

471st meeting of the Accounts Commission for Scotland

**Thursday 10 September 2020, 9.30am
& Thursday 24 September 2020, 9.30am
by video conference**

**NB: This meeting will take place over two separate days
(* These items will be considered on 24 September)**

Agenda

1. Apologies for absence

2. Declarations of interest

3. Order of business

The Chair seeks approval of business, including proposing taking items 15 to 18 in private (** see note).

Business requiring decisions in public

4. Minutes of meeting of 13 August 2020

5. Minutes of Financial Audit and Assurance Committee of 27 August 2020

6. Minutes of Performance Audit Committee of 27 August 2020

7. Best Value Assurance Report: Dundee City Council

Report by the Controller of Audit.

8. * Committee update

Report by Secretary.

9. Work programme update

Report by the Director of Performance Audit and Best Value.

Business for information in public

10. Financial devolution and constitutional change update

Report by the Audit Director, Audit Services.

11. Secretary's update report

Report by the Secretary.

12. Interim Chair's update report

Report by the Interim Chair.

13. Controller of Audit's update report

Report by the Controller of Audit.

14. Audit Scotland Board update

Report by the Secretary.

Business requiring decisions in private

15. Best Value Assurance Report: Dundee City Council

The Commission will decide its action for item 7.

16. Commission support review

Report by the Interim Chair

17. * Best Value Working Group update

Report by the Secretary.

Business for information in private

18. * Strategic Scrutiny Group update

Report by the Audit Director, Audit Services and Performance Audit and Best Value.

** It is proposed that items 15 to 18 be considered in private because:

- Item 15 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the appropriate council of its decisions, which the Commission does before making the decision public.
- Item 16 is likely to require consideration of policy matters and in relation to staff terms and conditions.
- Item 17 requires the Commission to discuss confidential policy matters.
- Item 18 requires the Commission to discuss confidential policy matters.

The following papers are enclosed for this meeting:

Agenda item	Paper number
Agenda item 4: Minutes of meeting of 13 August 2020	AC.2020.8.1
Agenda item 5: Minutes of FAAC meeting of 27 August 2020	AC.2020.8.2
Agenda item 6: Minutes of PAC meeting of 27 August 2020	AC.2020.8.3
Agenda item 7: Report by Controller of Audit	AC.2020.8.4
Agenda item 8: Report by Secretary to the Commission	AC.2020.8.5
Agenda item 9: Report by Director of Performance Audit and Best Value	AC.2020.8.6
Agenda item 10: Report by Audit Director, Audit Services	AC.2020.8.7
Agenda item 11: Report by Secretary to the Commission	AC.2020.8.8
Agenda item 12: Report by Interim Chair	AC.2020.8.9
Agenda item 13: Report by Controller of Audit	AC.2020.8.10
Agenda item 14: Report by Secretary to the Commission	AC.2020.8.11
Agenda item 16: Report by Interim Chair	AC.2020.8.12
Agenda item 17: Report by Secretary to the Commission	AC.2020.8.13
Agenda item 18: Report by Audit Director, Audit Services and Performance Audit and Best Value	AC.2020.8.14

MEETING: 10 SEPTEMBER 2020

MINUTES OF PREVIOUS MEETING

Minutes of the 470th meeting of the Accounts Commission held via online meeting on Thursday 13 August 2020, at 9.30am.

PRESENT: Elma Murray (Chair)
 Andrew Burns
 Andrew Cowie
 Sophie Flemig (Item 12)
 Sheila Gunn
 Christine Lester
 Tim McKay
 Stephen Moore (Items 1 to 11)
 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)
 Maggie Bruce, Senior Audit Manager, Audit Services (Items 6 and 12)
 Adam Bullough, Audit Manager, PABV (Items 6 and 12)
 Carol Calder, Senior Manager, PABV (Item 8)
 Antony Clark, Audit Director, PABV (Item 8)
 Blyth Deans, Audit Manager, PABV (Item 8)
 Brian Howarth, Audit Director, Audit Services (Items 6 and 12)
 Kay Jenks, Senior Auditor, Audit Services (Items 6 and 12)
 Claire Richards, Senior Auditor, PABV (Items 6 and 12)

Item Subject

1. Apologies for absence
2. Declarations of interest
3. Order of business
4. Minutes of meeting of 11 and 18 June 2020
5. Commission Interim Deputy Chair
6. Best Value Assurance Report: Moray Council
7. Commission meeting arrangements 2021
8. Local government overview reporting 2021
9. Secretary's update report
10. Interim Chair's update report
11. Controller of Audit's update report
12. Best Value Assurance Report: Moray Council (in private)

1. Apologies for absence

It was noted that apologies had been received from Sophie Flemig for joining the meeting late (i.e. she was present for item 12 only) and from Stephen Moore for leaving the meeting early (i.e. he left after item 11).

2. Declarations of interest

The following declarations of interest were made:

- Andy Cowie, in items 6 and 12, as a former Her Majesty's Assistant Inspector of Constabulary and former Chief Officer of Police Scotland. Mr Cowie did not take part in consideration of these items.
- Christine Lester, in items 6 and 12, as a council tax payer in the Moray Council area, former Vice-Chair of NHS Grampian Board, and Chair of Moray Integration Joint Board. Ms Lester did not take part in consideration of these items.

3. Order of business

It was agreed that item 12 be considered in private because it 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.

4. Minutes of meeting of 11 and 18 June 2020

The minutes of the meeting of 11 and 18 June 2020 were approved as a correct record.

Arising therefrom, the Commission:

- In relation to item 5 (third bullet point), noted advice from the Chair that the former Chair had written to the Chair of Audit Scotland Board on the matter, who advised her that he would reply to her in due course.
- In relation to item 10 (second bullet point) and following a query from Geraldine Wooley, noted advice from the Secretary that it would consider, as part of its Commission Insight programme, the accessibility of its reporting. (The Commission Insight Programme is reported in the Secretary report at item 9.)
- In relation to item 12, noted advice from the Interim Chair that the next meeting of the New Audit Appointments Steering Group was late September 2020.

5. Commission Interim Deputy Chair

The Commission considered a report by the Secretary proposing that Tim McKay be nominated for appointment an Interim Deputy Chair of the Commission.

Having noted that members had met and agreed their desire to have such a post, and having heard from Tim McKay, the Commission agreed 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 which would have immediate effect.

Action: Secretary

6. Best Value Assurance Report: Moray Council – Controller of Audit report

The Commission considered a report by the Secretary presenting the Controller of Audit's Best Value Assurance Report for Moray Council. The Commission raised a number of questions and points of clarification from the Controller of Audit on his report in the following areas:

- Officer leadership, management and staff capacity
- Scrutiny and performance management arrangements
- Education services and condition of the Education estate
- Children's services and associated scrutiny
- Approach to financial strategy and the role of the proper finance officer (as set out in legislation))
- Strategic approach to property assets
- Partnership working and community empowerment
- Political leadership and decision-making

The Commission agreed to consider in private how to proceed.

7. Commission meeting arrangements 2021

The Commission considered a report by the Secretary proposing meeting arrangements for 2021, taking into account the response to the Covid-19 emergency.

Following discussion, the Commission agreed:

- The proposed schedule and arrangements for meetings of the Commission and its committees in 2021.
- That the arrangements be kept under review as the response to Covid-19 develops.
- That the quality of virtual and online accessibility of members to Commission business be kept under review in conjunction with Audit Scotland.

