ACCOUNTS COMMISSION ✓

470th meeting of the Accounts Commission for Scotland

Thursday 13 August 2020, 9.30am
by video conference

Agenda

1. **Apologies for absence**

2. **Declarations of interest**

3. **Order of business**

   The Chair seeks approval of business, including proposing taking item 12 in private (*see note).

Business requiring decisions in public

4. **Minutes of meeting of 11 and 18 June 2020**

5. **Commission Interim Deputy Chair**

   Report by the Secretary.

6. **Best Value Assurance Report: Moray Council**

   Report by the Controller of Audit.

7. **Commission meeting arrangements 2021**

   Report by the Secretary.

8. **Local government overview reporting 2021**

   Report by the Director of Performance Audit and Best Value.

Business for information

9. **Secretary's update report**

   Report by the Secretary.

10. **Interim Chair's update report**

    Report by the Interim Chair.

11. **Controller of Audit's update report**

    Verbal report by the Controller of Audit.

Business requiring decisions in private

12. **Best Value Assurance Report: Moray Council**

    The Commission will decide its action for item 6.

* It is proposed that item 12 be considered in private because:

- Item 12 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.

The following papers are enclosed for this meeting:

Agenda item	Paper number
Agenda item 4: Minutes of meeting of 11 and 18 June 2020	AC.2020.7.1
Agenda item 5: Report by Secretary to the Commission	AC.2020.7.2
Agenda item 6: Report by Controller of Audit	AC.2020.7.3
Agenda item 7: Report by Secretary to the Commission	AC.2020.7.4
Agenda item 8: Report by Director of Performance Audit and Best Value	AC.2020.7.5
Agenda item 9: Report by Secretary to the Commission	AC.2020.7.6
Agenda item 10: Report by Interim Chair	AC.2020.7.7

MEETING: 13 AUGUST 2020

MINUTES OF PREVIOUS MEETING

Minutes of the 469th meeting of the
Accounts Commission held via online meeting
on Thursday 11 and 18 June 2020, at 10.15am.

PRESENT: Graham Sharp (Chair)
                  Andrew Burns
                  Andrew Cowie
                  Sophie Flemig
                  Sheila Gunn
                  Christine Lester (11 June only)
                  Tim McKay
                  Stephen Moore (18 June only)
                  Elma Murray
                  Sharon O'Connor
                  Pauline Weetman
                  Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
                  Fraser McKinlay, Controller of Audit and Director of Performance Audit
                  and Best Value (PABV)
                  Ruth Azzam, Auditor, PABV (Items 7 and 11)
                  Elaine Boyd, Associate Director, Audit Quality and Appointments
                  (AQA) (Item 12)
                  Anne Cairns, Manager – Benefits, PABV (Item 15)
                  Morag Campsie, Senior Manager, Audit Services & PABV (Item 16)
                  Angela Canning, Audit Director, PABV (Item 15)
                  Antony Clark, Audit Director, PABV (Item 9)
                  Fiona Daley, Consultant, Audit Strategy (Item 12)
                  Gemma Diamond, Audit Director, PABV (Item 16)
                  Lucy Jones, Senior Auditor, PABV (Item 16)
                  Pat Kenny, Director, Deloitte (Item 7 and 11)
                  Fiona Kordiak, Director of Audit Services (Items 9 and 15)
                  Robert Leask, Project Manager, AQA (Item 12)
                  Mark MacPherson, Senior Manager, PABV (Items 7 and 11)
                  Bernadette Milligan, Audit Manager, PABV
                  Donna Rigby, Graduate Trainee Auditor, PABV (Items 7 and 11)
                  Sally Thompson, Audit Manager, PABV (Items 7 and 11)
                  Karlyn Watt, Senior Manager, Deloitte (Items 7 and 11)
                  Peter Worsdale, Audit Manager, Commission Support Team (Item 10)
                  Rikki Young, Business Manager, PABV (Item 9)

Item   Subject

1.   Apologies for absence
2.   Declarations of interest
3.   Decisions on taking business in private
4.   Minutes of meeting of 21 May 2020
5.   Audit Scotland Board update
6.   Update report by the Controller of Audit
7.   Best Value Assurance Report: North Ayrshire Council

8.   * Update report by the Secretary to the Commission
9.   * Work programme update
10.   * Draft annual report 2019/20
11.   Best Value Assurance Report: North Ayrshire Council (in private)
12.   New audit appointments and Code of Audit Practice: update (in private)
13.   Commission strategy (in private)
14.   Planning Commission business (in private)
15.   * National Fraud Initiative – draft Audit Scotland report (in private)
16.   * Performance audit: Digital progress in local government – emerging messages (in private)
17.   Commission business matters (in private)

* These items were considered on 18 June.

Opening remarks – Auditor General

The Chair advised members that this meeting would be the last Commission meeting during the appointment of the current Auditor General, Caroline Gardner. He noted the collaboration between the Commission and Ms Gardner in advancing public audit in Scotland, and he conveyed to her the best wishes of the Commission.

1. Apologies

It was noted that apologies for absence had been received from Stephen Moore (for the 11 June session) and Christine Lester (18 June) and for late arrival from Sharon O'Connor (11 June).

2. Declarations of interest

The following declarations of interest were made:

- Elma Murray, in items 7 and 11, as a former Chief Executive of North Ayrshire Council. Ms Murray removed herself from the meeting during consideration of these items.

- Geraldine Wooley, in item 15, as a member of the Fife Valuation Appeals Committee.

3. Decisions on taking business in private

It was agreed that items 11 to 17 be considered in private because:

- Item 11 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.

- Items 12 to 14 require the Commission to consider confidential commercial and contractual matters.

- Item 15 proposes a draft report which the Commission is to consider in private before it is published.

- Item 16 discuss the emerging messages from a performance audit report which may require consideration of confidential policy matters in advance of further audit work and subsequent publication.

- Item 17 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 private business was notified by members for item 17 and thus the Chair advised that the item would not require discussion in private.

4. Minutes of meeting of 21 May 2020

The minutes of the meeting of 21 May 2020 were approved as a correct record.

5. Audit Scotland Board update

The Commission noted a report by the Secretary providing an update on the business of the Audit Scotland Board.

Arising therefrom, in relation to paragraph 19 of the minutes of the Audit Scotland

Board of 29 January, and having heard from the Chair of the Commission, the Commission:

- Agreed that the said minute's account of the Commission's consideration of the Code of Audit Practice at its November meeting was unsatisfactory.

- Agreed to affirm the Commission's previous conclusion expressed at its meeting in February 2020 that it was satisfied that its said consideration of the Code of Audit Practice was consistent with good governance and due process requirements.

- Agreed that the Chair notify the Audit Scotland Board accordingly.

Action: Chair of the Commission

6. Update report by the Controller of Audit

The Commission noted a verbal update from the Controller of Audit on his recent activity, including his liaison with the Convention of Scottish Local Authorities on the impact of the Covid-19 emergency on local government.

7. Best Value Assurance Report: North Ayrshire Council

The Commission considered a report by the Secretary presenting the Controller of Audit's Best Value Assurance Report for North Ayrshire Council.

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

8. 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.

The Commission noted advice from the Secretary that, in line with the approach agreed with Commission members as part of new business arrangements in the light of the Covid-19 emergency, members had provided comments on his report in advance of the meeting.

The Commission agreed to note the report.

9. Work programme update

The Commission considered a report by the Director of PABV providing an update on the Commission's work programme.

During discussion, the Commission noted a verbal update from the Director of Audit Services on the progress of the annual audit across local government.

Following discussion, the Commission noted the report.

10. * Draft Commission annual report 2019/20

The Commission considered a report from the Secretary proposing its draft Annual Report 2019/20.

Following discussion, the Commission agreed:

- To approve the draft annual report and associated publication arrangements, subject to the Secretary and Commission support team addressing points raised in discussion.

- That, in response to points raised by Sophie Flemig, Sharon O'Connor and Geraldine Wooley, to continue in future reporting to increase the accessibility of material through the use of plain English.

Actions: Secretary

11. <u>Best Value Assurance Report: North Ayrshire Council (in private)</u>

The Commission discussed how to proceed in relation to the Controller of Audit's Best Value Assurance Report for North Ayrshire Council.

Following discussion, the Commission agreed to make findings to be published on 30 June.

12. <u>New audit appointments and Code of Audit Practice (in private)</u>

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

Following discussion, the Commission agreed:

- To note the update, including matters in relation to the extension of existing auditor appointments.

- To note in particular the updated milestones for the project agreed by the project Steering Group.

- To note that the Deputy Chair would report further to the Commission on:

    o Proposals for the Commission's role in engaging further with stakeholders on further drafts of the Code

    o The Commission's further input into the project, including Commission decision-making and the role of the Commission Secretary

    o The Commission's input into an interim review of the project being conducted by the project Steering Group

    o Further consideration by the Commission of the responses from stakeholders to the first consultation exercise

    o Further consideration by the Commission of the procurement strategy.

Action: Deputy Chair and Secretary

13. <u>Commission strategy (in private)</u>

The Commission considered a report from the Secretary discussing what the Covid-19 emergency means for the Commission's strategy and proposing how it takes forward its thinking in this regard.

Following discussion, the Commission agreed:

- To take forward its thinking in this regard over the next six months, including:

    o Engaging with Audit Scotland and stakeholders from government and local government.

       ○   Further to such engagement, specifically progress its proposed engagement panel consisting public and community advocacy bodies.

- To put in abeyance publication of a Strategy, and meantime to continue to articulate the principles agreed at its April meeting on the Commission's expectations of audit in the light of the Covid-19 emergency.

Actions: Secretary

14.   <u>Planning Commission business (in private)</u>

The Commission considered a report from the Secretary proposing a way forward for planning Commission business and considering its strategy in the light of the Covid-19 emergency.

Following discussion, the Commission agreed:

- To take forward its thinking over the next six months initially with a strategy seminar on 12 August (paragraph 5).

- Accordingly, agree the arrangements for how the Commission conducts its business as set out in the report, including:

    ○   Meeting virtually and more frequently

    ○   Revisiting its team development activities

    ○   Prioritising 'public-facing' business to be considered at formal meetings

    ○   More informal consideration of other business

    ○   Recording (and making such recordings publicly available) of formal public meetings of the Commission.

Actions: Secretary

15.   <u>National Fraud Initiative – draft Audit Scotland report (in private)</u>

The Commission considered a report by the Director of Audit Services on the 2018/19 National Fraud Initiative exercise.

Following discussion, the Commission agreed:

- To note the draft report of the 2018/19 NFI exercise.

- To note the proposed publication arrangements.

- To promote the messages in the report to local government stakeholders.

Actions: Director of Audit Services and Secretary

16.   <u>Performance audit: Digital progress in local government – emerging messages (in private)</u>

The Committee considered a report by the Director of PABV proposing the emerging messages for the *Digital progress in local* government performance audit report.

Following discussion, the Commission:

- Agreed the emerging messages, subject to the audit team addressing in conjunction with the audit sponsors, Andrew Cowie and Christine Lester, the matters raised in discussion.

- Agreed to consider a draft report at a future meeting.

Actions: Director of PABV and Secretary

17. Commission business matters

The Deputy Chair advised that this meeting would be the last meeting for the Chair. She, along with Chair of Financial Assurance and Audit Committee, Commission Secretary and Controller of Audit, conveyed the best wishes of the Commission to the Chair. In turn, the Chair thanked the members of the Commission for working with him, and also the staff of Audit Scotland for their support to the Commission during his term of office

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

MEETING: 13 AUGUST 2020

REPORT BY: SECRETARY TO THE COMMISSION

APPOINTMENT OF INTERIM DEPUTY CHAIR

Purpose

1. This paper proposes that Tim McKay be nominated for appointment an Interim Deputy Chair.

Background

2. The Chair of the Commission, Graham Sharp, resigned his position from 31 July. Subsequently, the Minister for Local Government, Housing and Planning, Kevin Stewart, advised Elma Murray that he is content that she fulfils the role of Interim Chair until a new Chair is appointed. This role applies from 1 August for a period of up to one year.

3. In taking up the role, Elma sought the views of Commission members about the desirability of appointing an Interim Deputy Chair to cover the same period. Members met to discuss the matter, and confirmed their desire to have such a post.

Post of Deputy Chair

4. The Appendix sets out the role description for the post of Deputy Chair.

5. The Deputy Chair role is expected to have a time commitment of 4½ days per month, or 54 days per year. The post attracts remuneration at the same daily rate as a member of the Commission.

Nomination

6. Elma also sought interest from members in the role. Members agreed that Tim McKay be nominated for the role of Deputy Chair.

7. The Minister's view was sought on the establishment of the Interim Deputy Chair post, and on the nomination of Tim McKay. He has indicated his contentment with both. If therefore the Commission confirm the nomination, then the appointment can have immediate effect.

Conclusion

8. The Commission is invited to formally nominate Tim McKay as Interim Deputy Chair for a period matching that of the Interim Chair, and to note the Minister's contentment with the proposed appointment.

Paul Reilly
Secretary to the Commission
7 August 2020

ACCOUNTS COMMISSION ✓

ROLE DESCRIPTION

COMMISSION DEPUTY CHAIR

Your primary role as a board member is to provide active leadership for the body and to promote commitment to its core values, policies and objectives and to ensure it meets Ministerial aims. One of the key roles of every board member is to provide a strong 'challenge function', carefully scrutinising plans and underlying assumptions before decisions are taken. In exercising this function, you should be prepared to challenge senior officers of Audit Scotland, and if necessary, other board members or the Chair.

As Deputy Chair of the Accounts Commission you are responsible for the matters specified above, and in particular required to:

- assist the Chair in representing the Accounts Commission for Scotland externally, at meetings with other bodies, Ministers and MSPs, conferences and the media

- assist the Chair in effective working relationships with the Controller of Audit; Secretary; Auditor General for Scotland and key stakeholders outwith the Accounts Commission for Scotland

- assist the Chair in providing non-executive leadership to the employees of Audit Scotland, building an operational relationship which ensures the proper discharge of the Accounts Commission for Scotland's functions

- deputise for the Chair when required, e.g. by chairing meetings of the Accounts Commission for Scotland and fostering sound decision making and full participation by all members; or acting as the principal spokesperson of the Accounts Commission for Scotland, including representing it in the media.

- focus discussions at meetings of the Accounts Commission as appropriate

The Deputy Chair may also play a major role in hearings on statutory reports in local government.

In addition, as a member both individually and within the board setting the Deputy Chair will be expected to:

- Consider and, as appropriate, approve and take action on:

  - the Accounts Commission's overall strategy;

  - the appointment of auditors, and the quality control review of auditors' performance;

  - statutory reports by the Controller of Audit, including Best Value reports, reaching findings and recommendations and attending hearings as required, and contributing to the continuing development of the Best Value audit process;

  - programmes of performance audit studies, which examine value for money issues across public bodies, and the outcome of individual studies;

  - general issues arising from the audits, including an annual review of

performance in local government; and

- the Accounts Commission's policy on performance information, including approving an annual Direction.

- Contribute to:

  - the Accounts Commission's role with the activities of the various local government inspectorates, to ensure the development of proportionate and risk-based scrutiny of local government;

  - the development of, and responses to, policy in relation to the strategic scrutiny response to the wider public service reform agenda including, in conjunction with the Auditor General for Scotland, the audit of Community Planning; and

  - submissions by the Accounts Commission to consultative and other exercises by Government, Parliamentary and other bodies.

- Represent the Accounts Commission at liaison meetings with external bodies, conferences, media events etc.

August 2019

MEETING: 13 AUGUST 2020

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: MORAY 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 Moray 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 Moray Council. This is the first BVAR on the council and reports on the progress made by the Council since previous Best Value reports. The Controller of Audit previously reported to the Accounts Commission on the Council in September 2013 and the Commission's findings were published in September 2013 (set out in Appendix 2).

4. In October 2015, the Controller of Audit provided an update to the Commission on the Council's progress since the previous Best Value audit. The Commission's findings from that progress report were published in October 2015 (set out in Appendix 3).

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 Moray Council; and

    b) decide in private how it wishes to proceed.

Paul Reilly
Secretary to the Commission
4 August 2020

BEST VALUE ASSURANCE REPORT: MORAY COUNCIL

See separate paper.

TARGETED BEST VALUE AUDIT – MORAY COUNCIL: COMMISSION FINDINGS

SEPTEMBER 2013

1. The Commission accepts the Controller of Audit's report on targeted Best Value work in The Moray Council.

2. The Commission welcomes the improvement plan put in place and being taken forward by the council in response to the Best Value targeted work.

3. The council has strengthened its leadership as it addresses improvements. We are encouraged by this and the momentum can continue if the council fulfils its commitment to its development programmes for officers and members.

4. We believe that there would be substantial benefit for the council in integrating its various strategic plans and strands of improvement work. We also see the potential of a more coordinated approach to seeking and making use of the views of customers. We urge progress to these ends.

5. The Commission recognises that the council's performance against its improvement plan will feature in the annual audit process. We ask the Controller of Audit to report back to us on progress in 18 months' time.

AUDIT OF BEST VALUE AND COMMUNITY PLANNING –
PROGRESS REPORT – MORAY COUNCIL: COMMISSION FINDINGS

OCTOBER 2015

1. The Commission accepts this report by the Controller of Audit on progress made by The Moray Council since our 2013 report Best Value audit work.

2. The Commission is encouraged by the council's progress in aligning its strategic plans, priorities and objectives; the awareness and commitment of the management team; and the focus on elected member and employee development. Substantial improvement activity is underway. At the moment, it is too early to judge its overall effectiveness.

3. The council is moving in the right direction but the pace of improvement needs to increase significantly. In particular, the financial challenge facing the council – to reduce spending by over £16 million by March 2018 - requires demonstrable leadership by elected members in approving and implementing a comprehensive strategy to achieve the necessary savings. In addition, the council needs to quicken progress in its approach to engaging with customers. It also must follow through on recent employee engagement activity to develop a more positive workforce culture.

4. 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.

Moray Council
Best Value Assurance Report

ACCOUNTS COMMISSION

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

Contents

Key facts

Area: 2,238 sq. KM (864 square miles)

Population: 95,520

Council workforce: 3,500 (number of full-time equivalent employees)

Elected members:

- 9 Scottish National Party

- 9 Conservative and Unionist

- 7 Independent

- 1 Scottish Labour

Council houses: 6,121

Net Revenue Budget   £212 million (2020/21)

Capital budget £42 million (2020/21) best value

Budget gap £20 million 2020/21 – 2022/23

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.

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. 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.

3. 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, 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 included (Exhibit 1):

Exhibit 1
Key areas of focus for our audit

Vision and strategic direction

- **Moray Council vision and priorities and how these fit with the LOIP**

- **Leadership, governance and scrutiny**

Performance

- **Overall progress on performance and outcomes**

- **Developing performance reporting arrangements, including public performance reporting**

Use of resources

- **Financial position and future planning**

- **Asset condition and capital maintenance programmes**

- **Workforce planning**

Partnership working

- **Partnership working arrangements**

- **Community engagement and empowerment**

Continuous improvement

- **Improvement and modernisation programme**

- **Progress against keys judgements in 2015 follow up report**

Source: Audit Scotland

4. The detailed audit work for this report was undertaken in November and December 2019. Our audit work included:

- interviews with elected members and senior officers

- observing a range of council and committee meetings

- document review

- interviews with partners and outside agencies

5. The fieldwork for this report was conducted before the COVID-19 (coronavirus disease) outbreak in Scotland. The outbreak has brought unprecedented challenges to organisations around the country. It is not yet known what long-term impacts these will have on populations and on the delivery of public services, but they will be significant and could continue for some time. The report does not consider the impact of COVID-19 on the council, or the implications for the audit findings and conclusions. However, the principles of sound financial management, good governance, public accountability and transparency remain vital.

6. We will continue to audit Best Value at the council over the course of our audit appointment. This will include a follow-up on the findings from this report as well as more detailed audit work on other Best Value characteristics as appropriate.

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 The council has received six Best Value reports since 2006 consistently highlighting Best Value issues and slow progress in addressing these. This has continued, since 2015, with political instability and lack of focus resulting in a slow pace of change. Recent progress is now being made toward some significant strategic decisions.

2 Recent progress includes a corporate management team restructure, committee structure review, new performance management framework and a review of the learning estate strategy. Most of these are still at an early stage. Progress against the council's transformational plan has so far been limited.

3 The council's financial position is extremely challenging, and it continues to rely on lots of small savings and using reserves to balance its budget. This is unsustainable over the medium-term and the council is at risk of depleting its general fund reserves in four years.

4 Performance reporting in the council focuses on each service but it is difficult to see how this contributes to the council achieving its overall priorities. The council is implementing its revised performance management framework and is developing wider corporate indicators.

5 Performance relative to other councils has deteriorated over the past five years, particularly in educational attainment. Overall Moray is one of the lowest performing Scottish local authorities, a significant decline since 2014/15, when Moray was placed 12th. The council has put in place additional measures to give young people more opportunities to improve attainment.

6 Council properties are in poor condition predominantly because the condition of Moray's learning estate is the worst in Scotland. The council has previously found it difficult to make decisions regarding key assets, but it is now starting to work together to agree and implement strategies.

7 Workforce morale is good and staff commitment to change is positive, but staff survey responses have identified workload issues. The capacity of staff to deliver change has been identified as a limiting factor in several areas in this report. This represents a significant risk in delivering Best Value going forward.

8 The strategic focus of the Community Planning Partnership (CPP) on outcome and performance has also been slow to improve, though the CPP demonstrated good partnership working in addressing issues in children's services.

9 The council demonstrates some good progress in implementing community empowerment and has developed a corporate engagement strategy to involve communities in the future of council services.

Part 1
Does the council have clear strategic direction?

The council recognises its key challenges and has a consistent vision and overall priorities.

Historically the council has been slow to deliver Best Value characteristics.

