

467th meeting of the Accounts Commission for Scotland

Thursday 7 May 2020, 10.15am
by video conference

Agenda

1. **Apologies for absence.**
2. **Declarations of interest.**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 9 to 11 in private (* see note).
4. **Minutes of meeting of 12 March 2020.**
5. **Note of informal meeting of Commission members, 9 April 2020.**
6. **Update on work programme:** The Commission will consider a report by the Director of Performance Audit and Best Value.
7. **Best Value Assurance Report: Argyll and Bute Council:** The Commission will consider a report by the Controller of Audit.
8. **Update report by the Secretary to the Commission:** The Commission will consider a report by the Secretary to the Commission.

The following items are proposed to be considered in private:

9. **Best Value Assurance Report: Argyll and Bute Council:** The Commission will consider what action to take.
10. **New audit appointments and Code of Audit Practice:** The Commission will consider a report by the Secretary to the Commission.
11. **Commission business matters:** The Commission will discuss matters of interest.

* It is proposed that items 9 to 11 be considered in private because:

- Item 9 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the appropriate council of its decisions, which the Commission does before making the decision public.
- Item 10 requires the Commission to consider confidential commercial and contractual matters.
- Item 11 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

The following papers are enclosed for this meeting:

Agenda item	Paper number
Agenda item 4: Minutes of meeting of 12 March 2020	AC.2020.4.1
Agenda item 5: Note of informal meeting of Commission members, 9 April 2020	AC.2020.4.2
Agenda item 6: Report by Director of Performance Audit and Best Value	AC.2020.4.3
Agenda item 7: Report by Controller of Audit	AC.2020.4.4
Agenda item 8: Report by Secretary to the Commission	AC.2020.4.5
Agenda item 10: Report by Secretary to the Commission	AC.2020.4.6

MEETING: 7 MAY 2020

MINUTES OF PREVIOUS MEETING

Minutes of the 466th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 12 March 2020, at 10.15am.

PRESENT: Graham Sharp (by telephone)
Andrew Burns (left the meeting during item 15)
Andrew Cowie (left the meeting during item 18 due to the meeting overrunning)
Sophie Flemig
Sheila Gunn
Christine Lester
Tim McKay
Stephen Moore
Elma Murray (in the chair)
Pauline Weetman
Geraldine Wooley (left the meeting during item 18 due to the meeting overrunning)

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Antony Clark, Audit Director, PABV (Items 11 and 17)
John Cornett, Audit Director, Audit Services (Items 13 and 14)
Stuart Dennis, Corporate Finance Manager (Items 18 and 19)
Gemma Diamond, Audit Director, PABV (Item 16)
Graeme Greenhill, Senior Manager, PABV (Item 11)
Adam Haahr, Audit Manager, Audit Services (Items 13 and 14)
Robert Leask, Project Manager, Audit Quality and Appointments (Items 18 and 19)
David Love, Senior Auditor, PABV (Item 15)
Tricia Meldum, Senior Manager, PABV (Item 17)
Beverley Oakman, Audit Manager, PABV (Item 17)
Richard Robinson, Senior Manager, PABV (Item 10)
Kathrine Sibbald, Audit Manager, PABV (Item 15)
David Sim, Benefits Auditor, Audit Strategy (Item 16)
Claire Tennyson, Audit Officer, PABV (Item 15)
Rikki Young, Business Manager, PABV (Item 11)

Item Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 6 February 2020
5. Minutes of meeting of Financial Audit and Assurance Committee of 20 February 2020
6. Minutes of meeting of Performance Audit Committee of 20 February 2020
7. Update report by the Secretary to the Commission
8. Update report by the Controller of Audit
9. Local Government Benchmarking Framework: draft national benchmarking overview report 2018/19
10. Briefing: the 2020/21 budget
11. Accounts Commission and Auditor General for Scotland rolling work programme refresh: 2020/21 – 2024/25
12. Accounts Commission strategy refresh 2020-25
13. Statutory report: Renfrewshire Council
14. Statutory report: Renfrewshire Council (in private)
15. Local government in Scotland 2020: performance and challenges – draft report (in private)
16. Performance audit: draft report - Improving outcomes for young people through school education (in private)
17. Benefits administration performance audit: Housing benefit overpayments in Scotland – a thematic study – draft report (in private)
18. New audit appointments and Code of Audit Practice – update (in private)
19. Value for money of audit service providers (in private)
20. Commission business matters (in private)

1. Apologies for absence or early leaving

It was noted that apologies for absence had been received from Sharon O'Connor, and for leaving the meeting early from Andrew Burns.

2. Declarations of interest

The following declaration of interest was made:

- Elma Murray, in item 9, given her previous involvement in the establishment of the Local Government Benchmarking Project and as a Board member of the APSE (Association for Public Sector Excellence) Local Government Commission 2030; in item 15 as a former Chief Executive of North Ayrshire Council; and in item 16 as a former Chief Executive of North Ayrshire Council and as current Deputy Chair of DYW (Developing Young Workers) Employers Forum.

3. Decisions on taking business in private

It was agreed that items 14 to 20 be considered in private because:

- Item 14 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the appropriate council of its decisions, which the Commission does before making the decision public.
- Item 15 proposes a draft report, which the Commission is to consider in private before publishing.
- Item 16 proposes a draft report, which the Commission is to consider in private before publishing.
- Item 17 proposes a draft performance audit report, which the Commission is to consider in private before publishing.
- Item 18 requires the Commission to consider confidential commercial and contractual matters.
- Item 19 requires the Commission to consider confidential commercial and contractual matters.
- Item 20 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

No business was notified by members for item 20 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 6 February 2020

The minutes of the meeting of 6 February 2020 were approved as a correct record.

Arising therefrom, in relation to item 15, the Commission agreed to note advice from the Secretary that the performance audit *Affordable housing* is to be published on 9 April.

5. Minutes of the Financial Audit and Assurance Committee meeting of 20 February 2020

The minutes of the meeting of the Financial Audit and Assurance Committee of 20 February 2020 were approved as a correct record.

Arising therefrom, in relation to item 4, third bullet point, the Commission noted advice from the Secretary that links to Professional Support resources and to the Best Value audit manual would be shared with members in early course.

Action: Secretary

Sheila Gunn asked about progress on the following matter noted by the Committee on 28 November 2019:

The Committee Chair had asked the Secretary to discuss with the Commission Chair how to update the Commission on Audit Scotland Audit Committee business of relevance or interest to the Commission.

The Secretary advised that he had discussed the matter with the Chair, and this would be subject to further discussion with the Chair and Deputy Chair.

Action: Secretary

6. Minutes of the Performance Audit Committee meeting of 20 February 2020

The minutes of the meeting of the Performance Audit Committee of 20 February 2020 were approved as a correct record.

7. Update report by the Secretary to the Commission

The Commission considered a report by the Secretary providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, the Commission agreed:

- In relation to paragraph 13, and in response to a point made by Pauline Weetman, noted advice from the Secretary that he would place on the members' SharePoint site a letter from the Chief Executive of Glasgow City Council on behalf of the chief executives of Glasgow City Region in relation to the published performance audit on City and Growth Deals.

Action: Secretary

- In relation to paragraph 23, and in response to a point made by Stephen Moore, to maintain a close interest in the Scottish Index of Multiple Deprivation and how it features across the Commission's work.

Action: Secretary and Director of PABV

- In relation to paragraph 29, and in response to a query from Geraldine Wooley, noted advice from the Director of PABV that he would monitor the detail of the Scottish Government's announced £117m investment in mental health services.

Action: Director of PABV

- In relation to paragraph 42, and in response to a query from Sophie Flemig, noted advice from the Director of PABV that he would keep the Commission updated on the progress of the proposed independent review led by the OECD of the Curriculum for Excellence.

Action: Director of PABV

- In relation to paragraph 66, and in response to a point made by Pauline Weetman, noted advice from the Secretary that he would share any response from COSLA to the Scottish Parliament's Public Audit and Post-legislative Scrutiny Committee in relation to the published performance audit on City and Growth Deals.

Action: Secretary

- In relation to paragraph 73, and in response to a query from Stephen Moore, noted advice from the Director of PABV that part-time college place numbers would be covered in the Auditor General's College Overview report, to be published in June.

Following discussion, the Commission agreed to note the report.

8. Update report by the Controller of Audit

The Commission noted a verbal update from the Controller of Audit on his recent activity.

In discussion, the Commission:

- Agreed to convey its congratulations to Stephen Boyle on his appointment as the next Auditor General for Scotland from 1 July 2020.

Action: Secretary

- Agreed that it hear further from the Controller of Audit at a strategy seminar about his engagement with the Scottish Citizens' Assembly.

Action: Secretary and Controller of Audit

9. Local Government Benchmarking Framework: national benchmarking overview report 2018/19

The Commission considered a report from the Secretary to the Commission on the 2018/19 national benchmarking overview report from the Local Government Benchmarking Framework (LGBF) and introducing a presentation from David Martin, Chair of the LGBF Board and Chief Executive of Dundee City Council, and Emily Lynch, Programme Manager at the Improvement Service.

The Deputy Chair welcomed David Martin and Emily Lynch to the meeting, who undertook a presentation setting out messages from the National Overview Report and progress against the LGBF Board's strategic objectives.

During discussion, the Commission:

- Noted advice from the LGBF representatives, in response to queries from Commission members:
 - On data in relation to deprivation across different council areas
 - On ongoing development of health and social care indicators (point raised by Graham Sharp)
 - On ongoing consideration by the LGBF Board on rural deprivation and population sparsity (Andrew Cowie)
 - On the role of the LGBF project in relation to locality planning and community empowerment (Andrew Cowie)
 - On ongoing thinking around presenting service user satisfaction (Sophie Flemig and Tim McKay)
 - On engagement with the third sector (Sophie Flemig)
 - On featuring client groups such as people with learning disabilities, older carers, and looked-after children (Stephen Moore)
 - On the use of family groups to understand factors in service performance (Sheila Gunn).
- Noted advice from David Martin, in response to a query from Graham Sharp,

that the LGBF Board would seek the Commission's view on proposed health and social care indicators.

Action: Secretary

- Agreed, in response to a point from Andrew Burns, that the local government overview report ensure clarity around the funding reduction for local government over time and how this is reflected in various published documents such as the LGBF annual report.

Action: Director of PABV

- Agreed, in response to a point from Andrew Burns, to consider carefully how to present messages in the Commission strategy, annual report and local government overview around public satisfaction in the context of resource reduction for local government.

Action: Secretary and Director of PABV

- Noted advice from David Martin, in response to a query from Sheila Gunn, that he would welcome the Commission's views on service areas to feature in the 'performance dashboard' feature.

Action: Secretary

- Agreed to discuss further with the Director of PABV how the Commission makes use of LGBF reports and data across its reporting.

Action: Secretary and Director of PABV

- Agreed to continue working with the Auditor General and Audit Scotland to encourage more open use and sharing of data by public bodies, not only at national level but also at community planning partnership level.

Action: Secretary and Director of PABV

Following discussion, the Commission:

- Noted the LGBF National Overview Report 2018/19.
- Agreed to consider the implications of the report for its Local Government Overview report.
- Agreed the importance of continued dialogue with the Board and support for the project.

The Deputy Chair then thanked David Martin and Emily Lynch for attending the meeting.

10. Briefing: the 2020/21 budget

The Commission considered a report by the Director of PABV providing a briefing on the Scottish Government's Budget 2020/21, highlighting some of the key implications for local government finances.

During discussion, the Commission agreed that the Director provide more information on:

- Budget changes as set out in Exhibit 5, particularly in relation to impact on the rural economy (following a query from Geraldine Wooley)
- Funding changes over time (e.g. paragraphs 4 and 52) (Stephen Moore).
- The impact on benefits entitlement of the new Scottish Child Payment (Stephen Moore).

Action: Director of PABV

Thereafter, the Commission noted the report.

11. Accounts Commission and Auditor General for Scotland rolling work programme refresh: 2020/21 – 2024/25

The Commission considered a report by the Secretary introducing a paper by the Director of PABV presenting proposals for the annual refresh of the Commission's five-year rolling work programme.

During discussion, the Commission:

- Noted advice from the Director, in response to a query from Andrew Cowie on available resource contingency and flexibility, on the flexibility available to the Commission around part 7 of his paper (i.e. programme development activity, briefing papers and promotion and impact).
- Noted advice from the Director, in response to a query from Geraldine Wooley, that an audit on early learning and childcare in 2021/22 should be included in Exhibit 2 of his paper.
- Agreed, in response to a point made by Tim McKay, the desirability and importance of Commission member involvement in promotional activities around reports and in initiatives such as 'round tables'.
- Agreed, in response to a point made by Tim McKay, to ensure appropriate prominence of benefits administration auditing and reporting in the work programme.

Action: Secretary and Director of PABV

- Agreed, in response to a point made by Stephen Moore, that the Director consider how to undertake work on the legacy of the Commonwealth Games, in the proposed absence of a performance audit in this regard.

Action: Director of PABV

- Agreed, in response to a point made by Sophie Flemig, to consider more matters around a wider systems-level analysis of the Scottish public sector, including considering work being done by the Strategic Scrutiny Group in this regard.

Action: Secretary and Director of PABV

- Agreed, in response to a point made by Stephen Moore, that the role of the Commission in relation to the National Performance Framework be given more prominence in Commission strategic material such as its strategy and work programme.

Action: Secretary

Thereafter, the Commission agreed:

- To note how the programme reflects Commission strategic areas of interest.
- To note how stakeholder consultation feedback has been reflected in the programme (Part 2 and Appendix 2 of the Director's paper).
- To approve the refreshed work programme proposals (Part 3).

Action: Director of PABV and Secretary

- To adopt a response to local government-specific service performance matters through overview reporting (Part 5).

Action: Director of PABV

- To consider such an approach at its annual strategy seminar (Part 5).

Action: Director of PABV and Secretary

- To engage further with the Improvement Service and COSLA over future reporting in the *How Councils Work* series (Part 6) and give further consideration in this regard at a future meeting.

Action: Secretary

12. Accounts Commission strategy refresh 2020-25

The Commission considered a report by the Secretary to the Commission presenting proposals for the refresh of the Commission's strategy for 2020-25.

Following discussion, the Commission:

- Approved the refreshed strategy 2020-25, subject to
 - More prominently reflecting the role of the Commission in holding health and social care integration joint boards to account (in response to a point made by Stephen Moore).
 - More prominently reflecting the role of the Commission in relation to the National Performance Framework.
 - Members raising any other drafting points directly with the Secretary.
- Approve the proposed arrangements for publishing and promoting the strategy.

Actions: Secretary

13. Statutory Report: Renfrewshire Council

The Commission considered a report by the Secretary presenting a statutory report by the Controller of Audit on a matter arising from the 2018/19 audit of Renfrewshire Council.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

14. Statutory Report: Renfrewshire Council (in private)

The Commission discussed how to proceed in relation to the Controller of Audit's statutory report on a matter arising from the 2018/19 audit of Renfrewshire Council.

Following discussion, the Commission agreed to make findings to be published on 24 March 2020.

Action: Secretary

15. Local government in Scotland 2020: performance and challenges – draft report (in private)

The Commission considered a report by the Director of PABV seeking approval of the draft report *Local government in Scotland 2020: performance and challenges*, and of proposed arrangements for publication and promotion of the report.

Following discussion, the Commission agreed to:

- Approve the draft report, subject to:
 - The audit team considering points raised in discussion in conjunction with the sponsors of the report, Graham Sharp and Elma Murray
 - Renaming the report with a simpler title (in response to a point raised by Elma Murray).

- Approve the publication and promotion arrangements for the report, including distinct arrangements for the publication and promotion of the case study on planning services.

Actions: Director of PABV and Secretary

16. Performance audit: draft report - Improving outcomes for young people through school education (in private)

The Commission considered a report by the Director of PABV seeking approval of the draft performance audit report *Improving outcomes for young people through school education*, and of proposed arrangements for publication and promotion of the report.

During discussion, the Commission noted advice from the Director, in response to a query from Sophie Flemig, of the inclusion in the work programme, in 2022-25, of a further performance audit on education.

Following discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Sheila Gunn and Sharon O'Connor.
- To approve the publication and promotion arrangements for the report, including ensuring opportunities for the report sponsors to promote the report at relevant events such as conferences.
- Further in this regard, in response to a point raised by Christine Lester, particularly ensuring appropriate promotional activities involving young people.

Actions: Director of PABV and Secretary

17. Benefits administration performance audit: housing benefit overpayments in Scotland – a thematic study: draft report (in private)

The Commission considered a report by the Director of Audit Services seeking approval of the draft thematic study *Housing benefit overpayments in Scotland* and proposing arrangements for publication and promotion of the report.

Following discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering in conjunction with the report sponsor, Tim McKay, points raised in discussion.
- To approve the publication and promotion arrangements for the report.
- In response to a point made by Pauline Weetman, to give future consideration to using future reports in this regard to report on matters around impact on benefit recipients.
- In response to a point made by Stephen Moore, to discuss with the Improvement Service the scope of a seminar or 'round table' on this report and on the wider series of benefits administration reports done by the Commission.

Actions: Director of Audit Services and Secretary

18. New audit appointments and Code of Audit Practice – update (in private)

The Commission considered a report by the Secretary providing an update on progress made with audit appointments and the new Code of Audit Practice ('Code')

and including a draft procurement strategy for its consideration.

Following discussion, the Commission:

- Noted the position with the ongoing stakeholder consultation on the Code.
- Noted that it would consider responses from the consultation and proposed draft Code changes at its meeting on 7 May, and will consider a final draft for approval on 11 June.
- Noted the position with a draft procurement strategy, including the deliberations of a working group of members established by the Deputy Chair in this regard comprising herself, Tim McKay and Pauline Weetman.
- Noted advice from Pauline Weetman that her notes of a recent meeting of the working group were available from her for members' information.
- Agreed to note its continuing interest in the procurement objectives and principles set out in the procurement strategy document.
- Agreed – in not reaching a view on whether to endorse or note the draft procurement strategy - to mandate the Chair to approve the draft strategy on the Commission's behalf in his further deliberations with Audit Scotland Board.

Actions: Secretary

19. Value for money of audit service providers (in private)

The Commission agreed, due to a lack of time available, to defer to a future meeting a report by the Secretary considering matters around value for money of audit service providers.

20. Commission business matters

The Deputy Chair, having advised that there was no business for this item, closed the meeting.

MEETING: 7 MAY 2020

REPORT BY: SECRETARY TO COMMISSION

NOTE OF MEETING OF COMMISSION MEMBERS, 9 APRIL 2020

Purpose

1. This report presents for the Commission's endorsement a note of a meeting of Commission members on 9 April 2020.

Background

2. As a result of the extraordinary measures taken by the Government in response to the Covid-19 emergency, the Chair in consultation with the Deputy Chair and Secretary cancelled the meeting of the Commission scheduled for 9 April. It was agreed instead to hold an informal meeting of members in its place. The note of the meeting is attached.
3. At the meeting, members dealt with a range of aspects of Commission business and reached positions on various matters to allow Commission business to proceed and thus continue to allow it to fulfil its responsibilities at this time. The business discussed related to:
 - A set of principles on which the Commission will base its response to the current Covid-19 emergency
 - Revisions to the work programme and publications schedule, including the annual audit, Best Value auditing, Overview reporting and performance audits
 - A revised approach to the Commission Strategy, work programme and annual report
 - An approach to Commission meetings
 - The position with the Code of Audit Practice and new audit appointments
 - The position with various aspects of internal Commission business
 - The position with strategic scrutiny
 - An approach to ongoing Commission communications
 - The position with emergency Scottish legislation in relation to the Covid-19 crisis
4. The note is therefore presented today for formal endorsement by the Commission. Some of the item referred to will be discussed further at today's meeting.

Conclusion

5. The Commission is invited to consider for endorsement the attached note of the meeting of members on 9 April.

Paul Reilly
Secretary to Commission
14 April 2020



Note of meeting of members

9.30am, 9 April 2020

By Skype video and audio conferencing

Participating:

Graham Sharp (in the chair)
Andrew Burns
Andrew Cowie *
Sophie Flemig
Sheila Gunn
Christine Lester
Tim McKay
Stephen Moore
Elma Murray
Sharon O'Connor
Pauline Weetman
Geraldine Wooley
Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value

Observing:

Jillian Elgin, Executive Assistant
Graeme Samson, Senior Auditor, Commission Support Team *
Peter Worsdale, Audit Manager, Commission Support Team *

All participants and observers used video conferencing except those marked * who used audit conferencing.

1. Introduction

The Chair welcomed members to the meeting which had been called to discuss the Commission's response to the Covid-19 outbreak. He advised that the meeting was to be a 'virtual' meeting because of the government response arrangements in place.

Members expressed their appreciation of the approach taken by Audit Scotland management team in directing the response of Audit Scotland. They were particularly appreciative of the updates from the management team which had been issued to members at the same time as to Audit Scotland staff.

2. Commission business

Members considered a paper by the Secretary providing an update on Commission business and seeking members' views on various aspects of Commission business.

It was noted that the positions reached by members in discussion would help guide Commission business in coming weeks, and would be formally agreed by the Commission as appropriate at its next formal meeting.

(a) Principles

Members agreed the following principles as a basis for the Commission's approach to its work in responding to the Covid-19 outbreak:

- To communicate as appropriate to stakeholders that the Commission will continue to fulfil (and adapt appropriately) its role as public watchdog for local government in responding to the Covid-19 outbreak. In doing so, the Commission underlines the importance for local government of strong financial management, good governance and support for communities in this response, while recognising the severe strain which may be placed on their resources.
- To suspend publication of the work programme and Commission Strategy. (Given that these were due to be published on 26 March, the Chair and Deputy Chair had previously agreed to suspend this publication in advance of discussion by members.)
- That the Commission takes a pragmatic and flexible approach in publishing reports on a report-by-report basis, taking into account the current state of that work and the readiness of audited bodies and the public to digest messages therein.
- To take the time to review and thus try and firm up what our work programme may look like.
- Meantime, to prioritise in conjunction with Audit Scotland the reporting of business to the Commission which will help support this overall approach.

In discussion, members noted the following points of relevance:

- A working assumption is in place in government that public bodies continue to fulfil their functions and fulfil their statutory duties but taking cognisance of the extraordinary circumstances in which we find ourselves.
- Accordingly, the Commission's response should be proportionate, being sensitive to the mood of the public and the capacity of audited bodies to digest and respond to our reports.
- That such an approach will be a basis for shaping the Commission's relationship with local government and citizens in the foreseeable future.
- That as part of reshaping its work programme, the Commission may wish to consider future work on emergency planning, response and resilience arrangements in local government.

(b) Work programme

Members discussed the implications of these principles for the work programme, and agreed the following:

i. Annual audit

Members noted the updated position as set out in the paper. They noted in particular:

- The option available to the Commission under statute of making recommendations to ministers and to local authorities on matters associated with accounts and audit, and advising ministers on any matter relating to the accounting of local authorities which he may refer to them for advice.

- That the shape of audit risk can be expected to change.
- Nevertheless, the Commission will wish to continue to uphold and promote the importance of the quality of audit.
- Changes to accounting and annual audit reporting, coupled with changing audit risk, may have an implication on the reporting of the wider scope audit.

Members noted that further updates on the matter would be provided as appropriate, with a view to a formal position being reached by the Commission as necessary.

ii. Best Value work

Members noted the updated position set out in the paper in relation to ongoing Best Value auditing work, particularly on BVARs. In discussion they agreed in particular:

- To consider the Argyll and Bute BVAR at the May meeting.
- To get an update from the Controller at the May meeting on other ongoing BVARs.
- To consider carefully the formal consideration, publication and promotion arrangements for each BVAR, taking into account the view of the council and the mood of the public.

iii. Overview reporting

Members noted the position in the paper, particularly that the Chair and Deputy Chair had agreed that given the pressure currently faced by stakeholders, the scheduled publication date for the Local Government Overview on 16 April was not appropriate.

Members agreed meantime that a new publication date would be agreed once the response to the current emergency becomes clearer. They also noted that such a changed timescale will likely have a knock-on effect for overview reporting next year (i.e. financial and wider overview reporting).

iv. Performance audits

Members endorsed the position in the paper, particularly in relation to the following forthcoming publications:

Performance audit: affordable housing (to publish 9 April)	Publish as planned, with minimal promotion
Housing benefits administration: overpayments (23 April)	Delay publication with view to rescheduling in summer
Equal pay impact report (21 May)	Consider at May meeting and publish as planned
Performance audit: improving outcomes through school education (9 June)	Suspend publication until further notice

Members also agreed that:

- The Director propose to the May meeting a timetable for the review of the work programme, both in terms of publications for the remainder of the current year, and also the shape of the five-year programme (which had been agreed at the March meeting of the Commission).
- Reporting to the Commission on a monthly basis the shape of the work programme would be helpful.
- Meantime, publication of the work programme would be suspended.

(c) Commission strategy and annual reporting

Members agreed to suspend publication of the Commission strategy (incorporating the work programme) and annual report - due to be published on 26 March and 29 May respectively – until further notice.

(d) Commission meetings

There was no time to discuss this item in any detail. Members gave general agreement to the following:

- That the Commission meets formally in May, virtually and in public (by way of making a recording available to the public and inviting specifically representatives of Argyll and Bute Council to observe the meeting on a 'live' basis).
- That the scheduled member activities for 23 April – involving team development and convening to consider any urgent committee business – had been cancelled and would be rescheduled.
- Given the time limitations of such virtual meetings, as well as the capacity of Audit Scotland staff to be reporting to the Commission, that agenda planning be based upon the fifth principle set out in paragraph 2(b) above, namely to prioritise in conjunction with Audit Scotland the reporting of business to the Commission which will help support this overall approach, thus:
 - priority given to work that is ready (or near so) for publication
 - for other internal matters such as briefings, providing members with this work outwith formal meetings (where the work is already completed) or delaying consideration of such work (where work is less complete at this stage).

(e) New audit appointments and new Code of Audit Practice

Members noted the updated position in the paper and in particular:

- Noted that the Commission would consider a formal proposal at its May meeting to extend current audit appointments by a year.
- Noted that the Deputy Chair would work with the project Steering Group meantime to develop a revised timetable for the project, to be considered by the Commission at a forthcoming meeting.

- Agreed that the Deputy Chair consider how to implement a regular means of updating the Commission on progress of the project and matters considered by the Steering Group.

(f) Internal Commission business

There was no time to discuss this item in any detail, so members were encouraged by the Chair to raise any specific matters of concern with the Secretary, and meantime to note the current position.

(g) Strategic scrutiny

There was no time to discuss this item in any detail, so members were encouraged by the Chair to raise any specific matters of concern with the Secretary, and meantime to note the current position.

(h) Communications

There was no time to discuss this item in any detail, so members were encouraged by the Chair to raise any specific matters of concern with the Secretary, and meantime to note the current position, and in particular that the Secretary would circulate a weekly update to members, and the Audit Scotland Chief Operating Officer would continue to provide members with updates from the incident management team.

3. Close and next meeting

The Chair confirmed that the next formal meeting of the Commission would be on 9 May. He asked members meantime to keep the option open of a further member catch-up meeting on 23 April, upon which the Secretary would advise as soon as possible.

The meeting finished at 11.40am.

PR
14/4/20

MEETING: 7 MAY 2020**REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE****UPDATE ON 5-YEAR ROLLING WORK PROGRAMME**

Purpose

1. This paper provides the Accounts Commission with an update on the joint Auditor General for Scotland (AGS) and Accounts Commission 5-year rolling work programme in light of ongoing Covid-19 pandemic challenges. The paper also proposes an approach to reviewing and where necessary refreshing the work programme in response to the current situation.