Action: Secretary

8. Local government overview reporting 2021

The Commission considered a report by the Director of PABV proposing the scope for the Local government overview (LGO) and Local government financial overview (LGFO) 2021 and his proposals for reflecting Covid-19 in future local government overview reporting.

During discussion, the Commission:

- In response to a point by Geraldine Wooley, agreed that increased Commission reporting on the economy and economic development matters be considered further as part of the Commission Insight programme.

Action: Secretary and Director of PABV

- In response to a point by Stephen Moore, agreed that consistency and effectiveness of messaging with scrutiny partners be pursued through the Strategic Scrutiny Group.

Action: Director of PABV

- In response to various points made by Sheila Gunn, Stephen Moore and Pauline Weetman, noted the importance of the Commission's overview work in reporting on accountability matters relating to funding allocations from government arising from the Covid-19 emergency.

Action: Director of PABV

Following discussion, the Commission agreed:

- A medium-term approach to reflecting Covid-19 in future LGO reporting.
- The outline scope for the content of the LGO 2021 report.
- That more detailed consideration of the LGFO and LGO report structures and content is undertaken as the work progresses through discussion between the Director and the Chair and Deputy Chair as sponsors.
- Agreed to delegate authority to the Chair and Deputy Chair as sponsors to approve the audit flyer for the LGFO and LGO, and
- Agreed to take the emerging messages presentations and draft reports at future Accounts Commission meetings

Action: Director of PABV

9. Secretary's update report

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 comments on his report had been sought in advance of the meeting.

The Commission agreed:

- To note the report.
- In particular, note:
 - The Commission's response to the Scottish Housing Regulator's consultation on the future regulatory approach in response to Covid-19 (paragraph 9).
 - 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).
 - 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).

Action: Secretary

- To endorse the outcome of the strategy seminar event on 12 August, and in particular to undertake an 'Insight Programme' with a view to the Commission considering over coming months the longer term implications of the current Covid-19 emergency on its role and responsibilities, with a view to publishing a revised strategy and work programme in Spring 2021.

Action: Secretary

10. Interim Chair's update report

The Commission considered a report by the Interim Chair providing an update on recent and upcoming activity.

The Commission agreed to note the report.

11. Controller of Audit's update report

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

12. Best Value Assurance Report: Moray Council – Commission decision (in private)

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

Following discussion, the Commission agreed to make findings to be published on 27 August.

Close of meeting

The meeting closed at 12.15pm.

MEETING: 10 SEPTEMBER 2020

MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF 27 AUGUST 2020

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held via online meeting on Thursday 27 August 2020 at 9.30am.

PRESENT: Tim McKay (Chair)
Sheila Gunn
Elma Murray
Sharon O'Connor
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit
Fiona Kordiak, Director of Audit Services (Item 4)
Anne MacDonald, Senior Audit Manager, Audit Services (Item 4)

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 20 February 2020
4. Current audit issues in councils
5. Any other business

Opening remarks

Tim McKay, in his role as new Chair of the Committee, paid tribute to Pauline Weetman for her service as outgoing Chair of the Committee. This was supported by the members. The Controller of Audit also thanked Ms Weetman for working with him so well in her role.

1. Apologies for absence

It was noted that apologies for absence had been received from Andrew Burns.

2. Declarations of interest

The following declaration of interest was made:

- Geraldine Wooley, in item 4, as a member of Fife Valuation Appeals Committee (in relation to references to Orkney and Shetland Valuation Joint Board).

3. Minutes of meeting of 20 February 2020

The minutes of the meeting of 20 February 2020 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, the Committee:

- In relation to item 4, third bullet point, noted advice from the Secretary that he was arranging for Professional Support resources and the Best Value manual to be placed on the Member sharepoint site.
- In relation to item 6, noted advice from the Secretary that the information requested would be part of the next intelligence report to the Committee at its September meeting.

4. Current audit issues in councils

The Committee considered a report by the Controller of Audit on emerging issues and recurring themes, as well as individual issues of interest, in Scottish local authority audits.

During discussion, the Committee agreed:

- Following a contribution from Pauline Weetman, that it was satisfied in the actions taken by the local audit team in relation to erroneous advice given to West Dunbartonshire Council on the accounting treatment of loan debt rescheduling and reprofiling, noting that the chief executive of the Council considers the matter closed.
- Following a contribution from Geraldine Wooley, that it would maintain an interest in developments following the withdrawal by Shetland Islands Council of services to Orkney and Shetland Valuation Joint Board.
- To note advice from the Controller of Audit, in response to a query from Sheila Gunn, that he would report in the Local Government Overview on the distribution of economic stimulus grants and would maintain a watching brief in this regard.

Action: Controller of Audit

- In relation to councils' governance and decision-making arrangements in the

light of the Covid-19 emergency:

- To note advice from the Controller of Audit that he would report back to the Commission on options for reporting issues arising from 2019/20 annual audit reports in this regard (point raised by Tim McKay)

Action: Controller of Audit

- To note that the Commission would consider how to feature the matter as part of annual planning guidance to auditors for the 2020/21 audit (point raised by Sharon O'Connor and Pauline Weetman).

- To note advice from the Controller of Audit, in response to a query from Geraldine Wooley, that he would report back on the progress of Midlothian Council's Covid-19 recovery measures.

Action: Controller of Audit

- That it be kept apprised of any developments in relation to councils' use of severance payback periods (point raised by Sheila Gunn).

Action: Controller of Audit

Following discussion, the Committee noted the report, taking assurance that the auditors' responses detailed in the report recognises the scope of the risk identified and reflects the impact on planned audit work.

5. Any other business

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

MEETING: 10 SEPTEMBER 2020

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 27 AUGUST
2020

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held via online meeting on Thursday 27 August 2020, at 10.45am.

PRESENT: Elma Murray (Chair)
Andrew Cowie
Sophie Flemig
Christine Lester
Tim McKay
Stephen Moore

OTHER MEMBERS
IN ATTENDANCE: Pauline Weetman

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Carol Calder, Senior Manager, PABV (item 4)
Antony Clark, Audit Director, PABV (item 4)
Leigh Johnston, Senior Manager, PABV (item 4)
Kathrine Sibbald, Audit Manager, PABV (item 4)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 20 February 2020
4.	Policy briefing: Health, care and communities (HCC) cluster
5.	Any other business

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 20 February 2020

The minutes of the meeting of 20 February 2020 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, the Committee:

- In relation to item 3, second bullet point, noted advice:
 - from the Secretary that the areas for further investigation and reporting as identified by the Committee would be taken forward as part of the development of the work programme.
 - from Elma Murray that the Strategic Scrutiny Group was considering the development of good practice guidance in relation to policy for women and girls.
- In relation to item 5:
 - On the first bullet point, noted advice from Elma Murray that 'kindness' would remain an area of further interest for the Commission.
 - On the second bullet point, noted advice from the Secretary that details of knowledge cafes are posted on the Member sharepoint site as they are notified.
 - On the third bullet point, noted advice from Elma Murray that the Strategic Scrutiny Group maintains an interest in the development of human rights-based approaches to scrutiny.
 - On the sixth bullet point, noted advice from the Director that matters around vacancy levels in social care would be considered as part of the scope for the forthcoming audit on social care sustainability.
 - On the seventh bullet point, noted advice from Elma Murray that the Strategic Scrutiny Group was considering activities around drug and alcohol policy.
 - On the eighth bullet point, noted advice from Elma Murray that the Commission would be considering the Best Value Assurance Report for Dundee City Council at its September meeting.
 - On the ninth bullet point, agreed that the Director report at future meetings on the progress of Public Health Scotland.