Since the last Best Value report in 2015, political instability and lack of focus has continued the slow pace of change, but recent progress is being made towards some significant strategic decisions.

The corporate management team has been restructured and the committee structure is being reviewed to provide a more strategic approach.

The council recognises the key challenges it faces

8. Moray Council is the eighth largest council by land area in Scotland, covering an area from the Cairngorm mountains to the Moray Firth coast of the North Sea.

9. At June 2018, the population of Moray was 95,520 (22nd out of 32 Scottish local authorities. Its main towns are Elgin (population 23,000), Forres and Buckie. The remaining population is distributed across smaller rural and coastal communities. Total population is projected to increase to 100,251 by 2026. Population and household growth are above the Scottish average.

10. The council has a higher percentage of older people than the national average, particularly in its more rural and coastal locations, and there is significant outward migration of young people. The area's young people tend to leave home to complete further and higher education in other parts of the country and there is then a low rate of return. It's an area with relatively low unemployment, but inequality, deprivation and poverty on an individual level and collectively in some small geographical areas

11. Key issues in Moray include:

- Educational attainment and post-school destinations vary between communities.

- It has a low wage economy and reliance on a small number of industries.

- Its rural nature brings challenges around social isolation and access to services.

The council's overall priorities and vision align with the Local Outcome Improvement Plan

12. Moray's 10-year Local Outcome Improvement Plan (LOIP) 'Moray 2027' was approved in February 2018. The community planning partnership's (CPP) vision and priorities are set out in the LOIP. The council's vision and its strategic priorities, set out in its Corporate Plan, align with the LOIP. The LOIP has an overarching objective of raising aspirations and four main priorities:

- Building a better future for our children and young people in Moray.

- Empowering and connecting communities.

- Growing, diverse and sustainable economy.

- Changing our relationship with alcohol.

The council has approved a new corporate plan

13. The council's new corporate plan 2019-24 was approved in March 2020. The plan reflects a change in tone and emphasis with little change in the continuing key challenges for the Moray area and existing high-level priorities which reflect the LOIP. The revised priorities are:

- Our people: provide opportunities for people to be the best they can be throughout their lives with a strong and sustained focus on those individuals and groups in our society who experience the most disadvantage and discrimination.

- Our Place: empower and support communities to build capacity.

- Our Future: drive economic development to create a vibrant economy for the future.

14. The council also has an overarching priority of creating a sustainable council that provides valued services to its communities. The council is developing a corporate plan delivery framework to help it deliver and monitor the corporate plan across the council (paragraph 42).

Historically the council has been slow to deliver Best Value characteristics

15. The first Best Value report on Moray Council, published in 2006 concluded that the council lacked effective corporate leadership and direction and "had a long way to go to deliver Best Value". Follow-up reports in 2007, 2009 and 2013 identified the need to prioritise and manage strategic change. The 2015 Best Value progress report noted a more cohesive strategic direction, and that the council was moving in the right direction, but the pace of improvement needed to increase significantly, particularly around the financial challenge facing the council.

Since 2015, political instability and lack of focus has continued a slow pace of change, but recent progress is being made towards some significant strategic decisions

16. Since the 2015 Best Value Audit progress report, there have been changes in the experience and make-up of political groupings and leadership in the council. This led to wide-ranging issues with the development of strategic and transformational plans. At paragraph 75 we discuss this in the context of the

schools' estate, but in outline the key changes/ events that contributed to a relatively slow pace of change were:

- **2016** - The council was facing a period of transition with none of the main group leaders planning to return after the next election. The council produced a suite of reports to deal with the financial position, but these were difficult to progress due to the imminent change in political leadership. Positive steps were taken to address this, with a cross-party transition board set up which developed an improvement and modernisation programme. The council started to develop a framework for the next corporate plan (The Moray Growth Bid and improving educational attainment were identified as key priorities).

- **2017** - Following the election in May 2017, a coalition administration was formed between six independent and eight conservative members. The council leader was an independent councillor and convenor was a conservative councillor. Twenty of the 26 elected members were new, having no previous experience of being a councillor. The council undertook an extensive induction programme for members, which lasted for a period of 100 days.

- The coalition administration faced several challenges, they needed to develop a new corporate plan, produce a balanced budget (with significant savings) and they needed to implement the improvement and modernisation programme. However, the administration was not always working effectively together and was unable to galvanise support. This meant that, difficult decisions were not being made and progress was limited, although an approach to financial planning – Bridging the Gap – was agreed. During this period and prior to May 2017 elections the corporate management team spent a significant amount of time trying to get political groups and individual councillors to work effectively together.

- **2018** - In May 2018, seven of the eight conservative members left the administration, following a disagreement over the council's senior management structure and how best to modernise the council. A special meeting of the council was convened in June 2018 and at that time the SNP formed the current minority administration.

- **2019 –** Political leadership developed further, and the administration has been able to gain support for key decisions and has relieved senior officers of much of the effort of facilitating political agreements amongst councillors and loose coalitions. Senior officer restructuring was agreed.

- **Early 2020 –** For the first time, some essential elements are emerging that the council can build on to deliver key strategic and transformational change. These are also helping to define key priorities going forward. This may be more effective than the past broad range of initiatives managed within services. The key areas of focus include:

  o a strategic review of the learning estate strategy (paragraph 77)

  o the revised performance management framework (paragraph 42)

  o the revised corporate plan (paragraph 13)

  o the cross-party governance review (paragraph 27).

17. The council needs to maintain the recent pace of change in order to see some of the potential transformational improvement delivered.

CMT has reported some improved working relations with members

18. The current administration is cohesive and following a period of relative stability there are good working relationships between the corporate management team and the administration. Some early signs of successful working are:

- A cross-party working group developed the 2019/20 budget (in March 2019) and the budget was approved unanimously.

- The council approved its improvement and modernisation programme in November 2018. In September 2019, members agreed to set aside £2 million in earmarked reserves to help the council meet the priorities set out in the corporate plan and its improvement and modernisation programme. In February 2020 this set aside was increased by a further £0.9 million.

19. The CMT continues to provide briefings for all elected members on strategic issues including financial planning.

The current political control is finely balanced

20. In December 2019, a by-election was held following the retirement of an independent councillor, with a conservative candidate being elected.

21. The political alliances of the seven independent elected members can change: four align with the Councillors Open Group (COG) and three with the Moray Alliance Group (MAG). The labour elected member left the MAG in January 2020 and is not currently aligned with either of these groups.

22. The political control of the council is finely balanced at a time when the council needs to work constructively to make some difficult strategic decisions that may be of benefit to the area as a whole rather than individual communities.

## The corporate management team has been restructured to provide a more strategic approach

23. In December 2018, as part of the improvement and modernisation programme, the council engaged with the Improvement Service to identify the types of senior management structures operating in Scottish local authorities and review the corporate management structure in Moray Council. The council commissioned the former Chief Executive of Inverclyde Council, to deliver consultancy support to review its corporate management structure and to address concerns about the lack of collegiate working and protectionism at corporate level in certain service areas.

24. The recommendations of the review were accepted by the council and the corporate management team was restructured in October 2019. The corporate management team (CMT) now comprises the Chief Executive, two Depute Chief Executives and the Chief Officer of Moray Integration Joint Board. Further changes were also made to Heads of Service roles and responsibilities, with one permanent post being removed. There is now a relatively small but cohesive CMT which is better able to coordinate developments across the council. But as we reported in the local auditor's annual audit reports (2017/18 and 2018/19) the management capacity has been under pressure and progress has been slow in the context of significant financial challenges. Clearer focus is required on performance and priorities for the council as a whole (paragraphs 39 to 42)

The council is now reviewing committees to ensure management capacity is directed to strategic management and developments

25. The corporate management team was linked to the council's committee structure. The existing committee structure is service based (Exhibit 2).

Exhibit 2
Moray Council committee structure

Moray Council
Current Governance Structure
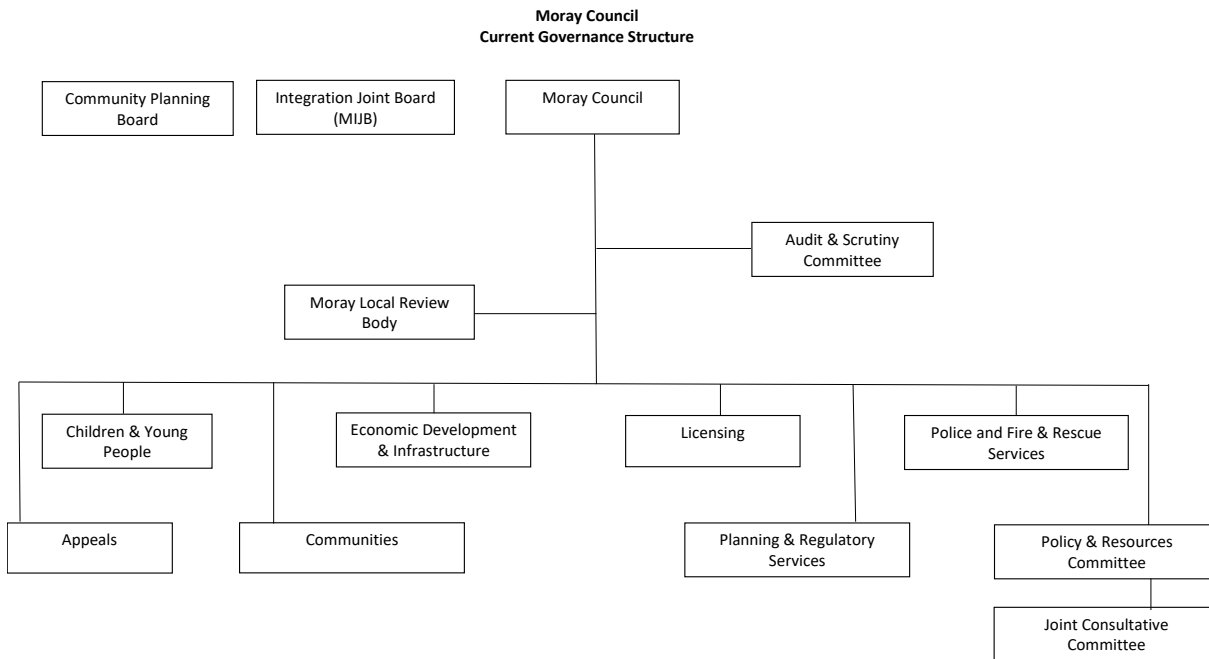
Source: Moray Council

26. There is a high degree of challenge and scrutiny at service committees. However, scrutiny sometimes focuses too much on operational detail at the expense of strategic issues. Elected members need to achieve a more effective balance between focusing on local issues and priorities and the longer-term strategic objectives. Officers also need to support elected members to do this effectively.

27. A cross-party working group is carrying out a governance review following the corporate management team restructure. It is reviewing committee structures, schemes of delegation and reporting to committees with a view to faster, more focused and efficient decision making. This will need to align with the capacity of management to support the revised structure.

The council provides training and support for elected members and is developing a more comprehensive strategy

28. After the 2017 election, only six of the 26 elected members returned with many members retiring. The council provided a comprehensive 100-day induction programme for new members covering issues such as: the role of the council; corporate planning; understanding services and; governance. The council provides mandatory and optional training sessions, members briefings, opportunities for external training and support materials for elected members.

29. In the first quarter of 2019, member briefings included the following topics: educational attainment, the CMT, the integration joint board (IJB), the local development plan 2020. There was also a development session on the corporate plan. All elected member training activity is recorded. The attendance rate for the bespoke sessions in this quarter was 59 per cent.

30. The council has developed a more comprehensive elected member development strategy and framework which includes programmed activity and personal development plans for members. The formal approval of this work by

committee has been delayed due to the impact of budget work although members have indicated their support.

31. Elected members we spoke to were generally happy with the training provided by the council. Members also commented that they can contact officers for support and information as required.

Part 2
How well is the council performing?

Performance reporting focuses on each service but it is difficult to see how this contributes to the council achieving its overall priorities. The council has revised its performance management framework and a delivery plan is in development.

Performance relative to other councils has deteriorated particularly in educational attainment.

Satisfaction levels are below the national average in housing and leisure.

Performance reporting focuses on each service but it is difficult to see how this contributes to the council achieving its overall priorities

32. Moray Council reports quarterly performance based on 268 indicators to the relevant service committees on a quarterly basis.

33. Service performance reports contain targets for most indicators, (except those defined as "contextual") though some of these targets have remained unchanged for several years, even where they have been exceeded, and these should be reviewed.

34. Annual benchmarking data is shown for indicators measured nationally. These indicators are ranked against the Scottish average and family groupings from the Local Government Benchmarking Framework (LGBF).

35. Service reports are variable in quality and do not always clarify what specific actions are being taken to address areas where issues are identified. The lack of identification of critical or key indicators within the service reports makes it difficult to see how individual services are contributing to overall corporate priorities and it has not been possible to make an overall assessment of the council's view of its performance on the basis of these reports.

Resourcing has affected timely reporting of overall performance

36. The Council publishes quarterly service performance reports on its website and includes commentary on council performance in its annual statement of accounts.

The council has fallen behind in producing an annual public performance report providing an overall summary for the last two financial years. The 2017/18 overall performance report (to 31 March 2018) was not prepared and the 2018/19 report has recently been added to the council's website but has not yet been approved by any council committee.

37. An annual statement of 2017/18 performance against LGBF indicators (not an overall summary of council indicators) was presented to the audit and scrutiny committee in January 2020, which is around a year late. It is also available online. The report details year-on-year performance as well as national and family group rankings for LGBF indicators. The delay in reporting this information limits the usefulness of the data and the effectiveness of scrutiny by elected members. The report does not contain any overall narrative on performance; or a summary of key areas of relatively good or poor performance or identify any actions to be taken by the council and analysis of each indicator was limited with no assessment of relevance to the councils strategic priorities.

38. Issues with performance reporting have been attributed to staff absence and a vacancy within the council's performance reporting team. As part of the recent CMT restructure a new head of governance, strategy and performance and a performance manager have been appointed.

Performance monitoring is not focused on key indicators or priorities and is being revised

39. The 2018/19, the council's overview report provides a high-level, mainly narrative summary of initiatives rather than a review of the council's performance with little balanced information or assessment on detailed performance or actions, except in relation to education (paragraph 44).

40. Targets are not routinely provided and the report does not make clear what the council's key performance indicators are or performance achieved against these.

41. The council acknowledges that it has found it challenging to set clear, measurable outcomes under the broad priorities in its corporate plan and to manage the array of actions and priorities that emerge from across services and the community planning partnership.

42. The council approved a new performance management framework in August 2019 to help it more clearly focus on identifying and monitoring outcomes against its priorities. A corporate plan delivery framework for the new corporate plan is being developed and service plans are now expected to more clearly align with corporate outcomes.

Performance against national LGBF indicators has deteriorated over a five-year period

43. Our analysis of the LGBF indicators up to 2017/18, the latest complete data set, shows a deterioration in the council's performance over time. For 2017/18, 60 per cent of indicators sit in the bottom two quartiles, this position has deteriorated from 2013/14 when only 38 per cent sat in the bottom two quartiles (Exhibit 3)

Exhibit 3
Moray Council's LGBF relative performance, 2013/14 to 2017/18
Over half of the available indicators are in the bottom two quartiles
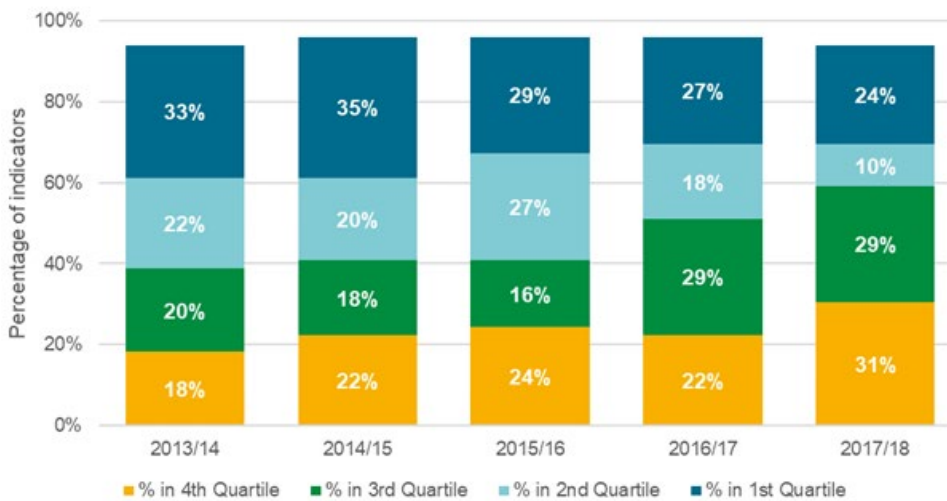
Note: This analysis is based upon 49 single-year, mainly outcomes-based indicators, which were reported on as part of the Local Government Benchmarking Framework every year in the five-year period. Quartile 1 contains the best-performing councils for that indicator whilst quartile 4 contains the poorest-performing councils. Not all data for the 49 indicators is reported yet therefore totals do not equal 100 per cent.

Source: Audit Scotland analysis of Local Government Benchmarking Framework, Improvement Service

Relatively poor performance exists in areas such as educational attainment, sickness absence and investment in the economy

44. The council underperforms, relative to other councils, in some key areas such as education, economy and sickness absence rates.

- In education the council's own performance report identifies that for attainment "Overall Moray is placed at 29th out of the 32 Scottish local authorities, which is a significant decline in comparison to 2014/15 when Moray was placed 12th. To tackle this, additional measures have been put in place to give young people more opportunities to improve on attainment. Additional literacy and numeracy sessions have been brought in for all S1-3 pupils and additional time has been allocated to senior phase pupils to allow them to improve their literacy and numeracy skills before exiting school."

- The average days absence per non-teaching employee has increased to 12.5 days in 2018/19. Moray ranks 22nd out of the 32 councils. For teaching staff, the average has risen to 6.5 days, ranking 20th nationally.

- Moray's Investment in Economic Development & Tourism per 1,000 population is the lowest of all the councils in Scotland. It fell by 31 per cent in the last five years to £22,581. In the same period, the Scottish average has increased by 48 per cent to £102,086 per 1,000 population.

- The proportion of people earning less than the living wage has increased. Increasing 4.9 percentage points to 27.4 per cent since 2014/15, Moray is ranked 26th (out of 29) in mainland Scotland.

- Improvements have been made in some areas of economic development such as superfast broadband coverage (up 23 percentage points from 2014/15 to 83 per cent), town vacancy rates (down six percentage points to 6.9 per cent) and immediately available land for employment use (up 33.7

percentage points to 49%). These changes are in line with the national trend.

45. Areas where Moray is performing well include gross rent arrears, cost per attendance at sports facilities, libraries, museums and parks and the percentage of household waste that is recycled.

The council planned to de-prioritise roads investment and this area continues to perform relatively well

46. In 2014, the council made a decision to reduce investment in its roads network and set a target of being mid-point in the national table. As expected, roads performance deteriorated, however Moray Council still performs relatively well against the other councils with A, B and C-class roads being ranked 21st, 13th and 8th respectively.

Educational attainment is also an issue when compared to Education Scotland's virtual comparator

47. One of Moray Council's priorities is to provide opportunities where young people can achieve their potential and be the best they can be. Moray performs well in a few areas such as school attendance rates and satisfaction with local schools. The cost per primary school pupil and secondary school pupil are both below the national average of £5,520 and £7,185 retrospectively with a spend of £4,760 per primary and £6,973 per secondary school pupil.

48. The Children and Young People's Services Committee discussed a report on secondary school attainment in October 2019. This identified that overall tariff scores are consistently below the virtual comparator for S4-S6. Education Scotland's virtual comparator for school outcomes allows schools to compare themselves with those of similar characteristics.

49. There is no sign of consistent improvement across the S4-S6 cohorts between 2017 and 2019 with decreases in the tariff scores. Performance varies between individual schools across the council with some performing better than their virtual comparator.

Community Planning Outcomes Profile (CPOP) data also identifies issues with educational attainment and the economy

50. The Community Planning Outcomes Profile (CPOP) is a set of core measures which help assess if the lives of people in a community are improving. CPOP indicators are relevant to both the council and the CPP. Moray CPP notes in its annual report that despite challenges in setting clear outcomes and performance measures, progress has been made in the council's own performance in several areas such as positive destinations for school leavers, crime rate and early mortality and this is evidenced in the CPOP data, where improvements have tended to follow national trends. Outcomes below the Scottish average include educational attainment and wider economy measures including median earnings, fragility and fuel poverty.

Inspectorate reviews of community learning and development (CLD) found that focus is improving but performance reporting could be improved

51. Education Scotland carried out an inspection of CLD in Moray Council in April 2018. It found that leadership, governance and planning for change was not robust and that the CLD plan 2015-18 was weak with a lack of measurable and quantifiable targets.

52. Further inspection reports were published in December 2018, April 2019 and July 2020. The latest report found that strategic leadership of CLD is improving.

Virtual comparator

A sample group of school leavers from schools in other local authorities who have similar characteristics to the school leavers from the school in question

Source: Education Scotland

Overall average total tariff

The number and level of qualifications a young person gains by the point they leave school provides a tariff score. These figures are brought together to provide an average total tariff score for the school
Source: Scottish Government

The CLD Plan for Moray 2020-21 informs partnership working and plans are in place to improve the governance of CLD. As a result of the improvements, no further visits are planned.

Satisfaction levels have declined with most indicators below the national average

53. Between 2012-15 and 2018-19, using three-year rolling averages, satisfaction with council services declined in line with the national average. The most recent data shows satisfaction levels are above average for refuse collection, local schools, libraries and parks and open spaces. However, some areas have remained below the Scottish average. These include adult care (impact and satisfaction), street cleaning, leisure facilities and museums. Satisfaction with leisure facilities had the biggest decline (Exhibit 4).