Background

2. The Commission will be aware that the Covid-19 Coronavirus pandemic continues to have a significant impact on society, the economy and individual citizens. This impact extends to Audit Scotland, both in the work that we do and for our workforce. As it became clear that the situation was escalating Audit Scotland activated its business continuity arrangements, including the establishment of an Incident Management Team (IMT) overseeing the organisation's response to the crisis. The IMT comprises Audit Scotland Management Team supplemented by business-critical managers from across the organisation. While much of the focus of the IMT is on operational Audit Scotland matters it also receives weekly updates on issues affecting audits and audited bodies, including the audit work covered in this paper.
3. As the situation has evolved, we have sought to keep both the AGS and Accounts Commission informed of developments. Individual audit teams have also been liaising with audit sponsors and key stakeholders (including audited bodies) to ensure all parties are aware of the status of our work. The AGS briefed the parliament's Public Audit and Post-Legislative Scrutiny Committee (PAPLS) on the impact of the crisis for the AGS aspects of the work programme on 19 March. The Commission receives the regular Audit Scotland IMT updates at the same time as Audit Scotland Staff. It also received an update on the work programme from the Controller of Audit (CoA) at its informal meeting in April.
4. Public bodies will continue to experience considerable pressure and challenges over the coming months. It is important that a balance is struck between affording bodies the space to cope with these important issues while continuing to provide appropriate scrutiny and oversight through our work.

Commission work programme and strategy

5. Covid-19 is likely to have wide ranging implications for the priorities and purpose of the Accounts Commission. As the various scenarios and public service responses to the global pandemic unfold the Commission will wish to consider the impact of these on its strategy and future priorities. The future work programme will need to reflect the Commission's developing thinking in this area.
6. The Commission formally approved the annual refresh of the joint 5-year rolling work programme at its meeting on 3 March 2020. The work programme and the

Commission's Strategy and engagement plan were both due to be published and shared with key stakeholders on 26 March.

7. Due to the rapid escalation of the Covid-19 coronavirus pandemic, and the impact of measures taken for public bodies and communities, it was agreed to postpone the launch of the programme and Commission strategy and engagement plan until a more appropriate time. At its informal meeting on 9 April Commission members agreed to suspend publication of the Commission strategy (incorporating the work programme) and annual report - due to be published on 26 March and 29 May respectively – until further notice.
8. At that same meeting the Commission agreed to take the time to review its work programme in the context of the reshaping of audit risks that can be expected as a consequence of Covid-19. In particular, the Commission indicated that consideration should be given to future work on emergency planning, response and resilience arrangements in local government as part of the reshaping of its work programme.
9. Later in this paper we set out our current thinking on a possible timetable for the Commission and the AGS to consider the implications of Covid-19 on the joint work programme.

The impact of Covid-19 on the annual audit of local government bodies

10. The requirements and timescales for the content, production, public inspection and audit of local authority accounts in Scotland are outlined in the Local Authority Accounts (Scotland) Regulations 2014. The Regulations require unaudited accounts by 30 June and audited accounts to be approved by 30 September.
11. The Scottish Government contacted local authority Directors of Finance on 14 April requesting comments and proposals in relation to the 2019/20 annual accounts. At the outset of their request the Scottish Government made clear they will not consider any proposals which would mean the annual accounts would not be able to satisfy the requirements for the financial statements to be true and fair.
12. On timescales, the Scottish Government considers that provisions made in the Coronavirus (Scotland) Act 2020 are sufficient to allow each local authority to determine its own revised timetable for the annual accounts. However, they expect each local authority to work with their auditors in agreeing individually determined timelines, in recognition there is also an impact on auditors. The Scottish Government is seeking agreement from local authorities that any revised timeline will result in audited accounts no later than 30 November, although recognising that this date could be revisited as events unfold.
13. Arrangements regarding the right of interested persons to inspect documents relating to the accounts will also require to be revised using the powers in the Coronavirus (Scotland) Act 2020. The proposed backstop date of 30 November is in line with the extension granted to local authorities in England, although that represents an extension of two months for Scotland rather than the four months for England (as the deadline for audited accounts in England was previously 31 July).
14. The Director of Audit Services attended a meeting of the Chartered Institute of Public Finance and Accountancy (CIPFA) Local Government Directors of Finance Branch Executive on 17 April. From that meeting, and from intelligence from auditors, most councils are currently intending to try to meet existing timetables but are unsure how achievable this might be in practice, so the option of an extension is generally welcome.

15. The content and format of local government accounts across the UK is determined in large part by the Code of Practice on Local Authority Accounting in the UK which applies, interprets and adapts International Financial Reporting Standards for local government bodies. The governance arrangements for the Code are complex – approval by CIPFA/LASAAC (which is a UK body), approval by LASAAC for Scotland (Local Authority (Scotland) Accounts Advisory Committee), and ultimate approval by FRAB (the Financial Reporting Advisory Board).
16. CIPFA/LASAAC has decided that the Code of Practice on Local Authority Accounting in the UK for 2019/20 will apply in full. CIPFA had made some radical proposals to simplify and streamline Code requirements that included omission of comparative figures, the cash flow statement and a number of disclosures from the financial statements. CIPFA/LASAAC concluded, as a board including local government practitioners, that it could not support the proposals as they did not meet legal and professional requirements. No strong support was evident from local government practitioners and it was acknowledged that practitioners had a mixed view of the proposals. CIPFA/LASAAC has agreed, however, that the planned implementation of IFRS 16 (leases) in the 2020/21 financial statements will be delayed by a year until 2021/22. This follows a similar decision for health and central government bodies. IFRS 16 is likely to be complex to implement and involve a considerable amount of preparatory work. Delay until 2021/22 will alleviate pressure this year as preparations to implement can be postponed.
17. Some elements of Scottish local government financial statements are required by the Scottish Government rather than the Code – the 2014 Regulations require a management commentary, a statement of responsibilities, an annual governance statement, a remuneration report, a housing revenue account, a non-domestic rate account and a council tax account. In addition to consulting on timescales, the Scottish Government has also stated they will consider any proposals put forward by local authorities or auditors to reduce the reporting burden for these reports.
18. The Scottish Government has offered Audit Scotland and the Accounts Commission the same opportunity to comment on their proposals as offered to local authorities. A verbal update on the latest position will be provided at the meeting on 7 May.

The impact of Covid-19 on the current Local Government Overview and Performance Audit reporting programme

19. Covid-19 has affected our performance audit programme and is likely to impact on this year's local government overview work. Those audits that were sufficiently close to completion have, where possible, been completed and reports published. This includes the joint AGS/Commission *Affordable housing* performance audit which was published online with no promotion on 9 April. The AGS published a statutory report on the City of Glasgow College on the 24 April and, at the time of writing, is still planning to publish a performance audit report on *Highlands and Islands Enterprise: Cairngorm funicular* during the crisis.
20. The majority of audits have, however, been paused and where practicable placed into 'warm storage' until such time as the audit can recommence. For some audits taking paused audit work through to publication will not be possible without a significant amount of additional work to ensure the impact of Covid-19 is reflected in the audit report or where audit evidence and data (ie financial or performance) has been superseded or is out-dated and requires fresh analysis. This means that some of our ongoing audits may end up not being published in their current form. They may, for example, instead appear in a different format or the audit work undertaken to date will be used to inform future programme development activity.

21. We will continue to discuss with the Secretary to the Commission and the Clerking team at the Parliament's Public Audit and Post-legislative Scrutiny Committee (PAPLS) the implications of changes to the work programme for the respective meeting agendas and workplans.
22. Table 1 provides a high-level summary of the current status of overview and performance audit reports due to be published in 2020/21:

Table 1: Impact on Accounts Commission overview reports and performance audits (including joint AGS audits)

Audit	Original planned publication	Update
<i>Affordable housing</i>	9 April 2020	This report was published online only on the Audit Scotland website on 9 April. No promotional activity was undertaken. No date has yet been set for the Parliaments Public Audit and Post-legislative Scrutiny (PAPLS) committee to be briefed on the report and whether it wishes take evidence on its findings.
<i>Local Government Overview: challenges and performance</i>	16 April 2020	This report was not published on 16 April. An options paper has been prepared for discussion with the audit sponsors. The paper identifies risks, issues and benefits for several options ranging from delaying publication of the report (as-was), updating to reflect Covid-19 considerations, making use of scaled back outputs instead of the full report, undertaking additional work and publishing later in 2020, or cancelling the 2020 report altogether.
<i>Improving outcomes for young people through school education</i>	9 June 2020	<p>Given current pressures on education services (school closures, essential worker childcare provisions, meals for vulnerable children, exam alternatives etc) the Commission agreed at its informal meeting on 9 April to postpone publication of the audit. Publishing a report such as this at a time the service is under such acute pressure would not be appropriate.</p> <p>The audit team is working through options for when publication could take place and in what format ie to what extent is the response to and impact of Covid-19 reflected in any updated audit report. These options will be discussed with the AGS and audit sponsors and reported back to the Commission.</p>
<i>Digital progress in local government</i>	8 October 2020	<p>The audit team finished its onsite audit work at fieldwork councils in March. Meetings scheduled with national stakeholders have been impacted by current events.</p> <p>The report's emerging messages were due to be discussed with the Commission in May. Depending on how long disruption continues there may be issues in discussing key messages and clearing/factual accuracy checking of the final report towards the end of the Summer.</p> <p>The audit team is now also looking at how councils have used digital technology to help manage the current situation and</p>

Audit	Original planned publication	Update
		<p>continue delivering services. The team is considering how best to capture this in the audit report or in an alternative output.</p> <p>The audit team is currently preparing an options paper for discussion with audit sponsors on how best to conclude this audit and communicate the findings to local government stakeholders.</p>
Local government: financial overview	November/ December 2020	<p>Scoping is currently commencing for the 2020 financial overview. There are risks to the delivery of this audit should local government stakeholders be unavailable, or key financial information (Annual Audit Reports, financial returns etc) be delayed or restricted. Scoping work is also identifying data that is at risk from absence or delay in Accounts, Annual Audit Reports and Minimum Data Sets for local auditors.</p> <p>An options paper for taking this work forward has been prepared for further discussion with Commission sponsors.</p>
Waste management	Spring 2021	<p>Early desk-based scoping work is being undertaken. As much progress as possible will be made under the circumstances however this may delay the start of the audit and therefore our aim to complete the audit by March 2021.</p>
Outcomes for children with additional support needs and Social care sustainability	Summer 2021	<p>It remains our intention to begin scoping and planning these audits in Summer 2020 however there may be delays to the overall audit timescales due to pressure on audited bodies and stakeholders and the potential impact of Covid-19 on our resource plans. Given the focus and subject matter of these audits, our auditors will need to exercise particular care and sensitivity about who we contact and when, due to the nature of the organisations we would engage with and their priority of dealing with the pandemic and the issues arising from it.</p>

The impact of Covid-19 on the programme of Best Value Assurance reports due to be published in 2020

23. The impact on Best Value Assurance Reporting varies across audits, with some audits continuing albeit to amended timescales. Table 2 provides a high-level summary of the status of Best Value Assurance reports due to be published in 2020.

Table 2: Impact on Best Value Assurance Reports

Audit	Original planned publication	Update
<i>Argyll and Bute</i>	23 April 2020	The draft BVAR is being considered at this meeting of the Commission.
<i>Moray</i>	26 May 2020	The draft audit report is in clearance with the Council. However, at the time of writing this update the Council has yet to confirm a date by which they can consider the draft. This may impact on the timescale for the Commission considering the report and its findings, and for publication.
<i>North Ayrshire</i>	2 July 2020	The audit is progressing to its original timescale. The timescales and resources for this audit have always been tight therefore any further changes or issues for the team would require a rethink of overall audit timescales including Commission reporting date. Like other BVARs, the audit timescales are dependent on Commission meetings taking place in May and June.
<i>Edinburgh</i>	27 August 2020	The audit is progressing but is revisiting audit timescales in light of both the impact of current events for the Council but also internally due to the impact of Covid-19 for the audit team (childcare and other commitments). The audit team met with the Council Chief Executive and his corporate management team on 22 April to discuss the audit's key findings.
<i>Dundee City</i>	24 September 2020	The Emerging Messages arising from this audit were discussed with the Controller of Audit at the start of March and with the Council on 9 April. The audit team has agreed next steps for the audit with the Council, including those areas where additional audit work is required to support the final audit judgements in the BVAR. The audit team and the Council are liaising to agree the approach and timescale for the remaining work (and publication of the audit report) to ensure it does not in any way impinge upon the Council's ability to deal with the ongoing impact of Covid-19.

Audit	Original planned publication	Update
Aberdeenshire	22 October 2020	<p>This audit is progressing largely to the original audit plan. Interviews were concluded prior to the lockdown with emerging messages discussed with the Controller of Audit on 29 April.</p> <p>The Council Chief Executive is keen for the audit to progress as planned and has committed to working with the team to ensure this happens.</p>
Falkirk	26 November 2020	<p>Limited scoping work had been undertaken for this audit at the time of the Covid-19 lockdown. Given the pressure on the Council (and internally our audit team), and the minimal work undertaken it was agreed to postpone the audit until later in 2020. The timing of the audit will depend on the overall scheduling of the programme and Accounts Commission business, the capacity of the council and the availability of Audit Scotland and EY resources. It is likely that the delay would mean publication of the audit report in 2021.</p>

The impact of Covid-19 on briefings and wider programme development activity

24. Where resources have become available due to the putting on hold of some pieces of audit work colleagues are focusing on programme development activity. This includes considering the impact of Covid-19 for existing audits in the work programme and across policy areas more generally. Where possible progress is being made with 'other' outputs however work on these is also being compromised due to current events. For the 'other' outputs due to be prepared for the Commission in the near future the current impact is as follows:

- **Climate change pre-audit briefing:** this work has not yet started. Resources have been identified for this work. However, this and all other resource allocation may be revisited in light of any decisions made to prioritise resources to the completion of paused or delayed audits. The UN Climate Conference scheduled for later this year has been postponed until 2021 which will create space and capacity for us to consider our approach to this work with less time criticality.
- **Teacher workforce planning briefing:** work has not yet started on this briefing paper as it was always planned to take place after the publication of the school education performance audit report. That report was originally due to be published in June 2020 but is now on hold. The work will be largely desk based, but with some interviews. The JELL Cluster is currently considering options to progress this work during Summer 2020.
- **Housing benefits (HB) performance audit:** the thematic study on **Overpayments** was considered by the Commission on 12 March. It was due to publish in April, but publication has been put on hold because of the impact of Covid-19 on the availability and likely attention of the target audience of housing benefit managers in councils. Scoping of the next thematic study (**Resourcing**) was due to start in April. This work will now be delayed as council staff will be unavailable. The **East Dunbartonshire** housing benefit performance audit is

underway. The report will be finalised, and the audit team will discuss with the council whether to issue for factual accuracy or to delay publication. Audit Scotland has informed the Department of Work and Pensions (DWP) of the impact of Covid-19 on current HB performance audit work. We will need to reassess the current risk assessment process as the data will likely show performance declines for all councils. Housing benefit auditors will gather intelligence and data on the impact of the current situation on council performance.

- **National Scrutiny Plan update:** the interim update to the National Scrutiny Plan was due to be published on 3 April. This has now been paused. Discussion with partner scrutiny bodies will continue to ensure evolving work programmes and scrutiny activity is coordinated where possible.
- **Equal pay in councils impact report:** this report was due to be considered by the Accounts Commission's Performance Audit Committee at its meeting in April which did not take place because of the Covid-19 restrictions. It will instead now be considered at the May Commission meeting.
- **National Fraud Initiative (NFI) and annual fraud update:** these Audit Scotland reports are due to publish in June. As they are desk-based exercises, work is continuing. For the NFI report the team is awaiting results of analysis from the Cabinet Office before drafting the short report. For the annual fraud report, the team will analyse auditors' returns and draft a short report.

Options for considering the impact of Covid-19 on the rolling work programme

25. Although the joint refreshed work programme (see Appendix 1) was only agreed by the Commission and AGS in March we have seen rapidly changing and unprecedented new challenges created because of the global coronavirus pandemic. For that reason, it seems sensible and appropriate for the Commission and AGS to pause, take stock and reflect on whether the recently refreshed work programme adequately reflects the risks and challenges created by the new post-Covid-19 world.
26. Whilst the Commission and AGS will want to be seen to be responding quickly to the impact of Covid-19 on their joint work programme it will be important to allow sufficient time to properly reflect on the complex issues the global pandemic raises, the full implications of which may not be clear for some time.
27. Bearing these factors in mind, Audit Scotland will continue to monitor and engage with the Commission and AGS over the coming months on how central and local government bodies are responding to the challenges posed by the global pandemic and what this means for current audits and the overall work programme.
28. Subject to further discussion with the Chair, Deputy Chair and AGS, we propose that Audit Scotland aims to bring options for refreshing the work programme in light of the impact of Covid-19 for discussion with the Commission in September 2020. This will allow the picture to become clearer about the UK and Scottish Government's plans for managing a return to normal ways of working and will give us time to consider the impact on Covid-19 on our future work. The timing coincides with the Commission mid-year Strategy review session and allows scope for the incoming AGS to offer his views on the shape and content of AGS and joint performance audit work.
29. This proposed timetable should also allow Audit Scotland to consider the impact of other significant decisions that the Commission is making on the overall shape and timing of its wider work programme, in particular its BVAR work. The Commission will be invited at today's meeting to consider a proposal to extend the current audit appointments by 12

months. This would mean a continuation of current audit appointments and most likely an extension of the current Best Value Assurance Reporting cycle into a sixth year (2022). Future development of auditing Best Value in councils and IJBs would also be impacted. All these issues will need to be reflected in any refreshed work programme.

30. This indicative timetable will need to be kept under review as circumstances change and hopefully become clearer in the coming weeks and months. A rushed or ill-thought through review or refresh of the work programme would provide limited value and would carry risks for the Commission, AGS and Audit Scotland.
31. Between now and September I will update the Commission on progress with delivery of the work programme and the evolving thinking on the timetable and approach to the work programme refresh at future Commission meetings. Colleagues and I will also continue to liaise with the Chair, Deputy Chair, Secretary and audit sponsors throughout this period.

Conclusion

32. The Commission is asked to:

- a) Note the updates on the impact of Covid-19 for the work programme and the issues raised within this report
- b) Note the proposed approach to reviewing the rolling work programme subject to further discussion with the Chair and Deputy Chair and Auditor General for Scotland.

Fraser McKinlay
Director of Performance Audit and Best Value
27 April 2020

Appendix 1

Joint Auditor General for Scotland and Accounts Commission Rolling 5-year work programme

2020/21 to 2024/25

AS APPROVED MARCH 2020

AGS – Auditor General for Scotland

AC – Accounts Commission

Joint – Auditor General and Accounts Commission

	2020/2021	2021/2022	2022 to 2025 longer-term work programme areas of audit interest
Overview reporting	<ul style="list-style-type: none"> • NHS in Scotland (AGS) • Scotland's Colleges (AGS) • Local government: challenges and performance (AC) • Local government: financial overview (AC) 	<ul style="list-style-type: none"> • NHS in Scotland (AGS) • Local government: challenges and performance (AC) • Local government: financial overview (AC) 	<ul style="list-style-type: none"> • NHS in Scotland (AGS) • Scotland's Colleges (AGS) • Local government: challenges and performance (AC) • Local government: financial overview (AC)
Audits of Best Value	<ul style="list-style-type: none"> • 7 BVARs (AC) <ul style="list-style-type: none"> - Aberdeen shire - Argyll and Bute - City of Edinburgh - Dundee City - Falkirk - Moray - North Ayrshire 	<ul style="list-style-type: none"> • 6 BVARs (AC) <ul style="list-style-type: none"> - Aberdeen City - Angus - Comhairle nan Eilean Siar - East Dunbartonshire - Shetland - South Ayrshire 	The Accounts Commission is considering its future approach to auditing Best Value in councils for the five period from 2022 onwards

	2020/2021	2021/2022	2022 to 2025 longer-term work programme areas of audit interest
Performance audits	<ul style="list-style-type: none"> Highlands and Islands Enterprise: Cairngorm Funicular (AGS) Skills – planning and investment (AGS) Social Security (AGS) Affordable housing (Joint) Educational outcomes (Joint) Waste management (Joint) Digital progress in local government (AC) 	<ul style="list-style-type: none"> Social Security (AGS) Digital in health (Joint) Early learning and childcare (Joint) Fair access to higher education (Joint) Implementation of Justice Strategy (Joint) Outcomes for children with additional support needs (Joint) 	<p>Health, Care and Communities</p> <ul style="list-style-type: none"> Disability (Joint) Drug and alcohol services (Joint) Public health arrangements (Joint) Health and social care 3 (Joint) Housing for an older population (Joint) Mental health: older people or learning disability (Joint) Progress in addressing child poverty (Joint) Community empowerment (AC) <p>Justice, Education and Lifelong Learning</p> <ul style="list-style-type: none"> Digital services: justice (AGS) Digital: progress against the Digital Strategy (AGS) Early learning and childcare (Joint) Improving outcomes for looked after children and young people (Joint) School education: follow up audit (Joint) <p>Public finances, investment and economic impact</p> <ul style="list-style-type: none"> Climate change plan (AGS) Public energy company (AGS) Social Security (AGS) Support to rail services (AGS) Supporting economic growth: Enterprise and Skills Review (AGS) Scottish Investment Bank (AGS) Planning for economic growth post-EU withdrawal (Joint) Public finances and economy (AGS or Joint) Strategic capital investment (AGS or Joint) Scotland’s City Region and Growth Deals 2 (Joint)
	<ul style="list-style-type: none"> Social Care Sustainability (Joint) 		

	2020/2021	2021/2022	2022 to 2025 longer-term work programme areas of audit interest
How councils work	<p>The Accounts Commission will in 2020 consider its approach to future How Councils Work series reporting.</p> <p>Potential topics include:</p> <ul style="list-style-type: none"> • Emergency and resilience planning • Financial planning and reporting • Public performance reporting (PPR) • Service reviews • Workforce planning 		
Impact reporting	<p>We prepare Impact Reports around 18 months after the publication of a performance audit report. These cover the response to the original audit, and how conclusions and recommendations were acted upon by audited bodies and others, such as the Parliament</p>		
	<ul style="list-style-type: none"> • Scottish Fire and Rescue Service: an update (AGS) • Children and young people's mental health (Joint) • Council's use of arm's-length organisations (AC) • Equal Pay in Scottish Councils (AC) 	<p>We will prepare impact reports (where appropriate) for audits published in 2020/2021 onwards</p>	

MEETING: 7 MAY 2020

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: ARGYLL AND BUTE COUNCIL

Purpose

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Report for Argyll and Bute Council.

Background

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide more regular assurance to the public about how councils are performing in relation to their Best Value statutory duties. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report (BVAR) on each council at least once during the five-year audit appointment and by Best Value being reported in annual audit reports.
3. The attached BVAR (Appendix 1) is on Argyll and Bute Council. This is the first BVAR on the council and reports on the progress made by the council since previous Best Value reports.
4. The Controller of Audit reported to the Accounts Commission on the council in October 2013, June 2014 and December 2015. In October 2013, the Controller of Audit presented a statutory report to the Accounts Commission, under Section 102(1)(b) of the Local Government (Scotland) Act 1973. The Commission's findings were published in [October 2013](#) (Appendix 2). The Commission's findings on two follow up reports to this were published in [July 2014](#) (Appendix 3) and [December 2015](#) (Appendix 4).

The Controller of Audit report

5. The BVAR is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
6. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - the accounts of local authorities audited under the Act;
 - any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
 - the performance by a local authority of their statutory duties in relation to best value and community planning.
7. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.

8. The report concludes with a series of recommendations proposed by the Controller of Audit which are to be part of the Commission's considerations.

Procedure

9. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
 - direct the Controller of Audit to carry out further investigations
 - hold a hearing
 - state its findings.
10. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
11. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.
12. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

Conclusion

10. The Commission is invited to:
 - a) consider the Controller of Audit's BVAR on Argyll and Bute Council; and
 - b) decide in private how it wishes to proceed.

Paul Reilly
Secretary to the Commission
29 April 2020

BEST VALUE ASSURANCE REPORT: ARGYLL AND BUTE COUNCIL

See separate paper.

STATUTORY REPORT – ARGYLL AND BUTE: COMMISSION FINDINGS

OCTOBER 2013

1. The Commission accepts the Controller of Audit's report on Argyll and Bute Council.
2. The Commission is seriously concerned about substantial risks to the council caused by the instability of leadership by elected members since the last council election. The council's ability to set and maintain a clear strategic direction is at risk of being compromised and the Commission is concerned that this will, in time, negatively affect the services that the council provides for the people of Argyll and Bute. We are also concerned about the negative effect that this is having on the council's reputation.
3. The quality of leadership of the council has been inadequate. We urge the elected members and the corporate management team to work together to provide stronger and effective leadership of the council. Effective working relationships between elected members, and between members and officers, need to be based upon mutual trust, respect and transparency. Elected members need to achieve a more effective balance between focusing on local issues and priorities and the longer term strategic objectives of the council and the best interests of the whole community of Argyll and Bute.
4. The Commission underlines the importance of the role of Monitoring Officer in supporting good governance. The role needs to be afforded trust and respect. Equally, members must have confidence in the comprehensiveness of information provided by officers to enable them to make considered decisions.
5. The council's current political management arrangements are not fit for purpose. The role that the full council plays is unsustainable and progress in securing effective scrutiny arrangements has been inadequate.
6. We are encouraged that the council recognises the need to change its political decision-making structures: it is crucial that the conclusions awaited from the short life working group established in this regard are considered carefully by the council. We await with interest to see how this is taken forward. Any new structure needs to be understood by all who fulfil a role in those structures, and all members need to engage fully in the new arrangements.
7. The challenges faced by Argyll and Bute Council are not unique. We are therefore pleased to note that the council recognises the value in seeking support from external sources: we would urge that this continue to be exploited through, for example, the use of peer support. We underline the importance of training and development support for all members. Elected members and officers must work together to ensure fuller use of - and participation in - such support.
8. There is much work to be done by the council and we note a further recent change in the council's political leadership. The Commission expects urgent progress to be made in early course. We require a further report by the Controller of Audit on the progress made by the council over the next six months.

ARGYLL AND BUTE COUNCIL – FOLLOW UP: COMMISSION FINDINGS

JULY 2014

1. The Commission accepts the Controller of Audit's report on Argyll and Bute Council.
2. The Commission is encouraged that the council is making progress against our previous findings of October 2013. But we note in particular the Controller of Audit's view that it is too early to assess the effectiveness of plans being implemented. We conclude that there is still much work to be done by the council to secure the improvements that we required in our previous findings.
3. The Commission therefore requires the Controller of Audit to report on progress by the end of 2015, with particular focus upon the effectiveness of the following:
 - Political management arrangements.
 - Scrutiny.
 - Roles and relationships, including between members and officers.

ARGYLL AND BUTE COUNCIL: COMMISSION FINDINGS

DECEMBER 2015

1. The Commission accepts this report by the Controller of Audit on progress made by Argyll and Bute Council since our 2013 and 2014 reports on Best Value in the council.
2. The Commission acknowledges and welcomes the progress by the council since 2013 in relation to improved governance, decision-making and scrutiny arrangements and the improving relationships between political groups and between members and officers.
3. Members and senior officers need to consolidate this progress by continuing to improve the council's openness, transparency and how it involves its communities in decision-making and scrutiny, in order to build the trust and confidence of service users and the public. More can be done to ensure a more effective contribution from area committees.
4. The council's current approach to the scale of the financial challenge it faces is not sustainable. This approach urgently needs to be more clearly linked to the council's priorities and based on rigorous appraisal of options for service redesign.
5. The Commission notes with disquiet the dysfunctional relationships which persist between a number of individuals. The Commission is firmly of the view that the interests of the public are best served by a shared commitment by all parties to maintaining constructive relationships and high standards of conduct.
6. We will maintain our interest in the progress made by the council. The Controller of Audit will continue to monitor progress through the annual audit process.