Action: Director of PABV

4. Policy briefing: Health, care and communities (HCC) cluster

The Committee considered a report by the Director of PABV introducing a briefing for the health, care and communities (HCC) policy cluster.

During discussion, the Committee:

- Agreed, in response to a point made by Sophie Flemig, to note the importance of the Local Government Overview Report (and the NHS Overview Report) on reporting the wide impact of the Covid-19 emergency, for example in relation to the National Performance Framework.
- Agreed, in response to a point made by Andrew Cowie, to note the urgency of ensuring articulation of the Commission's emerging approach to Best Value auditing of health and social care integration joint boards.
- Noted further in this regard that the Best Value Working Group would be meeting on 2 September and would report to the Commission thereafter.
- Noted advice from the Director, in response to a point by Stephen Moore, that the proposed performance audit on social care sustainability would consider quality as well as cost matters.
- Further in this regard to note advice from the Director that the Care Inspectorate and Health Improvement Scotland were also undertaking substantial ongoing work in this regard.
- Noted advice from Elma Murray that the Financial Audit and Assurance Committee had considered matters around councils' governance and decision-making arrangements in the light of the Covid-19 emergency and had:
 - Noted advice from the Controller of Audit that he would report back to the Commission on options for reporting issues arising from 2019/20 annual audit reports in this regard
 - Noted that the Commission would consider how to feature the matter as part of annual planning guidance to auditors for the 2020/21 audit.

Following discussion, the Committee noted the briefing.

5. Any other business

The Committee Chair advised that it would be proposed to the Commission to cancel the next scheduled round of committee meetings in September, and scheduled business, including the policy cluster briefing for the Justice, Education and Lifelong Learning cluster, would be dealt with by advising the Committee when the briefing was available and inviting comments at that time. These would be reviewed at the next Committee meeting in November.

The Committee confirmed that it was content with this proposal.

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

MEETING: 10 SEPTEMBER 2020

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: DUNDEE CITY 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 Dundee City Council.

Background

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide 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 Dundee City 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 March 2010 and the Commission's findings were published in [March 2010](#) (set out in Appendix 2).
4. In March 2018, the Controller of Audit reported to the Commission on a significant fraud perpetrated at the Council from 2009 to 2016. The Commission's findings from that report were published in [March 2018](#) (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

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

Paul Reilly
Secretary to the Commission
1 September 2020

BEST VALUE ASSURANCE REPORT: DUNDEE CITY COUNCIL

See separate paper.

**BEST VALUE 2 PATHFINDER AUDIT – DUNDEE CITY COUNCIL:
COMMISSION FINDINGS**

MARCH 2010

1. The Accounts Commission accepts this report from the Controller of Audit on Dundee City Council's performance of its statutory duties on Best Value and Community Planning. The Commission accepts the Controller of Audit's judgements that, in respect of these duties, the council needs to improve more quickly and has fair prospects for future improvement.
2. The Commission gratefully acknowledges the co-operation provided to the audit team by the leader, elected members, chief executive and other officers of the council and its community planning partners, in particular for their constructive approach to being a Pathfinder Best Value 2 area. The Commission also gratefully acknowledges that this report arises from work conducted in close co-operation with colleagues from local government inspectorates.
3. Dundee faces significant demographic, economic and social challenges. The council and its partners have a clear and ambitious vision which is rooted in the needs of the local community. They are making progress against these clear objectives.
4. There are effective working relationships between community planning partners within the council area, which is having a positive impact on the quality of services. Elected members, however, need to increase their leadership of community planning at a strategic level.
5. The Commission welcomes evidence of general improvement in overall service performance since the original Best Value audit in 2005 – for example, in tackling poor educational attainment, improving council tax collection, reducing crime and promoting broader economic development. There has also been an increase in citizen satisfaction levels.
6. There have been significant concerns about some important service areas, particularly housing and child protection services. The Commission acknowledges that these have been subject to reports by the relevant inspectorates, and recognises that the council and its partners are addressing these issues as a matter of priority.
7. Where improvement has not been stimulated by external inspection, change has been too slow. There is a significant risk that the recession and tight public finances will affect the council's ability to sustain improvement. An incremental approach to efficiency in the use of resources will not be sufficient to meet future challenges. The council's tight central control of resources and high level of managerial accountability need, therefore, to be matched by a more effective embedding of continuous improvement across the council and continued development of performance management arrangements. This has to be delivered across and for the benefit of the whole council.
8. The council needs to develop more robust use of options appraisal and benchmarking, both internally and externally. It needs to strengthen corporate working to ensure that best practice is identified and shared within the council. It also needs to look outwards for comparison and to consider the scope for alternative approaches.
9. We welcome the positive effect that the recently-appointed chief executive has had on leadership. There are encouraging early signs which we hope will result in significant development of the council's capacity to secure continuous improvement.
10. In our [2005 findings](#) we expressed concern that the arrangement for all elected members to sit on every committee makes the independence of view essential to the scrutiny process difficult, if not impossible, to achieve. We are concerned to note that there has been little progress on this. It is essential that elected members now develop their strategic leadership

and scrutiny of decision-making and performance in order to drive the most efficient and effective delivery of services and attainment of best value.

11. The issues identified in this report will inform the Assurance and Improvement Plan for scrutiny of Dundee City Council for the next three years. We look forward to seeing evidence of continuing development in the council and of improvement in the key areas identified in this report.

2016/17 AUDIT OF DUNDEE CITY COUNCIL:
REPORT ON A SIGNIFICANT FRAUD: COMMISSION FINDINGS

MARCH 2018

1. The Commission accepts the Controller of Audit's report on a matter arising from the 2016/17 audit of Dundee City Council. The report refers to a significant fraud perpetrated against the council.
2. We note the conclusion of the Controller that failures in fundamental controls within the council allowed this fraud to continue over a prolonged period. We also note the conclusion that appropriate action was taken by management on discovering the fraud and that it continues to try and enhance public confidence by improving its resilience to fraud and corruption.
3. It is important that we, in our role of providing assurance to the public about councils' governance and their custodianship of public money, underline the lessons to be learned by every council from this matter. Councils must ensure that fundamental internal controls are in place and working effectively. Such controls include appropriately segregating duties of those involved in managing controls, ensuring systems reconciliations are carried out, accurate documenting of procedures, and budget monitoring.
4. It is management's responsibility for ensuring that such arrangements are in place and thus help assure elected members and the public that risks are being identified and managed effectively. We expect a council's external auditor to review such procedures and make recommendations where weaknesses are identified. We expect management to act upon and apply recommendations from both external and internal auditors to address potential weaknesses and risks.