Exhibit 4
Moray Council's performance against LGBF service satisfaction indicators
Satisfaction across a range of services has declined

	Moray (2012-15)	Moray (2016-19)	Scottish avg (2016-19)	Moray Council ranking
Percentage of adults satisfied with museums and galleries	59.0	58.1	69.3	23
Percentage of adults satisfied with leisure facilities	78.0	66.4	71.4	29
Percentage of adults satisfied with parks and open spaces	93.0	85.1	84.8	17
Percentage of adults satisfied with libraries	80.7	74.9	72.4	12
Percentage of adults satisfied with local schools	78.7	74.6	71.8	18
Percentage of adults satisfied with refuse collection	87.7	82.8	76.3	11
Percentage of adults satisfied with street cleaning	74.3	65.3	66.3	22
Adults satisfied with social care/social work services	82.7	79.8	80.2	21
Adults looked after at home satisfied that the care they receive has an impact on their quality of life	79.2	78.5	80.0	21

1. Satisfaction levels are based on three year rolled average responses to Scottish Household Surveys. 2. Indicators marked '*' are from the Scottish Health and Care Experience Survey and presented for 2017/18.

Source: Audit Scotland using the LGBF satisfaction measures from 2016-19

Housing satisfaction levels are particularly low

54. The council conducts additional customer satisfaction surveys which are included as part of the council's performance reports. A survey for housing tenants is carried out every three years. Recent results from the 2018/19 survey show 74 per cent of tenants are satisfied with the quality of their home against a target of 90 per cent.

55. The 2018/19 landlord report from the Scottish Housing Regulator shows results for Moray Council are well below the Scottish average:

- 79.6 per cent said they were satisfied with the overall service Moray Council provided, compared to the Scottish local authority average of 83.4 per cent.

- 76.3 per cent felt that Moray Council, as a landlord, were good at keeping them informed about their services and outcomes compared to the Scottish average of 81.3 per cent.

- 68.8 per cent of tenants were satisfied with the opportunities to participate in the council's decision making, compared to the Scottish average of 74.1 per cent.

- 78.6 per cent of tenants who had repairs or maintenance carried out were satisfied with the service they received, compared to the Scottish average of 91.0 per cent.

Part 3
Is the council using its resources effectively?

The council's financial position remains extremely challenging and reliance on reserves to meet deficits cannot be sustained over the medium-term.

Council properties are in poor condition predominantly because the condition of Moray's learning estate is the worst in Scotland. The council has been slow to address this.

Workforce morale and commitment to change are positive, staff capacity represents a risk in delivering Best Value.

The total amount available to councils from the Scottish Government has been reducing

56. In the Accounts Commission's 2018/19 local government financial overview, we identified that funding from the Scottish Government to local government between 2013/14 and 2018/19 decreased by 7.6 per cent over these six years, in real terms.

57. Moray Council receives around 1.65 per cent of the total revenue funding available to Scottish Councils. This has been a fairly consistent percentage over the last five years.

58. The funding available to Moray Council from the Scottish Government per head of population has reduced in the last three years (Exhibit 5). The cumulative reduction is 5 per cent (real terms since 2013/14).

Exhibit 5
Cumulative real term changes in Scottish Government revenue funding
Moray council has had a five per cent reduction in funding over the last five years compared to an average of eight per cent across all other councils
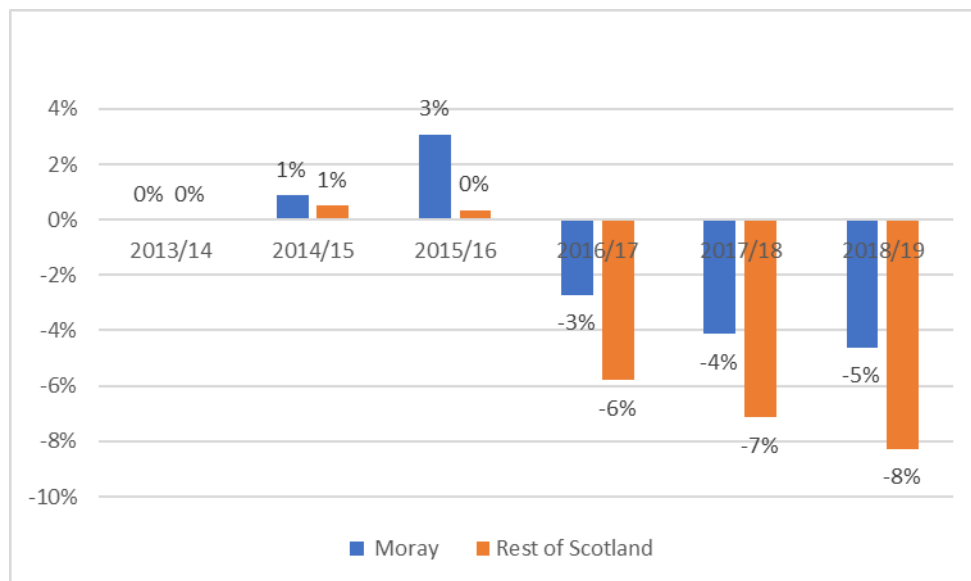
Source: Scottish Government Finance Circulars and ONS deflators

The council has identified significant financial pressures that it has found difficult to fully manage in budgets

59. The council identifies several additional financial burdens totalling £62 million that it has had to deal with over a ten-year period that have exceeded additional funding (£4 million) and council tax (£5 million). These pressures include:

- wage inflation and living wage rises

- contract cost increases in care homes and transport

- increases in employer's national insurance

- increased statutory loan charges from capital spend

- growth in community care demand.

Council income has not kept pace with expenditure and the annual decrease in the general fund balance has grown to £4.6 million

60. During the period 2013/14 to 2018/19, the council's total income increased by almost £9 million (cash terms). Over the same period council expenditures also increased, but not at the same rate. The increase in expenditure was £12 million. The fact that expenditure has increased more than total income explains why the council's annual decrease in the general fund balance has grown from £1.5 million (2013/14) to £4.6 million (2018/19) or 1.3 per cent of gross expenditure. The council has reduced its general fund balance in five of the last six years.

The council receives good quality information about its finances

61. The scale of the financial challenges facing the council has been well documented in reports to full council and the policy and resources committee and councillors are satisfied with the information provided by officers on the financial position. Regular budget monitoring reports are presented to full council or the policy and resources committee on a quarterly basis. These reports provide an overall picture of the budget position at service level, a forecast outturn position and good narrative explanations for significant variances against budget. Regular financial planning updates are also provided to councillors, these contain up-to-date financial forecasts and savings proposals as the next year's budget is developed.

The council has effective budgetary control and a track record of delivering planned savings

62. In February 2019 the council approved its net revenue general services budget (£204 million) for 2019/20. After council tax increases of 4.79 per cent, the resulting budget gap of £15.3 million was to be funded from reserves (£5.2 million) and savings (£10.1 million). Following confirmation of the 2018/19 outturn position and other in year adjustments, the budgeted use of reserves was reduced to £4.3 million.

63. The budget monitoring report, in March 2020, forecasts that the council will achieve £11.8 million of savings and will achieve a surplus adding an additional £0.6 million to its uncommitted general reserves in 2019/20.

64. The council has a track record of delivering savings (Local Government in Scotland Financial Overview 2018/19). In the five years to 31 March 2019, the council delivered total cumulative savings of around £24 million (Exhibit 6).

Exhibit 6
Council savings targets and savings delivered
Moray council has a good track record of delivering identified savings
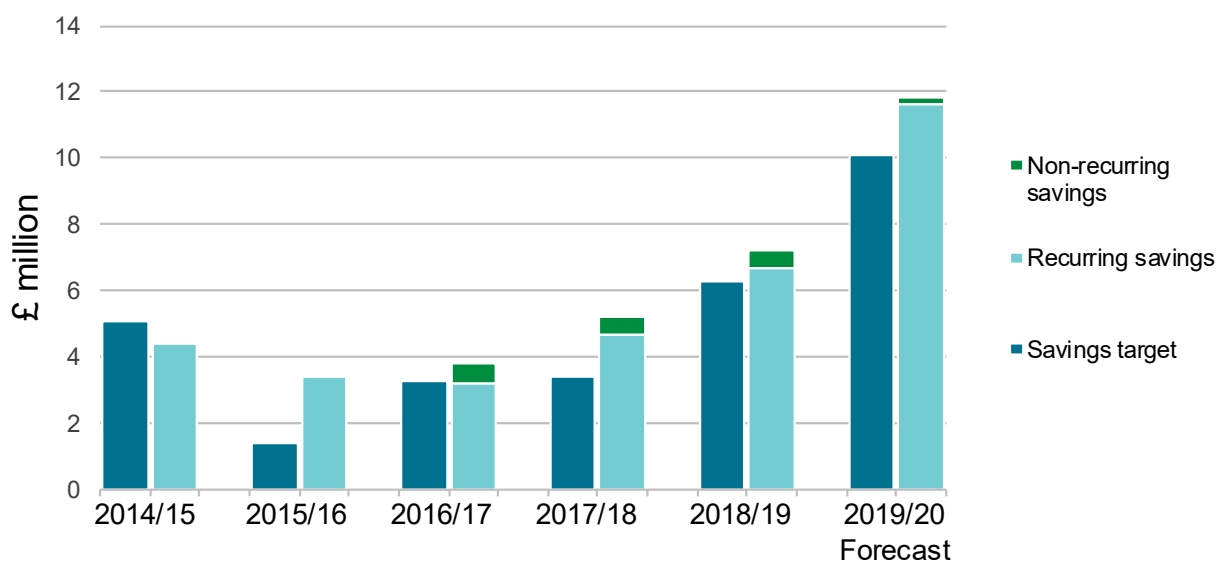
Source: Moray Council's savings report

The 2020/21 budget will draw further on reserves and savings plans consisting of many small amounts

65. In March 2020, the council approved a balanced net revenue budget of £212 million for 2020/21 for general services. After council tax increases of 4.84 per cent and the use of £2 million of capital receipts to fund investment in change, the resulting budget gap of £5.4 million is to be funded from reserves (£2.3 million) and savings (£3.1 million) including £360,000 to be delivered by the council's improvement and modernisation programme. As in previous years, the planned savings for 2020/21 are made up of many small amounts.

The financial impact of the council's response to COVID 19 means that it will have to revise its 2020/21 revenue budget and future financial plans

66. The global COVID 19 pandemic has had a significant impact on the council's finances. In estimates prepared for COLSA, as at 29 May, the council identifies that it will be £2.3 million worse off in the 3 months to 30 June 2020 due to the pandemic. The majority (£2 million) of this is lost income resulting from the closure of facilities such as leisure centres, car parks and school meal provision. The council has also identified a number of areas not covered by the COSLA return which are likely to impact on its 2020/21 revenue budget:

- reduced council tax receipts - estimated to be £1.2 million in the three months to 30 June 2020

- reduced rental collected from industrial units - estimated to be £0.3 million in the three months to 30 June 2020

- additional charges to the revenue budget for ongoing staff costs which would otherwise be charged to capital as part of the council's capital programme - estimated to be £1.6 million in the three months to 30 June 2020.

67. At the time of writing this report, the council has received £3.9 million in additional funding from the Scottish Government to support its response to COVID 19. This more than covers the additional costs and loss of income reported in the COSLA return but once the additional areas identified by the council are included the council faces an additional funding gap of £1.5 million to balance its revenue budget in the 3 months to 30 June 2020. The figures reported here can only be estimates at this stage and there is much uncertainty about the financial impact the pandemic will have on the remainder of the 2020/21 financial year and in the medium to longer-term. The council has recognised the importance of updating its financial plans. It is currently developing a road map for financial planning in 2020/21 and is revising its short term strategy as a first step to reshaping its future financial strategies and plans.

The continued reliance on dwindling reserves to balance the budget is unsustainable over the medium term

68. Current projections indicate that the council continues to face significant funding gaps for 2021/22 (£6.8 million) and 2022/23 (£7.4 million). Uncommitted general fund reserves will be reduced to the council's minimum level (£5 million) by 31 March 2022 and so the whole 2022/23 funding gap will have to be met by savings (Exhibit 7).

69. As reported in the 2018/19 Annual Audit Report, the council is at risk of running out of total general fund reserves (including earmarked and unearmarked elements) within four years.

Exhibit 7
Moray Council's actual and projected uncommitted general fund balances
At the current rate uncommitted general fund reserves are expected to reduce to £5 million by 2022
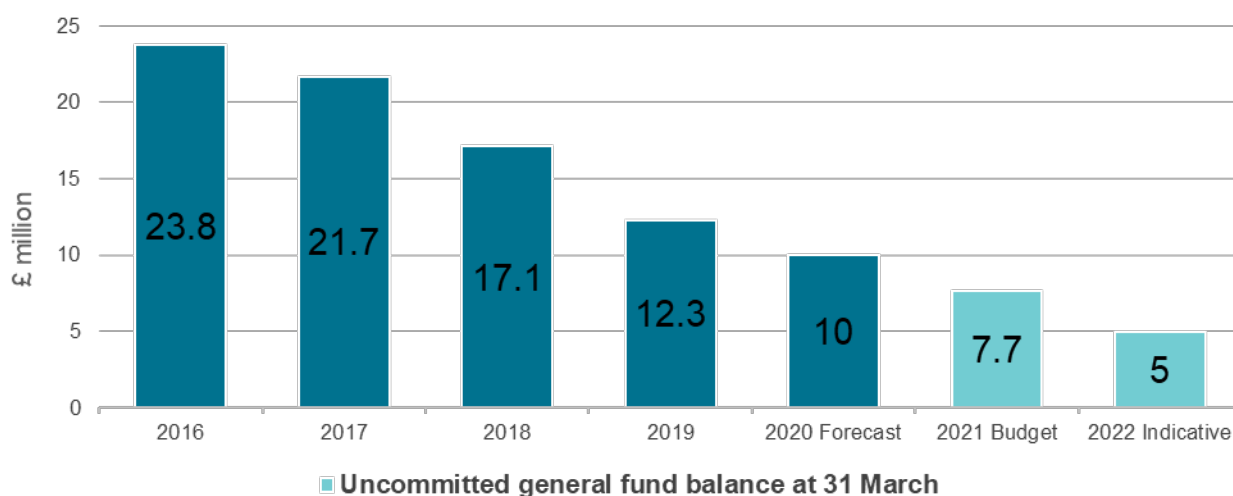
Source: Moray Council Audited Accounts and 2020-21 Budget and 2020-23 Financial Plan

A medium to long term financial strategy exists but this lacks detailed savings plans in key services

70. The council's medium to long term financial strategy faces significant future funding gaps. The council has yet to detail the actions that will achieve these levels of savings beyond its current one-year budget. The council acknowledges that sustainable service delivery will require extensive and detailed consideration of what services the council can provide, to what scale and quality and how services are delivered.

71. Projects to transform education and integrated children's services have been slower than expected. These services account for nearly half of the council's net expenditure. The council acknowledges that the amount of savings (current projection is £0.7 million plus potential for up to £3 million from review of Education and Integrated Children's Services) which can be reasonably be expected to be generated by the improvement and modernisation programme will not resolve the budget gaps identified above.

A significant number of the council's properties (predominantly schools) are in poor condition. The council has been slow to deal with this

72. The council faces significant challenges with the condition of its properties, which are in poor condition and have high maintenance costs which are unaffordable. It ranks lowest of all councils for the percentage of operational buildings in satisfactory condition. 54 per cent of its properties are in a satisfactory condition, compared to the Scottish average of 87 per cent (Exhibit 8).

Condition A: Good – Performing well and operating effectively (

Condition B: Satisfactory – Performing adequately but showing minor deterioration (
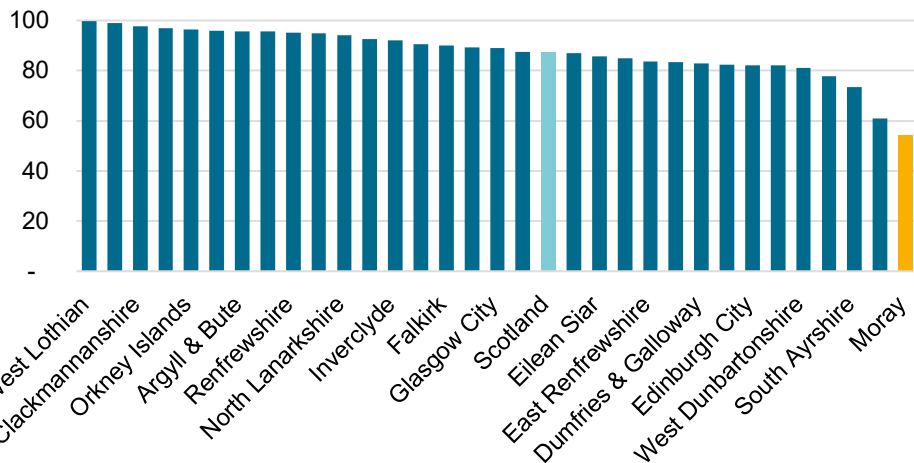
Condition C: Poor – Showing major defects and/or not operating adequately (

Condition D: Bad – Economic life expired and/or risk of failure.

Exhibit 8
Operational buildings in satisfactory condition 2018/19
Moray Council has the lowest level of buildings in satisfactory condition compared to other councils

Source: Local Government Benchmark Framework 2018/19

73. In December 2018, the council completed a property and asset management appraisal (PAMA) which estimated that it would cost £151 million to bring the whole of the current property portfolio up to a satisfactory standard (condition B). Of this total, £142 million is for schools. The council has 53 schools (45 primary and eight secondary schools). School estates' data for 2018/19 details that six per cent of the council's school estate is good (condition A), 40 per cent is satisfactory (condition B) and 55 per cent of schools is poor (condition C).

74. There has been some recent investment in two new secondary schools in Elgin and a new primary school in Keith. A new secondary school in Lossiemouth is under construction and four primary schools in Elgin, Forres, Lossiemouth and Buckie were significantly refurbished. The council cannot afford to continue this level of investment and so must reduce, replace, and reconfigure its property portfolio if it is to protect front-line services and deliver sustainable schools for the future. This is critical given 55 per cent of the school estate is classed as in poor condition and there is a risk of some schools falling into the lowest condition category where the buildings are no longer viable. The PAMA noted that the current asset management plans do not contain strategies for the key assets and recommended that these should be developed.

75. The council has previously looked at developing a strategy for the learning estate. In 2013 an independent review of the learning estate recommended the reorganisation of the council's secondary schools and the proposed closure and reorganisation of a number of rural primary schools. In November 2014 the council considered the recommendations of the report but, following pressure from parents and students, chose not to close any schools and agreed a five-year moratorium on the closure of any rural and secondary schools.

The council's assets are now being reviewed as part of its improvement and modernisation programme

76. Examples of key strategies for property assets are:

- a review of the learning estate strategy

- a review of council offices - how services are using offices and opportunities to bring these together (co-location)

- a depot review, to maximise the use of depots, co-locate and rationalise existing provision.

77. The strategic approach for the learning estate, is to provide its learners with the best learning environments and to ensure that there is sufficient capacity for the future. The draft strategy agreed for consultation by the Children and Young People's Committee on 4 March 2020. The council then held engagement meetings/consultations with head teachers to discuss the present and current situations and the approaches to enhance the learning estate but further planned engagement was halted due to the coronavirus pandemic.

78. The office review has focused on how services are currently using offices, how they interact with customers and what opportunities there are to bring services together through co-location of office space. Several options to further rationalise the office estate have been identified but the draft report has not been prepared, due to capacity issues.

Workforce morale and commitment to change are positive, but staff capacity represents a risk in delivering Best Value

79. Workforce development and culture remains embedded in the council's corporate priorities, which are supported by the workforce strategy and annual plan.

80. The council has worked with staff to advise them of the impact of changes arising from budgetary pressures and the savings decisions agreed by elected members. The council has minimised redundancies by offering positions to staff in alternative service areas that require extra capacity. Staff had a good understanding of the case for change.

81. The 2019 staff survey shows a drop in participation in the employee survey with 31 per cent of staff responding compared to 42 per cent in the 2017 survey (although this was considerably higher than previous years). Improvements have been seen in staff morale and direct management/supervision. However, less positive responses were reported in relation to workload, attitudes to working for the council, the council's commitment to develop a more positive workforce culture and addressing issues arising from the survey.

82. In this report we identify a number of areas where staff capacity has limited the pace of change. This represents a significant risk in delivering Best Value going forward and includes key areas such as

- Corporate Management Team work to organise member working (paragraph 16)

- Challenge and scrutiny on operational issues at service committees (paragraph 26)

- Performance reporting (paragraph 38 and 40)

- Educational attainment (paragraph 47)

- Transformation of services (paragraph 71 and 121)

- Office rationalisation (paragraph 78)

- Human Resources and workforce planning (paragraph 83)

- Community Planning development (paragraph 85)

Budget pressures and Human Resources capacity issues have led to limited progress in implementing some workforce actions

83. A modified workforce plan was approved in November 2018 to help provide capacity within Human Resources to support the change and transformation work, with the operational work being prioritised according to risk. This enabled managed reduction of the workforce through an internal redeployment and retraining programme but resulted in some targets within the workforce targets slipping. In particular, finalising the strategy for development of elected members, progressing the senior manager performance framework and planned development work with services were not advanced. The number of employee development plans delivered decreased with Service managers noting that budget savings work had affected their capacity to undertake appraisals.

Part 4

Is the council working well with its partners?

The strategic focus on outcomes and performance reporting of the Community Planning Partnership (CPP) has been slow to improve.

The CPP worked together to address weaknesses in services for children and young people.

The IJB faces financial challenges but generally performs well against the national standards.

The council demonstrates some good progress in implementing community empowerment and has developed a corporate engagement strategy to involve communities in the future of council services.