Best Value Assurance Report

Argyll and Bute Council



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
May 2020


The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Links

-  PDF download
 -  Web link
-

Key facts



Area



Population

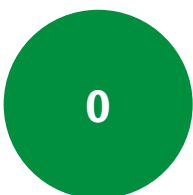


Workforce
(headcount)



Elected members

- 11 Scottish National Party
- 9 Conservative and Unionist
- 10 Independent
- 6 Scottish Liberal Democrat



Council houses



2020/21
revenue budget¹



2020/21
capital budget²



Budget gap
2020–23

1. Revenue budget covers day-to-day costs like wages.
2. Capital budget covers the cost of major projects such as schools and roads.

Commission findings



If the Commission decides to reach findings on the Controller of Audit's report, these will be inserted here before the full Best Value Assurance Report is published.

Audit approach



1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the Annual Audit Report. In addition, the Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first Best Value Assurance Report on Argyll and Bute Council. The findings from the last Best Value report on the council are summarised in [Exhibit 12 \(page 52\)](#).

2. This report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's strategic audit priorities. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement is key to how well councils meet their priorities in the future.

3. Our audit approach is proportionate, and risk based and so is reflective of the context, risks and performance of the individual council. It also draws on the intelligence from audit and scrutiny work carried out in previous years. In keeping with this approach, we conducted some initial work to identify risks and council initiatives to build into the scope of our audit. This included a review of previous audit and inspection reports and intelligence, a review of key council documents, initial meetings with senior officers and reflection on our wider public-sector knowledge and experience. Key areas of focus for our audit are listed in [Exhibit 1 \(page 7\)](#).

4. The detailed audit work for this report was undertaken between November to December 2019 and January 2020. Our audit work included:

- interviews with elected members and senior officers
- holding focus groups with members of staff
- observing a range of council and committee meetings
- reviewing documents and analysing data, including Local Government Benchmarking Framework (LGBF) data
- interviewing a sample of the council's partners, including those involved in the Community Planning Partnership (CPP).

5. The audit work was carried out by Audit Scotland, the appointed auditor. Audit work in future years, performed as part of annual audits, will include a follow-up on the findings from this report and additional audit work on other Best Value characteristics as appropriate.

Exhibit 1

Key areas of focus for our audit



The council's vision and strategic direction

This included assessing how well the leadership of the council works together to deliver the priorities identified in strategic documents. Our findings on this are in [Part 1](#) of this report.



Performance and outcomes, including public performance reporting

This included an overall assessment of outcomes and performance and the council's reporting on these, including to the public. Our findings on this are in [Part 2](#) of this report.



Effective use of resources

We assessed how effectively the council plans its use of resources, including financial and workforce planning. Our findings on this are in [Part 3](#) of this report.



Partnership and collaborative working

We assessed how the council delivers services and its collaboration with partners to drive economic and cultural improvements. We also considered how well services are developed in collaboration with others and how community engagement and empowerment affect the council's activities and delivery of services. Our findings on this are in [Part 4](#) of this report.



Transformational agenda, including sustainable economic growth

We reviewed the council's continuous improvement programmes, including assessing the overall pace and depth of change. Our findings on this are in [Part 5](#) of this report.

Source: Audit Scotland

6. Our analysis of the LGBF data in [Exhibit 6 \(page 22\)](#) reflects the complete set of 2017/18 results published by the Improvement Service in April 2019. For [Exhibit 7 \(page 23\)](#), we have used data published by the Improvement Service in January 2020, when a selection of indicators were updated to 2018/19 data.

7. We gratefully acknowledge the cooperation and assistance provided to the audit team by all elected members and officers contacted during the audit.

Key messages



- 1** Since the 2015 Best Value report, the council has worked hard to improve relationships among elected members and senior officers. There has been a significant improvement in the culture resulting in constructive and more focused decision-making. Members now need to build on this and make the difficult decisions required to sustain council services in the longer term.
- 2** The council and its partners share a strong commitment to the vision for Argyll and Bute. The council and its partners recognise the challenges, which includes a declining and ageing population, varied geography and population density, declining funding, and a growing economic dependence on the public sector.
- 3** The council is not yet in a position to demonstrate that it is achieving all aspects of Best Value. In some key areas the pace of improvement has been slow since the previous Best Value report in 2015. There is limited evidence of the council using performance information to drive improvement. The council's performance reporting makes it difficult to conclude what progress has been made against its six corporate outcomes.
- 4** Since 2014/15, the pace of improvement against LGBF indicators has been slower than in other councils in Scotland. The percentage of indicators in the top two quartiles increased, but around one-third of indicators are in the bottom quartile every year.
- 5** The council's annual budget process and savings plans have successfully achieved financial balance through a focus on cost reductions. Although the council's transformation programme has delivered some efficiencies and achieved small-scale savings further work is required by the council to better align its financial and transformation plans to drive meaningful change through new and innovative ways of working.
- 6** There have been a number of changes in the management structure during 2019, including the appointment of the new chief executive in December 2019. The changes to the senior management structure have been made in line with the council's vision, and to help support the delivery of the council's corporate outcomes. The restructuring has resulted in a loss of experience at a time of challenging priorities and decreasing resources.

- 7** In addition to reducing employee numbers, the council makes extensive use of temporary contracts (20 per cent of the workforce). The 2018 employee survey highlighted issues with lines of communication from senior management. The council could do more to ensure it communicates and engages effectively with all staff.
 - 8** The council works well with partners including the third sector, youth groups, area community planning groups and business partners. The council needs to maximise its influence with key partners in delivering its vision, in terms of economic development, relevant business skills, opportunities for learners and the Argyll and Bute Rural Growth Deal.
 - 9** The council has made good progress with the Community Empowerment Act, but it needs to make its processes easier to follow and accessible to all communities. Although there has been significant consultation there is scope to improve community engagement to make the approach more inclusive, achieve wider representation and build capacity to enable communities to take more ownership of decision-making.
-

Part 1

Does the council have clear strategic direction?



Elected member relationships have improved significantly, resulting in constructive and more focused decision-making. Members now need to build on this and make the difficult decisions required to sustain council services in the longer term.

The council and its community planning partners share an ambitious vision.

Changes to the senior management structure have been made in line with the council's vision, and to help support the delivery of the council's corporate outcomes. These have resulted in a loss of experience at a time of challenging priorities and decreasing resources.

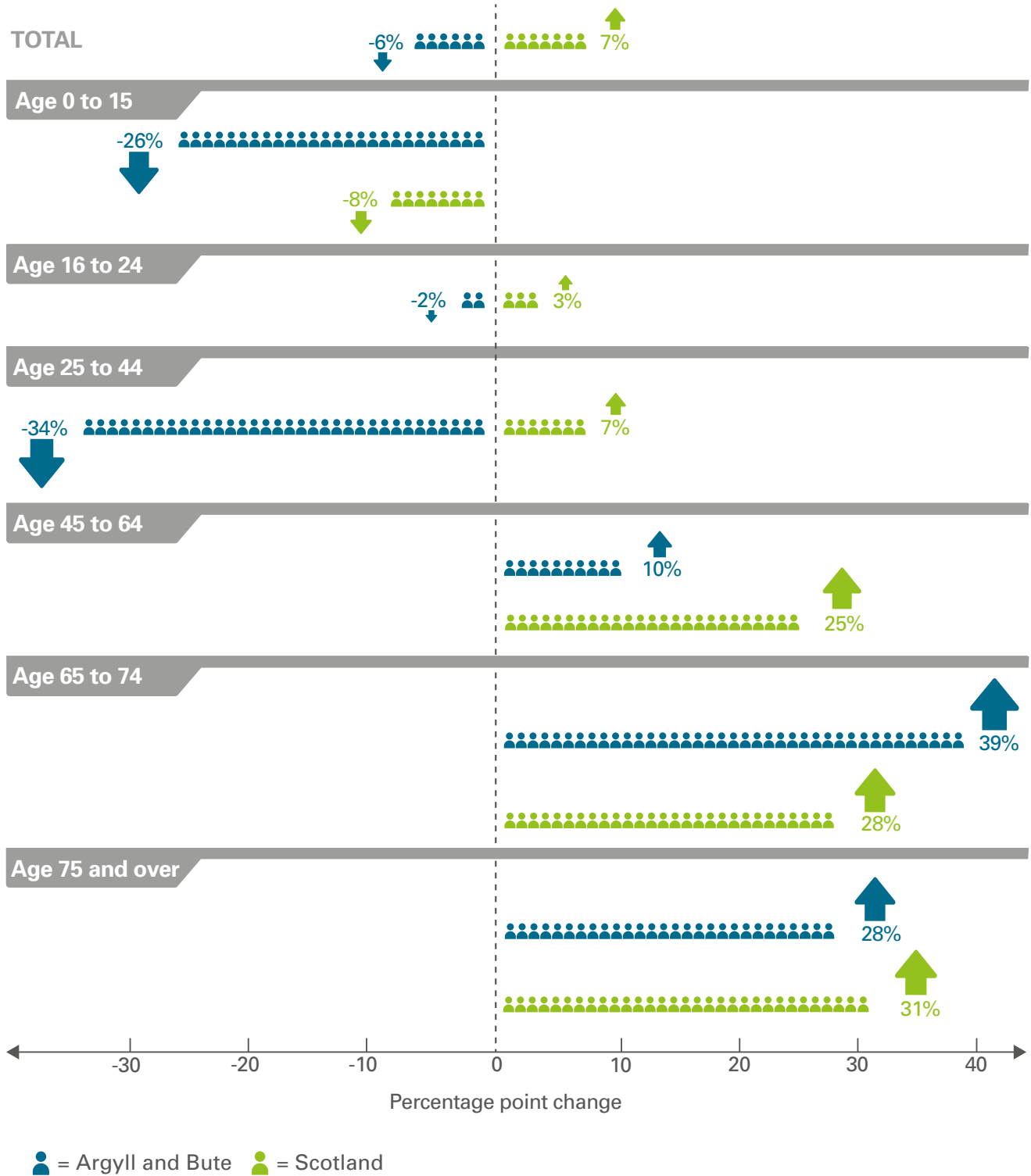
Argyll and Bute Council covers a diverse geographical area, with an ageing population placing additional demand on services

8. Argyll and Bute Council covers over 2,668 square miles and is the second largest local authority by area in Scotland, accounting for almost nine per cent of the total Scottish land area. The current population is 86,260, giving a population density of approximately 12 people per square kilometre which is the third lowest in Scotland. There are 23 inhabited islands accounting for 17 per cent of the population, and 43 per cent of the population are classed as living in remote rural areas. The largest settlement is Helensburgh, with a population of 15,610 people. The physical geography of the area and the limited amount of land suitable for the development of the road network means there is a high level of reliance on ferries for travel.

9. The proportion of the population that is economically active is declining. As outlined in [Exhibit 2 \(page 11\)](#), the population of Argyll and Bute decreased by six per cent between 1998 and 2018 and this was mainly driven by a decline in the 25-44 age group. This is the third largest decline in population by council area in Scotland. Over the same period, Scotland's population rose by seven per cent. Demographic change is putting additional demand on public services and increased pressure on public finances.

Exhibit 2

Population change of Argyll and Bute and Scotland, by age group between 1998 and 2018



Source: Audit Scotland using National Records of Scotland data

10. The council recognises the challenges of a declining and ageing population, varied geography and population density, and the economic dependence on the public sector. The above challenges are mirrored in the profile and location of its workforce. The most recent population projections show that if current trends continue the population is expected to decline to 78,504 by 2041, a 9.9 per cent decrease from 2016. However, projected population change varies across the area; increases are projected for the areas around Oban, but the population is projected to decline in all other areas.

11. The council is the major employer in Argyll and Bute, with 4,771 employees located throughout the council area in 2017/18. The number of staff employed has decreased from 5,159 in 2010/11 ([Exhibit 3](#)). Twenty per cent of the council's workforce are on temporary contracts and 46 per cent of employees are aged 50 or over. The main office locations are in Dunoon, Lochgilphead and Helensburgh, and account for 46 per cent of council employees. The geography of the area brings recruitment challenges caused by remote locations with fewer amenities, or limited employment opportunities for families of council staff in rural areas.

Exhibit 3

Argyll and Bute Council's workforce



Total staff employed

2010/11: 5,159
2017/18: 4,771



Full-time equivalent permanent staff

2010/11: 3,350
2017/18: 3,065



Staff on temporary contracts

Age profile of staff



Aged 50 or over



Aged 25 or under

Source: Audit Scotland using data provided by Argyll and Bute Council


12. Across Argyll and Bute, the **Scottish Index of Multiple Deprivation**  (SIMD) data, from 2020, identified:

- one data zone in Dunoon within the two per cent most deprived in Scotland
- one data zone in Helensburgh within the five per cent most deprived in Scotland
- nine data zones in Rothesay, Campbeltown, Oban, Dunoon and Hunter's Quay within the 15 per cent most deprived in Scotland.

13. The council is aware of this and the work being carried out under the Campbeltown, Helensburgh, Oban, Rothesay and Dunoon (CHORD) regeneration project has sought to bring improvements to these areas, although the benefits are likely to be more long term [\(paragraphs 58 and 80\)](#).

The council and its community planning partners share an ambitious vision

14. The council's vision and priorities are set out clearly in a number of key strategic documents. Elected members, senior officers and partners share a strong commitment to the vision for Argyll and Bute. The strategic documents are available to the public online and include:

- **Argyll and Bute Outcome Improvement Plan 2013-2023 (ABOIP):** the council's and its community planning partners' vision is that 'Argyll and Bute's economic success is built on a growing population'. The ABOIP originally developed that vision and the six outcomes, and the council later adopted them to ensure that both the Corporate Plan and the ABOIP were fully aligned. The six corporate outcomes are:
 - Our economy is diverse and thriving.
 - We have an infrastructure that supports sustainable growth.
 - Education, skills and training maximise opportunities for all.
 - Children and young people have the best possible start.
 - People live active, healthier and independent lives.
 - People will live in safer and stronger communities.
- **Corporate Plan 2018-2022:** this sets out the council's mission, values and priorities, which are captured in six corporate outcomes and supported by 17 business outcomes.
- **Argyll and Bute Economic Strategy 2019-2023:** this aims to help deliver the overarching vision of the ABOIP which has been agreed with the Scottish Government. The intention is that this will provide the foundation for the future implementation of the **Rural Growth Deal**  focusing on three main themes:
 - **critical economic infrastructure:** connecting to national and international markets
 - **place and people:** attracting skills, residents, visitors and businesses
 - **smart growth:** growing, doing more that works.



The Scottish Index of Multiple Deprivation

(SIMD) is a tool used by the Scottish Government to rank the relative level of deprivation across 7,000 small areas (data zones) across Scotland. Due to the dispersed nature of rural communities, SIMD does not always accurately represent deprivation in rural areas such as Argyll and Bute.



The Rural Growth Deal

agreed in October 2019 will bring £50 million investment to Argyll and Bute. The Rural Growth Deal will be funded by the UK and Scottish governments.









- **Service plans (2019-22):** each of the ten service plans include details of budgets for their contributions to one or more business outcomes. The plans set out success measures and service improvements, and how each of these link to the 17 business outcomes.




Changes to the senior management structure have been made in line with the council’s vision, and to help support the delivery of the council’s corporate outcomes. These have resulted in a loss of experience at a time of challenging priorities and decreasing resources

15. The senior management structure within the council has been revised several times since the last Best Value report to help support the delivery of the council’s corporate outcomes. Overall, the number of executive directors and heads of service has fallen by two (12 per cent) since 2016, including one post which was transferred to LiveArgyll, as detailed in [Exhibit 4](#).

Exhibit 4

Changes in the senior management of Argyll and Bute Council between 2016 and 2019

Year	Executive Directors	Heads of Service	Total
2016			17
2017			16
2018			16
2019 onwards			15

 Council staff  Health and Social Care Partnership (Council)  Health and Social Care Partnership (NHS) * One post transferred to LiveArgyll

LiveArgyll Leisure and Libraries Trust was established in September 2017. LiveArgyll runs community centres, fitness centres, gyms, halls, museums and libraries across the council area.

Note: Figures exclude the council’s Chief Executive and Head of Strategic Finance and the Chief Officer of the Health and Social Care Partnership. The Strategic Management Team (SMT) is currently made up of the Chief Executive, two executive directors, two heads of service (the Head of Strategic Finance and the Head of Customer Support Services), and the Chief Officer for the Health and Social Care Partnership.

Source: Audit Scotland using Argyll and Bute council’s organisational charts.

16. Changes to the senior management structure have been made in line with the council’s vision, and to help support the delivery of the council’s corporate outcomes. The council believes that commercialisation will play a central role in the council’s progress towards its vision. To take this forward a new position of head of commercial services was established in June 2019 ([paragraph 158](#)).

17. However, the overall reduction in the senior management team has occurred at a time of challenging priorities and increasing demands together with higher and growing expectations on the council to deliver meaningful change. The loss of senior staff represents a reduction in experience which may make it more difficult for the council to achieve the transformational change needed to support its strategic priorities.

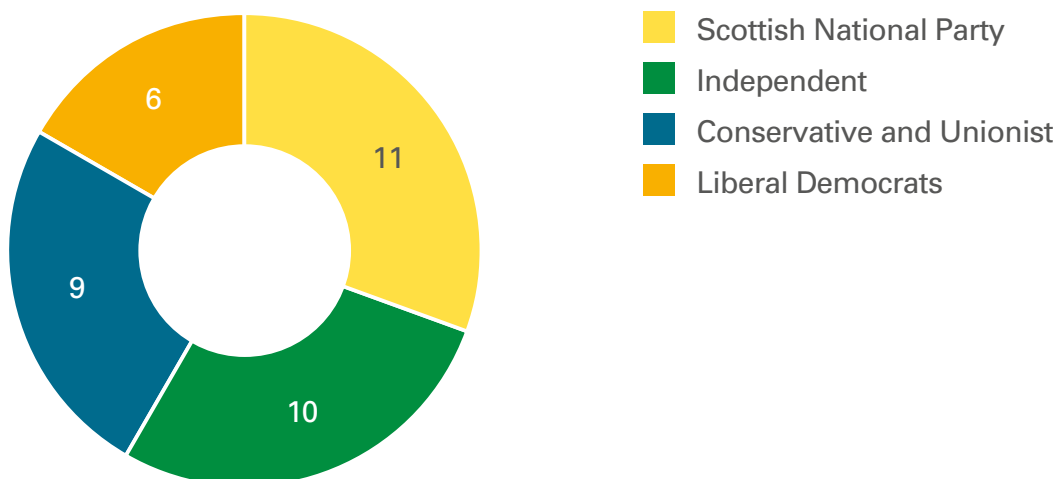
18. The council's new chief executive was appointed in December 2019. As this was an internal appointment there is a vacancy at executive director level. This is currently being filled on a temporary basis by the Head of Strategic Finance. The council has started the recruitment process to permanently fill the post. The relatively new senior management team needs to support the new Chief Executive in increasing the current pace of change to realise the vision of the council and its partners.

Elected member relationships have improved significantly, resulting in constructive and more focused decision-making

19. The council has 36 elected members with a broad political make-up, representing 11 multi-member wards ([Exhibit 5](#)).


Exhibit 5

Political make-up of Argyll and Bute Council



Source: Audit Scotland using information from Argyll and Bute Council

20. Following the 2017 local government elections, a coalition administration was formed called the Argyll, Lomond and the Islands group, made up of 21 Independent, Conservative and Unionist and Liberal Democrat councillors. The main opposition is the Scottish National Party Group. Sixteen new members across all parties were elected in 2017.

21. Relationships between officers and elected members are positive and constructive. In our [2013 statutory report](#) , the Commission commented that it was seriously concerned about the substantial risks to the council caused by the instability of leadership by elected members and that the council's current political management arrangements were not fit for purpose. In our 2015 report, the Commission welcomed the improving relationships between political groups and between members and officers but noted with disquiet the dysfunctional relationships which persist between a number of individuals. Since our last Best Value report in 2015, relationships between elected members have improved significantly including the relationship between the administration and the opposition groups. The current political set-up is productive and collegiate, with elected members committed to working together to improve Argyll and Bute for the benefit of their communities.

22. Elected members demonstrate a good understanding of the issues the council faces. The council has a policy lead structure where members of the administration have responsibility for different areas of council operations and objectives. Policy leads provide verbal updates at council meetings and take questions on their areas of responsibility. The format and operation of the policy lead structure helps promote discussion on key issues and member accountability for the delivery of council priorities.

23. In 2018/19 the council approved a consensus budget for the year where all council members unanimously agreed the spending priorities, demonstrating a commitment to improved cross-party working. This approach has provided a clear precedent for the council to maximise the opportunities for cross-party working to support the increasingly difficult decisions to be made in the medium term.

Members need to take advantage of the training opportunities provided to remain aware of, and respond to, the demands, challenges and expectations made of a modern elected member

24. The council provides a good level of training for members, with courses taking place throughout the year covering a range of topics relevant to their roles and linked to the council priorities. The council has also put in place arrangements to support members' continuing professional development.

25. Member attendance at training courses has been mixed, with a 55 per cent attendance rate over the last 18 months. During this period, ten members attended two or fewer training sessions.

26. Further action is required by elected members to review their individual training requirements with a view to agreeing tailored personal development plans to ensure that they deliver, and are able to respond to the demands, challenges and expectations of a modern elected member. The council needs to ensure the training it offers is flexible and provides sufficient resources and support for members in rural areas to access and complete training.

Part 2

How well is the council performing?



The council has implemented policies that support its goals for population growth and economic development, but it has not monitored the impact of projects in a systematic way.

Following five Education Scotland inspections over two years, the council has strengthened its leadership of education services and the council recognises that further improvements are required in services for vulnerable children and community learning.

There is limited evidence of the council using performance information to drive improvement. The council's performance reporting makes it difficult to assess what progress has been made against its six corporate outcomes.

The pace of improvement against LGBF indicators has been slower than for other Scottish councils. The percentage of indicators in the top two quartiles has increased, but around one-third of indicators are in the bottom quartile every year.

Sickness absence for non-teaching staff has continued to increase and remains a significant challenge for the council to address.

The council's performance reporting makes it difficult for the council to demonstrate progress against its six corporate outcomes

27. The quality of the council's performance reporting is mixed. There are some areas of good practice, for example at area committee level, and other areas where there is an opportunity for significant improvements to be made, for example in reports presented to strategic committees.

28. The council's annual performance report provides a high-level summary of the current position of specific projects and some data under each of the six corporate outcomes ([paragraph 14](#)). It does not provide a balanced picture of

long-term trends in performance against targets or benchmarks. While the report includes commentary on the challenges the council faces and its actions to address these, it does not highlight where specific improvements are required.

29. The performance reports presented to strategic committees generally focus on the successes and challenges of individual projects. Performance reports could be improved through:

- consistent use and reporting of:
 - long-term trend data on performance against the success measures that underpin the business and corporate outcomes
 - timeframes for project completion
 - benchmarking and targets across services.
- improved commentary on indicators that are off track with clear links to which outcome this affects
- clear identification and monitoring of improvement actions
- better alignment between the narrative on successes, progress against specific projects and the overall Red/Amber/Green rating for each business outcome.

30. Performance reports presented to the four area committees are more detailed and focus on the measures that are relevant to the specific area. They include targets, trends and narrative for each success measure.


31. The council's performance reporting does not provide information in an effective, systematic way to allow elected members to recognise areas of good practice or to challenge areas of poor performance. Elected members need to do more to challenge officers to improve the quality of performance reports, to ensure continuous improvement.

Public performance reports do not provide a clear picture of how well the council is performing against its corporate outcomes

32. While all staff and elected members can interrogate performance data in the council's intranet-based performance management system, the public have no opportunity to do so. Instead they must rely on committee reports and annual high-level summaries.

33. The council recognises the need to improve public performance reporting. Improvements have already been made to the council website which makes it easier to navigate the performance reports, service plans and improvement activities. However, further improvements can be achieved by defining a single space on the council's website where the public can view trends in satisfaction, service quality or performance against individual success measures and projects that underpin the corporate outcomes.

CPP performance reports are more outcome-focused than council reports, but could still be improved

34. Performance reports presented to the **Community Planning Partnership (CPP)**  show trends in performance against key indicators relevant to each of the six corporate outcomes outlined in [paragraph 14](#). For example, for the first outcome 'Our economy is diverse and thriving', the CPP reports include trend information for nine indicators. These include:

- Net migration: In 2018 the trend continued of more people migrating out of Argyll and Bute (4,210) than coming into the area (4,130).
- Economic activity: The percentage of the working age population that is economically active has fluctuated since 2013, and at 21 per cent it remained below the figure for Scotland as a whole (23 per cent) in 2018.
- Visitor numbers increased by seven per cent between 2013 and 2017, but the figures have fluctuated each year. Employment in the tourism sector is increasing.

35. Because they use different performance management systems, the council does not routinely use the indicators that the CPP and LiveArgyll monitors. Performance indicators used by the CPP focus more on long-term outcomes compared to those used by the council and so help to better demonstrate progress towards the corporate outcomes. LiveArgyll performance reports to March 2019 demonstrate a positive position with increasing attendance at LiveArgyll's facilities.

36. However, CPP reports could be further improved by the more consistent use of trends, benchmarks and targets, as well as providing more narrative around what has been delivered against each activity. It is not clear from the reported information how trends in outcomes are affecting different areas. The full partnership does not receive any regular update on performance reports for review and comment.

The council is making improvements to its performance management framework, but it is too early to conclude what impact this will have

37. Since our last Best Value report in 2015 performance information has been streamlined. Following approval of the performance improvement framework in 2017 the number of delivery outcomes underpinning the six corporate outcomes was reduced from 63 service outcomes to 17 business outcomes in 2018/19, with shared ownership across all services. Success measures also decreased from 331 to 175. The framework sets out clear guidelines for the structure of performance reports and the scrutiny process. It is too early to conclude what impact these improvements have had on supporting effective scrutiny and focusing on areas for improvement.

38. The council's performance management system is not user-friendly. The system contains a large number of historical indicators that are no longer relevant to the council's corporate outcomes. The council is continuing to improve its approach to performance management. This includes:



Community Planning Partnerships (CPPs) are statutory forums for councils, NHS boards and other public and third sector bodies, such as charities and voluntary groups, to work with local communities to plan and deliver better services. See Part 3 for more details on Argyll and Bute's CPP.

- developing a suite of outcome-focused 'impact measures' to improve measurement of long-term progress against the 17 business outcomes. This will include key indicators from the Local Government Benchmarking Framework (LGBF, [paragraphs 42–52](#)), the CPP and other national statistics
- continuing to develop more effective scrutiny by training members and officers in the use of the performance management system
- improving public performance reporting, including the exploration of alternative performance management systems and report structures.

39. As the council develops its approach to performance management, the number of success measures, benchmarks and targets is changing every year. This means there is a risk that the council is unable to report consistent trend information for its success measures.

Performance has improved in more than half of the national community outcome indicators

40. Between 2014/15 and 2017/18, performance improved in 11 of the 18 Community Planning Outcome Profile (CPOP) indicators.¹ CPOP indicators are relevant to both the council and the CPP and help to assess whether or not the lives of people in a community are improving. Performance followed the national trend for all but six of the outcomes. Notable patterns relevant to Argyll and Bute include:

- business survival rates increased from 63.5 to 64.4 per cent, compared with a 2.4 percentage point reduction for Scotland (which had a business survival rate of 60.4 per cent in 2018/19).
- median weekly earnings increased by two per cent, compared with a 6.4 per cent increase nationally. Argyll and Bute's median earnings is the fourth lowest of all councils (£388.00 compared with £395.87 across Scotland).
- wellbeing increased by 0.4 points (compared to a 0.1 point decline nationally) and is the second highest score of all councils in Scotland.²

41. However, the fragility index (a calculation based on total depopulation, the old age dependency ratio and rural depopulation) increased by 2.1 points and at 112.3 is the highest score of all councils in Scotland (whose fragility index is 101.7)³

National indicators show that the pace of improvement has been slower than for other Scottish councils

42. The LGBF is a national dataset that allows all Scottish councils to compare their performance relative to other councils for 79 indicators across a range of services. As the council does not have any housing stock, the five LGBF indicators for housing do not apply.