Dundee City Council

Best Value Assurance Report



Prepared for the Accounts Commission by the Controller of Audit

10 September 2020

The Accounts Commission

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

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

Our work includes:

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

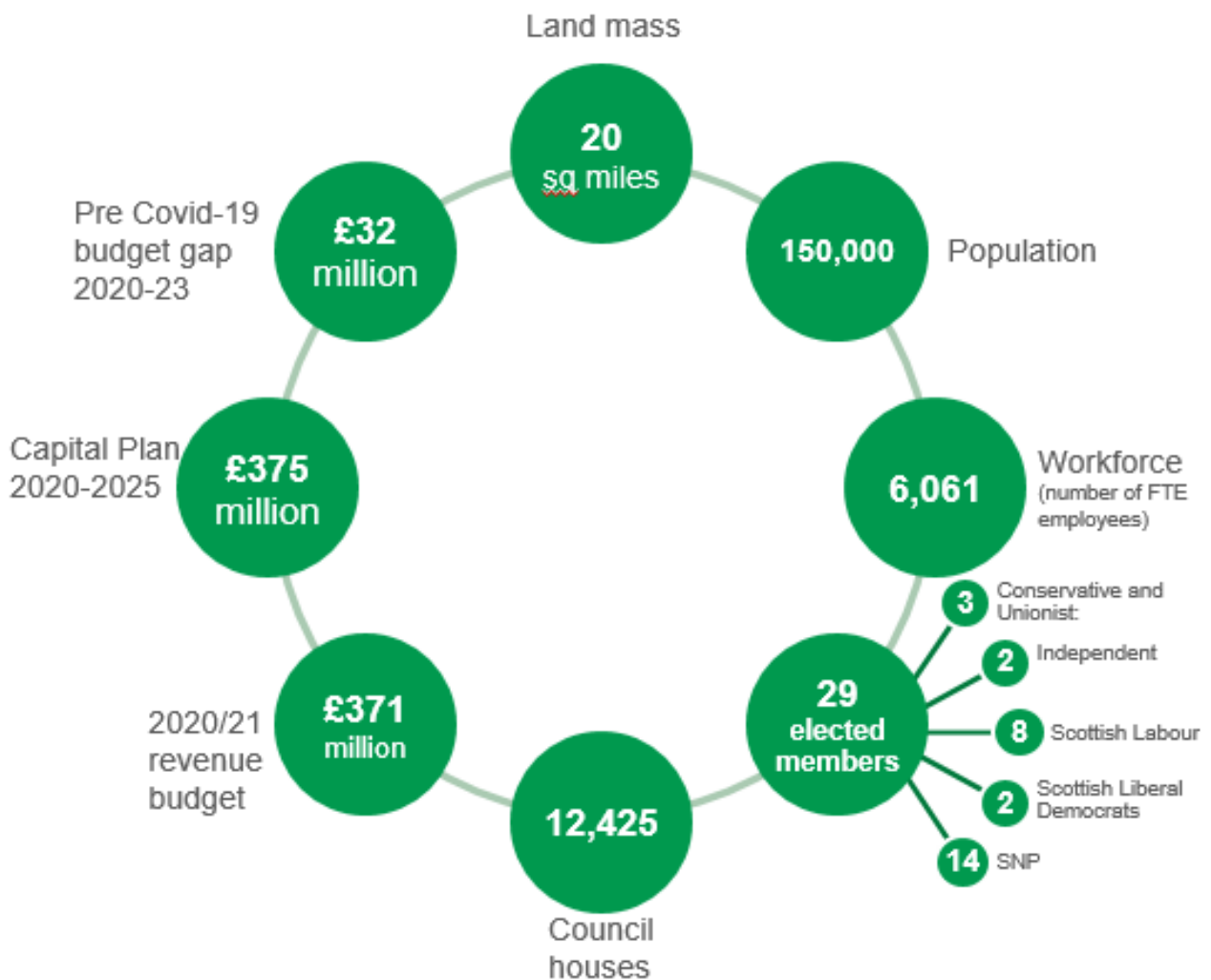
You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission

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

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Key facts



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. The Controller of Audit will also present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first assurance report on Dundee City Council. Progress since the previous [Best Value 2 Pathfinder Audit \(2010\)](#) report on the council is discussed in Part 5. The council's recent history and Best Value audit timeline is outlined in [Appendix 1](#).

2. This report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value. We are looking for councils to demonstrate Best Value by showing they are continuously improving how they provide services. The pace and depth of this improvement is key to how well councils meet their priorities in the future. Depth of improvement is the extent to which services implement improvements across a council.

3. Our work covers many Best Value themes in the statutory guidance but does not cover them all. Our audit approach is proportionate and risk-based, that is, it reflects the context, risks and performance of the individual council. It also draws on the information from audit and scrutiny work we have carried out in previous years. Our [2018/19 Annual Audit Report](#) was the starting point. In keeping with this approach, we conducted some initial work to identify risks and council initiatives to build into the scope of our audit. This included:

- reviewing previous audit and inspection reports and intelligence
- reviewing key council documents and committee papers
- reviewing media coverage, including local press and relevant social media platforms
- meeting with senior officers.

[Exhibit 1](#) shows the key areas of focus for our audit.

Exhibit 1

Key areas of focus for our audit



How effectively the council's self assessment framework drives continuous improvement in service priorities.



How the council plans its use of resources to support the delivery of its priorities, including service planning, financial planning, asset management and workforce planning.



How the council delivers services through partnership and collaborative working, including progress in tackling specific challenges such as poverty, drug misuse and fairness.



Public engagement and responsiveness and how this impacts on the council's priorities and activities.



How well the council has responded to the requirements of the Community Empowerment Act and the arrangements put in place to encourage and support community participation.



A review of the council's assessment of its outcomes/performance, as reported to councillors and through public performance reporting. This may be supplemented by audit analysis of LGBF data where it is considered appropriate to support the report.

Source: Audit Scotland

4. The detailed work for the report was undertaken between January and May 2020 and included:

- document review and analysis of performance and outcomes data
- interviews with elected members, senior officers, representatives from trade unions and a range of partners, including the third sector
- attendance at community group meetings and other community based events, and
- other discussions with staff.

Impact of COVID-19 outbreak on the audit approach

5. The majority of the desk based work for this report was completed by the end of February 2020 and the audit team were due to commence the on-site interviews with key officers, elected members, partners and other stakeholders during the week beginning 16 March. However, these meetings had to be cancelled due to the impact of the COVID-19 (coronavirus disease) outbreak in Scotland.

6. 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 scope of our work does not cover the impact of COVID-19 on the council but we have included limited narrative in some parts of the report, where the immediate impact is known.

7. To ensure the completion of the best value audit work did not impinge upon the council, and its partners, response to the COVID-19 outbreak, we reduced the number of planned interviews, to cover priority areas, and held them virtually in May and June. The interviews with the leaders of each of the political groups and the representatives from partner organisations were prioritised and rescheduled wherever possible.

8. We had originally planned to hold two focus groups with staff in customer facing roles to hear their views on working for the council. However, the restrictions imposed on social interaction made this impractical. We therefore covered this area during our discussions with Trade Union representatives to get their views on the experiences of their members.

9. Despite the restrictions placed upon the on-site fieldwork, we were still able to gather sufficient evidence to support the audit judgements in this report.

Follow-up of report

10. We will continue to audit Best Value at the council over the course of our audit appointment. This will include following up on the findings from this report and more detailed audit work on other Best Value characteristics as appropriate.

Acknowledgement

11. We gratefully acknowledge the cooperation and assistance provided to the audit team by all elected members, officers and other stakeholders during the audit.