The Community Planning Partnership (CPP) has been slow to improve its focus on outcomes and performance reporting

84. Relationships between community planning partners are generally good with agreement on the priority areas identified within the LOIP. However, the CPP has struggled to achieve clarity on the specific outcomes it is trying to achieve under its broad priority areas and how it will measure progress against them. The Accounts Commission's report into the Community Planning Partnership in 2014 recommended the Partnership implement a robust performance management framework.

85. The CPP are taking steps to address this, but progress has been slower than anticipated. The CPP committed to reviewing the LOIP early in 2019 to sharpen the focus on outcomes which are linked to robust and measurable plans. This activity was delayed until December 2019 when the council facilitated workshops for partners to help clarify those areas where the partnership can add most value. Further workshops were held in February 2020 but further progress has been delayed due to Covid-19. At the time of our audit, the CPP strategic lead partnership groups had agreed to take forward actions from the workshops to develop the outcomes and actions for their priority areas.

86. In November 2018, a report to the CPP Board highlighted several factors influencing this delay in developing CPP outcome measures including:

- capacity and lack of dedicated resource across the partners

- commitment to shared CPP outcomes being subordinate to organisational priorities

- lack of clarity around how some of the milestones and actions identified in the LOIP will progress that priority

- the need to participate in inspection regimes taking priority.

The LOIP performance report for 2018/19 highlights progress and activities undertaken

87. Given the lack of a clear performance framework, the 2018/19 LOIP performance report was largely a narrative assessment of progress with limited evidence-based indicators. Progress included:

- Moray Poverty Strategy Action Plan, was approved in April 2019

- A reduction in the gender pay gap. However, there is limited explanation of the initiatives contributing to this

- Moray Skills Investment Plan was developed which aims to provide better access to skills pathways for 3–24 year olds

- Modern apprenticeships were promoted, acting on evidence of a reduction in uptake among the 16-19 year age group

- Baby Steps Programme which promotes healthy living among expectant and new mothers received excellent feedback from those participating and won the Young Peoples Improvement Collaborative award in 2018 for excellence in early year's provision

- Improved support provided to children identified as having development concerns at their 27-30 month review

- The development of Locality Plans in New Elgin East and Buckie.

The council and its partners have developed an economic strategy which supports the LOIP and the Moray Growth Deal is a key part of this

88. In addition to its work on the Skills Investment Plan, the council and its partners in Moray Economic Partnership developed the Moray Economic Strategy 2019-29, led by Highlands and Islands Enterprise and in cooperation with regional partners across the public and third sectors and businesses. This supports the LOIP priority to create a growing, diverse and sustainable economy. The strategy sets out four strategic outcomes: qualification levels, business growth, talent attraction and workforce development.

89. The Moray Growth Deal, Moray's equivalent of a city deal, is a plan for long-term economic development and underpins the Economic Strategy. It is a long-term plan centred around specific projects designed to transform the economy, address concerns around encouraging young people to live and work in the area and address gender inequality in employment.

90. The deal is being negotiated by a team consisting of representatives from the council and its regional partners. The Scottish and UK governments have each announced a funding commitment of £32.5 million to support the deal. Still in its early stages, the next step is agreement of heads of terms and agreement on individual projects. The council has engaged positively with its partners and the two governments during the development of the Growth Deal and there has been significant political interest in it.

Community planning partners worked together to address weaknesses in services for children and young people

91. In February 2017, a joint inspection report led by the Care Inspectorate identified key weaknesses in the way services were being delivered for children and young people by the Moray community planning partnership. Across nine key indicators of performance, inspectors rated five as adequate and four as weak. The main areas of weakness were collaborative leadership, strategic planning and in some cases, how services worked together to ensure children were safe. Inspectors found that while children at immediate risk of significant harm were being protected, those experiencing neglectful parenting were exposed to risk for too long before decisive action was taken.

92. The follow up inspection report, published in March 2019, recognised that partners, managers and staff have been working hard to make changes to their processes and ways of working to improve the lives of children. Partners had developed a comprehensive improvement programme to address the areas identified. They had strengthened their strategic planning arrangements and implemented a new framework for quality assurance. Chief officers and senior managers modelled a change in culture to one of joint ownership and shared responsibility. They had strengthened their approaches to self-evaluation and adopted a more outward looking focus, learning from high performing areas and adopting new ways to improve their services. No further reviews specifically related to the 2016 inspection are planned.

Moray is working with neighbouring authorities

93. Moray Council is working in partnership with Aberdeenshire Council and Aberdeen City Council to develop a plant to jointly deliver an Energy from Waste (EfW) plant. The Waste (Scotland) Regulations 2012 sets out that Scottish councils will no longer be able to dispose of biodegradable municipal waste into landfill from 1 January 2021. The project commenced in 2015 and is due to be operational by 2022. The estimated cost of the project is £150 million with Moray Council contributing £25 million, Aberdeen City Council has taken the role of the lead authority.

94. The EfW plant will be located in East Tullos Industrial Estate in Aberdeen and provide heating to an estimated 10,000 households in the nearby area and will result in savings for all three councils by reducing the amounts they spend on landfill tax.

95. Moray council has been working collaboratively with the Northern Alliance to increase the life chances for children and young people. This includes initiatives to improve wellbeing, tackle the poverty related attainment gap and developing career pathways.

The IJB faces financial challenges but generally performs well against the national standards

96. Moray Integration Joint Board (MIJB) was established in April 2016 and assumed responsibility for adult community care services. In 2018/19, MIJB met an overspend of £0.6 million through a planned use of reserves. This was after £1.2 million deficit-funding from partner bodies at the year end and after using £1.4 million of the strategic funding provided by the Scottish Government to support core services. In November 2018, a financial recovery plan for 2019/20 to 2021/22 was agreed with the council and NHS Grampian to address the underlying overspend on core services.

97. Financial pressures continued throughout 2019/20. At the end of December 2019, the MIJB was forecasting an end-of-year overspend of £1.7 million. A shortfall of £1 million in savings set out in the financial recovery plan has contributed to this overspend. For example, expected savings have not been fully realised in community hospitals and prescribing.

The Northern Alliance is a Regional Improvement Collaborative between eight local authorities: Aberdeen City, Aberdeenshire, Argyll and Bute, Comhairle Eilean Siar [Western Isles], Highland, Moray, Orkney Islands and Shetland Islands. It aims to make a difference to the lives of children and young people by ensuring that the professionals who work with them collaborate for improvement and impact.

98. Despite financial pressures, overall performance of MIJB is good. The performance report for 2018/19 includes 19 national health and social care integration indicators. Of these, 14 are the same or better than the Scottish average, four are worse and one is significantly worse. A successful initiative that has shifted the balance of care from residential to home settings and improved outcomes for people with complex support needs is described in case study 1.

Case study 1
Lhanbryde supported accommodation

The project consisted of eight new purpose-built bungalows in Lhanbryde for people with autism and challenging behaviour, replacing an existing residential facility in a converted Victorian house.

The objectives were to decrease stress and improve the quality of life for people by placing them in a more homely environment closer to their families. The new accommodation is tailored to the specific needs of each tenant whilst ensuring the accommodation is sustainable for future use. All the units were occupied by June 2018 and initial results have been positive for the people and staff caring for them with a significant reduction in medication required to reduce distress and a reduction in the number and severity of incidents and staff injuries. In the first full year at Lhanbryde the average number of incidents reduced by 70 per cent to 24 incidents per user. In September 2018, the Care Inspectorate completed its first inspection of this housing support service and the report findings were very positive with no requirements or recommendations.

Source: Moray Integration Joint Board Annual Performance Report 2018/19

NHS Grampian and the council recently agreed to delegate children's criminal justice and social work services to the IJB

99. The independent review of the council's management structure in 2019 included a recommendation to delegate children and families social work and criminal justice to MIJB. It recommended revising the governance arrangements for the Chief Social Work Officer (currently split across the council and MIJB) to provide an integrated, families-based approach to care to help to improve outcomes.

100. NHS Grampian and Moray Council agreed in principle to delegate the services at the end of 2019. It is anticipated that it will take at least 12-18 months for the detailed work, relevant approvals and due diligence to be undertaken prior to a report being submitted to the health board and the council for final approval. Any change to the MIJB Integration Scheme requires ministerial approval prior to implementation.

101. A children and families social work transformation plan is being developed. The council recognises that there are significant areas of work to be progressed and will seek funding from the council transformation reserve fund to assist this.

The council is making some good progress in implementing community empowerment

102. Community empowerment is identified as a priority in the LOIP and corporate plan. The new corporate plan states that the council plans to build increased community capacity by focusing on the following key areas:

- engaging with the public on the future of council services

- developing locality engagement so solutions are influenced by local people

- enhancing community participation in service delivery eg community asset transfer

- developing and implementing participatory budgeting.

103. The council is making some good progress. The council's central support team, the Community Support Unit (CSU), provides good, professional support, but it is a small team.

Locality plans have been developed for two areas

104. Based on assessment of the data about the communities in Moray and engagement carried out by the partnership, the CPP identified two areas, Buckie Central East and New Elgin East, to target first for specific locality-based work as part of the LOIP. The Scottish Community Development Centre supported locality planning in both areas and the locality plans are based on extensive engagement and consultation with local communities.

105. The locality action plans were launched in August and September 2019 and are at the early stages of being implemented. There is good community ownership of the locality plans and actions are being progressed to tackle issues such as food poverty and social isolation. The CSU have provided training in key areas to help build the capacity of the local people involved to take the plans forward.

The council has good examples of community asset transfers

106. The council has successfully transferred some of its assets to community groups with examples predating the Community Empowerment (Scotland) Act 2015, for example the Tolbooth in Forres and the Mackintosh Building in Elgin which is used by a social enterprise group. In April 2018, Moray Council approved the closure of seven town halls and community centres. Since then, seven groups have been constituted to take over these assets and two-year leases signed, with six-month deficit funding in place if required to help groups get started.

107. The CSU has provided strong support to the groups. This includes using the SCVO Keystone Awards, a quality assurance award for village halls and community centres which shows that an organisation is fully aware of its role and responsibility in delivering a fully functioning facility. The programme of support delivered by the CSU also includes a peer learning approach with input from partners (HIE, council officers, DTAS/COSS and TSI), and learning visits funded by Scottish Government's Knowledge and Exchange Fund.

108. All seven facilities have increased usage by groups, established new activities and events and managed to turn finances around so that they are no longer losing money. At November 2019, Forres town hall has been approved for full transfer.

Case study 2
Fisherman's Hall community asset transfer

The Fisherman's Hall is a historic building erected in the late 19th century in Buckie. In 2016 the Council proposed its closure and the community campaigned to save it. The community and the council agreed a two-year initial lease of the hall for a nominal monetary amount. The lease period allowed for the community to prepare for a full asset transfer request and to trial the running of the hall.

The Fishermen's Hall Trust, also known as the Friends of the Fishermen's Hall, was established in January 2018 with the purpose of taking ownership of the hall. The Trust has around 500 members and uses a volunteering reward scheme to encourage its members to participate. Since the hall is being managed by the community, the charges for using the hall have decreased, resulting in increased usage. The hall is used for a variety of events, such as wedding receptions, community events, meeting groups and fitness classes.

Community access to the Fisherman's Hall contributes to improving local outcomes in the Buckie community in terms of social isolation, health and wellbeing.

Source: The Fishermen's Hall Trust

Participatory budgeting is developing from an established grant-model

109. Local people and voluntary organisations in Moray have been successfully leading participatory budgeting for the past few years. In 2016, Moray Council asked the chair of the joint community councils to lead on participatory budgeting activity. This led to a working group, Money for Moray, being established with 16 volunteers from community councils, area forums and the Moray Federation of Community Halls and Associations. The council supported the development of this group which is now self-sufficient.

110. The Money for Moray group works to ensure that a wide range of people and groups are involved and provides support for community groups wishing to apply for funds. For example, in 2017, the Findochty Church of Scotland Restoration Appeal was awarded money from the Social Isolation fund to upgrade toilet facilities and install a toilet for people with disabilities. The project at the forefront of the application was a weekly 'Soup and Sweet' to encourage social cohesion in the village. Money for Moray's progress report in August 2018, reported that this continues to be popular and well attended and is now known locally as the 'lunch club' which is open to all. The hall is being used for community events and it is estimated that after these improvements over 120 people benefit each week.

111. The council now intends to move from a predominantly community grant-making model to mainstreaming participatory budgeting so that communities can influence larger elements of mainstream budgets. The council approved its participatory budgeting strategy in January 2020.

The council has developed a corporate engagement strategy to involve communities in the future of council services

112. Examples of consultation and engagement includes tenant consultation on housing strategies, policies and plans; budget consultation and use of Facebook to engage with customers on controversial issues; engagement on the Early Learning and ChildCare Delivery Plan and on the Moray Local Development Plan 2020. The council plans to build on this and learn from the comprehensive engagement it has carried out on locality plans.

113. The draft Children's Service Plan 2020-23 has been co-produced with children and young people, parents / carers and practitioners. The Children's Services Partnership carried out extensive engagement with school pupils, younger children and parents, front line practitioners, community representatives and two local employers. Moray Youth Matters, a diverse group of young people from the different communities in Moray and representative of different equalities groups, come together regularly to discuss topics they decide are important and how to tackle them such as poverty related issues. People involved spoke positively about the value of being involved in the process, having open and meaningful conversations and working collaboratively to bring about change.

114. Effectively involving communities in making decisions on the future of council services will be critical. This is recognised in the council's new corporate plan (see para 110) and the council is now planning a corporate programme of community engagement. The first stage was a consultation event on the new corporate plan which included workshop conversations on the future of council services and the difficult decisions the council needs to make. The next stage will be engaging with specific communities, most likely geographic and based on inequalities of outcome.

The detail of this is being prepared but will comprise implementing the new participatory budgeting strategy and service specific engagement.

Part 5

Is the council demonstrating continuous improvement?

The pace of improvement has been slow since the 2015 Best Value report.
The council is demonstrating a more outward looking approach to developing best practice.
Progress against the council's own transformation plan has so far been limited.

The council's pace of improvement has been slow since the 2015 Best Value report with limited effect

115. In the 2015 Best Value Audit Progress Report, the Accounts Commission found that the council was moving in the right direction, but the pace of improvement needs to increase significantly.

116. The report identified areas for improvement, including political and management leadership and development, financial sustainability, workforce culture, continuous improvement and customer/citizen focus. The council has made slow progress and the impact of improvement has been limited (Exhibit 9).

Exhibit 9
A comparison of 2015 areas of improvement and 2020 audit judgements

Accounts Commission areas of improvement 2015	Controller of Audit judgement 2020
Political leadership and development Continue to build effective working relations between members and ensure that sound protocols are in place for making the council's key business decisions, including agreeing financial savings. Ensure that its member development programme is well aligned to its corporate priorities.	Since 2015 political make-up and instability and lack of focus has impacted on key business decisions. Until recently progress has been slow and limited. Moray has now started to put in place foundations for significant strategic decisions in key areas (paragraph 16). The council provides training and support for elected members and has developed a strategy and framework which includes programmed activity and personal development plans for members (paragraph 30).
Managerial leadership and development Review, by June 2016, recent developments to improve corporate leadership to ensure: – a consistent standard of management is being delivered across the council – council priorities are communicated effectively to all staff. Use the senior management development programme to strengthen the council's approach to	The corporate management team has been restructured and the committee structure is now being reviewed to provide a more strategic approach matched to capacity (paragraph 23 and 27). A smaller CMT does now appear to be focused on delivering corporate leadership across the council rather than at a service level. Committee structures are also now being reviewed

Accounts Commission areas of improvement 2015	Controller of Audit judgement 2020
managing strategic projects that involve more than one service. Monitor senior management development needs more robustly through the performance appraisal process. Ensure senior management development needs are well aligned to the council's corporate priorities as part of the review of training provision scheduled for 2016.	Performance reporting has tended to be service based (paragraph 32) and has not focused on key indicators or priorities (paragraph 39). A modified workforce plan led to the operational work being prioritised according to risk. Some targets within the original workforce plan have not been met. This includes approving the strategy for development of elected members and progressing the senior manager performance framework. (paragraph 83)
Financial sustainability The council should ensure that its plans for changing the way it delivers services are informed by performance intelligence and strike an appropriate balance between maintaining services and securing the council's long-term financial stability. Strengthen its approach to developing new ways of delivering services and organisational change and maintain a shared commitment across the council in this area. Use the 2016/17 budget setting process to agree its strategy for the use of financial reserves and ensure the councils uses them for the long-term benefit of local communities.	Financial sustainability is still an issue over the medium term and the council has been slow to address this, despite delivering annual savings, this has not been enough. The council is incurring annual deficits (paragraph 60) and is using reserves to meet these. There is a risk that all general fund reserves are depleted within 4 years based on usage over the last three years. There has been a relatively slow pace of change and issues with the development of strategic and transformational plans and only recently have we seen evidence of developing these (paragraph 16 and 120) including review of the learning estate and other council assets (paragraph 76). Projects to transform Education and Integrated Children's Services has been slow (paragraph 71). A Children and Families Social Work Transformation Plan is being developed using funding from the council's transformation reserve (paragraph 101).
Workforce culture Develop appropriate responses to the findings of the 2015 staff survey results, using the Workforce Culture Group to coordinate areas for action Ensure that all staff receive an annual performance appraisal, and that the results of these are used to inform the review of training provision scheduled for 2016. Review, by June 2016, the impact of additional human resources staff put in place to address the priority areas of the Workforce Culture Group.	Staff survey results show improvement in staff morale and direct management/supervision. However, fewer positive responses were reported in relation to workload, working for the council, the council's commitment to develop a more positive workforce culture and to address the issues arising from the survey (paragraph 81). Planned workforce development work with services was put on hold and the number of employee review and development meetings completed decreased with service managers reporting that budget savings work had affected their capacity to undertake appraisals. The number of staff receiving a development activity has also notably declined (paragraph 83).
Strategic planning and continuous improvement Review, by March 2016, the performance management / continuous improvement framework to ensure it is delivering the intended benefits, and that officers and members are effectively scrutinising performance.	A new performance management framework (PMF) for the new corporate plan is being developed (paragraph 42). Progress has been slow in developing and reporting an overall assessment of performance that transcends individual service scrutiny of data and focuses on priorities.

Source: Audit Scotland

The council continues to use the Public Sector Improvement Framework (PSIF) but it is not always consistently applied

117. The council continues to use the PSIF as an aid to improve services with functions within services applying the framework to identify improvements as part

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of the service planning process. However, it is not always clear that self-assessment through the PSIF is embedded consistently across and within council services or linked to strategic priorities.

The council is demonstrating a more outward looking approach to developing best practice

118. The council has been engaging with external bodies on areas it wishes to improve and discussing best practice with other local authorities and networks. Examples of these are its engagement with the Improvement Service to develop its approach to delivering training sessions for members and requesting support and feedback for the development of its revised performance management framework and the consultancy support it received to review its corporate management structure.

Progress against the council's own transformation plan has so far been limited

119. In 2016 the council commenced developing its current improvement and modernisation programme, to provide the basis for a medium to long-term financial plan to enable the financial sustainability of the council. The improvement and modernisation programme was approved in November 2018 and has eight streams, which are detailed below in exhibit 10.

120. The progress of projects categorised as strategic are monitored by CMT and by three transformation boards (council, learning and economy). The transformation boards are made up of elected members and council officers. The projects that are categorised as basic and intermediate are managed by the appropriate service and reported to the relevant transformation board on completion.

Exhibit 10
Improvement and modernisation programme summary at January 2020

Project title	Description	Started	Phase
Stream 1: Asset Management	Review of staffing structures, offices, depots, storage units. To align property assets to council priorities to ensure affordable and sustainable asset base.	November 2018	Concept
Stream 2: ICT and digital	Add value and efficiency to service delivery by increasing adoption of online services.	November 2018	Delivery
Stream 2: Customer services re-design	Deliver a culture change in customer service delivery towards an enabling approach for customers.	November 2018	Delivery
Stream 3: Alternative service delivery	Explore all avenues to create sustainable future for the leisure estate and identify strategic priorities for services within leisure.	September 2018	Concept
Stream 4: CMT review	Ensure that organisation is designed and structured to meet the challenges of the future as efficiently as possible.	November 2018	Delivery
Stream 4: Review and expansion of flexible working	Reduce resilience on physical buildings and enable property estate to reduce in size and reduce costs through flexible working.	November 2018	Concept

Project title	Description	Started	Phase
Stream 5: Parks, communities and leisure sponsorship	Generate income from advertising, sponsorship and other income.	November 2018	Delivery
Stream 6: Service efficiency	Review of direct services and establishing a new HR/payroll system. All projects have been delivered.	November 2018	Closed
Stream 7: Transforming education	Learning estate strategy, to provide essential infrastructure for the delivery of education and ASN review.	November 2018	Concept
Stream 8: Transforming children's services	More effective and efficient service delivery of a quality service that effects real change and measurable outcomes.	November 2018	Concept

Source: Moray Council

121. The council has made slow progress with its improvement and modernisation programme, with a number of key projects at concept stages. While progress has been made with changes to customer service only one work stream of the improvement and modernisation has been completed (service efficiency review) and three streams are presently at delivery stage (ICT/digital and customer service re-design, CMT review and the parks communities and leisure sponsorship). In September 2019, as part of the CMT restructure and to deal with strategic focus the council appointed a temporary head of transformation to oversee the improvement and modernisation programme, and there has been recent progress made towards some significant strategic decisions.