43. Since 2016/17 the council has presented its own analysis of LGBF indicators to its audit and scrutiny committee. In 2017/18 relevant sections were also presented to strategic committees. The analysis highlights key measures that are important to the council, and includes trend information, comparisons with family groups and a supporting narrative for each indicator. Of the 74 indicators

it analysed, 43 (58 per cent) were in the top two quartiles when ranked against all other Scottish councils. While the report does identify 24 indicators that are of particular interest to the council, there is no evidence of the council using this analysis to drive improvement activity.

44. Our quartile analysis of the LGBF data for all Scottish councils focused on 44, mainly outcomes-based indicators between 2014/15 and 2017/18. Although the percentage of the council's indicators in the top two quartiles increased from 30 per cent in 2014/15 to 36 per cent in 2017/18, one-third of indicators have remained consistently in the bottom quartile each year ([Exhibit 6, page 22](#)). This includes the following indicators:

- four indicators relating to road condition
- percentage of unemployed people assisted into work from council-operated / funded employability programmes
- number of business gateway start-ups per 10,000 population
- proportion of properties receiving superfast broadband.

45. These indicators are key aspects of the council's ambition and vision. The position of indicators relating to road condition and the proportion of properties receiving superfast broadband reflect the challenges of Argyll and Bute as a remote and rural council ([paragraph 8](#)). In order to move from the bottom quartile, the council would either require a significant increase in funding in that service area, or investment from its partners (for example with broadband access).

46. For road classes A, B and C, the council has the **highest percentage of roads in need of repair of all councils in Scotland** . Audit Scotland's 2016 report [Maintaining Scotland's roads](#)  notes that the condition of Argyll and Bute's roads improved between 2011/12 and 2014/15 but that it was not spending enough in 2014/15 to maintain the existing condition. Spending on roads has declined between 2014/15 and 2017/18 ([Exhibit 7, page 23](#)).

47. In September 2019, a subset of the Audit and Scrutiny Committee reviewed the council's approach to road resurfacing. After consulting experts and other councils, the report concluded that the council's approach was robust. One recommendation was to adopt a risk-based approach to repairing defects and to incorporate these measures into the council's performance management system.

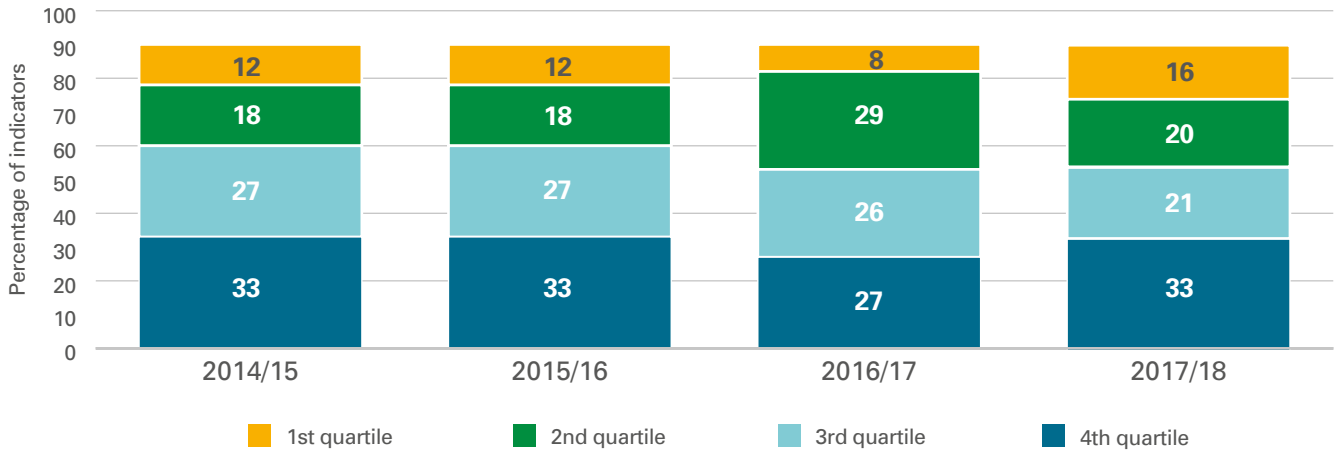


The council has the fifth lowest density of A class roads of all Scottish councils (0.11 miles per square mile, compared to an average of 0.26 miles). Approximately 23 per cent of Argyll and Bute's roads are constructed on peat, which means the roads are prone to movement. Where roads are in need of repair, the council's strategy is to use surface dressing techniques rather than full reconstruction.

Exhibit 6

Argyll and Bute Council LGBF relative performance 2014/15 to 2017/18

The percentage of indicators in the top two quartiles increased from 30 per cent in 2014/15 to 36 per cent in 2017/18, but around one-third of indicators are in the bottom quartile every year.



Notes:

1. Measuring council performance involved considering how all councils in Scotland are performing, ranked from lowest to highest, for each indicator. Relative performance against other councils was divided into four equal bands, or quartiles. The first quartile contains the best-performing councils for that indicator and the fourth quartile includes the poorest performing councils.
2. The analysis is based on 44, mainly outcomes-based, indicators which were reported every year within the four-year period. The analysis excludes satisfaction or cost-based indicators where high or low cost cannot be easily determined as positive or negative. As Argyll and Bute does not hold data for indicators on housing these were excluded from the analysis, which is why the total is 90 per cent rather than 100 per cent.

Source: Source: Audit Scotland and Local Government Benchmarking Framework, Improvement Service, 2019

48. Performance across all service areas is mixed. [Exhibit 7 \(page 23\)](#) and [Exhibit 8 \(page 25\)](#) demonstrate the trends for selected indicators by service areas. We have focused on areas that are key to supporting the council’s vision of economic success, as well as any notable trends.




Exhibit 7

Trends in performance for selected LGBF indicators for economic development, environmental and corporate services between 2014/15 and 2018/19

				Rank in family group ^{1, 2}	Trend since 2014/15
--	--	--	--	--------------------------------------	---------------------

Economic development

Performance in the ten indicators related to economic development was mixed. While the council's relative investment in economic development and tourism is the sixth highest of all Scottish councils, progress against some economic outcomes lagged behind that for similar councils.*

	% of vacant properties in town centres	13 10	26	8th	↑
	Number of Business Gateway supported start-ups per 10,000 population**	13 17	29	7th	→
	% of properties with access to superfast broadband ***	78 92	28	4th	↑




* See paragraph 34 for a summary of the CPP's performance indicators relating to the first corporate outcome 'Our economy is diverse and thriving'.

** Population decline can explain this trend to some extent.

*** The council should continue to drive the broadband agenda with its partners to ensure coverage continues to improve.

Environmental services

Performance against the 14 LGBF indicators for environmental services is mixed. Waste disposal costs and road maintenance are significant challenges for the council.

	% local A class roads in need of repair (rolling 3 year average 2017/19) (paragraphs 46-47)	42 30	32	8th	↓
	Spend on roads (£ per km) (paragraphs 46-47) ²	£7,764 £9,417			↓
	Spend on waste disposal (eg recycling and landfill) (net) (£ per premise) ^{*2}	£189 £97			→

* Satisfaction with refuse collection declined over the same time period (paragraph 49). While the average tonnage of household waste collected in Argyll and Bute is low relative to other councils, waste disposal costs are high due to:

- the need for multiple waste disposal sites because of the varied geography and low population density of the council area (paragraph 8).
- an expensive and inflexible waste management contract that runs until 2026. This is limiting the opportunity to utilise alternative disposal methods. The council is currently liaising with the Scottish Government about its options regarding the future of the contract (as outlined in its draft waste strategy in September 2019).

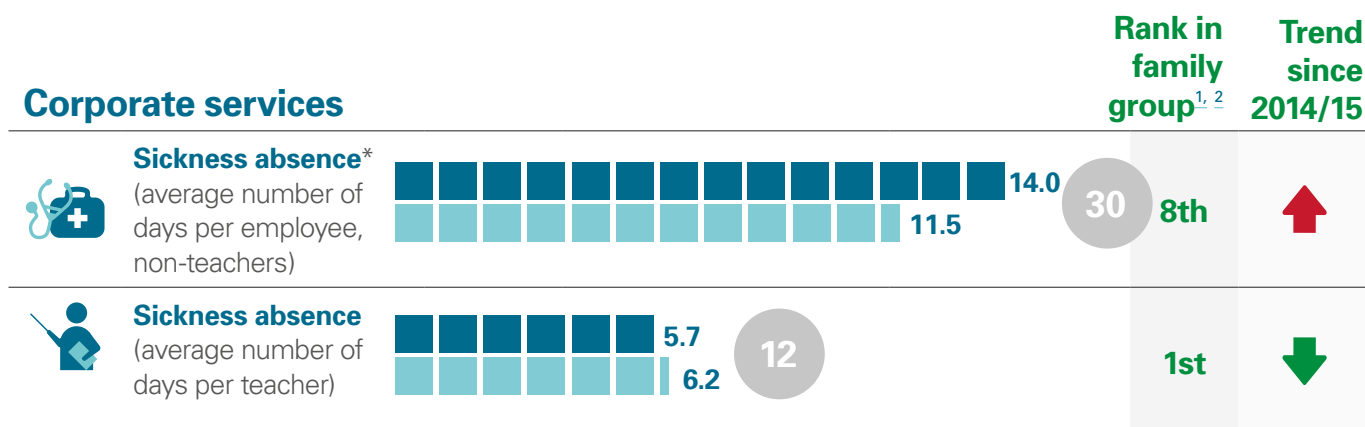
Legislation banning the landfill of biodegradable municipal waste is due to be enforced in January 2025. The council estimates that this will increase waste disposal costs by between £3.6 million and £6 million per year.

■ Argyll and Bute
■ Scotland

● Argyll and Bute Council's rank out of 32 councils

Arrows showing the trends since 2014/15 have been colour coded red (performance declining) and green (performance improving) where the direction of improvement is clear.

Exhibit 7 continued



* The council reports that 30 per cent of sickness absences are due to stress and mental health issues. Despite a number of actions intended to maximise attendance and reduce stress in the workplace since 2014, sickness absence has continued to increase. In August 2019, the council published its wellbeing strategy 2019-24 which aims to reduce sickness absence by supporting mental, physical and financial wellbeing. The strategy does not clarify the specific actions the council plans to take, or the indicators and targets it will use to measure progress towards improving wellbeing. Health and wellbeing is also one of the seven priorities of the council's 2018-22 workforce plan ([paragraph 85](#)).

■ Argyll and Bute
 ■ Scotland

● Argyll and Bute Council's rank out of 32 councils²

Arrows showing the trends since 2014/15 have been colour coded **red** (performance declining) and **green** (performance improving) where the direction of improvement is clear.

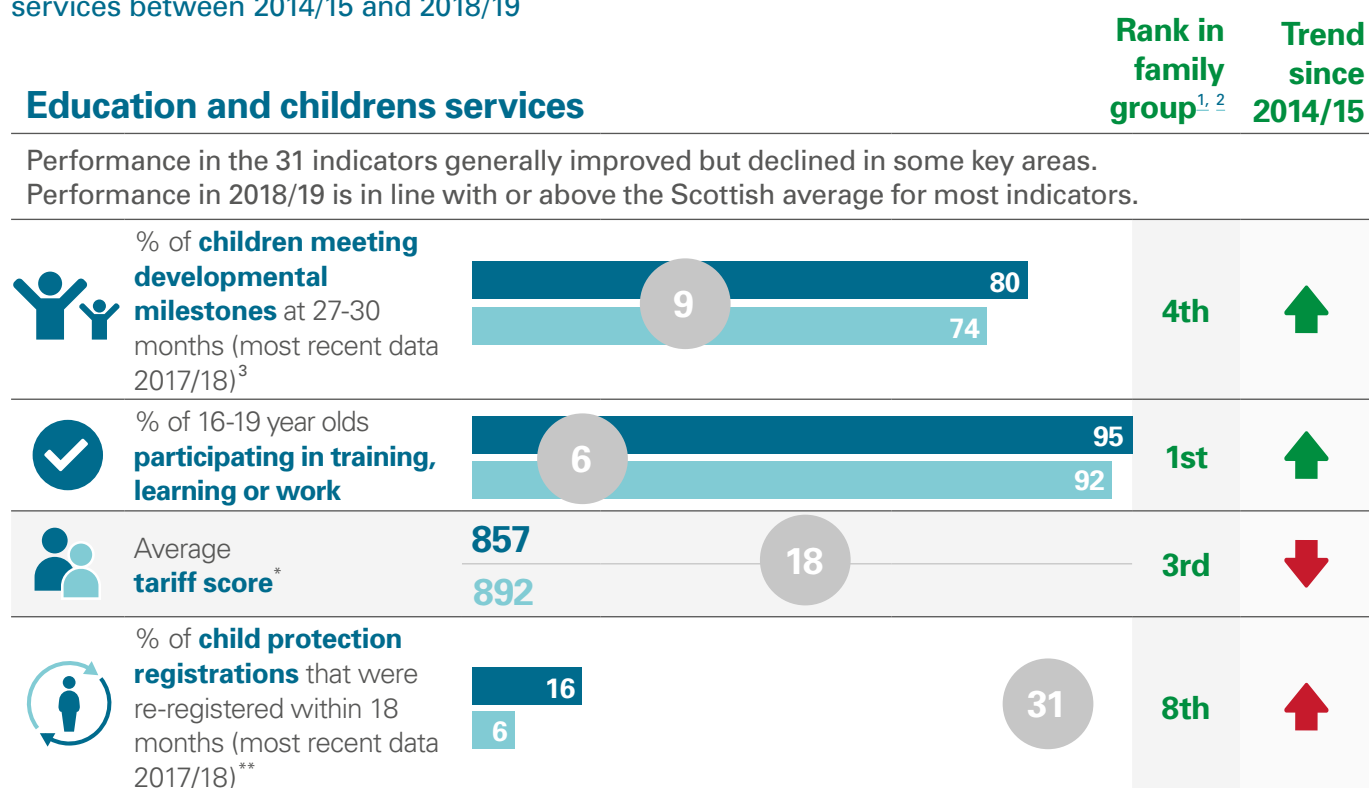
Notes:

- For these indicators, the Improvement Service group similar types of councils into family groups, based on their population density. Eight councils have similar population densities to Argyll and Bute: Scottish Borders, Dumfries and Galloway, Eilean Siar, Shetland Islands, Orkney Islands, Highland and Aberdeenshire.
- Scotland and family group rankings are based on ranking each council from best performing (rank 1) to worst performing (rank 32 in Scotland or 8th in the family group). Cost based indicators have not been ranked because high or low cost cannot be easily determined as good or bad, without considering the context of individual council policies.

Source: Audit Scotland using the Local Government Benchmarking Framework, Improvement Service, January 2020.

Exhibit 8

Trends in performance for selected LGBF indicators for education, childrens and adult social care services between 2014/15 and 2018/19

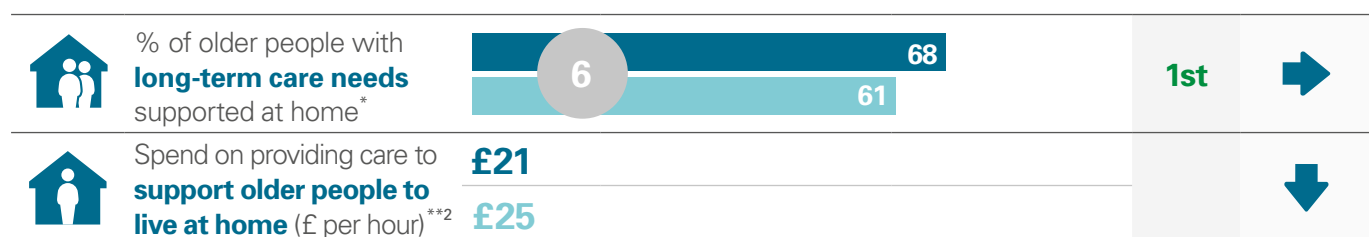


* Following a period of improvement since 2014/15, the average tariff score declined between 2017/18 and 2018/19. Between 2014/15 and 2018/19 the average tariff score declined for Scottish Index for Multiple Deprivation (SIMD) quintiles two, three and four. The relative level of deprivation across Scotland is ranked from most deprived (SIMD 1) to least deprived (SIMD 5). The 2018/19 data was published in part in January 2020 and the council plan to analyse and report on this data once all indicators are published. The council report that outcomes in qualifications are evaluated on a school by school basis.

** This indicates that more children were being removed from the child protection register before necessary safeguards had been put in place. The council has committed to improving its approach to risk assessments ([paragraph 52](#)). At June 2019, there had been no child protection re-registrations in the previous 12 months.

Adult social care services

Performance followed the national trend for most of the 11 indicators.



* The council is in a good position and is continuing to work on increasing the number of older people with long-term care needs to remain at home.

** The reduction in spend is opposite to the national trend where spend is increasing. Spend on residential care for older people in Argyll and Bute has also declined, which is in line with the national trend.

■ Argyll and Bute ■ Scotland ● Argyll and Bute Council's rank out of 32 councils²

Arrows showing the trends since 2014/15 have been colour coded red (performance declining) and green (performance improving) where the direction of improvement is clear.

Notes:

- For these indicators, the Improvement Service group similar types of councils into family groups, based on their population density. Eight councils have similar population densities to Argyll and Bute: Scottish Borders, Dumfries and Galloway, Eilean Siar, Shetland Islands, Orkney Islands, Highland and Aberdeenshire.
- Scotland and family group rankings are based on ranking each council from best performing (rank 1) to worst performing (rank 32 in Scotland or 8th in the family group). Cost based indicators have not been ranked because high or low cost cannot be easily determined as good or bad, without considering the context of individual council policies.
- Data for this indicator was unavailable for six councils.

Source: Audit Scotland using the Local Government Benchmarking Framework, Improvement Service, January 2020.

Service satisfaction improved in over half of the indicators but satisfaction with refuse collection has declined

49. Between 2012/15 and 2016/19 (using three-year rolling averages), satisfaction declined across most services at a national level, but the trends for the council are mixed ([Exhibit 9, page 27](#)). In 2018/19, satisfaction with:

- schools, libraries and street cleaning exceeded that for Scotland
- schools declined in line with the national trends, but at 80 per cent it remains higher than the national figure of 72 per cent
- refuse collection was the lowest of all Scottish councils and declined from 90 per cent in 2012/15, to 59 per cent in 2016/19 (compared with 76 per cent for Scotland). The council has not investigated the reasons for satisfaction levels ([paragraph 51](#)), but this trend coincides with the council moving to three-weekly collections of general waste in October 2016.

50. Satisfaction with adult social care has declined in line with national trends and is below the national average for most satisfaction indicators. Compared to all councils across Scotland, Argyll and Bute has the second lowest proportion of care services rated good or better (71 per cent against a whole of Scotland rating of 82 per cent). Further work is required by the council in order to understand the reasons behind this trend. Improved satisfaction in museums and galleries, libraries, and leisure facilities coincide with the establishment of LiveArgyll in 2017, who continue to work hard to maintain the improved satisfaction levels.

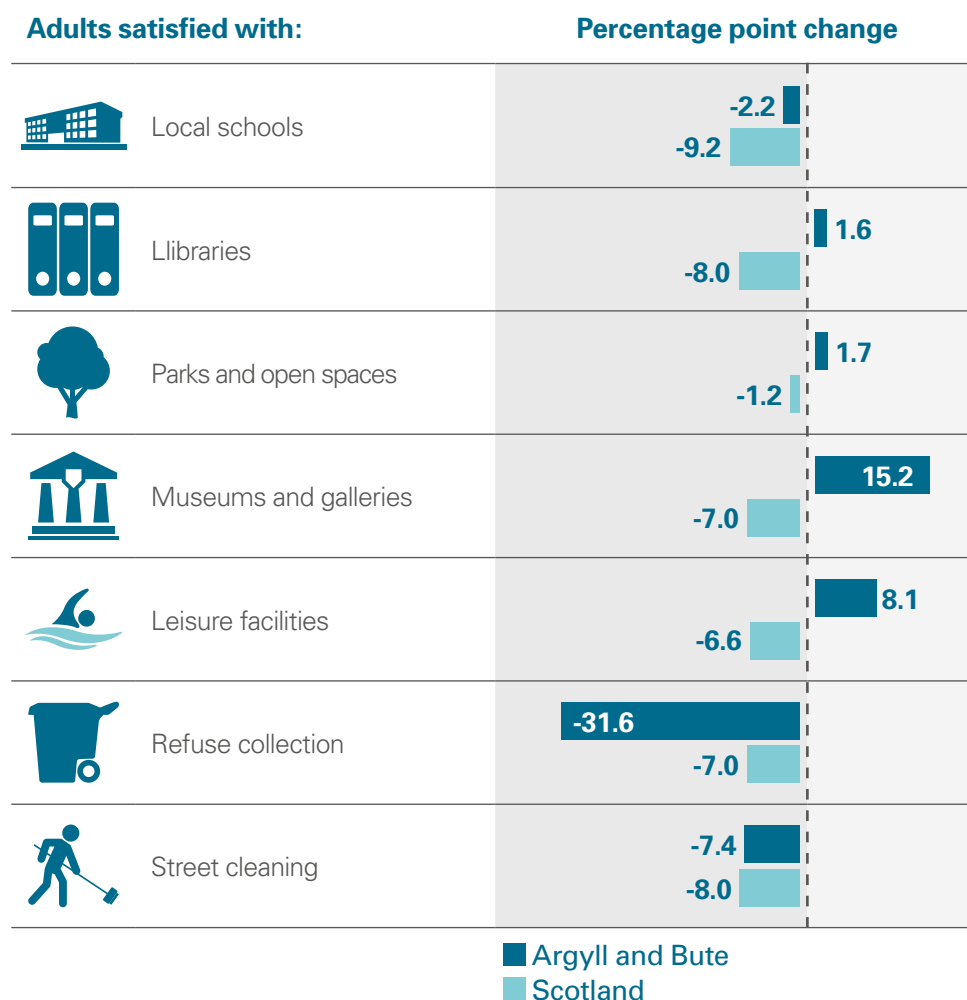
51. The sample sizes of national satisfaction surveys are generally low, and the council does not know the reasons behind satisfaction levels. The council should engage with communities to understand satisfaction rates to help improve service experience.

52. While the council runs quarterly surveys on the quality of engagement with its customers, it does not routinely conduct customer surveys on the quality of the services it provides (for example, for refuse collection). This means it does not have a comprehensive understanding of the level of satisfaction across services, the reasons for this and where residents would like to see improvement activity focused.

Exhibit 9

Percentage point change in satisfaction between 2012/15 and 2016/19

Satisfaction improved for four of the seven LGBF satisfaction indicators.



Source: Audit Scotland using Local Government Benchmarking Framework data, Improvement Service, January 2020

Following five inspections from Education Scotland over two years, the council has strengthened its leadership of education services and recognises that further improvements are required in services for vulnerable children and community learning

53. Between September 2016 and October 2018, Education Scotland carried out five inspections on the education functions of the council. The initial inspection in September 2016 identified a number of concerns about young people's attainment, the use of data, communication and leadership in education services. Education Scotland recommended urgent and sustained action to address the issues and carried out a further four visits to monitor the council's progress against its recommendations.

54. Education Scotland's final follow-up report in November 2018 noted improvements in attainment, that the council had strengthened its leadership, and

that staff worked with commitment to bring about a wide range of improvements. It plans no further visits in relation to the original inspection in 2016.

55. In June 2019, Education Scotland reported on Community Learning and Development (CLD) partners within Argyll and Bute Council and in the area of Helensburgh and Lomond. While the report noted community organisations were ambitious, it made four recommendations, including strengthening partnership working, governance arrangements and performance management. The council has implemented improvement actions, but it is too early to conclude what impact these have had.

56. In March 2019 the Care Inspectorate reported on services for children and young people in need of care and protection in Argyll and Bute. It noted improvements in the wellbeing of children in need of care and protection, and that it was confident that Argyll and Bute had the capacity to continue to improve. The report identified a number of further improvements required in relation to the consistency of risk assessment, access to specialist services, performance management and strategic commissioning. In response to this report and the high level of re-registrations for child protection in 2017/18 ([Exhibit 8, page 25](#)), the council's Child Protection Committee has committed to improving its approach to risk assessment and risk management, as well as improving the consistency of support to families after registration. At June 2019 there had been no child protection re-registrations in the previous 12 months.

The council has implemented policies to support its vision for population growth and economic development, but it has not monitored the impact of projects in a systematic way

57. Since 2015 the council has put in place a number of initiatives to attract people to visit the area and apply for local jobs. Two examples of this are:

- In October 2016 the council launched a £500,000 Rural Resettlement Fund, to incentivise new residents and businesses to relocate to Argyll and Bute. By September 2019, the fund had brought 193 people including 56 children to the area and the net Gross Value Added (GVA) of the fund was estimated to be just over £1.95 million. The availability of the fund, however, did not encourage any new businesses into the area and in May 2018 the council took the decision to repurpose the remaining £150,000 of the fund to assist the growth of existing small and medium-sized businesses.
- In November 2018 the council started an Instagram site to promote the area, introducing #abplace2b. Over 10 days in March 2019, a Facebook advert of #abplace2b was seen by 36,472 people. By March 2019 the council was the most followed Scottish council on Instagram. Council officers report that this has helped to raise the profile of the area and has increased the number of job applications it has received.

58. Over the past ten years the council has run a number of schemes to assist regeneration and economic development in some of its main towns.

- The council and its partners (Historic Environment Scotland, the Heritage Lottery Fund and private business owners) have invested over £10 million in upgrading key properties in Campbeltown, Dunoon, Rothesay and Inveraray under the Conservation Area Regeneration Scheme (CARS). While the progress of these projects is regularly reported to the council, their economic impact has not yet been evaluated.

- In 2008, the council agreed to provide almost £35 million for regeneration projects in Argyll and Bute, which was named CHORD (paragraph 80).
 - In 2010, the council appointed a consultant to carry out socio-economic baseline reports and perception surveys for each of the five towns in the CHORD programme. Work first started on CHORD projects in 2010. The council established a comprehensive framework for monitoring and evaluating the outcomes at the end of each CHORD project, followed by an interim impact report in 2018 and a final report in 2020.
 - By January 2020 the council had not reported progress against this framework for any of its projects. At March 2020 only one project closure report had been produced. This related to investment in the harbour area in Oban; a project that was completed in March 2018. The report concluded that performance surpassed the forecasts established in the business case, with a net increase in both people and vessels to the town.

59. Without a consistent approach to evaluating the economic impact of regeneration projects such as CARS and CHORD, there is no evidence that the council have assessed and understand which regeneration and economic development initiatives have achieved their objectives and contributed to the council's vision and corporate outcomes. With the award of £50 million to support the council's Rural Growth Deal in October 2019 the council will need to monitor and report on future projects to demonstrate they support the delivery of the council's vision.

The council has demonstrated a commitment to incorporating equalities throughout its work and demonstrates clear examples of good practice

60. There is clear evidence of strategic collaborative working between the council and third sector organisations. External partners' participation in the Equality Forum facilitates the continuous sharing of good practice and allows various groups to be better represented.