Key messages

- 1.** The council has demonstrated a steady pace of improvement since the last Best Value audit in 2010. The council and its partners have a clear and ambitious vision for Dundee, with the City Plan and the Council Plan showing how they aim to improve life in the city. They understand that the key to this is addressing Dundee's high levels of poverty and inequality.
- 2.** The Leader of the Council and Chief Executive provide effective leadership, and officers and councillors work well together. The Dundee Partnership has been successful in regenerating and reinvigorating the city centre through projects such as the Dundee Waterfront development, including the V&A Museum of Design Dundee and the new Dundee Railway Station. Progress is also being made in regenerating the wider city through projects such as the new Regional Performance Centre for Sport and the Michelin Innovation Parc joint venture.
- 3.** Council services are improving, and at a greater rate than its family group of peers. However the council recognises the pace of improvement needs to accelerate if some priorities are to be delivered, particularly its aspiration to reduce poverty and inequality.
- 4.** The council demonstrates a clear focus on continuous improvement across its activities. It uses self assessment effectively, to identify strengths and weaknesses and where improvement is required. However, regular performance reports for councillors, which include current performance data on all services are still being developed.
- 5.** The council has innovative ideas and there is a large volume of improvement activity taking place. The council needs to ensure that it has the capacity and skills to deliver its aspirations, and its improvements may need to be prioritised. Workforce plans need to be progressed for all services to help demonstrate this.
- 6.** In 2019 the Dundee Drugs Commission made recommendations for a new approach to services which aim to reduce drug use and deaths, a significant longstanding challenge in the city.
- 7.** Financial management is effective with budgets focussed on the council's priorities. The council has made good progress in financial planning with the approval of a long-term financial strategy in 2019.
- 8.** Delivery of the council's Changing for the Future transformational change programme (C2022) will be critical to delivering future financial plans. A cumulative funding gap, prior to the COVID-19 impact, of £32 million is projected by the end of 2022/23 with a longer-term funding gap of £78 million by 2029/30.
- 9.** The Dundee Partnership has embraced the requirements of the Community Empowerment Act. Eight Local Community Planning Partnerships deliver local projects to communities. Citizens' views informed how £1.2 million was spent on local projects in 2018/19.
- 10.** The council's self-evaluation against BV characteristics, demonstrates a mature organisation that honestly appraises its own strengths and weaknesses and identifies where improvement is required.

Part 1

Does the council have clear strategic direction?



The council and its partners have an ambitious vision for Dundee, the City Plan and the Council Plan set out how they aim to improve life in the city. They understand that the key to this is addressing Dundee’s high levels of poverty and inequality.

The Leader of the Council and Chief Executive provide effective leadership, and officers and councillors work well together.

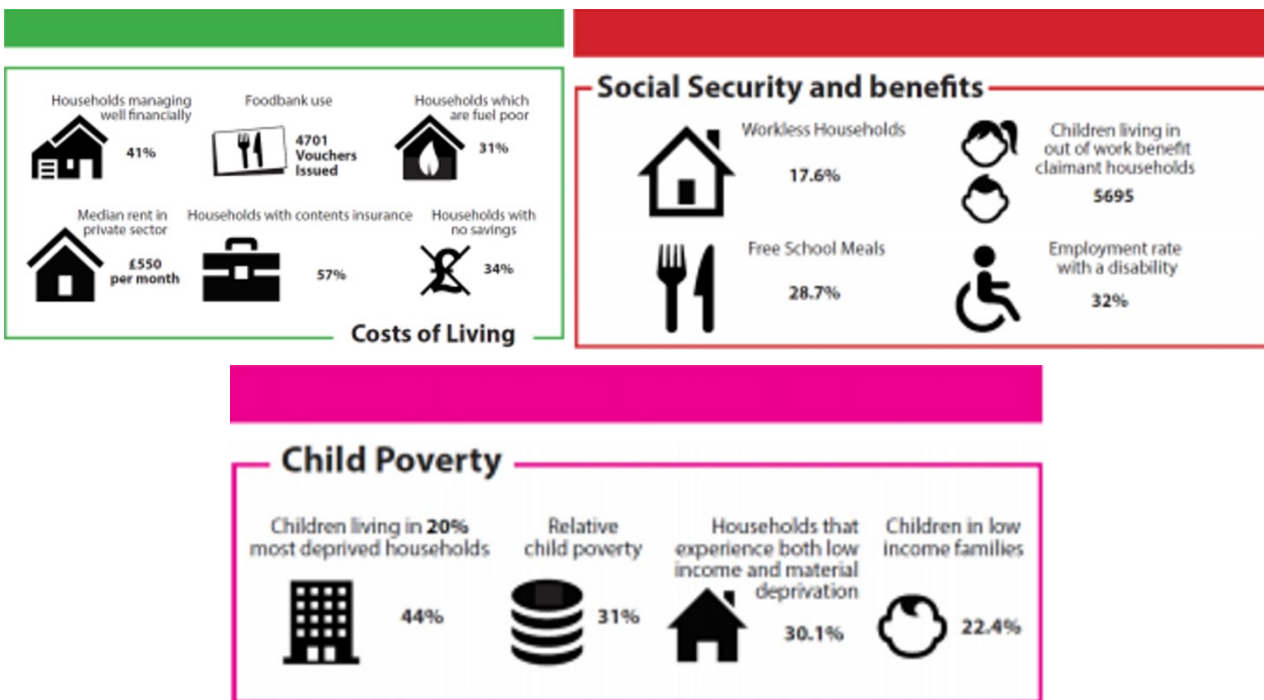
The local context

12. Dundee is the fourth largest, and second most densely populated, city in Scotland. It has a population of around 150,000 people living within its area of 20 square miles. Geographically, it is the smallest local authority area in Scotland and borders Fife Council, Perth and Kinross Council and Angus Council.

13. Life expectancy in Dundee is the second lowest of any city in Scotland (73.9 years for males and 79.4 years for females). Like all other areas it has an increasingly ageing population with 16 per cent of residents aged over 65, and 8 per cent aged over 75.

Exhibit 2

Dundee has high levels of poverty and unemployment



Source: [Dundee City Plan 2017-2026](#)

14. The city has high levels of poverty, [Exhibit 2](#), and over a quarter of children are in poverty (after housing costs) in seven of the eight electoral wards in Dundee City. A key contributor to this is unemployment with only 65 per cent of adults in work, 40 per cent of those employed by the public sector. There is also a significantly higher proportion of employees in Dundee who are employed in lower paid occupations, 37 per cent compared to the Scottish average of 29 per cent. However, a slightly higher proportion of people in Dundee compared to the rest of Scotland, earn more than, or equal to, the living wage.

15. Dundee’s profile of deprivation shows that the city is amongst the most deprived areas in Scotland, [Exhibit 3](#). The most recent Scottish Index of Multiple Deprivation (SIMD) data, from 2020, identified that 70 data zones, out of 188, in Dundee are within the 20 per cent most deprived in Scotland and parts of Claverhouse, Douglas, Downfield, Fintry, Hilltown, Lochee, Menzieshill, St Mary’s and Whitfield fall within the five per cent most deprived areas.

Exhibit 3

The distribution of deprivation in Dundee compared with Scotland’s other city councils
 Dundee’s profile of deprivation shows that the city is amongst the most deprived areas in Scotland



Note: The top of the shape shows the proportion of the population in the least deprived areas, working down to the proportion of the population in the most deprived areas.

Source: Open Data Manchester using Scottish Index of Multiple Deprivation (SIMD), 2020. SIMD is the official tool for identifying the most deprived areas in Scotland. It looks at multiple aspects of deprivation such as resources and opportunities as well as low income.

16. The Drugs Commission’s [Responding to Drug Use With Kindness, Compassion and Hope Report](#) (August 2019) and the Independent Inquiry into Mental Health Services in Tayside [Trust and Respect](#) report (February 2020) highlighted issues to be addressed in these areas to improve outcomes for residents of the city. As responding to the recommendations in both reports requires a co-ordinated partnership approach, they are discussed at [Part 4](#) of this report.