Recommendations

The council needs to make some difficult strategic decisions on areas such as, asset management, leisure services, flexible working, income generation and service transformation in education and social work. (paragraphs 16, 99 and 119)

The council needs to complete its performance management suite of documents. This should include key indicators to support priorities and address the level of reporting at an overall council-level versus service-level. Improvements to reporting should include a review of targets and better summary of key areas of good and poor performance and any specific actions to be taken. (paragraph 42)

The medium and longer-term financial position needs to be addressed and the continued reduction in the council's reserve position halted before the position becomes acute. (paragraph 68)

The elected member development strategy should be implemented through, programmed activity and personal development plans. (paragraph 30)

To help streamline processes, the council needs to continue to progress its governance review, including reviews of committee structures, schemes of delegation and reporting to committees. (paragraph 27)

Considerable development work and additional measures are required to improve educational attainment, alongside making significant changes to the school estate. (paragraphs 44 and 75)
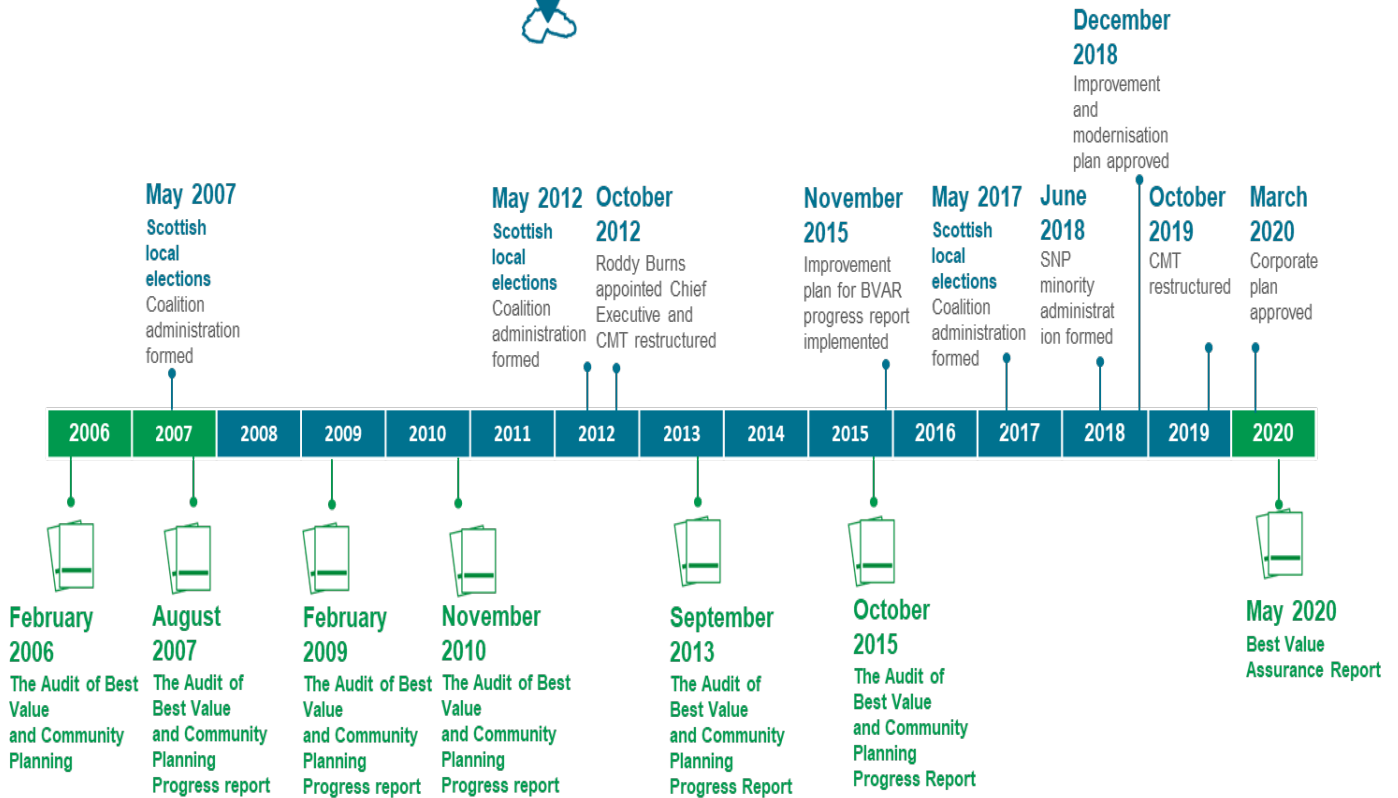
The council should investigate and better understand the reasons for poorer satisfaction levels in housing, learning from councils with higher satisfaction results. (paragraphs 54 and 55)

The council needs to continue working with CPP partners to determine clear outcome milestones and performance reporting. (paragraphs 84 and 85)

Appendix 1
Best Value audit timeline

Council journey

December 2018
Improvement and modernisation plan approved

May 2007
Scottish local elections
Coalition administration formed

May 2012
Scottish local elections
Coalition administration formed

October 2012
Roddy Burns appointed Chief Executive and CMT restructured

November 2015
Improvement plan for BVAR progress report implemented

May 2017
Scottish local elections
Coalition administration formed

June 2018
SNP minority administration formed

October 2019
CMT restructured

March 2020
Corporate plan approved

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |

February 2006
The Audit of Best Value and Community Planning

August 2007
The Audit of Best Value and Community Planning Progress report

February 2009
The Audit of Best Value and Community Planning Progress report

November 2010
The Audit of Best Value and Community Planning Progress report

September 2013
The Audit of Best Value and Community Planning Progress Report

October 2015
The Audit of Best Value and Community Planning Progress Report

May 2020
Best Value Assurance Report

Moray Council
Best Value Assurance Report

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MEETING: 13 AUGUST 2020

REPORT BY: SECRETARY TO THE COMMISSION

COMMISSION MEETING ARRANGEMENTS 2021

Purpose

1. The purpose of this report is to propose meeting arrangements for the Commission for 2021.

Background

2. The Commission has in its Strategy a commitment to continuously improve how it does its business and to consider how it can manage better its business. It is customary in August of each year for the Commission to agree its meeting arrangements for the subsequent calendar year.

3. At its meeting in June, the Commission agreed a way forward for planning Commission business and considering its strategy in the light of the Covid-19 emergency, including:

   - Meeting virtually and more frequently

   - Revisiting its team development activities

   - Prioritising 'public-facing' business to be considered at formal meetings

   - More informal consideration of other business

   - Recording (and making such recordings publicly available) of formal public meetings of the Commission.

Commission business

4. Scotland is amidst stage 3 of the recovery period from lockdown. While this provides some clarity about easing of lockdown arrangements, it is difficult to clarify what this may mean for how the Commission does its business in coming months, especially into 2021.

5. Currently, Audit Scotland continues to work on the basis that staff work remotely, and thus access to Audit Scotland offices remains restricted. I will continue to liaise with Audit Scotland as the recovery period continues. There is however a strong likelihood that such restrictions will remain at least until the end of the year.

6. Consequently, this paper reflects a working assumption that the first principle above – meeting and working virtually and more frequently – will remain in place into 2021. If this changes, then it will be possible to adapt accordingly.

Commission meeting arrangements

7. The main features of the proposal are:

   - Commission members are asked to commit to two slots per month.

   - These slots will be used for a combination of:
     - Formal meetings of the Commission and its committees

- o Commission insight programme (see below)

- o Commission development programme (see below).

- For meetings of the Commission and its committees, the following assumptions are made:

  - o On business days, all Commission business will start at 9.30am and finish at 1pm at the latest, with suitable breaks included to ensure around three hours being devoted to Commission business.

  - o For a formal Commission meeting, we will aim to complete the meeting within two hours and any balance used for other activities.

  - o We will aim to avoid using the second slot each month for formal Commission meeting business – this will only be done in exceptional circumstances. The second slot each month will be used for committee business (when such a meeting is scheduled) and a combination of insight and team development sessions.

  - o Quarterly committee meetings will be retained. An optional slot will be used only for committee business in exceptional circumstances.

  - o Committees meet on the same day with meetings lasting an hour, with the Financial Audit and Assurance Committee meeting at 9.30am and the Performance Audit Committee starting at 10.45am. An hour 'insight' session will also take place at 12 noon on those days.

- Commission pre-meetings will take place – lasting one hour – on a separate day, likely the day before.

- We will continue to use July as a 'recess' month.

- Two strategy seminar slots are included – the first is an overnight event in the spring and the second 'mid-year' event in an afternoon in Autumn (see below).

- In recent years we have used one committee meeting slot to meet in Audit Scotland's Glasgow office. It is proposed to commit to continuing this practice, depending on the arrangements in place in response to Covid-19.

8. The attached Appendix proposes a schedule of meetings for 2021.

Commission insight and development programmes

9. Commission members have considered separately proposals for a Commission 'insight' programme to allow the Commission to develop its strategic perspective and insight in coming months leading up to a revised Strategy. They have also considered proposals for a team development programme. Both of these programmes will be taken forward as part of the proposed meeting schedule. This are reported in the Secretary report elsewhere on the agenda of today's meeting.

Conducting our business

10. It has been practice in recent years to include in committee meeting days a session with a visiting speaker. The past year, however, has meant that such sessions were largely put in abeyance because of other pressing business. A number of speaker subjects, therefore, were not fulfilled, including: poverty and inequalities; the Scottish Crown Estate; and health and social care integration authorities.

11. It is likely that the Commission insight and development programmes will absorb all of the Commission's time in coming months. It is proposed, therefore, that the visiting speaker schedule continue in abeyance, but noting the above schedule of subjects for

possible revisiting at a point in the future. Indeed, some of the subjects proposed in the schedule can be picked up as part of the Commission's engagement with stakeholders in its 'Insight' programme in coming months.

12. The Commission is asked to consider if there is anything else in its current meeting arrangements that it would like to review.

Strategy seminars

13. The Commission has previously refined its approach to planning its business throughout the year. Most notably, it has agreed to retain two strategy events in the year, in Spring and Autumn.

14. The Spring event would be an overnight event with two overall purposes: firstly to review progress in the past year and agree broad themes for further development with a view to reflecting these in the next iteration of the work programme the following year; and secondly for team development activities. This year, the Commission's 'insight' programme will also play a significant role in the event. (The overnight nature of the event is subject to developments with the Covid-19 emergency – an overnight arrangement will only be used if restrictions have been suitably relaxed and it is safe to do so.)

15. The Autumn event would be to further define these themes – with a view to feeding either into the planning guidance for the current year (published in October) or the work programme (published in the following Spring).

16. The proposed meeting schedule reflects this commitment. It does however allow the opportunity for the Commission to undertake more such strategic thinking beyond these two events.

Conclusion

17. The Commission is invited to consider the proposed schedule and arrangements for meetings of the Commission and its committees in 2021.

Paul Reilly
Secretary to the Accounts Commission
17 July 2020

ACCOUNTS COMMISSION

MEETING SCHEDULE 2021

14 January	Accounts Commission
28 January	*Second date: Commission insight session*
11 February	Accounts Commission
25 February	Committees and Commission insight session
11 March	Accounts Commission
25 March	*Second date: Commission insight session*
15 April	Accounts Commission (Easter is Sunday 4 April)
20 & 21 April	Strategy Seminar
29 April	Committees and Commission insight session
13 May	Accounts Commission
27 May	Committees
10 June	Accounts Commission
24 June	*Second date*
11 August	Mid-year strategy seminar
12 August	Accounts Commission
26 August	Committees
9 September	Accounts Commission
23 September	*Second date*
7 October	Accounts Commission
21 October	*Second date*
11 November	Accounts Commission
25 November	Committees
9 December	Accounts Commission

![ACCOUNTS COMMISSION]

MEETING: 13 AUGUST 2020

REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE

LOCAL GOVERNMENT OVERVIEW REPORTING 2021

Purpose

1. This paper invites the Accounts Commission to consider the scope of the Local
    Government Overview (LGO) and Financial Local Government Overview (FLGO)
    2021. It also sets out proposals for a strategic medium-term approach to reflecting
    Covid-19 in future local government overview reporting.

Background

2. The purpose of the annual overview reports are to provide an opportunity for the
    Commission to share its conclusions from audit activity throughout the year,
    alongside commentary on key issues concerning local government. Supporting
    evidence is drawn from the range of local and national audit work carried out in the
    year, as well as some analysis of available data and intelligence. Over recent years
    the Commission has published separate financial and non-financial local government
    overview reports. Feedback from Commission stakeholders indicates support for
    these two distinct outputs, and our proposal sets out the continuation of this
    approach for 2021 and beyond. We are working closely as an integrated team to
    ensure that the timing, coverage and impact of the reports is maximised in Spring
    2021.

3. This year's overview reporting is taking place during the midst of the global Covid-19
    pandemic which has created an unprecedented set of issues and challenges for
    councils, their partners and communities. These include:

    - Unprecedented economic and social impacts

    - Additional financial pressures and increased service demand

    - The need for new service delivery models (e.g. digital delivery, socially
      distanced services and blended learning in schools)

    - Negative impacts across key communities and groups (e.g. young people,
      women, deprived communities, BAME groups).

4. We have seen a period of great innovation over recent months, but many long-term
    challenges lie ahead. Councils were focused on the delivery of key services during
    the early phases of the pandemic but are now actively planning for recovery and
    renewal. But the shape of the recovery and renewal curve is not yet clear, nor are
    many of the longer-term impacts on the economy, communities and public services.

5. Overview reporting must adapt to this evolving context to remain credible, helpful
    and relevant. It is therefore proposed that a strategic medium-term approach be
    adopted to reflecting Covid-19 in future local government overview reporting
    recognising the evolving and long-tern nature of the impact of the virus on the
    economy, council services, and communities. The attached presentation describes
    the outline that we propose to form the basis of local government overview reporting

in the medium-term, covering both financial and non-financial overview reports. It also set out an outline scope for the LGO 2021 report.

6. This year's financial local government overview reporting will be affected by the two months extension afforded to councils for this year's annual audit as a consequence of the impact of Covid-19. Given the later publication of the financial overview report the two audit teams (FLGO and LGO) are working closely together to ensure the timing and positioning of their respective reports will achieve maximum impact on behalf of the Commission.

Conclusion

7. The Commission is asked to:

   a) consider and comment on the proposed medium-term approach to reflecting Covid-19 in future LGO reporting,

   b) agree the outline scope for the content of the LGO 2021 report,

   c) agree that more detailed consideration of the FLGO and LGO report structures and content is undertaken through discussion with the Chair and Deputy Chair, as sponsors as the work progresses,

   d) agree to delegate authority to the Chair and Deputy Chair as sponsors to approve the audit flyer for the FLGO and LGO, and

   e) agree to take the emerging messages presentations at future Accounts Commission meetings

Fraser McKinlay
Director of Performance Audit and Best Value
3 August 2020

Local Government Overview Reporting: Covid-19

Plans for LGO and FLGO 2021 and beyond

13th August 2020

AUDIT SCOTLAND

Council context

- The COVID-19 pandemic has created a unique and challenging set of circumstances for Local Government in Scotland:
  - unprecedented economic and social impacts
  - additional financial pressures and increased service demand
  - new service delivery models (e.g. digital delivery and blended learning)
  - negative impacts on young people, women, deprived communities, BAME groups

- A period of great innovation, but many long-term challenges lie ahead

- Councils were focused on the delivery of key services during the early phases of the pandemic but are now actively planning for recovery and renewal

- Overview reporting must adapt to this evolving context to remain credible, helpful and relevant

Audit context

- Most Covid-19 expenditure only started in April so these costs will be considered as part of the audits of the 2020/21 accounts.

- Auditors will, however, be assessing and reporting on Covid-19 related financial risks and pressures in this year's AARs.

- 2-month extension to local government annual audit deadlines – now 30 Nov.

- It is not yet clear when the impact of the pandemic will flow through to financial and performance information, but lots of Covid-19 impact work taking place (Improvement Service, Scottish Parliament, academics and policy institutes)

- All of this has implications for the scope and timing of this year's Financial LGO and wider LGO work

- Agile and flexible approach to reporting is required to maximise relevance and impact of both outputs

Medium-term approach to LGO reporting

AUDIT SCOTLAND

- Preparation of Local Government in Scotland **2021**: Initial response to the COVID-19 pandemic in spring 2021

- Preparation of Local Government in Scotland **2022**: More detailed analysis of the impact (including initial financial shock) and lessons learned from the pandemic, including an assessment of progress being made in early phases of recovery

- Local Government in Scotland **2023**: focus on further progress on renewal and recovery with the potential to begin to return to the more traditional approach of the overview report (challenges and service performance)

All of this will need to be kept under review as the shape of the response and recovery curve becomes clearer.

Medium-term approach to Financial Local Government Overview (FLGO) reporting

- Autumn 2020 FLGO delayed until spring 2021 due to extended deadlines for Local Government accounts

- This will be a recognisably consistent output to previous years that will provide a financial overview for 2019/20, along with early commentary on the financial impact of the pandemic on local government bodies for 2020/21

- This FLGO report will not show the full impact of the pandemic in the 2019/20 accounts but continuity of reporting is important, not least to show a 'before' and 'after' Covid-19 financial picture

- FLGO reports based on the 2020/21 accounts and beyond will reflect the longer-term impact of the pandemic and recovery on council finances

- The FLGO and LGO teams are working closely to ensure the timing and positioning of their respective reports ensures maximum impact

High-level proposals for LGO spring 2021

- **How did councils respond to the crisis – what changed?**
- **What are the main risks and wider issues facing councils as a result of the pandemic?**
- **What are the early lessons learned and next steps?**
    - We aim to cover, <u>dependent on availability of evidence</u>:
        - how councils used contingency and emergency planning measures to manage the crisis
        - the resilience of council IT infrastructures
        - how well councils communicated with the public and stakeholders throughout the pandemic
        - the effectiveness of partnership working in the delivery of services
        - changes to governance arrangements and the impact on accountability and decision making
        - An initial assessment (2020/21 accounts will not be available) of the financial impact of Covid-19 on councils, including additionality of costs and loss of income, as well as savings generated
        - changes in the way that council services are provided
        - the impact and implications of the crisis on the council workforce
        - early examples of innovation, good practice and lessons learned from the response to the pandemic

Discussion

- Does the Commission agree with the general outline for the suite of LGO reports during 2021-2023?

- Does the Commission support the proposed medium-term strategy for reflecting Covid-19 for the LGO and FLGO reports?

- Does the Commission agree with the high-level proposals for the spring 2021 LGO?

ACCOUNTS COMMISSION ✔

MEETING: 13 AUGUST 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 23 June the Commission published the latest annual overview of local government in Scotland. The report was compiled before the pandemic, but the Commission suggests its findings remain relevant as Covid-19 "*multiplies*" the challenges of local government. Scottish Government funding to councils was found to have reduced in real terms by 3.3% between 2013-14 and 2020-21. However, it has increased by 3.9% in real terms since 2017-18. The report concludes that councils are working in increasingly complex circumstances and the pressure on councils is starting to show across service performance and use of financial reserves. It argues "*more radical thinking is needed for long-term solutions*" and calls for time and capacity to be invested by political and management leaders. The report's recommendations are broken down to cover governance, collaboration, services and capacity and skills.

6. On 20 June the Commission published the Best Value Assurance report on North Ayrshire Council. Overall, services have improved over the last five years. However, the council should continue to focus on areas of poorer performance, most notably a recent decline in education. The council also needs to develop detailed plans to support its aims of further transforming services and saving up to £19 million over the next two years.

7. On 2 July the Commission published its annual report for 2019/20. The report outlines the Commission's work in 2019/20 across Scottish local government. This includes audit work on councils and health and social care integration joint boards as well as national performance audits on significant themes across Scotland

Other business

8.   On 30 June Argyll and Bute Council considered the Best Value Report that was published in May. Members welcomed the positive findings in the report and agreed the recommendations contained therein, including the draft improvement plan which was development in consultation with Audit Scotland and the Improvement Service.

9.   On 30 July the Commission Chair issued a response to the Scottish Housing Regulator's consultation on the future regulatory approach in response to Covid-19. The [response](#) is available on the members' sharepoint site.

10.   The Islands (Scotland) Act 2018 requires the Scottish Ministers to establish by regulations, provision about review of decisions of relevant authorities relating to island communities impact assessments. The Accounts Commission and Audit Scotland are listed as relevant authorities in the Act. In June the Scottish Government proposed a review scheme under Section 9 of the Act to allow consultation with relevant authorities. On 30 July a [response](#) to the proposal was submitted from the Commission and Audit Scotland and can be found on the members' sharepoint site.

11.   On 31 July Dr Graham Sharp [formally](#) retired as Chair of the Accounts Commission. Elma Murray has now assumed the role of Interim Chair.

12.   Commission members took part in a Strategy Seminar on 12 August. At the event, members discussed the policy environment and risks presented by Covid-19 emergency. They considered what these risks mean for the immediate work programme. The Commission will consider a report to this end at its meeting in September. Members also agreed an 'Insight Programme' with a view to the Commission considering over coming months the longer term implications of the current emergency on its role and responsibilities, with a view to publishing a revised strategy and work programme in Spring 2021.

13.   On 26 August the Commission Chair and Controller of Audit will present the [2020 Local Government Overview](#) to the Local Government and Communities Committee. This will form part of the Committee's pre-budget scrutiny activity on the impact of Covid-19 on the financial sustainability of local government in Scotland (see paragraph 110).

14.   The Commission now has its own [YouTube channel](#), which will contain all of our published material.

Auditor General

15.   On 18 June the Auditor General [published](#) a report about Highlands and Islands Enterprise's (HIE) management of Cairngorm Mountain and funicular railway. The report concludes HIE acted appropriately when it transferred ownership of Cairngorm Mountain Limited (CML), which operated the mountain's winter sports and leisure activities, to Natural Assets Investment Limited in 2014. HIE was found to have acted quickly when CML went into administration in 2018. However, efforts to steady the business and attempts to restart the funicular railway put a strain on HIE's staff and finances. The estimated cost of repairing the railway is between £10-£15m, though these costs are subject to review due to Covid-19. The report warns "*tough decisions*" will have to be made about future operations at the mountain. Increased long-term uncertainty due to the pandemic is also highlighted as a cause for concern.