61. The council has a comprehensive process for carrying out equality impact assessments on how projects or service changes affect those with protected characteristics. The impact assessments incorporate the Islands Act and the Fairer Scotland Duty Act and have been shown to genuinely affect final decisions where there is an impact on equalities. This practice has recently been shared with the Scottish Government and the Improvement Service as an example of good practice.

62. The council has addressed concerns raised by Audit Scotland during work on the 2018/19 annual audit about the quality of its equalities training materials for staff. The council has developed its training materials and has rolled out mandatory equalities training for all staff, including staff without access to the IT network.

63. The council has commitment from its members and senior officers to continue the headway it has made in equalities. The council is aware of barriers to equal opportunities and takes steps to address these. The council values diversity in its workforce and takes steps to provide equality of opportunity for all staff.

Part 3

Is the council using its resources effectively?



The council's three-year budget recognises the financial pressures facing the council. The latest financial forecasts project a funding gap of between £9.8 million and £34.9 million between 2020/21 and 2022/23.

The council's annual budget process and savings plans have successfully achieved financial balance through a focus on cost reductions. Although the council's transformation programme has delivered some efficiencies and achieved small-scale savings further work is required by the council to better align its financial and transformation plans to drive meaningful change through new and innovative ways of working.

The council has good financial planning arrangements in place but could take steps to enhance its long-term strategy.

A more robust options appraisal process will ensure that decisions support social and economic outcomes.

A detailed strategic workforce plan is in place, but it is too early to comment on how successful this will be in creating a workforce able to deliver transformational change.

Staff feedback has highlighted concerns over job security and workforce pressures.

The council's three-year budget recognises the financial pressures facing the council. The latest financial forecasts project a funding gap of between £9.8 million and £34.9 million between 2020/21 and 2022/23

64. The council estimates that there will be a budget gap of between £9.8 million (most optimistic) and £34.9 million (most pessimistic) over the three-year period 2020/21 to 2022/23. These projections are largely as a result of an assumed drop in funding from the Scottish Government and increased costs as a result of pay inflation. In the longer term the council projects a funding gap of £60 million by 2027/28. These financial pressures will require the council to make difficult decisions in the future.

65. In recent years Argyll and Bute Integration Joint Board (IJB) has incurred recurring overspends. The council has funded £4.3 million and the IJB has agreed to repay this over the financial years 2019/20 to 2022/23. The council's projections outlined above do not assume any additional overspend by the IJB. If the IJB incurs additional overspends or the repayment period is extended this will place additional financial pressure on the council and make it more difficult to achieve financial balance.

66. Historically, the council has maintained a consistent level of reserves although unallocated reserves have decreased by 28 per cent to £6.544 million since 2015/16. This reduction is in line with the council's strategy and the balance remains within the council's reserves policy.

The council has good financial planning arrangements in place but could take steps to enhance its long-term strategy

67. It is important that long-term financial strategies (typically covering five to ten years) are in place which link spending to the council's strategies, and which reflect the impact of future pressures on the council.

68. The council has good financial planning arrangements in place based around its medium to long term financial strategy 2018/19 to 2027/28 approved mid-way through 2017/18. The 2018/19 Annual Audit Report (AAR) confirmed that the strategy had been reviewed against the requirements set out in [Scotland's public finances – a follow-up audit: Progress in meeting the challenges](#) (June 2014), noting some scope for improvement, but confirming that most requirements were present in the council's strategy.

69. The strategy includes forecasts for revenue, capital and treasury management and details of plans to mitigate future budget gaps. The underlying principles previously agreed by the council provide a flexible framework within which the council can react to changing financial challenges.

70. The AAR recommended that the council should consider enhancing the long-term strategy when it is next reviewed. In particular it should consider providing detailed financial plans for up to five years, providing details of changes in assets, liabilities and reserves over time and including an analysis of levels of service demand.

The annual budget process and savings plans have successfully achieved financial balance and the transformation programme has delivered some efficiencies and achieved small scale savings. Further work is required by the council to better align its financial and transformation plans to drive meaningful change through new and innovative ways of working

71. The council has made efforts to engage with the public during the budget setting process through its website. It asks members of the public to submit their own priorities for the budget, along with suggestions for savings and income generation. The views of around 1,500 residents were collated and included in the council's 2019/20 budget proposal in February 2019. Following agreement of the budget, the council produced a report detailing the impact of the consultation in May 2019.

72. The council has responded to its challenging budget outlook by creating savings plans to address the annual budget gap. Annual savings plans for the following year are created and considered by the Policy and Resources Committee. The final savings plan for each year is submitted to the full council for approval as part of the annual budget proposal.

73. The council reports its financial position, financial projections and savings plans regularly throughout the year to the Policy and Resources Committee. Financial reports are of a high quality and clearly explain the council's financial position.

74. Our 2015 Best Value audit report noted that, 'the council's approach to meeting future financial challenges needs to improve. Options for longer-term savings are heavily based on low-level cuts to individual service budgets, rather than doing things differently.' There has not been significant movement in this area and the council remains focused on cost reductions cuts.

75. [Exhibit 10](#) summarises recent savings plans, and their impact. The council has focused on making savings through incremental cuts to budgets for core services or through the removal of non-statutory services. The proposals also outline the impact the savings will have in terms of staff reductions for the council.

76. While the council has achieved a balanced budget and generated savings and efficiencies these will not address the budget gaps outlined in [paragraph 64](#) and do not support the transformational change required to achieve the council's vision. The council recognises that it needs to be clearer in how it will focus on achieving the balance between generating required savings while successfully delivering the long-term ambition of service redesign at scale.

Exhibit 10

Council savings proposals in 2018/19, 2019/20 and 2020/21

Savings proposals			
Year	Anticipated savings in year (£ millions)	Anticipated reduction in staff in year (FTE)	Approach
2018/19	0.621	6.3	Officers were asked to deliver a targeted level of savings within their service.
2019/20	1.986	55.8	Led by the Transformation Board the council reconsidered the budget in terms of services being broadly statutory or non-statutory.
2020/21	2.112	31.5	Officers were asked to deliver a targeted level of savings within their service.

Source: Audit Scotland using data provided by Argyll and Bute Council

77. Although a three-year outlook is part of the council's existing monitoring reports, as noted above it currently sets budgets on an annual basis. The council recognises that a three-year budget-setting process would support a more strategic financial decision-making process and is considering implementing this in the future.

The council needs to put in place a robust options appraisal process to ensure that decisions support social and economic outcomes

78. The council approves the capital programme each year as part of the annual budget setting process. The Policy and Resources Committee monitors capital spending throughout the year. The council has generally good processes in place for monitoring and reporting spending on capital projects.

79. As the council embarks on the Rural Growth Deal (RGD) it needs to ensure it has robust processes in place to evaluate and successfully deliver projects, placing investment where it will best develop Argyll and Bute as a successful region. The council also needs to ensure it has the capacity and capability within its workforce to deliver the RGD.

80. As noted in [Part 2](#) above, in November 2008, the council unanimously agreed to allocate almost £35 million to CHORD for the delivery of 16 projects, as a way of assisting regeneration and economic development in five of its waterfront towns:

- Campbeltown £6.5 million
- Helensburgh £6.7 million
- Oban £6.9 million
- Rothesay £2.4 million
- Dunoon £12.3 million.

81. The council expanded the programme and, to date, the cost of the 16 projects has increased by approximately 40 percent to around £50 million. The additional cost of the projects has been shared with 75 per cent incurred by the council and the remaining 25 per cent met from external sources.

82. The council's process for reviewing business cases is not as strong as it could be. One of the CHORD projects was the refurbishment of Rothesay Pavilion ([Case study 1, page 34](#)). All 16 outline business cases were reviewed and scored, with Rothesay (Pavilion and Townscape Heritage combined) identified as the best option. As outlined in [Case study 1](#), the Rothesay Pavilion CHORD project has overspent and missed the deadline for the project to be operational.

Case study 1

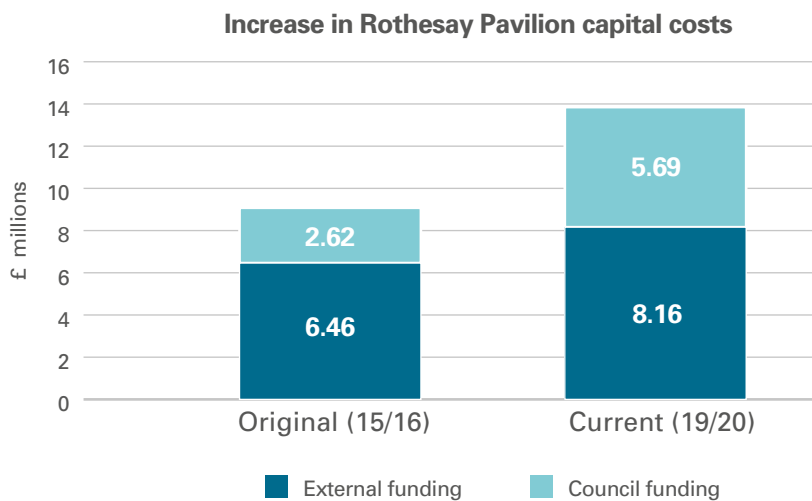
Rothesay Pavilion



The CHORD outline business case was approved by the council in 2008 and included funding for the refurbishment of Rothesay Pavilion, a Category A listed building constructed in 1938. The outline business case scored Rothesay (Pavilion and Townscape Heritage combined) highest in terms of cost benefit. The council approved a full business case in 2015, which planned to create a cultural and community hub within the pavilion with space for events, exhibitions and local business use. The Rothesay Pavilion Charity was created with the intention of leasing the completed pavilion from the council and taking on responsibility for its day-to-day running.

A number of issues have arisen during the project, in terms of both costs and completion:

- **Capital Cost** – The budget for the project has increased from £9.079 million in 2015/16 to £13.845 million in 2019/20. Funding for the project is split between the council and various partners. During the period 2015/16 to 2019/20 the amount funded directly by the council has more than doubled from £2.620 million to £5.689 million.
- **Delivery date** – Rothesay Pavilion was originally planned to re-open in December 2018, however this is currently scheduled for April 2020.
- **Running Costs** – The Rothesay Pavilion Charity is to undertake day to day running of the pavilion and was set up for this purpose. Initial business plans required that the council contribute £0.150 million each year for the first five years the pavilion is operational, and the council agreed this in September 2014. Revised estimates in 2019 have suggested that the approved business plan's projections were optimistic and may require the council to contribute additional revenue funding.



Source: Audit Scotland using information provided by Argyll and Bute Council

83. When undertaking any capital regeneration project, it is essential to have robust governance arrangements in place to ensure:

- there is a sound business case

- a transparent options appraisal
- clear project management arrangements
- regular monitoring and reporting of project updates
- post completion review including an economic impact assessment.

84. To ensure the RGD supports the development of Argyll and Bute as a successful and prosperous region, elected members and officers should take the opportunity to learn from the challenges presented by the Rothesay Pavilion project and take actions to:

- ensure good governance arrangements for capital projects are systematically in place
- seek appropriate, evidence based, assurances that such arrangements are routinely applied to all capital projects
- satisfy themselves that such arrangements are used to drive informed decision-making at all levels in the council.

A detailed strategic workforce plan is in place, but it is too early to comment on how successful this will be in creating a workforce able to deliver transformational change

85. The council published its Strategic Workforce Plan in 2018. The workforce plan sets out the direction for the council's workforce of the future. It identifies seven priorities for the next four years:

- Growing excellent leaders and managers
- Talent management
- Values and behaviours
- Employee voice – involving and engaging our employees
- Recognition and reward
- Recruitment and retention
- Health and wellbeing.

86. The council struggles to recruit to specific professional posts, including teaching, social work, engineering and planning. The Strategic Workforce Plan outlines its 'Growing Our Own' scheme which develops staff already working within the council as well as reaching out to school students; providing them with advice and information about future careers with the council. As part of the scheme the council has developed a range of training positions including foundation, modern and graduate apprenticeships as well as professional traineeships.

87. In its 2016 People Strategy, the council outlined plans to create 60 modern apprenticeship places by 2020. As at January 2020, 60 places had been offered, 37 had been completed and 27 of these (73 per cent) had secured employment with the council. Eight apprentices dropped out early on in the scheme and 15 modern apprentices were in training.

88. Skills Development Scotland provides funding for apprenticeships at the council through an apprenticeship levy which is used to invest in both current and future employees. At April 2018, the council had received £20,000 funding to deliver foundation apprenticeships. The council now aims to increase grants for apprenticeships by focusing efforts on securing funding for foundation apprenticeships in teaching and social care and secured funding for 41 places in 2019/20 and 47 places in 2020/21.

While the council has had some success in its ‘Growing Our Own’ scheme, it is too early to assess if this will be sufficient to address the shortfall in experienced staff required to support the transformational agenda

89. The council’s modern apprenticeship scheme has been successful in attracting new people to work for the council, but both total staff headcount and the number of full-time equivalents (FTEs) has continued to decrease since 2010/11 ([paragraph 11](#) and [Exhibit 3, page 12](#)). In addition, 46 per cent of all council employees are aged 50 or over and only three per cent of the workforce are aged 25 or under.

90. The council needs to ensure its workforce plan is integrated with its financial strategy and savings plans, to manage changes in staff effectively and minimise the impact on the quality of service provision. Continued reductions in employee numbers has led to extensive use of temporary contracts.

91. The council has a targeted voluntary redundancy policy, primarily to address financial pressures. It can also use a compulsory redundancy policy to achieve financial savings, if required. Further reductions are planned in line with medium-term savings requirements, with a 31.5 FTE staff cut proposed in 2020/21.

92. At March 2018, 20 per cent of the council’s workforce were on temporary contracts ([Exhibit 3, page 12](#)). The council utilises temporary contracts to carry out specific projects, for the implementation of service redesigns and to help with budget restrictions. The council recognises that the use of temporary contracts can create uncertainty for the wider workforce, encourage people to seek more stable employment elsewhere and can have an impact on employees’ wellbeing.

93. The council’s current approach to short-term financial planning is limiting its ability to effectively plan its workforce. As the key employer in Argyll and Bute, the council should consider the impact that the planned year-on-year reductions in staff and the use of temporary contracts will have on its key economic objective of growing the working age population.

Staff are concerned over job security and workforce pressures

94. The council has made progress in working to understand the views of its staff and undertook employee surveys in 2016 and 2019. While respondents felt increasingly positive about the balance of their employment deal, the 2019 survey

highlighted issues around communication from senior management, uncertainty over job security and recognition. The response rate fell from 23 per cent in 2016 to 20 per cent in 2019.

95. In June 2019, using the results from the employee survey and other intelligence, internal audit reported on the organisational culture of the council. The report identified seven areas for improvement that included: better communication from senior management; clarifying the performance development review process; improving training programmes and providing evidence of the actions taken in response to employee surveys. At December 2019 the council had completed 11 of its 26 actions in response to the internal audit report, but it is too early to conclude what impact these have had on culture and staff perception.

96. As detailed in [Exhibit 10 \(page 32\)](#), savings plans identify projected staff cuts in certain services each year. Feedback from a selection of staff that we spoke to during the audit said this was unsettling and is having an impact on the health and wellbeing of council employees. Staff also reported that they are concerned over job security and increased work pressures. They worry about having to take sick leave and how this will be perceived.

97. Staff feedback highlighted an example of a council support service not having sufficient staff resource to provide basic service provision, adding significant pressure to those staff still in place. In response the council had to recruit additional members of staff with less experience.

98. As outlined previously in [Exhibit 7 continued \(page 24\)](#), sickness-absence levels for non-teaching staff have increased significantly over the last two years. We have provided a more detailed analysis of this issue and the councils response in [Exhibit 7 continued \(page 24\)](#).

Training opportunities should be consistent across all geographical areas within the council

99. The council makes active use of an online training portal, and uptake of training at middle management level is high. However, frontline staff in rural areas highlight challenges around training and development which can be prohibitive for those colleagues who live in rural areas and islands, specifically the:

- distance needed to travel to training events
- opportunity cost in terms of time out of the office
- cost of accommodation and public transport.

100. The opportunity exists to review the support and resources provided to staff in rural areas and explore the options for greater use of online training to support them in their role.

Part 4

Is the council working well with its partners?



The council has made good progress with partnership working and there is a clear structure to support this.

The Integration Joint Board has had significant staff turnover. In 2018/19 the council provided additional funding of £3.1 million to cover the social services element of the IJB overspend.

The council has developed four Area Community Planning Action Plans and should continue to consider how to support local communities as they develop their community-led action plans.

The partnership has positive examples of communities improving experiences for residents and now needs to focus on the delivery of the long-term outcomes.

Communities across Argyll and Bute are resilient and self-sufficient. The council has a challenging role in reconciling the varied needs of its numerous communities. Establishing priorities setting out how it can support them will help the council meet this challenge.

Argyll and Bute's future economic success is dependent on effective collaboration with both public and private sector partners. The council recognises that it needs to maximise its influence with key partners.

The council has made good progress with partnership working and there is a clear structure to support this

101. The council has made good progress with partnership working and works well with a range of partners including Police Scotland, Scottish Fire and Rescue Service, third sector organisations, youth groups, Area Community Planning Groups, and business partners.

102. The council and its community planning partners articulated their vision in the 2013-2023 Argyll and Bute Outcome Improvement Plan (ABOIP). The vision that 'Argyll and Bute's economic success is built on a growing population' is underpinned by six long-term outcomes:

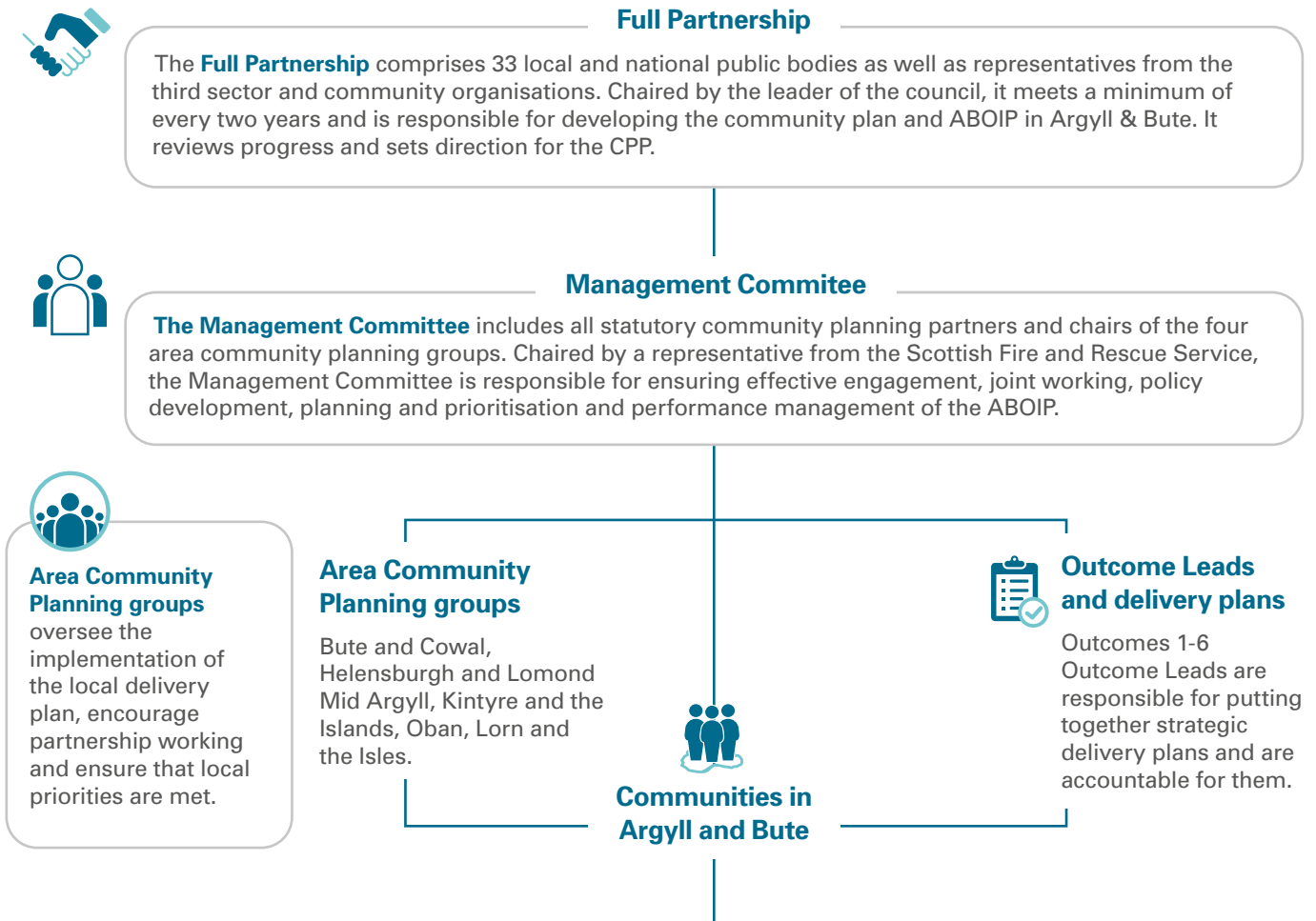
- The economy is diverse and thriving
- We have an infrastructure that supports sustainable growth
- Education, skills and training maximises opportunities for all
- Children and young people have the best possible start
- People live active, healthier and independent lives
- People live in safer and stronger communities.

103. To support the delivery of the outcomes the Community Planning Partnership's (CPP's) Full Partnership delegates responsibility for various aspects of community planning to the CPP Management Committee, four Area Community Planning Groups, and the Outcome Leads and delivery plans group (Exhibit 11).

104. There have been a number of changes in representatives from partner organisations on the CPP Management Committee in recent years. It is important that the council and partners monitor and plan for change to ensure efficient handover and continuity of actions.

Exhibit 11

Membership and structure of Argyll and Bute Community Planning Partnership



Outcome 1

The economy is diverse and thriving.

Joint leads: Head of Economic Development (Council) and Area Manager for Argyll and the Islands (Highlands and Islands Enterprise).

Outcome 2

We have infrastructure which supports sustainable growth.

Outcome 3

Education, skills and training maximises opportunities for all.

Lead: Representative from Skills Development Scotland.

Outcome 4

Children and young people have the best possible start.

Lead: Chief Officer of Argyll and Bute HSCP.

Outcome 5

People live active healthier and independent lives.

Lead: Public health representative

Outcome 6

We have infrastructure which supports sustainable growth.

Lead: Representative from Police Scotland

The council has demonstrated a willingness to improve partnership working

105. The ABOIP is supported by strategic delivery plans that are developed by Outcome Leads and reviewed by the CPP Management Committee and Area Community Planning groups. In 2019 the council introduced deputy outcome leads and deputy chairs of the Area Community Planning Groups to strengthen resilience and capacity within the CPP structure.

106. The council's Community Planning and Development Team has taken a lead in facilitating the work of the CPP. The CPP Management Committee meet quarterly. Its members include the leads for the six ABOIP outcomes and the chairs of the Area Community Planning Groups. The CPP Management Committee meetings allow for open and inclusive exchange between partners. In its lead CPP role, the council has demonstrated that it has looked for feedback from partners and introduced ideas on improving partnership working with partners contributing to the CPP improvement plan during annual CPP development days.

107. The full partnership includes members from 33 organisations and meets a minimum of every two years to oversee the CPP work. As noted in [paragraph 36](#), the full partnership does not receive any regular update performance reports for review and comment. The council and its partners need to clarify the purpose of the full partnership.

The Integration Joint Board (IJB) has had significant staff turnover. In 2018/19 the council provided additional funding of £3.1 million to cover the social services element of the IJB overspend

108. The Integration Joint Board has experienced significant turnover of key staff over the last 18 months.^{4 5} The Chief Officer left at the end of September 2018 and a new Chief Officer was appointed on 1 October 2018. Two chief financial officers departed during the year and from 1 December 2018 to 30 June 2019 interim cover was provided by the council's Head of Strategic Finance, in addition to her normal council duties.

109. The turnover of senior staff resulted in a reduced focus on delivering approved savings. With the temporary appointment of the Head of Strategic Finance, there was a marked improvement in the budget monitoring reports presented to the IJB board from January 2019.

110. On 1 June 2019, the Interim CFO was replaced by the current Head of Finance and Transformation who has retained the form and content of the budget monitoring reports and the regular reports on budget outlook, and financial risks and has further enhanced financial performance reporting to track progress on savings plans. The suite of financial performance reports now available to IJB members allows them to monitor, assess and challenge the financial position more effectively.

111. The Scheme of Integration states that where financial recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the Partner Bodies will be required to make additional payments to the IJB.

112. In line with the Scheme of Integration the Partner Bodies provided additional funding to cover the 2018/19 overspend. The health element of the overspend was covered by Scottish Government brokerage and does not need to be repaid. However, the overspend on Social Work services must be repaid. Payback arrangements have been negotiated with the council for overspends incurred in both 2017/18 and 2018/19. The money due to the council will be deducted from future funding. This is a significant addition to the financial pressures facing the IJB in future years and has been included in baseline budgets from 2019/20 onwards.

The council has demonstrated good partnership working practice with a broad range of stakeholders

113. The council, working with a range of local and national stakeholders has successfully delivered projects. The council has been proactive in taking a lead partner role to ensure projects deliver a positive, long term outcome.

114. The Syrian Refugee Resettlement Programme ([Case study 2, page 43](#)) is an example of the council working with partners to deliver a successful project and supporting individuals and communities to deliver a positive outcome.

Case study 2



Refugee Resettlement Programme

In 2015, the council agreed to resettle Syrian refugee families through the Home Office's Syrian Vulnerable Persons Relocation Scheme. The first family arrived in December of that year. By November 2019, 18 (76 individuals) of the 31 families that had originally been settled on Bute were still living on the island.

The seven children born to refugee families during this time have been awarded the same refugee status as their parents. Families who arrived in 2015 will soon be applying for settlement in the UK as their current refugee status lasts for only five years.

All refugee families have a support worker who provides welfare and budgeting advice. Families are supported to learn English and find housing, education and employment.

In order to provide the best support for the families a Refugee Resettlement Group was established. This group comprises representatives from: the council resettlement team; education; community learning; health and social work; Business Gateway; Argyll Community Housing Association; Fyne Homes; Police Scotland; Scottish Fire and Rescue Service; the Department for Work and Pensions and the Bute Advice Centre.

Refugee families interested in self-employment were offered support to open businesses, through a Home Office pilot programme. Business Gateway has provided advice on business planning, helped to source funding and assisted with completing application forms. Business Gateway has also helped families comply with local authority requirements and engage with key council services. This included helping individuals to find suitable business premises by engaging with the council estates team and Highlands and Islands Enterprise.

Business Gateway continue to support businesses once they have been established and provide advice on local marketing and support applications for the small business bonus scheme.

Successful businesses set up by Syrian Refugees on Bute include a patisserie which opened in June 2018, a takeaway and a barber. Several individuals have also been involved in volunteering and work experience opportunities.

The UK Home Office manages and funds the scheme and had provided a total of £1.7 million by September 2019. The UK Government has confirmed it is committed to resettling refugees after 2020 when the original programme was due to end.

Source: Audit Scotland using information provided by Argyll and Bute Council

The council should work with communities and community groups to understand and address their concerns in respect of the current asset transfer arrangements

115. The council has made progress in implementing the requirements of the Community Empowerment Act 2015. It has introduced guidance for processes such as asset transfer and participation requests.


116. Since legislation regarding asset transfers came in to force in January 2017 there have been at least 11 expressions of interest, with three requests submitted to the council, and one being approved. Three asset transfers were completed before January 2017. This included the transfer of Campbeltown Town Hall to the South Kintyre Development Trust in October 2014.