The City Plan 2017-2026 sets out an ambitious vision for the city

17. The [City Plan 2017-2026](#) is Dundee’s first Local Outcome Improvement Plan and sets out an ambitious vision for the city. The City Plan is framed around jobs, social inclusion and quality of life. It identifies five strategic priorities and high-level outcomes for the Dundee Partnership to improve the city over the next ten years, [Exhibit 4](#). It also includes ambitious targets for each outcome for the next one, three and ten years.

Exhibit 4

Dundee City Plan 2017-2026 strategic priority themes and outcomes

Strategic Priority	Dundee Outcome
 Fair Work and Enterprise	Raise regional productivity
	Close the jobs gap
	Reduce unemployment
 Children and Families	Improve early years outcomes
	Close the attainment gap
	Improve physical, mental and emotional health for children and young people
	Improve health and wellbeing outcomes for children and young people who experience inequalities
 Health, Care and Wellbeing	Increase safety and protection of young people
	Reduce obesity
	Reduce substance misuse
 Community Safety and Justice	Improve mental health and wellbeing
	Reduce levels of crime
	Reduce levels of domestic abuse
	Reduce levels of re-offending
	Reduce risk to life, property and fire
	Improve road safety
 Building Stronger Communities	Reduce levels of antisocial behaviour
	Improve quality of neighbourhoods
	Increase empowerment of local people
	Improve housing quality, choice and affordability
	Improve access to healthy green and open spaces
	Improve transport connections to communities

Source: [Dundee City Plan 2017-2026](#)

The Partnership engaged well with the public, local community groups, public sector, private sector, academic and third sector organisations to develop the City Plan

18. The City Plan was developed in consultation with a wide range of public sector, private sector, academic and third sector organisations. Local communities were also heavily involved in the development of the City Plan priorities.

19. A range of techniques were employed under the banner of “Engage Dundee” to gather the views of residents. This included the Place Standard tool, recommended by the Scottish Government, which was used in Dundee for the first time to assess and measure the needs of communities across the city.

20. Approximately 16,000 (2,000 per ward) Engage Dundee postcards were distributed across the city with 2,817 (18 per cent) returned. A further 1,275 questionnaires were also completed by residents as part of the exercise. Alongside this, the council facilitated 41 focus groups across the city and held a series of call back events (involving 325 people) to convey the findings from the Engage Dundee consultation. Additional input from residents was obtained through door-knocking, street consultation, open days, public meetings, community events, festivals and social media, with over 6,000 responses gathered in total.

21. The results of the public consultation were analysed and reported to the Dundee Partnership and fed into the development of the strategic priorities for the City Plan. They were also used to develop priority outcomes, actions and targets for the local community plans for each of the eight wards across Dundee (paragraphs [167](#) and [168](#)).

Place Standard tool

The Place Standard tool provides a framework to structure conversations about place. It allows consideration of physical elements of a place (for example its buildings, spaces, and transport links) as well as social aspects (for example whether people feel they have a say in decision making). The tool assist users to identify their priorities for a place.

Source: [Place Standard Scotland website](#)

The Council Plan 2017-2022 aligns with the City Plan and reflects how the council will contribute to addressing the challenges that Dundee faces

22. The City Plan sets out how partners will contribute to the delivery of the vision across the five strategic priority themes and identifies the key strategies and plans contributing to each theme, [Exhibit 5](#).

Exhibit 5

Partner strategies and plans contributing to delivery of City Plan strategic priority themes








Source: [Dundee City Plan 2017-2026](#)

23. The [Council Plan 2017-2022](#) sets out how Dundee City Council will play its part in delivering the vision set out in the City Plan and identifies strategic service leads for each of the strategic priority themes, [Exhibit 6](#). These reflect the council's service directorate structure which was revised in 2015 to bring together services for children, young people and families, including Education and Social Work, within an integrated Children and Families Services service directorate.

24. The Council Plan includes scorecards for its five strategic service directorates, as well as Leisure and Culture Dundee and the Dundee Health and Social Care Partnership. These enable the council to monitor and assess progress against the targeted outcomes for each of the strategic priority themes. Annual progress reports on the Council Plan are published. The latest is discussed in [Part 2](#) of this report.

Exhibit 6

Dundee City Council strategic service leads for City Plan strategic priority themes

Strategic Priority	Dundee Outcome	Strategic Service Lead
 Fair Work and Enterprise	Raise regional productivity Close the jobs gap Reduce unemployment	City Development
 Children and Families	Improve early years outcomes Close the attainment gap Improve physical, mental and emotional health for children and young people Improve health and wellbeing outcomes for children and young people who experience inequalities Increase safety and protection of young people	Children and Families
 Health, Care and Wellbeing	Reduce obesity Reduce substance misuse Improve mental health and wellbeing	Health and Social Partnership
 Community Safety and Justice	Reduce levels of crime Reduce levels of domestic abuse Reduce levels of re-offending Reduce risk to life, property and fire Improve road safety Reduce levels of antisocial behaviour	Neighbourhood Services and Children and Families
 Building Stronger Communities	Improve quality of neighbourhoods Increase empowerment of local people Improve housing quality, choice and affordability Improve access to healthy green and open spaces Improve transport connections to communities	Neighbourhood Services

Source: [Council Plan 2017-2022](#)

The achievement of the targeted outcomes within the Council Plan is underpinned by the delivery of the council's 'Changing for the Future' transformation programme

25. Since 2010 the council has been working to transform service delivery models, and achieve efficiency savings, through its change programme 'Changing for the Future'. This sits alongside the Council Plan and includes a range of workstreams intended to encourage innovation, reshaping and joining up of services in a way that will improve service delivery and reduce costs.

26. The council is currently in phase five of the Changing for the Future Programme, called C2022, which runs from 2018-2022. This aligns with the key plans and strategies of the council and includes workstreams across four priority areas: Service Design, Partnership and Commissioning, Digital, and People and Resources. Successfully delivering the workstreams in this phase of the programme will be key to achieving the targeted outcomes within the Council Plan.

The Leader of the Council and Chief Executive provide effective leadership, and officers and councillors work well together

27. Since the 2017 Local Government elections Dundee City Council has been controlled by a coalition administration formed by the fourteen SNP members and one independent member. Prior to this it was controlled by an SNP majority administration.

28. The Leader of the Council and Chief Executive, along with other councillors and senior officers, provide clear, focussed strategic leadership for the council. Officers and councillors are clear on their respective roles, which allows a constructive and professional working relationship between them.

29. Despite the political differences between the various groups, there is a good degree of cooperation and consensus between members on the vision and priorities for the council and the city. From our attendance at Council and committee meetings we also observed that members have a clear focus on working in the interests of the residents of Dundee.

30. The Chief Executive, Council Management Team, and other staff we interviewed, are committed and enthusiastic, and demonstrate an appetite for tackling the challenges faced by the city to make a real difference to the lives of Dundonians.

The council's committee structure is unusual as all 29 councillors sit on all strategic service area committees

31. Councillors and officers of the council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, and for monitoring the adequacy and effectiveness of these arrangements.

32. The decision-making structure of the council was approved by councillors at the first meeting of the new Council in May 2017. It consists of four strategic service area committees, a Policy and Resources Committee, Planning Committee, Scrutiny Committee and a Licensing Committee.