16.   On 1 July Stephen Boyle [formally](#) took over from Caroline Gardner as Auditor General for Scotland. Prior to his appointment, Mr Boyle was an Audit Director at Audit Scotland, leading its central government audit work, including the Scottish Government, the Scottish Parliamentary Corporate Body and the European Agricultural Funds Account. He was also the appointed auditor of the Scottish Police Authority, the

Scottish Public Pension Agency and Registers of Scotland, and has previously worked in senior positions in the Scottish public sector.

Audit Scotland

17. On 12 June Audit Scotland published its annual report and accounts for 2019/20, outlining its performance and activity during the past year. The report pays tribute to all those working so hard to save lives, support communities and protect jobs during the Covid-19 pandemic. The report says the global crisis comes at a time when Scotland's public services and finances are already under significant pressure from an ageing population, continuing inequalities and the climate emergency, as well as working to mitigate the potential effects of EU withdrawal.

18. On 22 June the Scottish Commission for Public Audit published a letter from Audit Scotland following a discussion on the impact of Covid-19.

19. On 25 June Audit Scotland published the report, 'Covid-19: How public audit in Scotland is responding.' This briefing paper considers the impact of Covid-19 on the work of public audit in Scotland.

20. On 8 July it was announced that Jackie Mann and Colin Crosby will join Audit Scotland's board as non-executive members after being appointed by the Scottish Commission for Public Audit.

21. On 9 July Audit Scotland published the National Fraud Initiative in Scotland for 2018/19. The report warned that the Covid-19 pandemic has brought additional fraud risks. They include public-sector staff working remotely under extreme pressure, and potentially less scrutiny of applications for government stimulus packages for individuals and businesses. The latest NFI identified £15.3m of potential fraud since the last report. The Commission considered the draft report at its June meeting.

Issues affecting local government

Scottish Government

22. 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
   - Economy
   - Health and social care
   - Education
   - Transport
   - Communities
   - Business
   - Other matters

Local government general

23. On 6 June the Scottish Government published a local government finance circular containing the guidance for phase 3 of the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund.

24. On 24 June the Scottish Government published statistics on council tax collection for 2019-20. During this period the total amount of council tax billed was £2.559bn, 95.8% of which was collected by 31 March 2020. Statistics on the Council Tax Reduction scheme, which reduces the council tax liability of lower income households in Scotland, has also been published.

25. On 24 June the Scottish Government published a summary of the 2019-20 provisional outturn and 2020-21 budget estimates for services provided by Scottish councils. Provisional outturn for net revenue expenditure in 2019-20 was £12,942m, an increase of 5.2% on 2018-19, with education and social work the services accounting for the highest net revenue expenditure.

26. On 7 July the Scottish Government published guidance for public sector organisations on how to access and use the electronic purchasing card contract 2020-24.

27. On 9 July the Minister for Housing wrote to councils, housing association and housing co-operative tenants to provide information and advice regarding the resumption of services as Scotland progresses through the different phases of easing restrictions. The challenges in ensuring the safety, security and wellbeing of social housing tenants are outlined.

28. On 15 July the Scottish Government published the Local government 2019-2020 provisional outturn and 2020-2021 budget estimates – capital expenditure. The provisional outturn for capital expenditure in 2019-20 is £3,798 million – an increase of 32 per cent, or £913 million, on 2018-19. The budgeted capital expenditure for 2020-21 is £4,310 million – an increase of two per cent, or £98 million, on the 2019-20 budget.

Economy

29. On 3 June the Scottish Government published a study on the economic impact of not extending the Brexit transition period. It suggests billions of pounds could be removed from the Scottish economy if the UK Government refuses to seek a Brexit extension. When considered along with the impact of the Covid-19 outbreak, the report claims Scottish GDP would be 1.1% lower in two years if an extension is not agreed. The paper also indicates there would be major Brexit-related costs for the foreseeable future and a severe impact on Scotland's agriculture, fisheries and manufacturing sectors.

30. On 3 July the Scottish Government's Enterprise and Skills Strategic Board sub-group on unemployment published a report on measures to mitigate the labour market impacts from Covid-19. The sub-group recommends an expansion of online job resources for young people, enhanced help for those facing redundancy, maximising college and university flexibility to offer short courses, assistance to support employee retention, short placement work experience schemes, and the expansion of apprenticeship provision. Work will continue over the summer to develop employment support actions, including a focus on longer-term unemployed people and more vulnerable groups. In related news, the IFS has published a report on the impact of the pandemic on the employment prospects of young people. The think tank warned that young people have become increasingly reliant on low paid sectors of the economy, which have been the worst hit by Covid-19.

31. On 16 July the Scottish Government published a report on written submissions to the independent Advisory Group on economic recovery in the wake of the Covid-19 pandemic.

Health and social care

32. On 2 June Public Health Scotland released data on the estimated prevalence of drug abuse in Scotland. It estimated that in 2015-16, 1.62% of the population were problem drug users under the original definition of opioid and benzodiazepine users, rising to 1.91% if cocaine and amphetamine users were included and 2.51% if cannabis users were also included. Around 71%, 74% and 77% of problem drug users were estimated to be male under each respective definition, while 64% of users were estimated to be aged 35-64 under Definition One, 58% under Definition Two and 52% under Definition Three.

33. On 2 June Public Health Scotland published statistics on Child and Adolescent Mental Health Services waiting times for the first quarter of 2020. A total of 4,093 children and young people started treatment, a 5.4% increase from the previous quarter and 3.4% decrease from the same quarter the previous year. Of those who began treatment, 65.1% were seen within 18 weeks, compared to 66.4% for the previous quarter and 73.6% for the quarter ending March 2019.

34. On 15 June the report of the Independent Review of the Queen Elizabeth University Hospital (QEUH) was published. It found no clear evidence to link failures in the hospital's design and maintenance with avoidable deaths despite a "*series of problems*" with the building. It concludes patients, staff and visitors should have confidence that the hospital provides a setting for high quality care. However, the Review also highlighted a range of secondary effects, including the erosion of public confidence in the hospital; the disruption of treatment for certain groups of patients; and the diversion of resources and attention. Concerns were also expressed that Scottish Government governance and assurance arrangements were not sufficient.

35. On 26 June the Scottish Government published analysis about the health and social impacts of Covid-19. Slide packs presenting information about the impact of Covid-19 broken down by disability, age, ethnicity and gender have also been released. The Government has also published a note about the economic impact of the virus and labour market effects.

36. On 26 June the Scottish Government published guidance for social care workers and employers on the Social Care Staff Support Fund. The fund has been established to ensure workers do not experience financial hardship if they become ill or need to self-isolate due to Covid-19. It covers eligibility and criteria for accessing the fund and provides information on how the fund will be administered.

37. On 20 July the Scottish Government announced that health and social care workers in Scotland will now have access to mental health support 24 hours a day, seven days a week through a new national helpline, in light of the Covid-19 Pandemic.

Education

38. On 10 June the Scottish Government announced additional funding for schools situated in deprived communities. Nine local councils with the highest concentrations of deprivation in Scotland will share £43 million of investment from the Attainment Scotland Fund. In addition, a further £7 million will be shared from the Schools' Programme between 73 additional schools with the highest concentration of pupils from areas of deprivation.

39. On 15 June the Scottish Government published guidance for nurseries and other early learning and childcare (ELC) providers to help them plan for reopening. The new guidance sets out the core public health measures that will need to be taken to allow safe reopening, including:

- enhanced hand hygiene and cleaning practice
- caring for children in small groups and minimising contact between those groups
- maximising the use of outdoor space
- physical distancing between adults and older children at drop-off and pickup times.

40. On 23 June the Scottish Government published the findings of the independent review of the implementation of additional support for learning (ASL). The review found that there are many dedicated, skilled and inspiring professionals who care deeply about children and young people with additional support needs. However, the evidence that emerges from the review affirms that ASL is not visible or equally valued within Scotland's education system. Consequently, the implementation of ASL legislation is over-dependent on committed individuals, is fragmented, inconsistent and is not ensuring that all children and young people who need additional support are being supported to flourish and fulfil their potential. The review makes a series of interlocking recommendations.

41. On 23 June the Cabinet Secretary for Education delivered a statement in the Scottish Parliament on education provision and Covid-19. He said:
- Schools will return to full-time learning on Tuesday 11 August, subject to scientific advice and continued suppression of the rate of infection
- Increased levels of funding for "*digital inclusion*", including £30m to provide laptops for the 70,000 most disadvantaged pupils
- £100m will be invested over the next two years to help children and young people returning to school "*make up for lost ground*"
- Continued work with local authorities to resume the rollout of the 1,140 hours of funded childcare
- A review on relaxing the 2-metre rule in schools and early learning centres will be carried out by the Covid-19 advisory group and will be subject to conditions relating to rate of infection and health and safety standards
- Reducing the poverty-related attainment gap, support for families and communities from disadvantaged backgrounds would be sought.

42. On 9 July the Scottish Government and COSLA confirmed that the full roll-out of 1,140 hours funded childcare will be delayed until at least after the next school year.

43. On 9 July the Scottish Government announced the publication of the Covid-19: Further and Higher Education Sustainability Plan and the steps already taken to support further and higher education. The plan includes a £10m boost for estate maintenance, £5m to help offset the costs of digital equipment for learners, £75m for university research and starting dates for colleges and universities to begin phased returns. Flexibility for the Scottish Funding Council to create a Covid-19 University Support Fund is also included in the sustainability plan.

44. On 16 July the Scottish Government published advisory notes on school transport and physical distancing in schools by the Covid-19 Advisory Sub-Group on Education and Children's Issues. The advice indicates that no physical distancing is required between children and young people in primary and secondary schools.

45. On 22 July the Scottish Government published an overview of the latest evidence on the impact of Covid-19 and lockdown measures on children, young people and their families.

46. On 30 July the First Minister announced plans for children to return to school from Tuesday 11 August. The First Minister has also committed an additional £30m to recruit new teachers, bringing the total support to £75m, enough for 1,400 new staff. The funding sits alongside a £50m education recovery fund for local authorities to support cleaning, facilities management, transport and other requirements for a safe return to schools. New guidance on preparations for returning to school has been developed with the Education Recovery Group. Though local authorities will be given some flexibility, the Government expects all pupils to return to school full-time by Tuesday 18 August. Risk assessments will be carried out for every school and enhanced hygiene and cleaning arrangements will be implemented. Distancing will not be required for primary pupils, but as an additional precaution secondary schools are advised to encourage distancing between young people. A children's rights and wellbeing impact assessment which considers the impact of the closure of schools, the plan to reopen schools full-time from August and contingency plans for blended learning has been published.

47. On 8 August school pupils received their senior phase qualifications. The pass rates rose by 2.9% for National 5, 4.1% for Higher and 5.5% for Advanced Higher courses from 2019. Around a quarter of entries were adjusted from the initial estimate, 93.1% downwards. A free appeals process is operating. The SQA has published Attainment Statistics for National Qualifications and Awards, the methodology report and Chief Examining Officer's report.

Transport

48. On 2 June the Paths for All's Smarter Choices Smarter Places Open Fund opened for applications. The Fund, which is designed to increase walking, cycling and sustainable travel, has been allocated £2m from the Government's active travel budget for 2020-21. For the first time, it will support the Transport Transition Plan and fund projects which encourage staying local, making fewer journeys and promote working from home. Under the scheme, grants between £5,000 and £50,000 need to be match funded by public, community and third sector organisations.

49. On 9 July the Scottish Government announced it will provide £9m of emergency funding for Glasgow Subway and Edinburgh Trams. The funding will support services until the end of September. The announcement follows discussions with Strathclyde Partnership for Transport and Edinburgh Trams regarding available resources due to the unprecedented impact that Covid-19 has had on travel demands.

50. On 16 July Transport Scotland announced a £10 million fund to support the rapid deployment of bus priority infrastructure by local authorities. The new infrastructure fund will help local authorities with the highest concentration of congestion to implement temporary measures, including bus lanes or gates to make journeys quicker and more reliable for passengers.

Communities

51. On 3 June the Scottish Government announced £3m from the Newly Self-Employed Hardship Fund allocation will be re-purposed to support bed and breakfasts ineligible for existing support. Applications are expected to open for the fund, administered by local authorities, on Monday 15 June. The Cabinet Secretary also confirmed businesses in Scotland had now been awarded over £100m through the Scottish Government Business Support Fund.

52. On 4 June the Scottish Government awarded £1.6 million to charity FareShare to help them distribute food parcels to vulnerable households. The charity has distributed almost 3.5 million meals since 23 March. The government says the money will help

FareShare purchase more food for local authorities, community-run initiatives and frontline charities across Scotland.

53. On 9 June the Scottish Government announced that they were delaying the preparation and publication of the 2019-20 progress report on child poverty because of Covid-19. The report was originally scheduled to be published at the end of this month. The Scottish Government will continue to consult with the Poverty and Inequality Commission and will publish the report as soon as possible.

54. On 10 June the Scottish Government launched a collection of digital maps to display the funding allocated to support communities across Scotland affected by Covid-19. The online dashboard will enable users to view financial support by local authority across the four available community funds, while an overview map shows total and per capita funding in each area.

55. On 23 June the Scottish Government published a housing statistics quarterly update. In the year ending March 2020, 12,886 homes were approved through the Government Affordable Housing Supply Programme, an increase of 16% on the previous year.

56. On 14 July the Scottish Government announced that places of worship will be able to re-open for congregational worship and prayer and religious life event ceremonies from 15 July and guidance has been published to help them prepare.

57. On 15 July the Scottish Government published a final report by the Homelessness and Rough Sleeping Action Group on homelessness in Scotland following the Covid-19 pandemic.

Business

58. On 5 June the Scottish Government confirmed that a total of 128 companies have collectively received £5.6m in support through the Seafood Resilience Fund.

59. On 9 June the Scottish Government published the details of organisations funded by the Immediate Priorities Fund since it was first announced on 18 March. Grants totalling £11,941,923.81 were given to 110 projects across 93 national partners.

60. On 17 June the Cabinet Secretary for Finance announced a £230 million Return to Work package, including funding for business support, the construction industry, green projects and digitisation. The funding will be reallocated from schemes interrupted by the Covid-19 pandemic.

61. On 16 July the Economy Secretary, Fiona Hyslop MSP, announced the Government's plans for £100 million of funding for employment support and training. She said at least £50 million would be set aside to help young people into work, with a new job guarantee for young people and a national retraining scheme.

62. On 16 July the Scottish Government published statistics on the Covid-19 business support fund grants. Local Authorities reported that over 105,000 applications had been received for the Small Business Grant Scheme and the Retail, Hospitality and Leisure Business Grant Scheme across Scotland. Of these applications, over 86,000 grants valuing over £969 million have been awarded.

63. On 30 July the Scottish Government announced two new funding packages worth £15 million in an attempt to help the tourism sector through the Covid-19 crisis.

64. On 26 July the Scottish Government announced a £10 million funding package to support the events industry.

65. On 29 July the Federation of Small Businesses (FSB) in Scotland highlighted statistics from the HMRC which broke down number of employees placed on furlough by local authority area. Employers in Highland, Perth and Kinross, Glasgow, South Ayrshire and Stirling council areas furloughed a larger share of workers than operators in other Scottish local authorities. The table below indicates the number of employees that have been furloughed.

Council area	Employments furloughed	Eligible employments	Take-up rate
	736,500	2,471,300	30%
Aberdeen City	33,600	111,800	30%
Aberdeenshire	34,500	125,400	27%
Angus	14,700	50,500	29%
Argyll and Bute	10,400	36,200	29%
Clackmannanshire	6,800	23,000	29%
Dumfries and Galloway	17,400	60,400	29%
Dundee City	17,700	63,200	28%
East Ayrshire	16,100	52,600	31%
East Dunbartonshire	13,300	49,100	27%
East Lothian	14,400	49,000	29%
East Renfrewshire	11,900	42,000	28%
City of Edinburgh	69,500	249,000	28%
Na h-Eileanan Siar	2,900	12,100	23%
Falkirk	22,300	75,500	30%
Fife	45,000	160,700	28%
Glasgow City	88,300	273,600	32%
Highland	36,600	108,500	34%
Inverclyde	8,300	34,000	24%
Midlothian	12,900	45,900	28%
Moray	12,900	42,100	31%
North Ayrshire	16,500	56,100	29%
North Lanarkshire	49,500	159,300	31%
Orkney Islands	2,800	10,400	26%
Perth and Kinross	22,200	67,300	33%
Renfrewshire	26,800	85,100	31%
Scottish Borders	14,500	49,500	29%
Shetland Islands	3,100	12,300	25%
South Ayrshire	14,500	45,800	32%
South Lanarkshire	46,400	150,300	31%
Stirling	12,700	40,300	32%
West Dunbartonshire	12,400	41,900	30%
West Lothian	26,000	88,400	29%

Other matters

66. On 5 June the Scottish Government published data on crimes recorded in Scotland during April and highlighted key findings. The publication is the first in a new monthly series. The number of crimes recorded was 20,994, an 18% reduction on the same month in 2019 when 17,171 crimes were recorded. Crimes of dishonesty, sexual crimes and non-sexual crimes were all lower in number compared with last year, and there were fewer crimes recorded overall in all but two local authority areas. The Scottish Government attributed the reductions to Covid-19 measures but highlighted the increased risk of fraud.

67. On 9 June the Scottish Government established an advisory group on the impact that Covid-19 is having on ethnic minorities. The group will draw on the expertise of equality and disabled people's organisations, housing and homelessness bodies and those with lived experience of poverty to address inequality following the Covid-19 outbreak. The Board will be jointly chaired by Aileen Campbell and Shirley-Anne Somerville, with members including Emma Ritch of Engender, Jon Sparkes of Crisis, and the Scottish Refugee Council's Sabir Zazai.

68. On 10 June the Scottish Government published the first two-monthly report to the Scottish Parliament on the use of the emergency powers contained within the Coronavirus Act 2020 and Coronavirus (Scotland) Act 2020. It covers the period up to Friday 29 May. The report covers the provisions within the Scottish legislation, including evictions, children and vulnerable adults, extension of time limits, release of prisoners, freedom of information and social security. For the UK legislation, the report addresses the temporary modification to mental health legislation, local authority assessment of need, health protection regulations and large gatherings.

69. On 18 June the 2019-20 Provisional Budget Outturn was published. The study revealed a 0.7% underspend on a total Scottish Budget of £34.6bn, down from 0.9% on the previous year. All of the £258m underspend, which was made up of £86m of fiscal resource, £76m of fiscal capital and £96m of financial transactions, has also been carried forward and most of it has already been deployed.

70. On 18 June the Scottish Government published the Framework for Decision Making - Scotland's Route Map Through and Out of the Crisis – Phase 2 update. Amongst the items included in this report was that members of the public would be required to wear facemasks on public transport from the 22 June.

71. On 22 June the Advisory Group on Economic Recovery published the report, *Towards a robust, resilient wellbeing economy for Scotland*. This report examines the current context of the Scottish economy, the National Performance Framework and the challenges facing the recovery, before making a series of recommendations. The report calls for unprecedented levels of job creation and recommends the introduction of a two-year jobs guarantee for 16-25-year-olds. It also urges an increase in infrastructure investment with a focus on digital technologies, in addition to targeted reductions in business rates for tourism and hospitality industries. Other key recommendations include bringing forward the review of the fiscal framework; state intervention to prevent the collapse of key firms; measures to increase the responsibility on banks for the survival of businesses they lend to; extra public and private investment in the creative sector; the establishment of a National Arts Force; and the a drive to attract more foreign investment in Scotland.

72. On 30 June the Scottish Government set out ten principles it believes the UK Government should follow to support the UK economy and public finances as it begins to recover from the impacts of Covid-19. The report proposed a UK-wide £80bn stimulus package should be created to regenerate the economy and reduce

inequalities, as well as finance a temporary reduction in VAT and move the tourism and hospitality industries onto reduced VAT rate of 5%. Other recommendations include a two-pence cut in employers' National Insurance contributions, a jobs guarantee scheme for young people and a National Debt Plan. Citizens Advice Scotland welcomed several of the proposals, including low carbon investment, strengthening the social security safety net and a jobs guarantee to ensure people received a living income from work.

73. On 1 July the Scottish Government published guidance on the £100 million emergency loan fund created to support SME housebuilders with liquidity issues due to the temporary closure of housebuilding sites. The fund closed to new applications on Monday 29 June.

74. On 2 July it was announced that experts in town planning, public health, transport and business would be brought together to consider the views of local communities in revitalising town centres in the wake of Covid-19. Leigh Sparks, of the University of Stirling, will chair the group. COSLA, the Royal Town Planning Institute, South of Scotland Enterprise, the Carnegie Trust, the Federation of Small Businesses, Public Health Scotland, Sustrans and Inclusion Scotland are also involved.

75. On 3 July the Scottish Government confirmed the details of the remaining changes to the phase 2 restrictions. An update on physical distancing in phase 2 has been published. The advice will remain to retain two metres as the default physical distancing requirement for phase 3 but exceptions to this requirement, if practicable mitigating measures can be implemented, have been outlined in the guidance. A list of the mitigation examples has been provided along with details of the new measures for children and young people. The advice from the Government's Covid-19 Advisory Group that informed this decision has been published. The travel distance limit has also been relaxed, visits to self-catering accommodation and second homes are now allowed and outdoor hospitality, subject to public health advice, can open from Monday 6 July. Mandatory face covering is to be extended to include retail settings from Friday 10 July in line with expected changes to other lockdown measures on that date. Updated guidance explaining shielding support for people to arrange for food and medicine deliveries, and other support services, has been published.