117. Feedback from community focus groups highlighted a perception that the current asset transfer processes is complex and does not fully support community empowerment to allow community groups to progress transfer requests without significant support. The council should work with communities and community groups to understand and address their concerns in respect of the current asset transfer arrangements.

The council has developed four Area Community Planning Action Plans, and should continue to consider how to support local communities as they develop their community-led action plans

118. The Community Empowerment Act required CPPs to develop at least one locality plan for the area by 2017. The council developed four locality plans, known as Area Community Planning Action Plans (ACPAPs) 2017-2020, complementing the existing four administrative Area Community Planning Groups. The four administrative areas are:

- Bute & Cowal
- Helensburgh & Lomond
- Mid Argyll, Kintyre and the Islands (MAKI)
- Oban, Lorn and the Isles.

119. The council's approach with ACPAPs was to identify the areas of greatest deprivation and in need of improvement. It used a framework called the **Place Standard tool**  to consult with the four areas, which was combined with SIMD data, and the Improvement Service's Community Planning Outcome Profile tool to identify the area's most in need. For example, the Bute & Cowal Area Community Planning Action Plan 2017-2020 identified Dunoon and Rothesay as areas for targeted CPP activity. The council engaged with communities in 2019 with the aim of updating the ACPAPs in 2021.

120. Progress against the four ACPAPs is reported to the respective Area Community Planning Groups. As of October 2019, the four action trackers showed limited progress against the planned actions, with less than half of the actions completed within the agreed target dates for three out of four community areas.



The Place Standard tool is a Scottish Government tool that provides a framework to structure conversations about a place. It allows you to think about the physical elements of a place (for example its buildings, spaces, and transport links) as well as the social aspects (for example whether people feel they have a say in decision-making).

121. In addition to the four ACPAPs, 28 smaller communities across Argyll and Bute have developed their own plans, which are known as community-led action plans, with more communities expressing an interest in doing so.

122. Community led action plans belong to the community and consist of actions that the community themselves are taking forward. It is important to ensure that all geographical areas of the council, including islands, are able to access assistance in developing their own community led action plans. To ensure all topics are considered, it is important that the community led action plans are developed and updated for all areas and feed into the current development of new ACPAPs.

The partnership has positive examples of communities improving experiences for residents and now needs to focus on the delivery of the long-term outcomes

123. The CPP produces annual progress reports against each of the six ABOIP outcomes. These include examples of what the partnership has delivered against each outcome.

124. Some examples of initiatives resulting from area community planning groups include:

- The Strachur Hub – this is a centre for older people to socialise, exercise and have lunch. Its aims were to tackle isolation and support independent living. The initiative was put forward by a practitioner nurse and delivered in partnership with the Health and Social Care Partnership (HSCP) and the Cowal Community Care Forum. It is supported by the Integrated Care Fund of the HSCP. Approximately 37 people, with an average age of 82, meet in the hub once a week. They participate in strength and balance exercises, T'ai Chi Classes and other games.
- Housing on Jura – the community of Jura had concerns over infrastructure and the capacity of utilities and housing after the development of a golf course on the Ardfin estate bringing in more employment to the island. A short-term working group was set up through the MAKI Community Planning Group to look at this and as a direct result, the allocation of housing in the Strategic Housing Investment Plan (SHIP) for the Isle of Jura was increased from five to 11.
- Weekly sessions for young people with learning or physical disabilities in S4,5 or 6 in Oban – this came about as a direct result of the Area Community Planning Group and engagement with the initial Area Community Planning Action Plan. A focus group was set up between the Health and Social Care Partnership, the Education Service and the third sector.
- Lochgilphead Community Council working with the Mid Argyll Youth Forum: twice a year the community council invite the youth forum to meetings to encourage young people to get involved in community councils. This was presented to the MAKI Area Community Planning Group as good practice and encouraged other community councils in the area to make similar linkages with their local youth forums.

125. With limited staff capacity there is a risk that partnership activity falls short of expectations and presents a risk to the delivery of projects and schemes. The partnership has developed action plans for their six long-term outcomes and should ensure it focuses on the delivery of these for the area.


Communities across Argyll and Bute are resilient and self-sufficient. The council has a challenging role in reconciling the varied needs of its numerous communities. Establishing priorities setting out how it can support them will help the council meet this challenge

126. Communities across Argyll and Bute are diverse with wide-ranging needs. Engaging with mainland and island communities in a meaningful way and understanding unique local needs and challenges are key to delivering the council's vision and outcomes.

127. The geography and make-up of the various communities within Argyll and Bute makes it more challenging for the council to reconcile the different communities' varied needs. For example, the Isle of Bute and Campbeltown have faced economic growth and depopulation challenges. Conversely, Islay and Jura have experienced shortages of affordable housing as a result of a booming whisky industry and population growth. The council should assess current resources to ensure that it can adequately respond to these challenges and liaise effectively with affected communities.

128. The council is committed to improving its community engagement, which is reflected in three of the eight priorities in the Corporate Plan 2018-2022, specifically:

- We support individual and community wellbeing
- We strengthen and empower our communities
- We have greener and cleaner communities.

129. There is a dedicated Community Development section on the council's website, providing clear guidance to individuals and groups on how to access the council's community support. The council has demonstrated its commitment to understanding local needs by engaging with communities through consultations and "we asked, you said, we did" webpage, events, such as **charrettes** , and a digital participatory budgeting pilot.

130. Communities across Argyll and Bute are resilient and self-sufficient, and a variety of initiatives have been completed by numerous volunteer community groups across the council area. Feedback from communities suggests that the council could further improve engagement by:

- more direct communication from the council on what has been done as a result of consultation
- greater clarity on the purpose of engagement events to help communities make decisions on what to participate in
- recognition of, and action to address, volunteer fatigue. For example, we were told that on Islay alone there are 130 volunteer groups




A 'charrette' brings people together to discuss a place and how it could work. Charrettes are an intensive way of working, usually taking place over several days. During this time, a design studio is set up in the area, and everyone with an interest comes together to create a shared vision.

- nominating key points of contact within the council to 'get things done'
- reducing the complexity and bureaucracy of council processes which are perceived to slow down the progress of planned community initiatives
- greater consideration of the place and timing of engagement events and meetings, to enable community members to participate and to minimise the financial burden on attendees who have to pay their own costs.

131. Reflecting on community feedback, establishing priorities in how it can better support communities will help the council meet this challenge.

Argyll and Bute's future economic success is dependent on effective collaboration with both public and private sector partners. The council recognises that it needs to maximise its influence with key partners

132. The council recognises that it cannot achieve its vision without engaging with a range of partners, both within Argyll and Bute and across the UK.

133. In 2014 the council set up an **economic forum**  to consider the issue of population decline from a commercial perspective. In 2016 the forum identified tourism and food production (particularly aquaculture) as two clear areas for employment growth. It also predicted growth in information technology services, marine science and academic research and teaching. The forum recommended that the council and its partners focus on supporting tourism and food production as well as investing in the four towns of Dunoon, Rothesay, Campbeltown and Helensburgh.

134. In 2018 the economic forum reported positive progress, including a 22 per cent increase in visitor numbers between 2016 and 2018, a 10 per cent increase in aquaculture and a 28 per cent increase in student numbers at higher education institutions. However, the report noted limited progress on improvements to the trunk roads, which, it concluded were a 'long-term deterrent to both tourism and industry'. The economic forum was disbanded in June 2018 and instead of developing a new business forum, the council has focused on developing its proposals for the Rural Growth Deal.

135. The council considers members of the **Rural Growth Deal (RGD) steering board**  as its key partners in helping to deliver its vision of economic success. Agreed in October 2019, the RGD will bring £50 million investment to Argyll and Bute over ten years. The deal is funded equally by the Scottish and UK Governments. As the RGD has only recently been agreed, investment decisions for projects have still to be concluded.

136. Highlands and Islands Enterprise (HIE), Scottish Enterprise (SE) and Argyll and the Isles Tourism Cooperative will help to facilitate engagement between the council and local businesses. However, with no economic forum, and limited representation from the commercial sector, including food and drink producers on the RGD steering board, the opportunities for meaningful engagement with key industries in the area are limited. As RGD projects develop and business cases are prepared, the council will need to develop effective working relationships with businesses to facilitate robust contract negotiation processes. The council should consider reinstating an economic forum to provide the opportunity for leadership to drive this key outcome and vision.



Members of the economic forum included business and council leaders, the Scottish Government, Highlands and Islands Enterprise (HIE), Scottish Enterprise (SE), the Scottish Association for Marine Science (SAMS) and CalMac.



The steering board for the Rural Growth Deal comprises:

- Argyll and Bute Council
- Highlands and Islands Enterprise
- Scottish Enterprise
- Skills Development Scotland
- Argyll and Bute Community Planning Partnership (a private sector forum)
- Argyll and the Isles Tourism Cooperative

137. The council must also ensure it balances the needs of successful industries with the needs of its communities. For example, as the whisky industry continues to grow on Islay, the council will need to work with distilleries to manage the impact of the growing population and traffic on Islay on council services such as housing and roads.

138. Following the closure of two key employers in Campbeltown (a wind tower manufacturer and a creamery) in 2019, the Scottish Government called an emergency economic summit in November 2019 to identify potential solutions. The summit was directed by Scottish Ministers; the council had no control over those attending and the South Kintyre Development Trust (a community organisation established in 2011) was not invited. This meant that the Scottish Government and thereby the council missed an opportunity to engage with key community representatives affected by the closures.

139. Successful collaborative working with Scottish Government agencies and other public bodies is also key to supporting the council's goals of economic development. Given the location of Argyll and Bute, bordering both the central belt and the highlands and islands, the council often needs to work with multiple agencies that sometimes have different priorities. For example:

- For economic development initiatives the council works with both SE and HIE. Audit Scotland's 2016 report on [Supporting Scotland's economic growth](#)  noted the different coverage and priorities of HIE and SE, with HIE's additional remit of supporting social and community development. This means that HIE support that might be available to a business or community group in most of Argyll and Bute is not available to Helensburgh and Lomond-based businesses.
- For transport-related issues the council needs to work with both Highlands and Islands Transport Partnership and Strathclyde Partnership for Transport. When feeding into the Scottish Government's national Strategic Transport Projects Review 2, the council made clear its intentions to be considered as part of the Glasgow transport network rather than an isolated area. As noted in the final report of the economic forum, investment in the trunk road network and improving rail and ferry links across Argyll and Bute will be key in supporting the council's goals for economic development. The Scottish Government plan to report the outcome of the Strategic Transport Projects review in 2021.

140. In February 2017 the CPP signed a memorandum of understanding with the Royal Navy and the UK Government for:

'an enduring and mutually supportive relationship between HM Naval Base Clyde and Argyll and Bute CPP to achieve maximum benefit for the base and the wider community of Argyll and Bute'

141. In August 2019, Scottish Enterprise reported on the potential significant economic and social opportunities and needs that the planned expansion of the base creates. The report estimates that potentially an additional 1,700 jobs (excluding construction) would be created, which would bring an additional gross value added of £65 million per year to Argyll and Bute.

142. Other future economic development opportunities include the planned expansion of the European Marine Science Park in Oban and the potential redevelopment of the Machrihanish airbase into a spaceport.

143. The council recognises that it needs to maximise its influence with its key partners. The council needs to improve its ability to influence large partner organisations to ensure that when they make key decisions, they fully understand the needs of Argyll and Bute and take them into account.

Part 5

Is the council demonstrating continuous improvement?



While relationships among elected members and senior officers have improved significantly since the previous Best Value report in 2015, the pace of change has been slow in some areas, particularly in the use of performance management to drive improvement.

The council has an improvement framework in place but progress against the self-evaluation programme has been slow.

The council's transformation programme has achieved small-scale savings but there is limited evidence of transformational service redesign.

The council has made good progress in modernising its digital infrastructure and is now working on embedding digital skills across the council.

The transformation board is now focusing on commercialisation to realise its vision of economic success.

The council's pace of change since the previous Best Value report in 2015 has been slow in some areas, particularly in the use of performance management to drive improvement

144. In 2015, the council was subject to a Best Value audit. The Controller of Audit and the Accounts Commission acknowledged and welcomed the progress by the council since 2013 in relation to improved governance, decision-making and scrutiny arrangements and the improving relationships between political groups and between members and officers.

145. The report identified opportunities for further improvement in the council's openness, transparency and how it involves its communities in decision-making and scrutiny, in order to build the trust and confidence of service users and the public. The report concluded that more could be done to ensure a more effective contribution from area committees. The Commission also noted their disquiet with the dysfunctional relationships which persisted between a number of individuals.



146. In response to the 2015 report, the council identified 13 actions in its improvement plan, including:

- reducing the number of items taken in private
- reviewing and revising the political management arrangements and scheme of delegation
- refreshing the training on standards and behaviours for members
- taking a more innovative approach to dealing with financial challenges through:
 - developing the Tarbert and Lochgilphead Regeneration Fund, the Rural Resettlement Fund and inward investment funds ([paragraph 57](#))
 - the transformation board ([paragraph 152](#))
 - ongoing monitoring of service choice savings and the impact of these savings
- reviewing the council's relationship with its communities - to build trust and identify better ways of working
- implementing all relevant elements of the Community Empowerment (Scotland) Act 2015
- revising the induction programme and training arrangements for elected members.

147. By April 2017, the council had completed nine of the original 13 actions as well as three additional actions that arose from a review of the 2016/17 budget setting process. As the majority of outstanding actions related to community engagement, the council agreed that the plan would continue to be monitored by the community empowerment working group. While the council has delivered some significant changes since 2015, such as improvements in elected members relationships, progress towards meeting future financial challenges since 2015 has been slow. [Exhibit 12 \(page 52\)](#) below shows what we reported in 2015 and what we have found in this audit work. The council needs to make further progress against the recommendations in this report.

Exhibit 12

Comparison between the Controller of Audit's judgements in 2015 and 2020

Controller of Audit judgement  2015	Controller of Audit judgement  2020
<p>Leadership and strategic direction</p> <p>The council is conducting its business more effectively and developing its organisation. Political leadership is stable and growing in confidence. Decision-making and scrutiny are improving. Long-standing political and personal differences remain among a small number of individuals, which are damaging to the council.</p>	<p>The council and its community planning partners have a clear joint vision that its 'economic success is built on a growing population.'</p> <p>There has been a significant improvement in elected member relationships resulting in constructive and more focused decision-making.</p> <p>The changes to the senior management structure have been made in line with the council's vision, and to help support the delivery of the council's corporate outcomes.</p>
<p>Service performance</p> <p>The council does a number of things well and communities have a generally positive view of local services. But the amount of public criticism that the council attracts has an impact on its reputation among local communities and more widely.</p>	<p>The council has worked hard to improve its reputation. The Rural Resettlement Fund attracted people to relocate to the area and its #ABplace2b resulted in it being the most followed Scottish council on Instagram.</p> <p>Since our last Best Value report in 2015 performance information has been streamlined with the number of delivery outcomes underpinning the six corporate outcomes reduced from 63 service outcomes to 17 business outcomes in 2018/19, with shared ownership across all services. The number of success measures reduced from 331 to 175.</p> <p>National indicators show the pace of improvement has been slower than other Scottish councils.</p>
<p>Use of resources</p> <p>The council's approach to meeting future financial challenges needs to improve. Options for longer-term savings are heavily based on low-level cuts to individual service budgets, rather than doing things differently.</p>	<p>The council has responded to its challenging budget outlook by creating savings plans and making efficiencies to address the annual budget gap. There has not been significant movement to address the comments made in our 2015 report in this area and the council remains focussed on cost reductions cuts.</p>
<p>Partnership working</p> <p>This was not within the scope of the 2015 audit. However, the Shared Risk Assessment Process since 2015 did not note any concerns with partnership working.</p>	<p>The council has made good progress with partnership working, works well with its partners and there is a clear structure to support this.</p> <p>The council and its partners need to review the reporting arrangements to monitor progress against outcomes.</p>

Cont.

Exhibit 12 continued

Controller of Audit judgement	2015	Controller of Audit judgement	2020
<p>Community engagement</p> <p>The council can operate much more openly as a means of building better relationships and developing greater trust with its communities. It can further improve how it involves local people by building on the local area committees and local community planning arrangements.</p>	<p>Communities demonstrate a resilient and self-sufficient approach to improving communities.</p> <p>Comments from community groups highlight concerns around some of their experiences engaging with the council.</p> <p>The geography and make-up of the various communities within Argyll and Bute makes it more challenging for the council to reconcile the different communities varied needs. Reflecting on community feedback, establishing priorities in how it can better support communities will help the council meet this challenge.</p>		
<p>Continuous improvement</p> <p>The council has continued to make progress in response to previous Accounts Commission findings. The Senior Management Team (SMT) is actively improving the way it works and the culture within the organisation.</p> <p>The council's strategy, Planning our Future, aims to transform the work of the council however the impact that the proposals will have on strategic priorities is not clear. There is no indication of what sustainable services will look like in the future.</p>	<p>The council has made significant improvements against some of the key findings from our last best value report.</p> <p>The council could do more to drive improvement through its performance management and self-evaluation programme.</p> <p>It also needs to clarify its transformation programme in order to meet its financial challenges.</p>		

Source: Audit Scotland

The council has an improvement framework in place but progress against the self-evaluation programme has been slow

148. The council introduced a corporate improvement strategy in 2015. This outlined plans to improve performance management and benchmarking, improve consultation and customer engagement, and introduce self-assessments. While some progress has been made in some of these areas ([Part 2](#) for performance management, and [Part 4](#) for consultation and customer engagement), the pace has been slow. It is not always clear how performance information and customer engagement are used to drive improvement activity.

149. The council introduced an improvement framework in December 2017. This sets out the council's approach to self-evaluation. Progress against the plan has been slow. The plan stated an intention to complete ten self-evaluation exercises per year. At January 2020 only one of the ten teams within the first directorate to undertake self-evaluations (customer services) had completed a self-evaluation and presented it to the Audit and Scrutiny Committee.

150. The council introduced its corporate improvement plan in September 2017. The strategic management team reviews this every quarter. Not all actions have dates for completion. At the time of our review, the version on the website was over one year out of date. While the plan focuses on corporate improvements, there is no one space where other improvement activity is captured, for example actions resulting from self-evaluations; actions to address areas of poor performance; and actions identified from customer engagement and external scrutiny reports.

151. The council is a member of several national groups that share good practice and lessons learned. It also regularly reports on performance and national benchmarking data ([Part 2](#)). However, the council has not clearly articulated how performance and benchmarking data has or will inform its improvement activities.


The council's transformation programme has achieved small-scale savings but there is limited evidence of transformational service redesign

152. In 2017 the council established a transformation board to increase the pace and scale of transformation. The short to medium-term focus of the board was to challenge services to deliver front line savings via four operating principles:

- business cost reduction
- income maximisation
- service redesign
- self-funding.

153. The transformation board is chaired by an executive director. The board meets every quarter and considers detailed business cases and options appraisals for each project. Progress reports are presented to the board alongside risk registers.

154. Every council department and trade union are represented on the transformation board. After proposals have been approved by the strategic management team, they are discussed with senior elected members and policy leads, before being presented at a council committee. Examples of initiatives resulting from, and monitored by the transformation board include:

- Digital transformation ([Case study 3, page 56](#))
- Rationalisation of offices and of face to face services
- One Council property approach. The council aims to improve estate management through the sale or lease of surplus property. In April 2017 all council properties were brought under the control of one department
- Review of loans and fees charges
- Sustainable education as part of the **Northern Alliance** . This involves looking at remote learning opportunities and shared headships.



The Northern Alliance is a collaboration between eight northern councils, which aims to improve education services across the north of Scotland.

- Catering and cleaning innovation projects. The council has started to work with the schools and the HSCP to identify areas where savings can be made, and income can be generated. In April 2019 the total potential savings from all options were estimated to be £777,000 per year.

155. The total amount of savings or income generated through these initiatives to date is unclear. While a number of efficiency-saving and income generation plans are in place, progress has been slow. The impact of completed projects has been small-scale and within individual services. Examples of achievements to date include the following:

- Increasing food sales in secondary schools through improved catering facilities raised £77,400 in 2017/18, exceeding the £52,400 target
- In January 2018 an events manager was appointed to promote the newly refurbished Helensburgh and Lomond Civic Centre as a venue. The centre has hosted a number of public and private events. Between January 2018 and April 2019 events at the centre have generated additional income of £40,000. The target is to generate a total income of £90,000 in 2021/22.

156. There is little evidence of any plans for fundamental large-scale transformational service redesign. The location of the council area limits opportunities to adopt some of the larger scale transformational changes being adopted by other councils in Scotland. For example, the council have considered becoming a commercial landlord, but property values in some areas are too low to support a business case to do so.

The transformation board is now focusing on commercialisation to realise its vision of economic success

157. In March 2019 the transformation board considered a report from the Association for Public Service Excellence (APSE) on risk and commercialisation. It recommended a strategic approach to commercialisation that goes beyond piecemeal investments and service revisions, as well as early engagement with elected members to ensure their buy-in and oversight. The transformation board plan to assess the council against the guidance, to ensure that its governance and scrutiny systems for commercial activity are appropriate.

Case study 3



The council was an early adopter of digital technology and is now working on embedding digital skills across the council

Digital technology has been key in overcoming the geographical challenges faced by the council. The council has developed its Information and Communication Technology (ICT) and Digital Strategy 2017-20 that identifies actions against eight programmes. Over the last decade the council has been an early adopter of technological solutions to reach out to remote communities and make council meetings more accessible. Some examples of this include voice automated services, Skype and Keep in the Loop (a sign-up service for email or mobile phone alerts).


The council has developed good practice in customer service and scores highly in independent ICT Customer Satisfaction Surveys (SOCITM). In November 2018, the council was one of the first of the 19 Scottish councils who have undertaken a digital maturity assessment with the Scottish Government's Digital Office. Argyll and Bute Council was scored as being on the second step of the five-point scale of digital maturity: Open - Developing and Repeatable. The assessment found that a digital culture and skills are not as well embedded as they need to be for successful digital transformation. The key barriers were insufficient dedicated resource and time. The Digital Office recommended that the council adopt a holistic approach to digital transformation and ensure that existing staff develop appropriate digital skills to allow them to operate in an increasingly complex landscape of digital systems and new ways of working.

In January 2019, to address the recommendations made by the Digital Office, the council published its digital transformation plan for 2019/20. This focused on rolling out digital technology and developing digital skills for all council employees. As not all tasks had clear outcomes or timelines, it is not clear whether work is on track overall. However, as of November 2019, the council had made progress against some of the technology-based developments. Examples of these include implementing a mobile working solution for HSCP employees and an automated system to update customers with bin collection issues.

A digital skills audit is being carried out early in 2020 to support the council's work to develop digital skills across the organisation.

It is essential the council drives partnership working to improve broadband and connectivity, making sure that technology is robust and fit for purpose. In line with its 2016 Assisted Digital Strategy, the council should take steps to ensure the changes it introduces as part of digital transformation continue to work to include communities with no broadband or mobile connectivity.

Source: Audit Scotland using information provided by Argyll and Bute Council

158. In July 2019, as part of the council's corporate restructure, the council established a new **commercial services team**  which has taken responsibility for a number of transformation projects. Alongside the Rural Growth Deal ([paragraph 135](#)) commercialisation will play a central role in the council's progress towards its vision. The council is due to publish its commercial strategy in 2020.

159. The commercial services team have clearly articulated their plans to foster a culture of commercial awareness across the whole council. While this is a positive approach, it is too early to conclude what impact it will have. The council should continue to ensure it is aware of the wider potential risks associated with focusing on commercial services. For example, there is a perception in some community groups that LiveArgyll hosting cultural events in their area restricts their ability to fundraise (which is traditionally done by selling tickets to community-led cultural events).



The commercial services team has responsibility for a range of services including estates, property development, catering, cleaning, facility management, capital projects, partnerships, shared services and energy efficiency.

Recommendations



On the basis of the work we have completed we make the following recommendations to the council to address the improvement areas identified in this report:

develop the transformation agenda supported by a medium-term savings plan which is affordable and achievable ([paragraphs 71–77](#))

improve performance management reporting to provide a balanced picture of long-term trends in performance against its targets ([paragraphs 27–33](#)). Use benchmarking information to drive continuous improvement ([paragraphs 29 and 151](#))

increase the pace of change through transformation to deliver the business outcomes and this should be monitored and reported on a regular basis ([paragraphs 152–156](#))

assess the extent to which regeneration and economic development initiatives are delivering the vision and corporate outcomes ([paragraph 59](#)). Put in place robust options appraisal processes and a benefits monitoring framework, proportional to the size of initiatives, to evaluate the benefits and costs of future projects ([paragraphs 78–84](#))



work with communities and community groups to understand and address their concerns and establish priorities in how it can better support them ([paragraphs 130–131](#)). This should include engaging with communities to understand and improve levels of satisfaction with council services ([paragraphs 49–52](#))

work with elected members to improve the uptake of training provided ([paragraphs 25–26](#)). In particular, elected members' knowledge of and involvement in the performance management process needs to be improved to develop wider scrutiny to support improvement ([paragraph 31](#))

improve engagement to ensure staff are bought into the council's vision. Review the support and resources it provides to staff in rural areas to ensure that all employees have appropriate access to training to support them in their role ([paragraphs 99–100](#)).

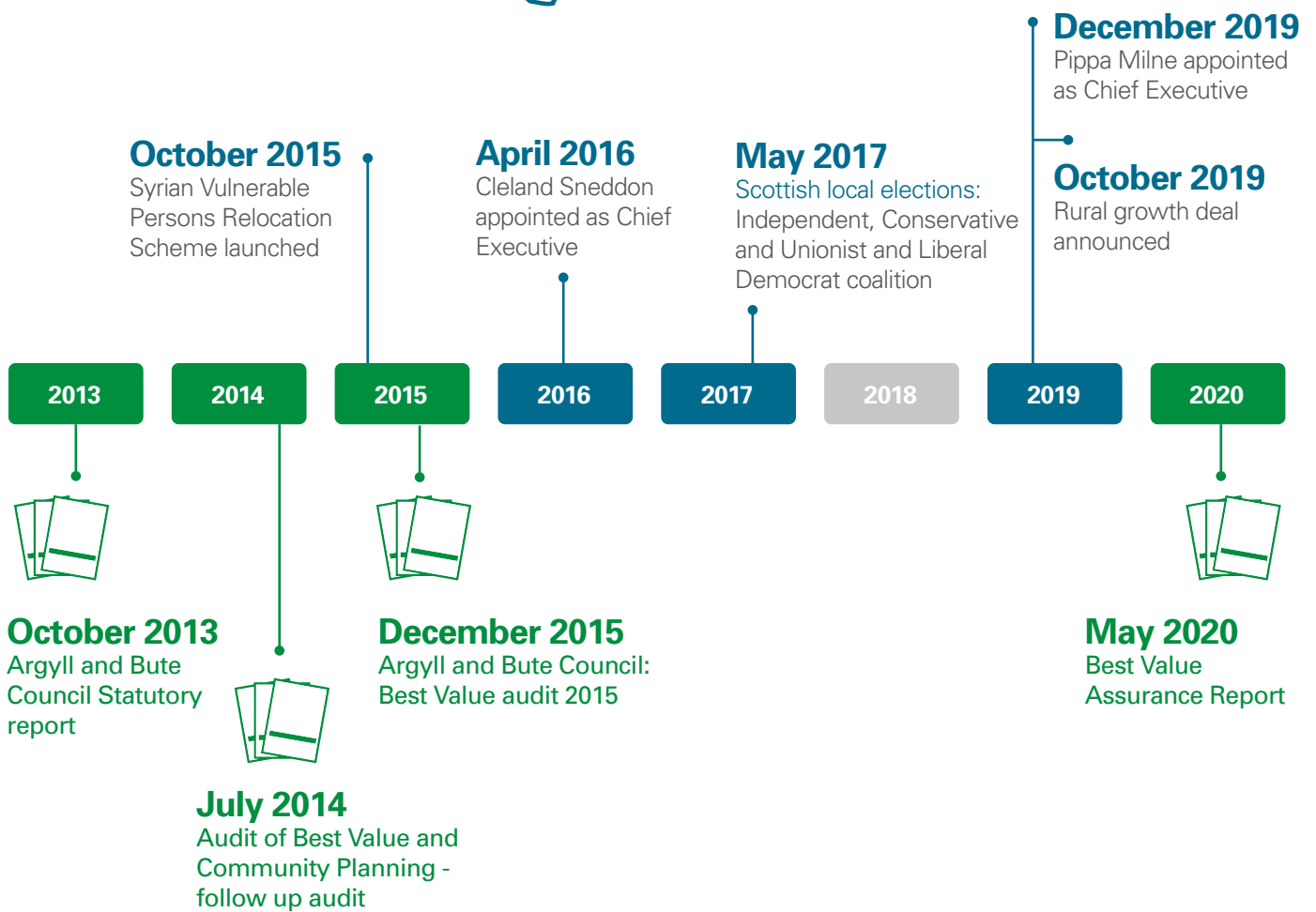
Endnotes



-
- 1 Community Planning Outcome Profile, Improvement Service, CPOP. See the Improvement Service's website for definitions.
 - 2 *Scottish Government - Scottish Surveys Core Questions* (SSCQ). Wellbeing is based on the average score on the short version of the Warwick-Edinburgh Mental Wellbeing Scale among adults aged 16 years and over.
 - 3 The index is calculated by the Improvement Service using population estimates from National Records of Scotland. It is a combined index of three indicators: depopulation - the inverse of population change, Old Age Dependency Ratio - the ratio of older people (65 and over) to the working age population (16 to 64), and rural depopulation - the change in the proportion of the population living in rural or rural remote areas. A rising index indicates an increasingly fragile demographic.
 - 4 In November 2018 the Auditor General for Scotland and the Accounts Commission published [Health and social care integration: update on progress report](#) . We reported that Integration Authorities are operating in an extremely challenging environment and there is much more to be done to increase the pace of health and social care integration. We reference senior staff turnover in key message 3.
 - 5 In the Accounts Commission's [Local Government in Scotland Financial Overview 2018/19](#) , published in December 2019. Part 4 of the report focuses on IJB and we highlight the issue of senior staff turnover.


