £387 and £939 depending on banding.

3. Doctors are not subject to Agenda for Change terms and conditions, with talks ongoing to avert potential UK-wide strikes by Junior Doctors in May.

Teachers

4. On 03 March COSLA [posted](#) details of the 14.6% pay deal made to teachers, confirming that this had been shared with trade unions following a meeting of council leaders. On 10 March COSLA [published](#) an article confirming that the teachers' pay offer communicated to unions on 03 March had been accepted.

5. On 14 March the Scottish Government [confirmed](#) that the latest teacher pay offer had been officially accepted. The deal will result in a 14.6% increase in pay for most teachers by January 2024 which accumulates in three stages over the course of 28 months, starting from a backdated 7% pay increase for 2022-23.

Local Government

6. COSLA [settled](#) the 2022/23 local government pay claim on 25 October with [the deal based upon a 5 per cent increase](#).

7. In January, the three main local government unions submitted a joint claim for a 12 per cent increase (at least £4000 more for each full-time worker in 2023/24), an average of £2.20 extra per hour. The claim from Unison Scotland, the GMB and Unite is understood to cover around 200,000 members of the council workforce.

8. On 03 April Unison [recommended](#) that its members reject the latest pay offer from COSLA (covering 2023/24). Council workers across Scotland have been offered a 5% pay increase for all workers from this April with an additional increase from January 1, 2024. Unison have confirmed they will launch a consultative ballot in the next few days with Johanna Baxter, head of local government in Scotland for the union, saying that the offer "falls short" of the rate of inflation and is less than others in the public sector have been offered.

Public Sector Pay Strategy 2023/24

9. On 22 March, the Scottish Government announced its [Pay Strategy for 2023-2024](#).

10. It [applies](#) to core Scottish Government (except senior civil servants, for whom pay is a reserved matter) and 70 public bodies (including non –departmental public bodies, public corporations and agencies (a total of around 52,000 staff). Whilst not directly applicable to councils, the strategy acts as an important reference point for all major public sector workforce groups across Scotland including NHS Scotland, firefighters and police officers, teachers, and further education workers. For local government employees, pay and other employment matters are delegated to local authorities

11. Section 4 of the 2023/24 strategy sets out the Key Features:

- the implementation of the real Living Wage rate of £10.90 per hour, including it being applied for internships and Modern Apprentices;
- a suggested cash underpin of £1,500 for public sector workers who earn £25,000 or less;
- pay uplift for Chief Executives is capped at the same cash amount as the lowest paid;
- setting a pay award floor of 2%;
- and recommending a central metric of 3.5% and setting both an award ceiling and pay envelope maximum of 5% on business efficiencies and/or pay bill savings.

In addition, it also continues the commitment to no compulsory redundancies and other wider conditions of service.