76. On 3 July the Scottish Government published an overview of the poverty and equality impacts evidence in relation to the measures being taken in the route map. The document sets out the evidence on the likely impact of the proposed activities on different groups, based on protected characteristics and socio-economic disadvantage. Measures put in place to mitigate negative impacts are also explained. On 14 July the Scottish Government also published supporting evidence. The publication details the six key criteria for easing restrictions as identified by the World Health Organisation.

77. On 9 July the Scottish Government published the Coronavirus (Covid-19) - Framework for Decision Making - Scotland's route map through and out of the crisis - Phase 3 Update. Further information on what people can and cannot do, with regards to distancing, face coverings and gatherings, has also been updated as has the document for shielding support and contacts. In this phase, indoor restaurants, cafes and pubs will be able to re-open from Wednesday 15 July. All holiday accommodation can re-open from Wednesday, as well as the childcare sector, hairdressers and barbers.

78. On 9 July the Cabinet Secretary for Finance announced new measures to support homebuyers and help people into work or to re-train. The threshold at which Land and Buildings Transaction Tax is paid will be increased from £145,000 to £250,000, meaning 80% of house buyers will be exempt from the charge, excluding the Additional Dwelling Supplement. An extra £50m is being added to the First Home Fund, a shared equity scheme providing first time buyers with up to £25,000 to buy a property, while a

further £100m is being invested in targeted employment support and training.

79. On 17 July the Scottish Government published a consultation paper on proposed interim changes to the Scottish Planning Policy to clarify specific parts of the Scottish Planning Policy that relate to planning for housing. The changes, once finalised, will apply over the interim period ahead of the adoption of National Planning Framework 4.

80. On 30 July the First Minister provided an update on Covid-19. The First Minister announced phase 3 would continue for some time and warned a move to phase 4 might not take place at the next review in three weeks. However, she said prevalence of the virus was at a very low level, with an estimated 300 infectious cases last Friday and the R number remaining below 1.

81. On 30 July the Scottish Government published an annual review of the Warmer Homes Scotland Scheme 2018/19.

82. On 27 July the Infrastructure Commission for Scotland launched its Phase Two report into infrastructure development. It made recommendations including creating an independent body to offer long-term strategic advice to the Scottish Government; enshrining the Place Principle in law to support sustainable development and ensure a "one public sector" approach to planning; and strengthening the relationship between the public sector and construction industry by creating a Construction Accord, which would include measures to support a diverse and capable workforce in the sector. It also recommended an increased focus on digital technology through the creation of a digital data co-ordination, standards and facilitation role.

83. On 28 July the Scottish Government and relevant trade unions published revised terms and conditions for staff working during Covid-19.

Scottish Parliament

84. On 2 June Pauline McNeill MSP introduced the Fair Rents (Scotland) Bill to the Scottish Parliament. The Bill will prevent landlords from increasing rent by more than a set level and allow tenants to apply to rent officers to have a fair open market rent set for the property. This also means landlords would have to include details of any rent changes in the Scottish Landlord Register and would require the Scottish Government to publish a statement within three years showing how the Bill has affected rent levels. A copy of the Bill as introduced has been published, along with a Policy Memorandum, Financial Memorandum, Explanatory Notes, and Statements on Legislative Competence.

85. On 3 June Jamie Greene MSP received a response to his parliamentary question that asked the Scottish Government how many children are still attending educational outlets during the lockdown, also broken down by local authority. The Cabinet Secretary for Education and Skills, John Swinney responded by saying that over the week of Monday 18 – Fri 22 May 8,216 children and young people attended local authority educational hubs, which is around 1.1% of all children and young people. A breakdown of these figures by local authority can be found in the following table. Click here to view table.

86. On 3 June the Scottish Parliament Information Centre (SPICe) published a briefing on the EU-UK future relationship and the proposed legal text.

87. On 4 June the Scottish Elections (Reform) Bill passed unanimously. The Bill extends Scottish parliamentary and local election terms to five years in line with the UK Parliament and other devolved legislatures. The legislation also enables 14-year-olds to register ahead of reaching voting age, and bans people from voting in more than one

area in local elections, which mirrors the law for Scottish and UK parliament elections. The Commission will consider a briefing on this matter at a future meeting.

88. On 5 June SPICe produced a briefing on the Disclosure (Scotland) Bill ahead of Stage 3 proceedings on Wednesday 10 June. Audit Scotland and the Auditor General are mentioned repeatedly in a section about Audit Scotland's report on Disclosure Scotland's new IT system.

89. On 10 June MSPs passed the Disclosure (Scotland) Bill. The legislation will make the Protecting Vulnerable Groups (PVG) scheme mandatory for those carrying out regulated roles with children and adults. It will also adapt Scotland's disclosure system, including decreasing the number of disclosure levels and ensure individuals have greater control over sharing information.

90. On 10 June Rachael Hamilton MSP received a response to the parliamentary question that asked the Scottish Government what guidance was issued to local authorities on the allocation of funding to sporting businesses from the Creative or Tourism and Hospitality Enterprises Hardship Fund. The Cabinet Secretary for Culture, Tourism and External Affairs, Fiona Hyslop by pointing out that the Creative, Tourism and Hospitality Enterprises Hardship Fund (CTHEHF) provides support for small creative, tourism and hospitality companies who have experienced at least 50% loss of current or projected revenue as a result of Covid-19 and are experiencing hardship. Due to significant demand we have increased the fund from £20m to £30m. The fund is administered by our enterprise agencies, which are currently progressing applications. The fund is now closed. Each enterprise agency administers the fund in its respective area so no guidance was issued to Local Authorities. Prior to launch of CTHEHF, the Scottish Government provided guidance on the purpose and eligibility criteria to the enterprise agencies. This covered, for instance, which sectors were included within the fund rather than detailed guidance on allocating funding to sporting businesses. Each application is assessed by trained assessors with awards made based on need.

91. On 24 June MSPs passed unanimously a Government motion on the Local Government Finance (Coronavirus) (Scotland) Amendment Order and the recommendations from the Advisory Group on Economic Recovery., with MSPs approving an additional £257.6m for local authorities to tackle Covid-19, including for food provision, education and social care.

92. On 25 June SPICe published a briefing covering local government finance figures from 2013-14 until 2020-21. The Accounts Commission's 2019 challenges and performances report is cited. It is also noted that the Accounts Commission has adopted the same approach as SPICe relating to the removal of police and fires services from the local government settlement. The Accounts Commission's approach to ring-fenced funds is also outlined.

93. On 1 July SPICe published a briefing on what impact Covid-19 could have on the 2021 Scottish Parliament election. The briefing discusses:

- how the date of an ordinary Scottish general election can be moved

- what the evidence on elections has shown to date in terms of COVID-19

- what challenges electoral administrators are likely to already be planning to have to overcome in order to deliver a Scottish general election in the time of a pandemic.

94. On 6 July Mary Fee MSP published the following motion in the Scottish Parliament:

Renfrewshire Council's Commitment to Black History Month—That the Parliament commends Renfrewshire Council for having made a commitment to

support Black History Month across Renfrewshire; understands that, by passing a motion, it has committed to recognising Black History Month every year in October and to improve education on black history in Renfrewshire; notes that it plans to work with the black community to ensure that events held outside of Black History Month are adequately supported by the council; recognises that the cultural team at Renfrewshire Leisure is currently researching links between Renfrewshire and the slave trade in the hope that fully addressing the past will ensure that racism is not part of the future in Renfrewshire; acknowledges that the Black Lives Matter movement has been a catalyst for opening these discussions at all levels of government, and considers that there is no place in society for racism and discrimination and that all moves to improve anti-racism education are welcome.

95. On 9 July Miles Briggs MSP received a response to his parliamentary question that asked the Scottish Government what plans it has to establish Covid-19 recovery taskforces across the local authorities in the Lothian parliamentary region. The Cabinet Secretary for Education and Skills, John Swinney issues a response saying that a recognised structure for supporting recovery is already in place and supported by local authorities through Regional and Local Resilience Partnerships. The Lothian region comes under the Lothian and Borders Local Resilience Partnership, the partnership supported by their Scottish Government Resilience Partnership Co-ordinator has established a Recovery group encompassing all local authorities.

96. On 16 July SPICe published a briefing on the labour market statistics. It covers data from March-May 2020 and shows that unemployment in Scotland was 4.3% relative to 3.9% in the UK. Similarly, employment in Scotland was 74.1% relative to 76.4% in the UK, and inactivity was 22.4% in Scotland and 20.4% in the UK.

97. On 31 July Liam Kerr MSP received a response to his parliamentary question that asked the Scottish Government what steps it was taking to tackle fraud arising from Covid-19, in light of Audit Scotland stating that the risk of fraud has increased during the pandemic. The Cabinet Secretary for Justice, Humza Yousaf MSP confirmed that the Scottish Government were working with partners on the Serious Organised Crime Taskforce to reduce opportunities for criminals to exploit individuals' concerns generated by the Covid-19 crisis. The Scottish Government is also implementing action to raise among the public of potential fraud. This is being done through Police Scotland's 'Shut out Scammers' campaign and the opportunity for the public to subscribe to Trading Standards Scotland's Scam Share e-Bulletin. The Scottish Government Cyber Resilience Unit is working with partners including the UK Government, National Cyber Security Centre, Scottish Business Resilience Centre, Scottish Council for Voluntary Organisations and Police Scotland to support a regular bulletin which provides a collated source of trusted actionable cyber threat and scams advice that businesses, charities and umbrella organisations can amplify in their messaging to their staff and the wider public. The Scottish Government has provided guidance to Scottish local authorities and other public sector organisations giving grants to mitigate the effects of Covid 19 requiring them to ensure that procedures for administering the grants are robust and include due diligence to mitigate fraud.

98. On 31 July Jackson Carlaw MSP announced his resignation as leader of the Scottish Conservative and Unionist Party.

Parliamentary Committee News

Public Audit and Post Legislative Scrutiny Committee

99. On 5 June the Committee:
    - Took evidence from senior civil servants in the Scottish Government on the governance and assurance arrangements that the Scottish Government has

put in place in response to Covid-19.

- Took evidence on the Affordable Housing performance audit report from Caroline Gardner, the Auditor General for Scotland; Claire Sweeney, Audit Director; and Kate Berry, Audit Manager, Audit Scotland.

100. On 9 June the Public Audit and Post-legislative Scrutiny Committee published its Annual Report for 2019-20. The Committee considered 19 reports from the Auditor General and said it had observed similar themes in audit reports across the public sector, including managing ICT projects, workforce capacity, data collection and accountability.

101. On 18 June the Committee took evidence on the section 23 report, "Early learning and childcare: Follow-up" from Caroline Gardner, Auditor General for Scotland; Tricia Meldrum, Senior Manager; and Rebecca Smallwood, Audit Manager, Audit Scotland.

102. On 25 June the Committee took evidence on the impact of Covid-19 on Audit Scotland's work from Caroline Gardner, Auditor General for Scotland.

103. On 10 July Paul Johnston, Director-General for Education, Communities and Justice for the Scottish Government, wrote to the Public Audit and Post-legislative Scrutiny Committee regarding the 2018-19 Audit of Bòrd na Gàidhlig.

104. On 14 July Cllr Steven Heddle, Environment and Economy Spokesperson for COSLA, wrote to the Public Audit and Post-legislative Scrutiny Committee regarding Scotland's city region and growth deals. The letter responds to Audit Scotland's report on the topic.

Local Government and Communities Committee

105. On 3 June the Committee took evidence from a range of stakeholders on how local authorities are dealing with current challenges relating to Covid-19.

106. On 5 June the Committee published its annual report for 2019-20. The report highlighted that the Committee met 29 times and reported on bills including the Non-Domestic Rates (Scotland) Bill, the Scottish Elections (Reform) Bill and the Period Products (Free Provision) (Scotland) Bill. It undertook one-off evidence sessions on building regulations and fire safety, alcohol licensing and the First Tier Tribunal (Housing and Property Chamber), and conducted an inquiry into empty homes in Scotland.

107. On 12 June COSLA wrote to the Local Government and Communities Committee following up on points raised during a recent evidence session on the response of local authorities to Covid-19, including the £155m in UK Government consequentials.

108. On 19 June the Committee took evidence from a range of stakeholders on building regulations and fire safety in Scotland.

109. On 30 June the Committee considered its work programme during its last meeting. The Committee agreed to make the impact of Covid-19 and sustainability of local government the main focus of its pre-Budget scrutiny, with post-legislative scrutiny of Part 3 (participation requests) and Part 5 (asset transfer requests) of the Community Empowerment (Scotland) Act 2015 also to be carried out. An invitation will be issued to the UK Government to give evidence on City Region Deals, to the Scottish Government regarding the impact of Covid-19 on the third sector, and to the Scottish Housing Regulator in relation to its 2019-20 annual report.

110. On 3 July the Committee wrote to Secretary of State for Scotland restating the Committee's invitation to the UK Government to give evidence on city region deals at a future meeting.

111. On 23 July the Committee launched a consultation on the impact of Covid-19 on the financial sustainability of local government in Scotland. The consultation will close on Friday 4 September. It will form part of the Committee's pre-budget scrutiny activity on the impact of Covid-19 on the financial sustainability of local government in Scotland. The Commission Chair will present the Local Government Overview to the Committee on 26 August as part of this pre-budget scrutiny. A response on behalf of the Commission will complement this.

Finance and Constitution Committee

112. On 5 June the Committee took evidence from stakeholders on the impact that Covid-19 is having on public finances and the fiscal framework.

113. On 8 June the Committee launched a call for views on the impact of Covid-19 on the Scottish Government's Budget 2021-22. The Committee is seeking views on a range of issues, such as the priorities for addressing the impact of Covid-19, how should the Budget address the unprecedented levels of uncertainty and volatility in the public finances to allow public bodies some certainty in planning and managing their own budgets, and what changes to the Budget process may be required to ensure sufficient transparency and ministerial accountability in a rapidly changing fiscal environment.

114. On 8 June the Cabinet Secretary for Finance wrote to the Local Government and Communities Committee to clarify the position regarding the £155m UK Government consequentials for local government following the Committee's evidence session with COSLA. She confirmed provision for the consequentials had been authorised for payment to local authorities but that the sum had not yet been formally added to the block grant.

115. On 9 June the Finance and Constitution Committee published its Annual Report 2019-20. A significant portion of Committee business centred around the constitution and the implications of Brexit, including its inquiry into the replacement of EU structural funding and a new inquiry into the UK internal market. The Committee also scrutinised the EU (Withdrawal Agreement) Bill and introduced the Referendums (Scotland) Bill. This was also the second year of the new Budget scrutiny process.

116. On 12 June the Committee took evidence from stakeholders on the impact of Covid-19 on the public finances and the fiscal framework, and on the summer budget revision.

117. On 18 June the Cabinet Secretary for Health wrote to the Health and Sport Committee to confirm the Integration Authority budget settlements for 2020-21. The letter was sent at the beginning of the month.

118. On 6 July the Committee launched a call for evidence on the UK Withdrawal from the European Union (Continuity) (Scotland) Bill. The Committee is seeking views on the implications of keeping pace power in the Bill, potentially leading to policy divergence with the rest of the UK; the implications of no longer having a formal role in influencing EU policy making; and statutory and non-statutory constraints on keeping pace with changes to EU law. The deadline to respond is Friday 7 August.

Covid-19 Committee

119. On 3 June the Committee took evidence from the Cabinet Secretary for the Constitution, Europe and External Affairs, Michael Russell, on the Health Protection (Coronavirus) (Restrictions) (Scotland) Amendment (No 3) Regulations 2020.

120. On 10 and 17 June the Committee took evidence from stakeholders on options for easing the Covid-19 lockdown restrictions.

Other committees

121. On 5 June the Economy, Energy and Fair Work Committee published its annual report for 2019-20. The report covers the work of the Committee during the parliamentary year from 9 May 2019 – 8 May 2020. The Committee met 32 times over the past year and held nine inquiries. It also scrutinised five bills, including the Scottish National Investment Bank and Consumer Scotland Bills.

122. On 5 June the Equalities and Human Rights Committee published its annual report for 2019-20. The Committee launched inquiries on race, equality, employment and skills and on the impact of Covid-19. During the reporting period it scrutinised the Children (Equal Protection from Assault) Scotland Bill, the FGM (Protection and Guidance) (Scotland) Bill and the Civil Partnership (Scotland) Bill. Information on one-off evidence sessions, the Committee's consideration of public petitions and its draft budget scrutiny is also included.

123. On 8 June the Rural Economy and Connectivity Committee published its Annual Report for 2019-20. During the parliamentary year, the Committee met 30 times and covered a selection of bills and inquiries. The Committee took evidence and reported on the Transport (Scotland) Bill, Restricted Roads (20mph Speed Limit) Bill, South of Scotland Enterprise Bill and Agriculture (Retained EU Law and Data) (Scotland) Bill. The Committee also launched its inquiry into the construction and procurement of ferry vessels in Scotland and held evidence sessions on transport, agriculture, fisheries, digital connectivity, the National Islands Plan and leaving the EU.

124. On 8 June the Culture, Tourism, Europe and External Affairs Committee published its annual report for 2019-20. The report highlights the Committee's inquiries into Article 50, arts funding, the BBC annual report, the impact of Covid-19 on the cultural and tourism sectors, local commercial radio and Screen Scotland.

125. On 9 June the Justice Committee published its Annual Report 2019-20. The Committee held 30 meetings and heard from 116 witnesses, 53% of whom were female. Legislation considered this year included the Scottish Biometrics Commissioner Bill, the Children (Scotland) Bill, Defamation and Malicious (Publications) Scotland Bill and the Hate Crime and Public Order (Scotland) Bill. Members also investigated secure care places for children and young people, the Budget, Brexit and the consequences of Covid-19 for the justice system. The report covers briefly the work of the Sub-Committee on Policing.

126. On 10 June the Education and Skills Committee published submissions from a range of organisations in response to the Scottish Government's announcement about the reopening of schools and early learning centres.

127. On 11 June Ben Macpherson, Minister for Public Finance and Migration, wrote to the Social Security Committee explaining revisions to the Council Tax Reduction Scheme would be delayed in light of Covid-19.

128. On 1 July the Education and Skills Committee published a letter from the SQA regarding the replacement for the exam diet in 2020. The letter provides details on plans for the appeal system, an equality impact assessment, the awarding model and the 2020-21 session. The SQA has also said it will engage with national bodies, including the National Parent Forum of Scotland, Young Scot and the Scottish Youth Parliament on future planning.

129. On 3 July Fergus Ewing wrote to the Rural Economy and Connectivity Committee regarding further information on its inquiry into the impact of Covid-19 on the rural economy and connectivity in Scotland. The letter includes information on Government discussions with the fishing industry; the AHDB marketing scheme; the Scottish Food Fund; and resilience in the Scottish food system.

130. On 10 July Kate Forbes MSP responded to the Finance and Constitution Committee's letter on the impact of Covid-19 on the public finances and the Fiscal Framework.

131. On 22 July John Swinney wrote to the Education and Skills Committee to confirm the provision of critical childcare will end before the return of schools.

Local government news

132. On 24 June Highland Council announced that they were adapting local streets and public spaces to help residents deal with social distancing.

133. On 30 June it was reported that motorists had spent £101,537.50 on parking meters in Edinburgh despite charges being dropped during the Covid-19 pandemic. Parking charges have now been reinstated in Edinburgh.

134. On 21 July the Scottish Government announced it will invest up to £50 million in the Falkirk area as part of the Falkirk Growth Deal. The money, to be invested over ten years, will fund targeted economic development activity across a range of themes including infrastructure, transport, innovation, energy transition and skills. The UK Government is investing £40 million in the growth deal.

135. On 21 July Moray Council launched its 'Bee Safe' campaign in preparation for pupils returning to school. The Bee Safe logo will appear on new signs throughout all school buildings identifying hand washing points, sanitisation stations and giving general advice on access and direction of travel if it is a one-way zone.

136. On 22 July it was reported that Highland Council had reduced its projection of the impact that Covid-19 will have on their finances to £32 million. It was previously anticipated that the impact of Covid-19 would result in a £92 million cost to the council's finances.

137. On 23 July the Prime Minister announced that the UK Government will commit £50 million in the Outer Hebrides, Orkney and Shetland to develop the islands' economic potential. This funding will be matched by the Scottish Government as part of the Islands Growth Deal.

138. On 24 July it was reported that refuse and recycling workers from Glasgow City Council held a socially distanced demonstration outside the City Chambers calling for a Covid-19 bonus payment.

Public Policy News

139. On 1 June Scotland's Serious Organised Crime Taskforce [published] guidance to help organisations avoid being affected by online crime during Covid-19. The taskforce warned that criminals were exploiting the pandemic to target public and private organisations. A few examples of recent crimes were provided:

   - a care home in the Forth Valley area was left without a PPE order after the supplier claimed they had not received the £10,000 payment, despite it being sent. A police investigation showed that the payment had been moved from the bank account it was paid into and they believe organised criminals were behind it.

   - a number of reports of people knocking doors and offering to disinfect the householder's driveway to rid it of any Covid-19 for a fee.

   - businesses emailed by scammers urging them to click on an official-looking link for a £25,000 grant. The link leads to a fake 'UK Government'-branded website asking for business and banking details.

   - £10,000 fraud intercepted by Scottish Borders Council when an application for a business support grant was hacked by criminals who requested the redirection of the payment to a different bank account. Due to the checks in place the council were alert to the scam and the money was not paid out.

140. On 3 June the Trussell Trust has [recorded] its largest increase in emergency food parcels going to children in Scotland during the Covid-19 pandemic. Deliveries rose 47% in April compared to the same period in 2019, including a 62% increase in parcels going to children.

141. On 5 June the Equality and Human Rights Commission [launched] an inquiry into racial inequalities highlighted by Covid-19.

142. On 5 June the Scottish Funding Council (SFC) [announced] that they were considering the future provision and sustainability of colleges and universities in relation to the Covid-19 pandemic, with initial findings to be provided by August. The SFC will review the provision and delivery of teaching and research activity across the college and university sector and how activity will be funded.