Appendix

Best Value audit timeline




Best Value Assurance Report Argyll and Bute Council

This report is available in PDF and RTF formats at:
www.audit-scotland.gov.uk 

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk 
www.audit-scotland.gov.uk 

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MEETING: 7 MAY 2020

REPORT BY: SECRETARY TO THE COMMISSION

UPDATE REPORT

Introduction

1. The purpose of this report is to provide an update to the Commission on significant recent activity relating to local government, focussing particularly on the response to the Covid-19 pandemic.
2. The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. This report also complements the weekly briefing provided by Audit Scotland's Communication Team made available on the extranet site, which provides more detailed news coverage in certain areas.
3. The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business

Publications

4. Audit Scotland collects [media coverage](#) on all the reports published by the Accounts Commission. Audit Scotland also provides a weekly summary of the [key media stories regarding local government](#). Both are available through Audit Scotland SharePoint, on the Accounts Commission Members' Extranet. The usual Appendix on download statistics for published reports will be reintroduced in a future report.
5. On 24 March the Accounts Commission [published](#) the statutory report on accounts closure of the 2018/19 audit of Renfrewshire Council. The report summarises significant findings from the 2018/19 audit. The auditor delayed issuing their opinion on the council's financial statements beyond the statutory deadline to allow for appropriate adjustments to the accounts to be made by the council and for the audit team to complete their work to an appropriate standard.
6. On 9 April the Accounts Commission and Auditor General for Scotland [published](#) a [report](#) about the Scottish Government's affordable housing target. The report finds that good progress is being made on the Government's affordable housing programme, which aims to deliver 50,000 affordable homes, including 35,000 socially rented homes, between April 2016 and March 2021. By the end of December 2019, 31,136 homes had been completed, of which 20,336 will be for social rent. Over the first three years the Government has invested £1.9bn, though it expects to spend around £3.5bn to meet the target. Despite this progress, the report warns there remain some risks, including concerns about construction sector capacity and the scope of council planning and building control services. The report argues uncertainty about post-2021 funding will intensify these risks. Councils were found to be working well with their partners to plan and deliver affordable housing. However, the report calls for greater involvement of health and social care partners and better tenant and community

involvement. It concludes that a lack of comprehensive reporting by the Government and councils on the impact of their investment means it has not been possible to demonstrate value for money.

Other business

7. In his report on the work programme on today's agenda, the Director of Performance Audit and Best Value reports on the impact of Covid-19 on the annual audit of local government bodies. In particular he reports that the Scottish Government has sought views from local government on proposals in relation to the 2019/20 annual accounts. They have also offered Audit Scotland and the Accounts Commission the same opportunity to comment on their proposals. Audit Scotland has submitted views in conjunction with the Commission Chair, Deputy Chair and Secretary. This has been placed on the [members' SharePoint](#).
8. The response presents the Commission's desire to be "as flexible, pragmatic and consistent as statutory and professional requirements allow during this crisis". It states that the Commission:
 - recognises the significant pressures under which local government finds itself as a result of the current Covid-19 emergency
 - is of the firm view that the principles of sound financial management, good governance, public accountability and transparency are vital in this emergency situation, although how these are delivered and achieved are likely to be different.
 - therefore expects audit quality to be maintained in accordance with international standards and the Code of Audit Practice
 - is mindful of both the capacity of local authorities to prepare good quality financial reports, and the auditors they appoint to deliver high quality audit, when considering timescales for 2019/20.
9. While this is not a formal consultation, the Commission is asked to endorse these principles to help guide further dialogue between the Commission, Audit Scotland, government and audited bodies.
10. The Commission will be updated as these matters progress.

Auditor General for Scotland

11. On 10 March, the Scottish Parliament [agreed](#) to nominate Stephen Boyle as the new Auditor General for Scotland, to succeed Caroline Gardner, for an eight year term from 1 July 2020. Mr Boyle is an Audit Director at Audit Scotland and leads its central government audit work, including audits of the Scottish Government, the Scottish Parliamentary Corporate Body and the European Agricultural Funds Account. He is also the appointed auditor of the Scottish Police Authority, the Scottish Public Pension Agency and Registers of Scotland, and has previously audited local authorities and NHS bodies. Before joining Audit Scotland in 2013, he held senior roles at Glasgow Housing Association, Cube Housing Association and the Scottish Housing Regulator.

Audit Scotland

12. On 16 March Audit Scotland staff were instructed to work from home following guidance issued from the UK and Scottish governments regarding Covid-19

containment measures. Audit Scotland's Incident Management Team began meeting daily, with email updates to staff provided after each meeting of the Incident Management Team. Accounts Commission members have also been provided with copies of these updates. A [statement](#) has been published on the Audit Scotland website to provide information to the public.

Issues affecting local government

Scottish Government

13. Given that the Covid-19 emergency has meant a significant number of matters originating from the Scottish Government since the last meeting of the Commission, this section is divided, for ease of reference, into the following sub-sections:

- Local government general
- Health and social care
- Education
- Transport
- Communities
- Business
- Other matters

Local government general

14. On 17 March the Scottish Government [published](#) a local government finance [circular](#) containing the non-domestic rating interest rate for 2020-2021.
15. On 23 March the Scottish Government [published](#) a policy note about procurement regulations during the Covid-19 outbreak.
16. On 25 March the Scottish Government [published](#) further [guidance](#) on childcare provision for key workers. The Government has also urged employers to consider working with unions and workers to identify only the staff who are necessary to deliver the response to Covid-19; introduce new shift patterns, allow working from home where possible, recruit more staff or drop non-essential tasks; and have discussions with staff to identify if they can access appropriate alternative childcare.
17. On 31 March the Scottish Government published guidance to local authorities on building measures during the Covid-19 crisis. The guidance refers to both the [occupation of new buildings](#) and the [erection of temporary care assistance buildings](#).
18. On 14 April the Scottish Government [announced](#) that councils with coastlines can use their remaining shares of the £7.2m Crown Estate fund to offer direct support to coastal businesses and third sector organisations affected by the Covid-19 pandemic.
19. On 20 April the Scottish Government [announced](#) that local authorities are providing around 140,000 children across Scotland with free school meals. The majority of meals are being provided through vouchers, direct payments or home deliveries and are part of efforts to mitigate the impact of Covid-19.
20. On 21 April the Scottish Government [published](#) statutory guidance for local authorities on Schedule 28 to the Coronavirus Act 2020, which introduced powers for local authorities and government to support the resilience of local death management systems and to step in should they become overwhelmed. The powers relate to the

transportation, storage and disposal of dead bodies and sets out how and when they should be used by local authorities.

21. On 21 April the Scottish Government [published](#) shielding guidance for local authorities and local resilience partnerships delivering support to those who are clinically at the highest risk from Covid-19.

Health and social care

22. On 20 March the Scottish Government [published](#) advice for unpaid carers in relation to Covid-19. The guidance urges those providing regular support to vulnerable friends or relatives to familiarise themselves with public health advice on how to protect against infection and, as the situation develops, check the NHS Inform website regularly for the latest information. Carers are also encouraged to consider emergency plans for others to take over their care should the need to self-isolate arise.
23. On 24 March the Scottish Government [confirmed](#) it intends to meet additional costs to increase social care capacity. Councils have been asked to increase support for care at home services and nursing and care homes to reduce delayed discharge and free up hospital beds.
24. On 1 April the Scottish Government [published](#) information for homelessness organisations during the Covid-19 outbreak. Frontline homelessness services will be provided support as part of the £50m Community Wellbeing Fund and applications have opened for the Third Sector Resilience Fund. Provisions to ensure there can be no evictions from the private or rented sector for six months will be provided by emergency legislation. Interim SHORE guidance has also been developed to ensure local authorities continue to support people into suitable accommodation upon release from prison.
25. On 1 April the Scottish Government [published](#) a letter sent by Cabinet Secretary for Health, Jeane Freeman MSP and COSLA Spokesperson for Health and Social Care, Councillor Stuart Currie to Integration Joint Boards and local authorities about the definition and status of key workers.
26. On 3 April the Scottish Government [published](#) new personal protective equipment (PPE) guidance for health and social care workers. It includes details of when higher level protective equipment is necessary for clinicians and the appropriate equipment for community settings. The guidance was developed jointly between Scottish and UK public health bodies, including Health Protection Scotland.
27. On 6 April the Scottish Government [published](#) statutory guidance for local authorities about changes to social care assessments included in sections 16 and 17 of the Coronavirus Act 2020.
28. On 9 April an agreement was [announced](#) between COSLA, the Scottish Government and the unions on what protective equipment social care workers should be wearing and when. The Government had been under pressure to change the guidance which stipulated that carers should only wear masks when the person they are caring for had suspected Covid-19. Carers will now be provided with face masks.
29. On 14 April COSLA and the Scottish Government [negotiated](#) a 3.3% pay rise for social care staff, to be backdated from 1 April. This brings social care support workers to at least the Real Living Wage for all hours worked, including sleepovers. The Government will also provide funding to the third sector and independent providers specifically to ensure staff receive sick pay if they are ill or self-isolating.

30. On 15 April the Scottish Government [announced](#) the details of additional support to help people look after their mental health and wellbeing during the Covid-19 pandemic. It includes funding for the expansion of the Distress Brief Intervention programme and a new mental health marketing campaign, which will signpost to existing support and direct people to helplines such as SAMH and NHS 24 when necessary.
31. On 20 April the Scottish Government [highlighted](#) additional supplies of PPE will be delivered directly to care homes to meet increased demand. Each location will receive a week's supply of equipment, and the situation will be reviewed this week based on information supplied by care homes about their own stock levels. Care homes where the virus is known to be present will be prioritised.
32. On 25 April the Health Secretary, Jeane Freeman MSP, [announced](#) that everyone who provides social care will have access to appropriate PPE under new arrangements. From Monday 27 April, local Hubs will distribute PPE supplies to the whole of the social care sector where normal supply routes have not been successful. These hubs will extend their provision to include all social care providers, and unpaid or family carers and personal assistants.
33. On 27 April the Scottish Government [announced](#) support for perinatal mental health. Mums, dads and families at risk of poor mental health during pregnancy and the early years will be able to access enhanced peer support, parenting support and perinatal counselling services, with new annual funding of up to £1 million. The Perinatal and Infant Mental Health fund will provide crucial help by supporting third sector organisations to deliver key services and address gaps in provision. Inspiring Scotland will run the fund - which will open to charities from August - and will work with the Scottish Government to achieve the goals of the Perinatal and Infant Mental Health Programme Board.

Education

34. On 20 March schools across Scotland [closed](#) as a result of the Covid-19 pandemic. The 2020 exam diet has also been cancelled for the first time, with SQA putting in place a certificate model involving coursework, teacher assessment of predicted grades and prior attainment.
35. On 23 March the Scottish Government [provided](#) councils with guidance on childcare provision for key workers following school and nursery closures due to Covid-19. Councils will have the final say on the definitions they use based on local need, but the guidance suggests health and care workers and workers supporting national infrastructure should be included.
36. On 31 March the Scottish Government [published](#) guidance about the closure of daycare services for children following the outbreak of Covid-19. It provides information on emergency provision for the children of key workers and the financial support available for affected businesses.
37. On 1 April the Scottish Government [announced](#) local authorities will no longer be legally obliged to deliver 1,140 hours of funded childcare from this August to allow a focus on the Covid-19 pandemic response. Ministers have laid an order in the Parliament to revoke the statutory duty. The Government claimed progress on childcare places was on track and hundreds of buildings had been built or refurbished.
38. On 20 April the Scottish Government [published](#) guidance to support the home learning of children and young people during the new term. It aims to build on the significant amount of positive work that has already been undertaken by teachers and education

professionals across Scotland to support learning at home, as well as the advice and resources that are already available.

39. On 21 April the SQA [published](#) its alternative certification model for the 2020 exam diet. Schools and colleges will submit estimated grades by Friday 29 May to be moderated by the SQA, taking into account prior learning attainment by pupils and schools. Results will be issued by Tuesday 4 August with a free appeals service made available.

Transport

40. On 26 March the Scottish Government [pledged](#) to pay bus companies for their projected concessionary travel journeys rather than the actual number of journeys, which have seen a decline of over 70%. Under the current arrangement, Transport Scotland reimburses bus firms for travel under the concessionary scheme for over-60s and disabled people, projected at around £260m per year.
41. On 30 March CalMac [postponed](#) a planned fare rise on the Clyde and Hebrides Ferry Services network for the duration of the Covid-19 outbreak. The ferry operator is already running a reduced timetable for essential services and has frozen fare prices to assist businesses and communities which are reliant on the services.

Communities

42. On 19 March the Scottish Government's Minister for Housing, Kevin Stewart MSP, [published](#) a letter to registered social landlords and local authorities regarding the Covid-19 outbreak. The guidance had been prepared in conjunction with the Scottish Housing Regulator, Scottish Federation of Housing Associations and other key stakeholders. The Housing Minister stressed it was "*absolutely critical*" no tenant was evicted as a result of any financial hardship experienced because of Covid-19. He said ways in which to best support landlords in preventing this were under consideration and asked housing providers, as part of their response to Covid-19, to prioritise the provision of financial advice to help maintain tenancies.
43. On 19 March Cabinet Secretary for Communities and Local Government, Aileen Campbell MSP, updated the Scottish Parliament on the Scottish Government's plans to [support communities](#) during the Covid-19 outbreak. The [major announcement](#) was £350m for councils, charities, businesses and community groups to help them support those affected.
44. On 19 March the Scottish Government [announced](#) additional funding for the Age Scotland helpline as part of its support for people, communities, local authorities and the third sector in tackling the Covid-19. The funding will be used to cover new equipment, allow staff to work from home and help increase the helpline's capacity. The helpline provides support for older people in handling Covid-19.
45. On 30 March the Scottish Government [announced](#) that tenants will be given increased protection from eviction during the Covid-19 pandemic. The Coronavirus (Scotland) Bill will increase the minimum notice period for eviction to six months for private and social renters.
46. On 1 April [Grants](#) from the Scottish Government's £350m Communities Fund are being provided to organisation such as Scottish Women's Aid and Rape Crisis Scotland to ensure access to key support services is maintained during the Covid-19 crisis.

47. On 6 April families unable to access food due to the Covid-19 outbreak will be given support from the Scottish Government [Food Fund](#). The £30m fund will support families with children eligible for free school meals, older people, those with long-term health conditions and pregnant women. [Guidance](#) to local authorities has also been published. They will be given flexibility to use the additional resource in ways which best meet their local needs and circumstances.
48. On 7 April the Scottish Government [published](#) a framework to support gypsy/traveller communities during the Covid-19 pandemic. The framework will help local authorities, the NHS and the third sector in their local response.
49. On 15 April the Scottish Government [published](#) an update regarding the Investing in Communities Fund during the Covid-19 outbreak.
50. On 20 April the Scottish Government [announced](#) more community food projects will receive funding to help provide meals to people most in need during the Covid-19 pandemic. £700,000 has been allocated from the Scottish Food Fund to 19 projects, including a grant to the Wheatley Group as part of its EatWell service. The Food Fund comprises £30m for food deliveries for groups that are “*shielding*”, a further £30m for free school meals and food support for other vulnerable groups. Additionally, 18 schemes will receive funding to provide emergency food through projects working with minority ethnic households, family support groups or mental health teams.

Business

51. On 16 March the Cabinet Secretary for Finance, Kate Forbes MSP, [announced](#) new measures to limit the impact of Covid-19 on the business community. The package of support includes: 75% rates relief for the retail, hospitality and leisure sectors with a rateable value of under £69,000; an £80m fund providing grants of at least £3,000 to small businesses in sectors most affected by the outbreak; 1.6% rates relief for all properties across Scotland; and a fixed rates relief of up to £5,000 for all pubs with a rateable value under £100,000. The measures came into effect Wednesday 1 April.
52. On 25 March the Scottish Government [announced](#) £5m in financial support to assist businesses in the seafood sector during the Covid-19 outbreak. Funding will be offered to over 650 seafood fishing companies who are reliant on the export and hospitality markets for Scottish produce such as langoustine, prawns and crab.
53. On 25 March the Scottish Government announced businesses could now [apply](#) for grants to help mitigate the impacts of Covid-19. The Business Support Fund provides one-off grants of £10,000 to ratepayers of small businesses and of £25,000 to retail, hospitality and leisure business ratepayers with a rateable value between £18,001 and £50,999.
54. On 30 March the Scottish Government [confirmed](#) it will apply 100% rates relief to businesses in the retail, hospitality, leisure and aviation sectors for the whole of 2020-21. In tourism, new support [measures](#) will be available to businesses in the form of £10,000 grants for small businesses in receipt of the Small Business Bonus Scheme or Rural Relief, while hospitality, leisure and retail properties with a rateable value between £18,000 and £51,000 will be entitled to claim grants of up to £25,000.
55. On 30 March new guidance was [published](#) for public sector organisations to support suppliers during the Covid-19 outbreak. Support includes: modifying terms of contract to offer contractors relief; agreeing interim payment proposals to current contracts; and accelerating payment practices to ensure suppliers are paid as quickly as possible.

56. On 7 April the Scottish Government [published](#) guidance for the construction industry. The Scottish Government advises that all non-essential projects should cease, and any essential projects must only continue if they can comply with guidance on social distancing. Construction projects which qualify as essential include those to create or repurpose facilities which will be used directly in Covid-19 related activities; projects to create or repurpose facilities used to accommodate key workers; projects which are considered essential public services; and the repair and maintenance of critical infrastructure.
57. On 15 April the Scottish Government [announced](#) a second phase of funding to protect against the effects of Covid-19. The new package of measures includes £120 million to extend the Small Business Grant scheme to ensure that, in addition to a 100% grant on the first property, small business rate payers will be eligible to a 75% grant on all subsequent properties. A further £100 million fund is also being made available to protect self-employed people and viable micro and SME businesses in distress due to Covid. This fund will be channelled through local authorities and enterprise agencies to target newly self-employed people and businesses who are ineligible for other Scottish Government or UK Government schemes.
58. On 20 April the Scottish Government [highlighted](#) the financial support it has allocated to businesses to help them during the Covid-19 outbreak. More than £215m has been awarded to over 18,000 business ratepayers in the last two weeks. A total of 59,385 applications were made to 32 local authorities by Tuesday 14 April.
59. On 23 April the Cabinet Secretary for Culture, Tourism and External Affairs, Fiona Hyslop MSP, [announced](#) support for the self-employed and companies suffering from hardship. The £100m fund to support the self-employed and SMEs, announced last week, will be broken into three separate funds. The Cabinet Secretary pledged £34m to the Newly Self-Employed Hardship Fund; £20m to the Creative, Tourism and Hospitality Hardship Fund, managed by enterprise agencies in partnership with Creative Scotland and VisitScotland; and £45m to the Pivotal Enterprise Resilience Fund, managed by the enterprise agencies for vulnerable SME firms. The Government will also provide £1m to top up Creative Scotland's Bridging Bursaries in the not-for-profit sector.

Other matters

60. On 17 March the Scottish Government [published](#) public sector employment statistics for the fourth quarter of 2019. In December 2019, 561,400 people were employed in the public sector, representing an increase of 9,730 from December 2018.
61. On 18 March the Scottish Government [published information](#) on its workforce for each quarter from 2012 until the end of 2019. The statistics [revealed](#) there were 6,827 full time equivalent directly employed staff at the end of December 2019, an increase on last year's figure of 6,170 at the end of December 2018. The percentage of directly employed staff in permanent and temporary categories was similar to last year, with a 3.3% increase in the number of contingent workers. The staff sickness level was eight average working days lost per staff year in the 12 month period ending December 2019 compared with 7.7 days for the same period in the preceding year. The data also showed that 53.4% of the workforce were female, compared to 46.6% male, with 76.5% of staff aged between 30-59.
62. On 26 March a panel of scientists was [established](#) to form the Scottish Government Covid-19 Advisory Group. The group will provide additional scientific analysis of the impact of Covid-19 in Scotland. It will be chaired by Prof. Andrew Morris, Professor of Medicine at the University of Edinburgh and Director of Health Data Research UK.

63. On 26 March the Scottish Government and STUC [issued](#) a joint statement outlining their shared commitment to fair work practices. The statement covers fair work principles, ensuring workers follow health protection advice, paying workers while they are sick, supporting those with caring responsibilities, home working, protecting health and safety, providing clear information and protecting the position of contracted workers.
64. On 30 March social distancing enforcement measures [came](#) into effect that makes it a criminal offence to disregard strict public health guidance. Police Scotland can issue penalty notices of £30, doubling for each repeat offence up to a £960 cap.
65. On 30 March the Scottish Government's national volunteering campaign [launched](#). Scotland Cares allows people to return to the NHS, support public services and volunteer with charities. It is being coordinated by the NHS, British Red Cross and Volunteer Scotland.
66. On 31 March the Scottish Government [published](#) Covid-19 guidance for the lead partners on the 2014 to 2020 European Structural and Investment Funds programmes.
67. On 31 March the Scottish Government [collated information](#) on the support available for those working in the cultural and creative industries during the Covid-19 crisis. This includes information on the Creative Scotland Bridging Bursary Fund and the Creative Scotland Open Fund, along with guidance for the self-employed, social enterprises, charities and the third sector.
68. On 31 March the Cabinet Secretary for the Constitution and External Relations, Mike Russell MSP, introduced the [Coronavirus \(Scotland\) Bill](#). The [Bill as introduced](#) has been published alongside [Statements of legislative competence](#) and [Explanatory notes](#). See paragraph 85 for more information on the approved Act of Parliament.
69. On 1 April the Cabinet Secretary for Social Security, Shirley Anne-Somerville MSP, [announced](#) that the delivery of the Child Disability Payment and the Scottish replacement for Personal Independence Payment would have to be delayed due to pressures on the social security system from Covid-19. The Cabinet Secretary explained these would be continued to be provided by the DWP in the meantime. She [confirmed](#) the Government still hoped to be able to deliver the Scottish Child Payment by early next year. However, this depended on the length of the Covid-19 outbreak.
70. On 2 April it was [announced](#) that the COP26 UN Climate Change Conference was being [postponed](#) due to the Covid-19 outbreak. The Conference was due to be held in Glasgow in November but will now take place sometime in 2021. Dates for a rescheduled conference in 2021, hosted in Glasgow by the UK in partnership with Italy, will be set out in due course.
71. On 7 April the Scottish Government [announced](#) further support for those most at risk from the impacts of Covid-19. Up to £8m in funding will be shared between charities including Scottish Women's Aid and Social Bite to ensure services can provide an emergency response to the outbreak for disadvantaged groups facing hardships such as homelessness, food insecurity, or social isolation.
72. On 7 April Minister for Public Health, Joe Fitzpatrick MSP [announced](#) an extra £166,000 of support for people affected by alcohol and drug use during Covid-19 pandemic. The funding will be used for a programme to increase access to naloxone, increase capacity within the Know the Score helpline, facilitate a publicity campaign and support for the Scottish Recovery Consortium. Support has been made available for those affected by another person's alcohol and drug use through the Supporting

Families Fund.

73. On 9 April the Cabinet Secretary for Finance, Kate Forbes MSP [wrote](#) to the Finance and Constitution Committee providing an update on plans for Scottish Government fiscal events during 2020 in light of the Covid-19 pandemic. She confirmed the publication of the Medium-Term Financial Strategy, the Resource Spending Review and the publication of the Capital Spending Review and Infrastructure Investment Plan would all be delayed as a result of the crisis.
74. On 14 April the Scottish Government [published](#) information about the Affordable Housing Supply Programme and how it has been impacted by Covid-19.
75. On 14 April the Scottish Government [changed](#) the eligibility criteria for several benefits. This has been done to help people impacted by Coronavirus.
76. On 17 April the Scottish Government has [published](#) recommendations from the Drug Deaths Taskforce relating to the Covid-19 outbreak.
77. On 17 April the UK and Scottish Governments both [announced](#) that lockdown measures would be extended by a further three weeks.
78. On 20 April the Scottish Government [established](#) an independent advisory group to provide expert economic advice in response to the Covid-19 crisis. The group will provide advice on the aspects of the Government's economic response affecting the private sector, with membership consisting of experts from across regions and sectors, led by businessman and Government adviser Benny Higgins. Professor Anton Muscatelli of Glasgow University has also been appointed to the group.
79. On 21 April the Cabinet Secretary for Justice, Humza Yousaf MSP, [announced](#) to Parliament announced offenders nearing the end of short sentences would be considered for early release to help the prison system deal with Covid-19. Prisoners serving sentences of 18 months or less and who have 90 days or less left to serve on Thursday 30 April will be eligible for release. Those who are imprisoned for life or with convictions for sexual offences, domestic abuse or terrorism offences will not be considered for release.
80. On 21 April the Scottish Government [published](#) the latest State of the Economy report. The analysis in the report shows that GDP in Scotland could fall by around 33% during the current period of social distancing, similar to estimates from UK and international bodies such as the Office for Budget Responsibility (OBR) and the Organisation for Economic Co-operation and Development (OECD). Alongside a summary of latest economic developments, the report includes Scottish Government analysis of: channels through which COVID-19 is impacting Scotland's economy; short term impact of social distancing on GDP and the labour market; exposure of different sectors to COVID-19 risks; and medium-term path of the economic recovery.
81. On 22 April it was [announced](#) that over 110,000 household claims for Universal Credit in Scotland have been made between 1 March and 7 April, in contrast with an average of 20,000 applications per month in 2019. In response, the Scottish Government is launching a campaign in partnership with the Citizens Advice network providing information on issues including rent and mortgage payments, energy bills, council tax and benefit entitlement.
82. On 24 April the Health Secretary, Jeane Freeman MSP, [confirmed](#) that support services are still available during the response to COVID-19 for people who have suffered childhood abuse. The Health Secretary urged survivors to continue seeking

help from organisations which are still open and working through the pandemic. This comes as the first round of funding has been confirmed from the Scottish Government's £10 million Survivors of Childhood Abuse Support fund.