33. The committee structure is unusual as all 29 councillors sit on all committees, other than the Scrutiny and Licensing committees. The strategic service area and Policy and Resources committee meetings are generally held the same night, and are preceded by a meeting of the full Council, with the conveners and depute conveners switching over between each committee meeting.

34. The current Scrutiny Committee was created in 2014 by merging the scrutiny roles of the previous Scrutiny Committee, Improvement and Efficiency Sub-Committee, and the Audit and Risk Management Sub-Committee. This change was made in response to a recommendation for the scrutiny committee to be strengthened in the previous Best Value report.

35. The Scrutiny Committee comprises 8 members drawn from all political groups on the Council. The Leader of the Opposition is the appointed Convenor of the committee and the leaders of the Scottish Conservative and Scottish Liberal Democrat groups serve as Deputy Convenors.

36. We are satisfied that this committee provides effective scrutiny over decision-making and undertakes its business in an open and transparent manner.

The committee structure and meeting arrangements work well for a council of this size

37. Councillors and officers say that the current committee structure and meeting arrangements, have the following advantages:

- all members sitting on all service directorate committees improves scrutiny during meetings as they have a greater awareness of the issues impacting on the council
- councillors believe it also helps them to inform their constituents and enhances their role in the community as they have a fuller understanding of council business

Public deputations process

Members of the public are to make verbal representations to committees to allow members of the committee to hear, at first hand, the views of people who may be affected by a decision that is about to taken.

Source: [Dundee City Council Guide to Committees](#)

Impact of COVID-19 outbreak

All committee meetings were suspended in March 2020 due to the impact of the COVID-19 outbreak. Delegated powers were approved that enabled the Chief Executive to make decisions in consultation with the convener of the appropriate committee and the relevant spokesperson for each of the political groups. Arrangements have now been put in place to hold Council and committee meetings virtually using Microsoft Teams.

- holding multiple committee meetings on the same night allows councillors to more easily fulfil their responsibilities as a councillor, alongside their other professional and personal commitments, rather than having to attend a number of meetings on different days.

38. It is acknowledged by councillors that some meetings can be lengthy, but the meeting agendas are planned so that adequate time should be available to discuss all business.

39. Based on our observation of meetings, and discussions with members and officers, we see that the committee structure and meeting arrangements work well for a council of this size.

40. All councils, including Dundee City Council should regularly review the effectiveness of its committee structure, to ensure it remains the best model for all of its functions.

The council has a well-developed programme for supporting councillors that should be extended to non-elected committee members

41. The council has a well-developed programme for supporting councillors to perform their role effectively, This includes a comprehensive induction programme for new councillors and detailed briefing sessions on key areas such as fire safety at multi-storey developments following the Grenfell disaster. These sessions are well attended, and elected members interviewed commented positively on the support provided to them by officers.

42. Officers are currently engaging with elected members on proposals for future personal development activity to tailor this to their specific needs and develop personal development plans for each councillor.

43. The membership of the Children and Families Services committee includes non-elected representatives of religious groups, teachers, parents and pupils. During our interviews with these representatives a number commented that they would have liked to have had more induction and training to support them in undertaking their role on the committee. The council should consider speaking to non-elected committee members on how to address their training and development needs.

Part 2

How well is the council performing?



Service performance is improving and at a greater rate than its family group of peers.

The council is aware of where the pace of improvement needs to accelerate if it is to deliver the priorities in the Council Plan.

Children and Families Services is the lowest performing strategic service area but there is evidence that the council's targeted intervention activity is having a positive impact on early years and primary school performance.

The council has been slow to develop a consistent approach to monitoring and reporting performance across the council, but progress has accelerated in recent years. Regular performance reports for councillors, which include current performance data on all services are still being developed.

Progress has been made against City Plan measures but there are areas where performance was not on target and had deteriorated during the year

44. As detailed at paragraph [17](#), the City Plan 2017-2026 sets out the priority outcomes of partners and includes key measures to track the progress being made, with one, three and ten year targets to ensure improvements are taking place. Progress against these measures is reported bi-annually to the Dundee Partnership Management Group and the Executive Boards set up by the Dundee City Partnership to oversee each of the five strategic priority themes.

45. In September 2019, the Dundee City Partnership published its [2018/19 Annual Report on the City Plan for Dundee 2017-2026](#). This provided an overall summary of progress against the 63 long-term key performance targets and annual trend data for the 65 in-year performance indicators, [Exhibit 7](#). The report also included scorecards for each of the Partnership's five strategic priority themes providing more detail on the progress made by partners against the priority actions identified to deliver improved outcomes for the people of Dundee.

46. The report shows a mixed picture of progress as while the majority of long-term performance targets are on target, and most performance indicators have either improved or been maintained during the year, there are also a significant number where performance is not on target and has deteriorated from the prior year. The report identifies the Partnership's approach to address areas for improvement for the partnership.

Exhibit 7

Summary of Dundee Partnership's progress against City Plan priority outcomes

City Plan Overall Summary



Strategic Priorities

- Fair Work and Enterprise
- Children and Families
- Health, Care and Wellbeing
- Community Safety and Justice
- Building Strong and Empowered Communities




Key Performance Targets: ● - On target, ▲ - Within target threshold, ● - Below target



Source: 2018/19 Annual Report on the City Plan for Dundee 2017-2026

The council has been slow to develop a consistent approach to monitoring and reporting performance across the council, but progress has accelerated in recent years. Regular performance reports for councillors, which include current performance data on all services are still being developed.

47. The Best Value Audit in 2010 said that the council's performance management needed to improve to effectively report on the councils' performance. Since that time, arrangements have been slow to develop, picking up momentum in recent years. A new performance management framework was approved in August 2018 and was rolled out during 2019/20. In November 2019 a performance report was presented to the Policy and Resources Committee and Scrutiny Committee showing final performance against the Council Plan for 2018/19, and an annual report on performance against the plan for 2019/20 was reported in August 2020. To enable members to address areas of concern as they arise future reporting should include real time performance data for the current year, covering all services.

48. Performance data is recorded on an online performance management system called Pentana. The Pentana system is used to track progress against the priority outcomes set out in the Council and City Plans, as well as the key measures and targets within the individual service scorecards. Populating the data in Pentana took longer than anticipated. This has now been completed for the majority of services, though further work is still required within City Development and Corporate Services. Alongside this the council is also ensuring that service plans and performance scorecards clearly link to the Council Plan and City Plan priorities. This needs to be completed without further delay to ensure there is consistent and reliable performance reporting across all services against the Council and City Plans.

The Council Plan Annual Performance Report showed that performance had deteriorated in 2018/19 compared to the previous year

49. The council published its second progress report on the Council Plan 2017-2022 in August 2019, with a further mid-year update to committee in November. The report set out the council's performance information in the form of Service scorecards, using a traffic light grading system. The 2019/20 report is to be published in August 2020 and will be reflected in next year's annual audit.

50. The mid-year progress report, [Exhibit 8](#), showed that performance had deteriorated in 2018/19 compared to the previous year. 62 (69 per cent) of the 90 measures were graded as green (on target) or amber (within the target threshold). This compared to 68 (76 per cent) in 2017/18. The report also showed that 56 (61 per cent) of the measures had improved or maintained performance, down from 64 per cent in the previous year.