143. On 5 June Citizens Advice Scotland (CAS) [published] a poll that found that 36% of people are concerned about their income as a result of Covid-19. This is down from 41% in April. The poll also examined concerns about utility bills, rents, mortgage payments, debt repayments, food and essentials, and council tax payments, with CAS concluding further work would be necessary to support those facing financial uncertainty.

144. On 23 June the Resolution Foundation [published] analysis on the impact of Covid-19 on saving and spending.

145. On 24 June the Fraser of Allander Institute [published] a new economic commentary. The Institute argues that despite Scotland slowly moving out of lockdown, it remains unclear how quickly businesses will be able to reopen and how industries will recover. The commentary also notes it will take several years before the full impact of Covid-19 is understood. Regarding the Government's interventions, the Institute predicts large deficits and public spending could lead to an increase in taxes, along with new guidance for corporate conduct to improve working conditions and a wave of merger and acquisition activity. The report also includes a set of scenarios regarding the pace of economic recovery, along with reflections for the Auditor General of Scotland on future challenges for the public sector. The best-case scenario predicts the economy

could recover by the end of 2021, while the worst-case scenario suggests it could be 2024 before a new normal is established.

146. On 30 June Reform Scotland published a report on Government investment programmes. The report calls for the creation of two new investment bodies to oversee a simplified economic development structure. Scottish Government Investments would be an active shareholder of publicly-held assets and Equiscot would be the asset management arm of the Scottish National Investment Bank. The report also recommends that the UK and Scottish governments co-operate on enhanced access to debt-funded capital for the Scottish recovery and renewal strategy. Regarding Scotland's economic development organisations, the report recommends a review to avoid duplication and waste.

147. On 16 July the Observatory of Children's Human Rights Scotland released a report on how the Scottish Government's emergency measures have impacted children's human rights. The report highlights that children's rights have been overlooked throughout the Covid-19 emergency. For example, there has been no direct input from children and young people into decisions around the cancellation of exams. There is also no representation of children or young people on the Scottish Government's Education Recovery Group.

COSLA

148. COSLA has produced a central website which provides a range of advice and information to councils in dealing with the challenges posed by Covid-19.

149. On 16 June COSLA and the Scottish Government, in partnership with Public Health Scotland and the Improvement Service, launched joint guidance for local authorities on violence against women and girls during Covid-19.

150. On 19 July COSLA joined other organisation in outlining their commitment to putting fair work at the heart of Scotland's economic recovery. Organisations including the Institute of Directors, SCDI, STUC, COSLA and SCVO signed a statement underlining the collaborative approach needed between employers, unions and workers to ensure workplaces can operate safely.

Improvement Service

151. On 5 June the Improvement Service published the report, 'Impact of Covid-19 on the economy and poverty in Scotland.' The report summarises the latest research from Scotland and internationally. We will continue to update the document as new research is published.

152. On 11 June the Improvement Service and their partners published a report that assessed the feasibility of a Citizens' Basic Income (CBI) pilot in Scotland. The report concludes a CBI pilot is desirable, but recognises the significant challenges involved.

153. On 16 June the Improvement Service released the results of a consultation that was carried out over plans to simplify the National Entitlement Card. The consultation of local authorities found:

- There is unanimous support in favour of efforts to remove complexity from the scheme's delivery.
- Councils' views were split exactly 50:50 in terms of whether they were supportive or not of the removal of their council's logo from the card front.

- 26 councils (81%) of councils are supportive of ending paper applications for cards if an online application process is made available.

- A quarter of councils (8) expressed a preference that the phased removal of paper application forms should take place within 3 months. Eight councils felt the service should be phased out within 6 months, and a further 12 councils felt that that the phasing should take place over 12 months.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO)

154. The SPSO's Newsletter - June outlines 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 at its next meeting.

Scottish Housing Regulator

155. On 21 July the Scottish Housing Regulator published monthly statistics to understand the impact of Covid-19 on social landlords. Findings highlighted the number of people who applied to local authorities as homeless increased by 18% to 2,923, and the number of households in temporary accommodation increased by 7% to 13,875.

Other UK audit bodies

156. On 8 June the National Audit Office (NAO) published a report about managing PFI assets and services as contracts end.

157. On 10 June the Jersey Audit Office published the project specification of its review into the Government of Jersey's response to Covid-19.

158. On 10 June the Auditor General for Wales published their future work priorities in response to Covid-19. On 25 June the National Audit Office published its annual report and accounts for 2019-20.

159. On 9 July Audit Wales published a blog about councils' emergency governance arrangements.

160. On 10 July the NAO published a report about the first payment of Universal Credit. While the report highlights improvement in the proportion of claimants receiving their first payments on time, the actual number of people being paid late has increased as more people are claiming Universal Credit. The NAO has called for the DWP to do more to support vulnerable people and those who may struggle to make a claim. Its forecasts in March 2020 suggested that the cost of implementing Universal Credit has risen from £3.2bn to £4.6bn, but the impact of Covid-19 on these figures is yet to be calculated.

UK Government

161. On 2 June the Department for Education announced a cap on English student numbers will apply to universities in Scotland and the other devolved nations. A provision is included for any institutions which exceeded its limit on or before the notification date.

162. On 3 June Iain Stewart MP was appointed as Parliamentary Under Secretary of State in the Scotland Office following the resignation of Douglas Ross MP. He is the MP for Milton Keynes South and before taking up the Scotland Office position he had been a

Government whip since December 2019.

163. On 3 June Public Health England published a report that found that ethnic minorities are at higher risk of dying from Covid-19, but it is not clear why. People of Chinese, Indian, Pakistani, other Asian, Caribbean and other black ethnicity have between a 10% and 50% higher risk of death when compared to white British people. The report finds age to be the biggest risk factor, males were at a higher risk than females and those living in more deprived areas were also at more risk. The analysis does not take into account the existence of comorbidities, which it notes are strongly associated with the risk of death from Covid-19.

164. On 9 June the UK Government abandoned its plan for all primary school years in England to return to school before the end of term. It was thought that this was no longer feasible, with many head teachers saying it had never been a practical possibility. Instead, schools will be given flexibility over whether or not to welcome pupils back before the holidays.

165. On 15 June the Treasury Committee published its interim report into the economic impact of Covid-19. It asks the UK Government to support those who have fallen through the gaps of support schemes. Among the report's recommendations, the Committee calls for an extension to eligibility criteria for the newly employed and self-employed; the removal of the £50,000 cap for self-employment income support; greater protection for Directors who paid themselves in dividends; and greater support for freelancers and those on short term contracts.

166. On 24 June the UK Government announced an additional £105 million of funding to help tackle rough sleepers who are impacted by Covid-19.

167. On 29 June Sir Mark Sedwill announced his intention to stand down as Cabinet Secretary.

168. On 29 June the Prime Minister announced set out a ten-year school rebuilding programme for England. The first 50 projects will start in 2020-21 with over £1bn of funding, and £560m and £200m will be committed for repairs and upgrades to schools and further education colleges this year.

169. On 30 June the UK Government announced stricter lockdown measures will be introduced in Leicester, including the closing of non-essential shops and schools, as Covid-19 cases rise. The loosening of restrictions for pubs and restaurants, planned for the rest of England on Saturday, will also not be taking place.

170. On 30 June the Prime Minister announced the UK Government's post-lockdown economic plans. Some of the plans of the £5 billion 'New Deal' included:

    - £1.5bn this year for hospital maintenance, mental health services, hospital building, and improving AandE capacity
    - £100m this year for 29 projects in the road network, including £10m for development work to unblock the Manchester rail bottleneck
    - £1bn to fund the first 50 projects of a new, ten-year school rebuilding programme, starting from 2020-21
    - £560m and £200m for repairs and upgrades to schools and FE colleges respectively this year
    - £285m for digital upgrades and maintenance to courts, prisons and youth offender facilities
    - £900m for a range of local growth projects in England over the course of this

year and next

- £96m to accelerate investment in town centres and high streets through the Towns Fund this year
- Plans to plant over 75,000 acres of trees every year by 2025 and £40m to boost local conservation projects and create 3000 jobs.

171. On 6 July the Chancellor of the Exchequer announced a new £1.5 billion credit for the country's arts industry, including support for theatres, music venues and museums. The cash injection had long been awaited, given that social distancing made many of the activities in the sector impossible. The settlement, secured by culture secretary Oliver Dowden, includes £880m of grants for the financial year to April 2021.

172. On 8 July the Chancellor of the Exchequer provided an update on the UK's economic recovery from Covid-19. He outlined a series of measures designed to maintain employment and support unemployed people back into work, including a Job Retention Bonus paid to employers of £1,000 for every furloughed worker still employed on 31 January 2021. The Chancellor also laid out plans to bring forward £8.8bn of infrastructure investment, including £3bn for green investments that it is hoped will support around 140,000 jobs while upgrade buildings and reduce emissions. £5.8bn is to be spent on *"shovel-ready"* construction including hospital projects, court maintenance, rebuilding schools and maintaining further education colleges. Further support was announced for the hospitality sector, VAT on hospitality and tourism related spending will be cut to 5% for six months.

173. On 14 July the Home Office released further information the UK's point-based immigration system, which will come into effect from 1 January 2021. Several new immigration routes will be opened, including a Health and Care Visa for key health professionals. Those who are eligible for the Visa, along with their families, will also be exempt from paying the Immigration Health Surcharge. The Global Talent Scheme will allow highly-skilled scientists to come to the UK without a job offer. A new graduate route will also open in summer 2021 to allow international students to stay in the UK after they have completed their studies. Students who have completed undergraduate and masters degrees will be able to stay for two years and those who have completed a PhD can stay for three years. An equality impact assessment for the system has also been published.

174. On 14 July a report commissioned by the Government Office for Science into the potential for a second wave of Covid-19 suggested there could be between 24,500 and 251,000 virus related deaths in hospitals alone this winter.

175. On 14 July the UK Government's Health Secretary, Matt Hancock MP, confirmed that wearing a face covering in shops in England will become mandatory on Friday 24 July. Those who fail to comply with the new rule will face a fine of up to £100.

176. On 15 July Rishi Sunak delivered evidence to the Treasury Committee as part of its inquiry into the economic impact of the Covid-19. The Office for Budget Responsibility (OBR) has published its Fiscal Sustainability Report, which claims unemployment could hit a peak of 12% in the weeks before Christmas due to the cuts made to and the ultimate end of the furlough scheme between August and October.

177. On 15 July the UK Government published statistics showing that 900,000 jobs in Scotland had been supported during the Covid-19 pandemic. It said the Coronavirus Job Retention Scheme had allowed 736,500 Scottish workers to be furloughed by the end of June. The Government also spent £449 million supporting 155,000 self-employed people through the Self-Employment Income Support Scheme.

178. On 16 July the UK Government confirmed £500 million of additional funding for councils to help deliver essential services for residents during the Covid-19 pandemic. The funding is part of package of Government support, which includes a new scheme to help councils recover lost income from car parks, museums and other services which have been shut during the lockdown.

179. On 17 July the Department of Health and Social Care published guidance for local authorities and local decision-makers on containing and managing Covid-19 outbreaks.

180. On 21 July the Chancellor of the Exchequer announced pay rises above inflation for around 900,000 workers in sectors including the NHS, the justice system, the armed forces and education. Each sector's changes were recommended by their respective independent pay review bodies. Teachers will receive the largest raise (3.1%), followed by doctors and dentists (2.8%) and police and prison officers (2.5%). Members of the armed forces will receive a 2% uplift, as will senior civil servants and members of the judiciary.

181. On 21 July the Chancellor of the Exchequer announced a Comprehensive Spending Review of Government spending, which will be published in the autumn. The review will set departmental resource budgets for the years 2021-22 to 2023-24 and capital budgets to 2024-25, as well as the devolved administrations' block grants until 2024-25.

182. On 24 July the UK Government updated its roadmap to Covid-19 recovery with the new timeline for August and the rest of autumn.

183. On 24 July the UK Government pledged an additional £3.7bn to the devolved administrations to help them tackle the Covid-19 pandemic, including £1.9bn for the Scottish Government.

184. On 31 July the Treasury published the Block Grant Transparency Report with information on Main Estimates for funding for the devolved governments of the UK. The Treasury has said the figures show the Scottish Government has received an additional £5bn in 2020-21 through the Barnett formula since the previous report in December 2018. The figures also show the devolved administrations are receiving an additional £950m in 2020-21 to maintain direct payments to farmers.

Other UK news

185. On 9 June UK in a Changing Europe published a report on the current progress that has been made during negotiations between the UK and the EU. The report claims the negotiations have reached an impasse as a result of disagreements on state aid and other level playing field issues, including fishery access. The UK Government has so far remained committed to the current timescale and has not asked for an extension, which has to be requested before the end of June. UK in a Changing Europe claims that without an extension, it is unlikely that a comprehensive deal can be reached and attempting to extend after the June deadline will be legally complicated. While there has been some progress on obligations under the Northern Ireland Protocol, the report suggests a lot remains to be clarified and the Covid-19 outbreak has further impacted business preparation for Brexit.

186. On 12 June the Association of Directors of Adult Social Care released a survey of 146 local authorities in England with adult social care responsibility, which found that the pandemic has made "extremely fragile" care markets even more susceptible to market failure – with 96% of respondents saying they lacked necessary funding.

187. On 15 June the ONS released figures on UK [GDP](#) and [trade](#). The UK economy shrank by 20.4% in April, which is the largest monthly contraction on record, due to lockdown.

188. On 15 June the National Foundation for Educational Research (NFER) [released](#) a report which found that head teachers believe around a third of pupils are not engaging with set classwork. It also found that 90% of teachers say their pupils are doing less or much less work than they would normally at this time of the year.

189. On 16 June the ONS released figures on the [UK labour market](#), [regional labour market](#), [public sector employment](#), [earnings](#) and an [economic commentary](#).

190. On 24 June CIPFA and Centre for Public Scrutiny (CfPS) [produced](#) the Financial scrutiny practice guide. This guide provides guidance to England councils and councillors on how they might best integrate an awareness of council finances into the way that overview and scrutiny works.

191. On 2 July councils in England [signed](#) agreements with the Department of Health so they can access a digital dashboard with postcode-level data on Covid-19 tests.

192. On 13 July the Public Accounts Committee [published](#) its report into local authority investment in commercial properties. The report found over the last three-years, local authorities had spent £6.6bn in taxpayers money on acquiring commercial property, a 14-fold increase on the previous three-year period. Furthermore, some councils were found to have exposed themselves to commercial investments which could lead to cuts in local services and increased local taxes.

193. On 16 July the Office of National Statistics [published](#) UK labour market figures for July 2020. The number of workers on UK payrolls fell by 649,000 between March and June. The ONS has said early estimates show the number of paid employees fell by 1.9% year on year in June to 28.4 million, and by 0.3% compared with the previous month. The pace of job losses appears to have slowed in June, with claims under Universal Credit by the unemployed and those on low incomes falling by 28,100 between May and June to 2.6 million. In [Scotland](#), the unemployment rate rose to 4.3% between March and May, a 0.6% increase on the previous quarter. This was higher than the UK unemployment rate of 3.9%. The figures do not include the estimated 750,000 workers on furlough. The Resolution Foundation has published analysis of the statistics and what they mean for the wider economic situation.

194. On 23 July the Scottish Affairs Committee [published](#) its interim report into intergovernmental working during the Covid-19 pandemic. The report examines the effectiveness of the four-nations approach, intergovernmental mechanisms and areas of policy divergence. A key area of concern raised in the report is the long-term sustainability of existing intergovernmental structures despite the "unprecedented coordination" between the four nations through the Joint Action Plan, the Coronavirus Act and the collaborative procurement of PPE. The Committee highlights the "disuse" of bodies such as COBRA and ministerial implementation groups and calls for the UK Government to outline how the priorities of devolved nations would be incorporated into proposed Covid-19 response bodies.

Conclusion

195. The Commission is invited to:

   a) Consider and note this report.

   b) In particular, note:

      i.   That the Commission will respond to the Scottish Parliament's Local

Government and Communities Committee's consultation on the impact of Covid-19 on the financial sustainability of local government in Scotland (paragraph 110).

ii.   The Commission's response to the Scottish Housing Regulator's consultation on the future regulatory approach in response to Covid-19 (paragraph 9).

iii.   The Commission's response to the Scottish Government 's consultation on a proposed review scheme under Section 9 of the Islands (Scotland) Act 2018 (paragraph 10).

iv.   That the Commission will respond to the Scottish Parliament's Local Government and Communities Committee's consultation on the impact of Covid-19 on the financial sustainability of local government in Scotland (paragraph 110).

Paul Reilly
Secretary to the Commission
5 August 2020

APPENDIX: Accounts Commission reports in past 12 months – downloads

Report	Date	Report downlds	Podcast downlds
Accounts Commission annual report 2019/20	2 July 20	207 (n/a)	n/a
Best Value Assurance Report: North Ayrshire Council	30 June 20	462 (n/a)	n/a
Local government in Scotland Overview 2020	23 June 20	433 (n/a)	n/a
Equal pay in councils - Impact report	9 June 20	393 (n/a)	n/a
Best Value Assurance Report: Argyll and Bute Council	21 May 20	476 (213)	n/a
Affordable Housing	9 April 20	945 (+454)	n/a
The 2018/19 audit of Renfrewshire Council: Report on accounts closure	24 Mar 20	212 (+75)	n/a
Early learning and childcare: follow-up	3 Mar 20	1,349 (+305)	181 (*)
2018/19 audit of Fife IJB	27 Feb 20	276 (+82)	n/a
2018/19 audit of Glasgow City Council: Update on equal pay settlement	6 Feb 20	333 (+31)	n/a
Privately financed infrastructure investment	28 Jan 20	920 (+216)	179 (*)
Highland Council: best Value Assurance Report	23 Jan 20	1,352 (+110)	331 (*)
Scotland's City Region and Growth Deals	16 Jan 20	2,040 (+205)	157 (*)
Scotland's City Region and Growth Deals - Supplement	16 Jan 20	241 (*)	n/a
Self-directed support: 2017 progress report - impact	17 Dec 19	500 (+46)	n/a
Local government in Scotland: Financial overview 2018/19	17 Dec 19	2,719 (+407)	267 (*)
Scottish Borders Council: Best Value Assurance Report	22 Oct 19	1,109 (+96)	201 (*)
National Scrutiny Plan	30 Sept 19	787 (+47)	n/a
Perth and Kinross Council: Best Value Assurance Report	22 Aug 19	1,361 (+46)	165 (*)
Principles of community empowerment	25 Jul 19	7,680 (+822)	n/a
Midlothian Council: Best Value Assurance Report	4 Jul 19	1,740 (+77)	204 (*)
Clackmannanshire Council: Best Value Assurance Report progress report	27 Jun 19	1,130 (+44)	222 (*)

Key:
(x)   Increase in numbers since last month
*   This figure is below 30
n/a   Not applicable.

1 JULY 2020 – 31 JULY 2020

REPORT BY: INTERIM CHAIR OF ACCOUNTS COMMISSION

CHAIR'S REPORT

Purpose

This report provides an update on the engagements of the Accounts Commission Interim Chair.

Audit Scotland Board and Committee meetings

- There were no meetings in July.

Audit Scotland Engagement

- 2 July - New Audit Appointments Steering Group. Commission Review of Project to date presented to Steering Group. Update was provided to Commission Members by email on 3 July.

- 8 July - Auditor General. Initial discussion about how we will work together. Elma Murray invited Stephen Boyle to attend the Accounts Commission Strategy Away Day on 12th August.

- 21 July - Engaged with the Local Government Overview team, along with the Interim Deputy Chair to discuss the approach to the Local Government Overview in 2020/21.

- 28 July - Elma/Fraser McKinlay catch up

- 29 July - Alan Alexander, Chair of Audit Scotland Board. Initial discussion about how we will work together. Very supportive and productive meeting.

- 8 July and 29 July - Forward Planning meeting with Secretary and Interim Deputy Chair. We discussed the draft agenda and papers for 13th August; papers for Strategy Day; future work programme including forthcoming BVARs.

- 30 July - Meeting to discuss engagement plans for the draft Code of Audit Practice and how the Commission, Secretary and the Team will work over the coming weeks and months.

- Weekly catch-ups with the Secretary and Executive Assistant

External Engagement

- 1 July - Sally Loudon, Cosla and Sarah Gadsden, Improvement Service

- 2 July - Jim Savege, Solace

- 6 July - Sarah Davidson, Carnegie UK

- 20 July - Brenda Campbell, Scottish Government

- The key areas for discussion included the importance of the Commission having strong relationships with each of these bodies; a good understanding of challenges; opportunities for further engagement e.g. The Insight programme proposals; critical areas for local government and IJBs emerging from the pandemic.

Commission Development and Support

- 121 meetings with Commission Members. Report prepared for issue week beginning 3rd August.

- Worked with Andrea Quinn, Sheila and Tim to finalise report on outcome of Commission Support Review. For circulation week beginning 3rd August.

- Several discussions with Paul, Fraser, Antony and Andrea to prepare for the Strategy Day on 12th August.

Other

- Took a few days off.

Forthcoming activities:

- 4 August - Prep meeting for Commission on 13th August (Secretary, Controller, Deputy Interim Chair)

- 5 August - Anna Fowlie, Chief Executive, SCVO

- 5 August - Auditor General

- 5 August - Comms Team – media plans

- 6 August - SSG Prep mtg with the Team

- 7 August - Initial mtg with new AS Board member, Jackie Mann

- 10 August - Convenor of LGCC at Scottish Parliament

- 11 August - Work Programme with Auditor General and Team

Conclusion

Commission members are invited to:

a) Note this report

b) Direct any questions to the Chair

Elma Murray
Interim Chair of Accounts Commission
31 July 2020