Scottish Parliament

83. On 25 March the Scottish Parliament unanimously [granted](#) its consent to the legislative consent [memorandum](#) on the UK Coronavirus Bill.
84. On 26 March Michelle Ballantyne MSP received a response from the parliamentary question that asked the Scottish Government how it will support people in rural communities who are self-isolating because of Covid-19. The Minister for Rural Affairs and Natural Environment, Mairi Gougeon MSP responded by saying that the government was working 'to ensure that the unique needs of rural communities are fully considered in light of the current Covid-19 situation'.
85. On 2 April MSPs voted in favour of Scotland's emergency [Coronavirus \(Scotland\) Bill](#), which enacts a series of new powers for an initial period of six months. Proposals to hold more trials without juries were withdrawn by the Scottish Government. The Scottish Government also accepted an amendment on FOI powers, to ensure that extensions to deadlines would be targeted, only applied following consultation with the Scottish Information Commissioner and would not apply to the Scottish Government. MSPs also voted 59 to 17 in favour of Andy Wightman's [amendment](#) to ban muirburn during the emergency period. The Act includes measures relating to:
 - new laws to protect tenants from eviction
 - measures to enable the early release of prisoners if prison staffing levels become insufficient
 - powers to enable the justice system can continue to function using audio or video technology
 - extensions on planning and licensing deadlines
 - other measures on commercial leases, land registration, equalities and human rights.

There are also specific measures for public bodies – including local authorities – relating to freedom of information and public reporting duties, as well as specific measures on local authority meetings.

86. On 7 April Jackie Baillie MSP received a response to her parliamentary question that asked the Scottish Government what additional resources will be provided by the Scottish Welfare Fund to local authorities, broken down by authority. The Cabinet Secretary for Social Security and Older People, Shirley-Anne Somerville MSP responded by saying that the Scottish Government is providing an additional £45m to local authorities for the provision of awards from the Scottish Welfare Fund. £22m of that will be distributed immediately using the current SIMD model as set out in the following table. The remaining £23m will be distributed later and targeted where it is needed most: Click [here](#) to view table.
87. On 8 April Neil Bibby MSP received a response to his parliamentary question that asked the Scottish Government how many council tenants have been evicted due to rent arrears in each of the last three years, broken down by local authority. The Minister for Local Government, Housing and Planning, Kevin Stewart issued a response saying that annual statistics on the number of local authority housing eviction actions are published on the Housing Statistics section of the [Scottish Government website](#). The statistics are sourced from annual housing statistics forms collected from

local authorities, which includes information on the number of cases in which an eviction action has been carried out as a result of rent arrears for each year between 2009-10 and 2018-19. The statistics also include the number of cases resulting in an abandoned dwelling following eviction actions due to rent arrears.

88. On 8 April Michelle Ballantyne MSP received a response from her parliamentary question that asked the Scottish Government why the delivery of contingency plans on free school meals during the Covid-19 outbreak varies between local authorities. The Cabinet Secretary for Education and Skills, John Swinney MSP issued the following response: “Free school meals are a vital measure for families, children and young people across the country and the Scottish Government is very grateful for the work that local authorities have already done, by quickly putting measures in place to ensure that children and young people who rely on free school meals will continue to receive them. On Thursday 26 March, the Scottish Government issued guidance to all local authority Chief Executives and Directors of Education regarding support to vulnerable children and young people. The guidance included a specific section on free school meals which recognises that local authorities will continue to adopt different approaches depending on their individual circumstances and in response to local need. This will ensure that local authorities have maximum flexibility in approach in order to meet the needs of all free school meal eligible children and young people.”
89. On 9 April Alex Neil MSP received a response from the written parliamentary question that he had submitted that asked the Scottish Government what arrangements are being made to defer council tax payments for people who have had their income reduced or lost as a result of the Covid-19 outbreak. Minister for Europe, Migration and International Development, Ben Macpherson responded by saying: “Our priority is to ensure that those directly impacted by current events are protected and we have asked councils to ensure that recovery proceedings are not initiated in these circumstances. The well-established Council Tax Reduction Scheme means nobody has to endure hardship or suffering because they have lost their ability to pay their council tax, including those impacted directly or indirectly by the Covid-19 (Covid-19) outbreak. We have already set aside an extra £50 million to fund increased demand for Council Tax Reduction and Social Security benefits, as part of our £350m package of support for communities.”
90. On 9 April Michelle Ballantyne MSP received a response from the parliamentary question that she submitted that asked the Scottish Government what discussions it has had with local authorities to discuss the expansion of council tax relief during the Covid-19 outbreak. Minister for Europe, Migration and International Development, Ben Macpherson issued the following response: “My officials have been in regular contact with COSLA and local authorities concerning the Covid-19 pandemic and council tax. Through this we have put in place measures to ensure those directly impacted by current events are not asked to pay council tax they cannot afford. These measures include asking local authorities to allow telephone and online applications for the Council Tax Reduction (CTR) scheme; encouraging local authorities to use existing flexibility to backdate a CTR application; and to avoid taking enforcement action against a household until a local authority is satisfied that the household's income has not been impacted by Covid 19, and the household are not likely to be entitled to CTR. The well-established CTR scheme means nobody has to endure hardship because they have lost the ability to pay their council tax. We already provide £351m to fund the CTR scheme, and have established a further £50m reserve to provide additional funding for the CTR scheme and Scottish social security benefits.”
91. On 9 April John Mason MSP published the following motion in the Scottish Parliament: “Praise for Local Authorities — That the Parliament praises the tremendous efforts of local authorities across Scotland to continue essential services and support residents

as far as they possibly can; particularly appreciates that services such as childcare, provision of food for families in need, and refuse collection are absolutely key requirements and thanks the workers who make such services possible; notes Glasgow City Council's offer to delay council tax payments by two months to help those in financial hardship as a result of Covid-19; recognises that such moves will help a number of people who have been financially affected by Covid-19; expects those who can still pay council tax to do so in view of this being a time of exceptional difficulty and financial pressures on councils, and thanks all local authority workers who it considers are making sacrifices at this time for the good of their communities."

92. On 20 April the Scottish Parliament Information Centre [published](#) a briefing on the negotiations for a UK-EU future relationship. It addresses the impact of the Covid-19 outbreak and the future virtual negotiations that have been scheduled.
93. On 20 April Sarah Boyack MSP [published](#) a blog calling for the Government to underwrite additional costs incurred by local authorities in response to Covid-19.
94. On 20 April the Scottish Parliament returned from its Easter recess. Chamber business will be conducted online, with in person meetings of a maximum 79 MSPs taking place once a week. The parliament has removed 50 seats to keep parliamentarians a safe distance apart. Committees will also switch to using video link, subject to a vote to change the standing orders to allow meetings to be held online.
95. On 21 April the Scottish Parliament [established](#) a new Covid-19 committee that will scrutinise the Scottish Government's approach in dealing with the Coronavirus. The committee's remit is: "To consider and report on the Scottish Government's response to Covid-19 including the operation of powers under the Coronavirus (Scotland) Act, the Coronavirus Act and any other legislation in relation to the response to Covid-19 and any secondary legislation arising from the Coronavirus (Scotland) Act and any other legislation in relation to the response to Covid-19." In total, nine MSPs will sit on the committee.
96. On 22 April Neil Bibby MSP received a response from a parliamentary question that queried how many key workers have been identified in each local authority area in response to the Covid-19 outbreak. The Cabinet Secretary for Education and Skills, John Swinney stated that the number of key workers in each local authority area is not held centrally. The data that has been provided by local authorities indicates that around 1% of the relevant school and early year's population have been attending local authority hubs since schools were asked to close.
97. On 22 April Oliver Mundell MSP received a response from a parliamentary question that queried when the Scottish Government would provide to Dumfries and Galloway Council to allow grant payments to be made to eligible self-catering businesses under the Covid-19 support scheme. The Cabinet Secretary for Finance, Kate Forbes said that the Scottish Government provided [guidance](#) to local authorities regarding the grant funding schemes on Monday 30 March 2020.

Parliamentary Committee News

Public Audit and Post Legislative Scrutiny Committee

98. On 19 March the Committee took evidence from Caroline Gardner, Auditor General for Scotland, on the approach to the Auditor General and Audit Scotland's work in the following weeks and months and what that means for the Committee's work.
99. Caroline Gardner and Fraser McKinlay, Director of Performance Audit and Best Value,

will further brief the Committee in this regard on 5 May.

Other committees

100. On 30 March the Scottish Police Authority [sent](#) a letter to the Justice Committee about its approach to governance, accountability and support for the police service during the Covid-19 outbreak
101. On 1 April the Economy, Energy and Fair Work Committee [cancelled](#) its Budget inquiry into Scottish Development International and internationalisation. The Committee's Budget scrutiny for 2021-22 will instead focus on the response to Covid-19 and it is open to hearing views on its impact on businesses, workers and the economy.
102. On 6 April the Education and Skills Committee [published](#) a letter from John Swinney concerning the cancellation of the exam diet. A [letter](#) updating the Committee on the latest approach taken by the Cabinet Secretary to respond to the outbreak of Covid-19 within his portfolio has also been published.
103. On 8 April the Economy, Energy and Fair Work Committee [issued](#) a call for views from Scottish businesses and employees on how they can be best supported during the Covid-19 crisis. The Committee has launched a rolling inquiry that will also consider how the economic recovery can be supported once the pandemic is over. The call for views will be ongoing and the Committee has set no deadline for responses.
104. On 9 April Cabinet Secretary for Justice, Humza Yousaf MSP [wrote](#) to the Justice Committee about justice matters and policing in the context of the Covid-19 outbreak. The letter includes information about the Scottish Government's assessment of the equalities and human rights implications of the UK Government's Covid-19 legislation; several issues relating to the work of the courts; police powers to detain a person who is potentially infectious and prohibit activities; the early release of prisoners; plans for secure care units; and safety measures for prison staff.
105. On 17 April Shirley-Anne Somerville sent a [letter](#) to the Equalities and Human Rights Committee outlining the Scottish Government's efforts to ensure human rights and equality inform its response to Covid-19. The Committee has also received a [joint letter](#) calling for it to launch an inquiry on this topic from the Equality and Human Rights Commission, the Scottish Human Rights Commission and the Children and Young People's Commissioner Scotland.
106. On 21 April the Equalities and Human Rights Committee [responded](#) to a letter from the Human Rights Consortium Scotland confirming it will launch an inquiry into the impact of Covid-19 on equalities and human rights.
107. On 22 April it was announced that the Education and Skills Committee would launch an [inquiry](#) on the wellbeing of vulnerable children during the Covid-19 outbreak. The Committee has identified the wellbeing of vulnerable children and young people in the current crisis as an "*immediate focus*" for its work programme. The inquiry will focus on the need to quickly adapt approaches to reflect social distancing, the increased need for support, and will consider which support needs will be most appropriate for vulnerable young people. The Committee has written to [stakeholders](#) inviting them to set out which issues they would like to be scrutinised. A [letter](#) to John Swinney has also been published.

Public Policy News

108. On 24 March Scottish Water [agreed](#) to suspend pre-payment charges for licensed

providers for two months, starting from April. It follows the agreement of a package of measures worth £60m between the Scottish Government and the water industry to help businesses experiencing difficulties with water charges during the Covid-19 outbreak.

109. On 26 March the Fraser of Allander Institute [released](#) a report that suggested the global health crisis will shape business for the next several decades. The commentary claims the impact of the pandemic will reach a variety of sectors, but businesses are predicting a recovery in activity over the summer or over the winter period. For now, the Fraser of Allander Institute predicts the Scottish economy will continue to slow as a result of the disruption to normal spending habits. It is predicted that up to 20% of the workforce will be impacted at any one time. While the cause of the economic downturn is predicted to be temporary, the Institute predicts that there may be long-term impacts on business, including a recession.
110. On 31 March CIPFA [published](#) research that suggested that almost two thirds (64%) of local government professionals believe fraud is a major risk for local authorities. This finding comes in the midst of the Covid-19 pandemic, during which councils are at an increased risk of suffering fraud losses due to the high value of emergency grants they have been given to disburse.
111. On 2 April, Voluntary Health Scotland [published](#) the results of a survey of our member organisations and wider network to help establish the impact Covid-19 is having on the health and wellbeing of people supported by organisations and on organisations' own ability to continue supporting people. The briefing sets out the top-line results of the research which point to speed, creativity and flexibility that the third sector is demonstrating as it responds to the crisis, as well as the substantial challenges and barriers it is facing.
112. On 8 April the Fraser of Allander Institute [published research](#) on the impact the Covid-19 lockdown is having on the Scottish economy. The Institute claims there is too much uncertainty to provide an exact economic forecast but suggests the negative impact will be temporary. In the short term, Scotland's GDP could contract by between 20 and 25% if the current lockdown continues. However, the Institute said it is difficult to predict the exact economic outcome as the length of the lockdown and how the restrictions will be lifted are unknown. The research highlights the impact of the outbreak on a variety of sectors, including agriculture, manufacturing, construction and services. The Institute concludes that production and construction will be impacted more than the service sector, while retail, accommodation, food services and transport will be the most affected.
113. On 14 April the Fraser of Allander Institute [published](#) *Re-Thinking our Global Economic Future?*, a paper by Andrew Goudie exploring the future economy in light of the Covid-19 pandemic. It divided the crisis into three phases – the humanitarian response, the initial relaxation of restrictions and the third phase of “*hesitant recovery*” – which the paper sought to understand and support. The paper warned of the “*immensely difficult choices*” ahead and said societies would need to “*accept new behaviours and relinquish established ways of life that they have come to assume as a right*”. It advocated for a “*new economic system*” which addressed the familiar problems posed by inequality and the environment as well as the “*immense global health risks*” of Covid-19 and future pandemics.
114. On 14 April, Youthlink Scotland [launched](#) a survey ‘Lockdown Lowdown: What young people in Scotland think about COVID-19’. The survey will ask young people from every community in Scotland to share their concerns about Covid-19. The results will help to identify what young people in Scotland are worried about in relation to Covid-19

and the wider impact it is having on their lives.

115. On 15 April the Office for Budget Responsibility (OBR) released [analysis](#) that predicts that UK GDP could fall by as much as 35% in the second quarter of this year, due to the Covid-19 outbreak. The OBR predicts that as well as impacting public health and wellbeing, the outbreak will raise public sector net borrowing and debt due to economic disruption. As a result, public sector net debt will be permanently higher as a share of GDP. The OBR has also published a [mock scenario](#) of how the Covid-19 will impact the economy, under the assumption that the movement of the public will be heavily restricted for three months. In the scenario, public sector borrowing is predicted to increase this year by £218bn but once the pandemic recedes, borrowing will decrease quickly.
116. On 16 April PwC released a report that suggested the UK government deficit could rise to as high as £260bn – about 12% of GDP – this financial year, as a result of the measures taken amid the Covid-19 pandemic. The Office for Budgetary Responsibility forecast, pre-Covid-19, was that the deficit would be £55bn.
117. On 20 April the Institute for Government published a [report](#) on the role of Parliament during the Covid-19 outbreak. The report suggests that while the UK Government was forced to make decisions quickly at the beginning of the pandemic, it was difficult for Parliament to properly scrutinise the Government's response. However, the Institute argues that the Parliament should now engage in its usual methods of scrutiny and the Government should seek parliamentary approval of the current lockdown measures if it intends to continue to enforce them.
118. On 21 April the UK Government [announced](#) a regional testing centre for Covid-19 will be opened for key workers in Inverness. The drive-through facility will open as part of a UK-wide campaign to improve testing capacity for NHS staff and other key workers. The facility will be located at UHI Inverness campus.
119. On 22 April the latest State of the Economy report by the Office of the Chief Economic Adviser [found](#) Scotland's GDP could fall by 33% during the current period of social distancing. The summary of economic developments includes analysis of channels through which Covid-19 is impacting the economy, the short-term impact of social distancing on the labour market, the exposure of certain sectors to Covid-19 risks and of the medium-term path of economic recovery.

COSLA

120. On 15 April COSLA issued a [statement](#) welcoming the additional support for business funding announced by the Scottish Government which will enable more businesses and vital organisations within communities to be given the support they require. COSLA's Resources Spokesperson Councillor Gail Macgregor said "The additional £120 million of funding for business support announced today, will help to support more businesses and vital organisations within our communities and local government has worked hard to develop the necessary infrastructure to deliver it in the quickest and most effective way... In addition local government will welcome discussions with Scottish Government on local government's role ensuring the remaining £380 million of the £600 million announced by the Chancellor at the weekend reaches those in most need."
121. On 20 April COSLA [wrote](#) to the Cabinet Secretary for Finance, Kate Forbes, asking that the full £155 million of consequential comes to local government as councils respond to the Covid-19 pandemic. COSLA's Resources Spokesperson Councillor Gail Macgregor said: "In relation to the UK Government's announcement that an

additional £1.6bn will be made available for Councils in England, COSLA has today written to the Cabinet Secretary calling on the Scottish Government to pass the resulting consequential for Scotland to Local Government in full.”

Improvement Service

122. On 1 April the Improvement Service [announced](#) that Dr Sarah Gadsden has been appointed as the permanent Chief Executive after a robust recruitment process facilitated by SOLACE in Business. Sarah had been the interim Chief Executive since March 2018 and in that time she had led business as usual and overseen an organisational review of IS structure and governance arrangements.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO)

123. The SPSO's [Newsletter – March](#) and [Newsletter - April](#) outline investigation reports, recent SPSO news and highlights emerging issues. More information on the SPSO's work, including detailed investigations and decision reports, is available on the Our findings webpage. The Commission's Financial Audit and Assurance Committee will consider more detailed intelligence from the SPSO on a six-monthly basis.
124. On 17 April the Scottish Public Services Ombudsman, Rosemary Agnew, laid her [Strategic Plan for 2020-2024](#) before the Scottish Parliament, as required by section 17A of the Scottish Public Services Ombudsman Act 2002. In it the Ombudsman sets out her vision for the delivery of the SPSO's functions under the strategic themes of accessibility, access to justice, capacity and standards.

UK Government

125. On 12 March the Chancellor of the Exchequer, Rishi Sunak MP, [delivered](#) the 2020 Budget. Among the measures includes a £5bn emergency fund to tackle the Covid-19, the abolition of the tampon tax, a rise in the National Insurance Contributions tax threshold, a freeze on alcohol and fuel duty, £5bn of investment in gigabit-capable broadband provision and £650m to tackle homelessness.
126. On 23 March the Chancellor of Exchequer [announced](#) a package of measures designed to protect workers and businesses affected by the ongoing Covid-19 emergency. The new measures will act alongside previous announcements such as the [Coronavirus Business Interruption Loan Scheme](#). A new Coronavirus Job Retention Scheme will be set up to help pay people's wages, where employers can contact HMRC for a grant to cover up to 80% of the wages of their workforce who remain on payroll but are temporarily not working during the Covid-19 outbreak. These payments will be backdated to the beginning of March and will be initially available for three months but could be extended for longer if needed. Universal Credit and tax credits will also see a £7bn increase over the next financial year in order to support those made unemployed by the outbreak. Other measures announced include the deferral of all VAT payments between now and June, along with the deferral of income tax due in July under the Self-Assessment system to January.
127. On 24 March the UK Government [suspended](#) reviews and reassessments for disability benefits for the next three months. The measure has been taken to reassure vulnerable people about the continuity of their benefits during the Covid-19 outbreak and to ensure access for new claimants. It comes as the DWP has limited [access](#) to jobcentres for all but the most vulnerable and has moved 10,000 existing staff to focus on processing new claims.

128. On 24 March the UK Government [published](#) guidance on how the public can stay at home and limit contact with others. The guidance stresses that people should not leave their homes unless they are shopping for necessities, seeking medical care, for one form of exercise per day or to go to work. Non-essential retail stores have also been instructed to close and there will be a ban on public gatherings of two or more people. [Information](#) for businesses and individuals in Scotland has also been published. The Foreign and Commonwealth Office has [called](#) for all British tourists and short-stay travellers to return to the UK now due to the increasingly limited number of commercial flights.
129. On 25 March the UK Government [published](#) further guidance on the closure of all retailers that sell non-essential goods and other non-essential premises as part of ongoing social distancing measures, as well as updated [guidance](#) for employers, employees and businesses on healthcare advice and financial support.
130. On 29 March the Chancellor of the Exchequer, Rishi Sunak MP, [outlined](#) measures the Government will put in place to support self-employed people through the Covid-19 pandemic. Individuals will receive direct cash grants of up to 80% of their average monthly profits over the last three years, up to £2,500 per month. He said 95% of self-employed people would be eligible for the support.
131. On 3 April the Treasury Committee [published](#) a summary of [evidence](#) from its *Economic Impact of Coronavirus* inquiry. Over 14,000 people submitted evidence to the Committee, with the summary covering areas such as: support for the self-employed, debt management, and insurance.
132. On 3 April the Secretary of State for Health, Matt Hancock MP, [announced](#) that more than 100 NHS hospitals are to have their historic debt cleared, to allow them to invest in maintaining vital services and infrastructure improvements. This means over £13bn of NHS debt is being scrapped in England, as part of the package of reforms to the NHS financial system for the new financial year.
133. On 3 April the Chancellor of the Exchequer, Rishi Sunak MP, [announced](#) the UK Government will take further action to support firms affected by Covid-19 by increasing business interruption loans for small businesses and introducing a new scheme for larger companies. The current Business Interruption Loan Scheme has been extended to all small and medium-sized businesses, where previously only businesses who had been refused regular commercial financing were able to apply. The new scheme will also provide a government guarantee of 80% to enable banks to make loans of up to £25m to businesses with an annual turnover of between £45m and £500m. The UK Government will also stop lenders from requesting personal guarantees for loans under £250,000 and will make operational changes to speed up lending approvals. So far under the scheme, £90m of loans have been approved for 983 businesses, although the Government has faced criticism after [reports](#) suggested that over 130,000 loan enquiries had been made.
134. On 8 April the Chancellor of the Exchequer, Rishi Sunak MP [announced](#) a £750m package to help the charity sector deal with Covid-19:
 - £360m allocated by government departments for charities providing vital services and support to vulnerable people – including hospices, St John’s Ambulance, victims charities (including domestic abuse), those supporting vulnerable children and Citizens Advice.
 - £370m for small and medium-sized charities (funded via a grant to the National Lottery Community Fund for those in England) including those delivering food, essential medicines and providing financial advice.

- Government will also match donations to the National Emergencies Trust as part of the BBC's Big Night In fundraiser on 23 April – pledging a minimum of £20m
 - £60m for devolved administrations “*and further significant Barnett allocations, dependent on the final proposals funded, through the direct grant pot*”.
135. On 14 April the UK Government [announced](#) that they have committed a total of £14bn in funding for public services through the Coronavirus Emergency Response Fund. Of that fund, £6.6bn has gone to the NHS and health services, £1.6bn to local authorities and £3.5bn to maintain rail services. Almost £2bn in extra Barnett consequential have been allocated, including £1bn to the Scottish Government, £0.6bn to the Welsh Government and £0.3bn to the Northern Ireland Executive.
136. On 17 April the Chancellor of the Exchequer [announced](#) that Job Retention Scheme would be extended to the end of June.
137. On 18 April the UK Government [announced](#) that Scotland would receive an additional £155 million in funding to help tackle Covid-19.
138. On 17 April the UK Government announced further measures to support local authorities deal with Coronavirus. Councils in England will be able to defer £2.6bn in business rates payments due to be made to government over the next three months. The government will also bring forward £805m of child and adult social care grant payments. These will now all be paid this month, rather than in three-monthly instalments in April, May and June.
139. On 20 April it was announced that more than 140,000 UK companies have applied for help to pay furloughed staff since the government's Covid-19 Job Retention Scheme launched. This equates to the wages of over one million people, who will receive 80% of their salary while they're furloughed during lockdown.
140. On 20 April the Chancellor of Exchequer Rishi Sunak MSP announced a £1.25bn [support package](#) for innovative firms. The package comprised a £500m investment fund for high-growth companies, and grants and loans worth £750m for SMEs focusing on research and development. The support is intended to help businesses through the Covid-19 crisis so they can drive economic growth when it's over.
141. On 20 April it was [announced](#) that local authorities in England receive an additional £1.6bn from the UK Government to help deal with the immediate impacts of Covid-19. The money takes the total given to councils to help their communities through this crisis to more than £3.2bn, after £1.6bn was allocated last month. It's expected to be used to help people currently sleeping rough and to support new shielding programmes for vulnerable people having to self-isolate, alongside extra support for healthcare and adult social care services.
142. On 23 April the House of Commons approved a motion that will allow MPs to continue to scrutinise the UK Government via remote methods. The model will allow a maximum of 50 MPs to be present in the debating chamber, with up to 120 members able to take part in proceedings from their homes or offices via video screens set up around the chamber.

Other UK Audit Bodies

National Audit Office

143. On 30 March the National Audit Office [published](#) the Departmental Overview: Local

Authorities 2019. The report is designed to provide a quick and accessible overview of the Department and its performance over the last year. The report focuses on the Department's responsibilities and how it spends its money, key developments in its areas of work and findings from recent reports.

144. On 30 March the National Audit Office [published](#) the Departmental Overview: Ministry of Housing, Communities and Local Government 2019. The report is designed to provide a quick and accessible overview of the Department and its performance over the last year. The report focuses on the Department's responsibilities and how it spends its money, key developments in its areas of work and findings from recent reports.
145. On 22 April Gareth Davies, Comptroller and Auditor General, and Head of the National Audit Office, [published](#) a blog on Covid-19, setting out what it may mean for the National Audit Office.

Wales Audit Office

146. On 1 April the Wales Audit Office [published](#) its Annual Plan 2020-21. It describes the steps the WAO were intending to take over the coming year towards achieving its overall ambitions and strategic objectives. However the publication acknowledges that just before publication, they were overtaken by the extraordinary situation of the Covid-19 outbreak. As a result, the WAO communicated to the public bodies that they audit that they have scaled down their work and are adopting alternative delivery approaches to ensure that audit does not in any way add to the huge pressures already faced by the public sector in Wales.
147. On 17 April the Wales Audit Office [announced](#) that they were changing their name to Audit Wales. This was being done in response to feedback from stakeholders, staff and the public in Wales, calling for them to improve the way they communicate. They wanted the WAO to be clearer, shorter and more accessible. They also said that the previous multiple identities cause confusion and so dilute impact.

Northern Ireland Audit Office

148. On 3 April the Controller and Auditor General of the NIAO, Keiran Donnelly CB, [published](#) a blog providing an update on work and priorities following the COVID-19 pandemic.
149. On 24 April the Chief Operations Officer of the NIAO, Pamela McCreedy, [shared her insights](#) from a public sector perspective on responding to the COVID-19 crisis with Níall Fitzgerald, Head of Ethics and Governance in Chartered Accountants Ireland, as part of the CAI Governance Webcast Series.

Conclusion

150. The Commission is invited to:
 - a) Consider and note this report.
 - b) In particular, in relation to paragraph 8, to endorse the proposed principles to help guide further dialogue between the Commission, Audit Scotland, government and audited bodies in relation to the conduct of the audit and of fulfilling the Commission's statutory responsibilities.

Paul Reilly
Secretary to the Accounts Commission
30 April 2020