Exhibit 8

Performance against the Council Plan deteriorated in 2018/19 compared to the previous year

Services	Green	Amber	Red	Total	Improved or maintained indicators	% improved or maintained	Prior year %
Children and Families	9	4	6	19	13	68	58
City Development	9	3	2	14	9	64	86
Dundee Health and Social Care	5	2	5	12*	4	29	43
Neighbourhood Services	11	3	9	23	15	65	71
Leisure and Culture	2	2	0	4	1	25	50
Corporate Services	7	1	4	12	10	83	75
Chief Executive's Department	3	1	2	6	4	67	50
All Services	46	16	28	90*	56	61	64

* Two Indicators in the Council Plan not included in the target totals (i.e. Drugs and Alcohol Deaths) but are included in the percentage of improved or the same. Five new indicators added in the annual report will be reported for the first time in the 2019/20 annual report.

Source: City and Council Plans Mid-Year Progress Report (November 2019)

The 'Dundee Performs' section of the council's website provides an easily accessible means for citizens to see how the council performs

51. The council uses the [Dundee Performs](#) section of its website to report performance to the public. This provides a graphical representation of the direction of travel for each indicator, performance over the last three years and comparative performance against the council's family group of urban peers.

52. The performance information reported in these pages is presented in an easily accessible format that provides a balanced and comprehensive picture of service performance, including both areas of good and poor performance.

The council uses the Local Government Benchmarking Framework to compare performance and identify areas for improvement

53. The *Local Government Benchmarking Framework* (LGBF) brings together a wide range of information about how all Scottish councils perform in delivering services, including cost of services and residents' satisfaction. The framework enables the council to compare its performance against the Scottish average and other councils. The 2018/19 LGBF data published by the Improvement Service in April 2020 has been used for the analysis in this report.

54. The council uses the local benchmarking framework data to identify improvement actions based on analysis of the direction of travel over time, and comparison to a group of similar councils. The council uses one of the LGBF family groupings as being the best comparators. The group comprises: Aberdeen, Edinburgh and Glasgow city councils along with Falkirk, North Lanarkshire, East Dunbartonshire and West Dunbartonshire councils.

55. The council produce an annual LGBF Performance Indicators report for consideration by the Policy and Resources Committee and Scrutiny Committee. This report shows whether performance against each indicator has improved or declined from the prior year and also provides long-term trend data based on comparison of year-on-year performance back to 2010/11. The report also compares performance for each indicator with the average for the family group and ranks the council's performance within the group. Based on this analysis, each service identifies what actions are to be taken to address areas of underperformance and build upon the progress already made for areas of stronger performance. The improvement actions identified include working with strong performing councils and recent examples include work to improve recycling rates within the city by employing innovative approaches already adopted elsewhere.

The council aims to be in the top half of its family group of peers for 55 per cent of LGBF indicators, in 2018/19 47 per cent were in the top half

56. The Council Plan 2017-2022 sets a target for the council's performance to be in the top half of its family group for 55 per cent of the LGBF indicators. It also sets a long term aspiration to be in the top half for all indicators. The LGBF Performance Indicators report on the 2018/19 data was reported to the Scrutiny Committee in June 2020. This showed that the council's performance was in the top half of its family group for 42 (47 per cent) of the 89 LGBF indicators, [Exhibit 9](#). This was an improvement from the previous year, where 44 per cent of indicators were in the top half.

Exhibit 9

Three of the council's six strategic service areas achieved the council's target of being in the top half of the family group in 55 per cent or more of the indicators in 2018/19

Strategic Service Area	Number of LGBF indicators	Performance in top half of family group	
		Number	(%)
Culture and Leisure (includes health and wellbeing indicators)	6	4	67
City Development (includes fair work and enterprise indicators)	16	10	63
Neighbourhood Services (includes community safety indicators)	16	10	63
Health and Social Care Partnership	5	11	45
Corporate Services (includes finance indicators)	9	4	44
Children & Families (includes education and social work indicators)	31	9	29
All LGBF indicators	89	42	47

Source: LGBF Performance Indicators 2018/19 report to Scrutiny Committee (June 2020)

The council's performance has improved since 2010/11 at a greater rate than its family group of peers

57. The LGBF Performance Indicators report on the 2018/19 data shows that the council's overall performance in comparison to its family group of peers has improved from the prior year when 44 per cent of indicators were in the top half. The longer-term trend data also highlights that performance has improved for 53 (62 per cent) of 85 indicators since 2010/11, with 40 (47 per cent) showing an improvement of 5 per cent or more over that period. Over the same period the council's relative performance has also improved at a greater rate than its family group from 40 per cent of all indicators being in the top half in 2010/11, and only 29 per cent in 2011/12, to 47 per cent being in the top half in 2018/19.

58. An audit analysis of the LGBF indicators confirms the council's view that performance has improved over the last six years. In our opinion the council's comparison of its performance against its family group of peers provides a fair appraisal of the council's performance compared to similar authorities who are best placed to share good practice.

59. The audit analysis identified particularly strong performance with the *Proportion of properties receiving superfast broadband* and the *Percentage of invoices sampled that were paid within 30 days* where Dundee is one of the top performing councils in Scotland. Strong performance was also noted regarding the *Gender pay gap* and the *Proportion of people earning less than the living wage*.

There is evidence that the council's targeted intervention activity is having a positive impact on early years and primary school performance

60. Children and Families Services is the lowest performing strategic service area with only 29 per cent of indicators in the top half for the family group. Delivering sustainable improvements against these measures has been a long standing challenge for the city and is a strategic priority for the Dundee City Partnership.

61. The council has prioritised tackling performance in this area over recent years with a key focus on improving early years and primary school performance to improve the long term prospects of children across Dundee. The council approved a new improvement plan in December 2019 which aims to tackle poor performance in school attainment. The council worked with a team of academics from the

Education service's response to COVID-19 outbreak

Education Scotland has praised the response of local authorities to supporting learners during school closures, and highlighted Dundee City Council for delivering support for practitioners through a city-wide Microsoft Team which staff can join via Glow, the national online learning environment which is freely available to all learners and teachers in Scotland.

Source: [Education Scotland website](#)

University of Strathclyde to develop the plan which prioritises early year intervention activity as part of a co-ordinated preventative approach.

62. The council's analysis of the Children and Families Services indicators shows that improvement activity is having an impact on early years and primary school performance. In 2018/19 seven of the eight indicators ranked in the top half for its family group, [Exhibit 10](#).

Exhibit 10

Performance was in the top half for seven of the eight early years and primary school LGBF indicators in 2018/19

Service Area	Ranking in family group			Total	Improved From prior year	Long term improvement of more than 5%	
	1-4	5-6	7-8			Number	(%)
Early Years	2	1	0	3	3	2	66
Primary School	5	0	0	5	0*	1*	100
Secondary School	1	3	12	16	14	10	62
Looked After Children and Child Protection	1	5	1	7	3	3	43
All Services	9	9	14	31	19*	16*	57

* Four new Primary School indicators were added to the LGBF in 2018/19 so no prior year data is available for these measures.

Source: LGBF Performance Indicators 2018/19 report to Scrutiny Committee (June 2020)

63. While the focus has been improving early years and primary school performance, it is anticipated that over the longer term this will also have a positive impact on secondary school attainment. In 2018/19 the council was among the worst performing councils in Scotland for the *Proportion of 16 to 19-year-olds participating in learning, training or work*, the *Percentage of pupils gaining 5+ awards at Level 5*, the *Percentage of pupils gaining 5+ awards at Level 6*, and *School attendance rates*.

Education Scotland's 2018 inspection of Dundee's Attainment Challenge progress highlighted good practice but identified that the council will need to move from incremental to transformational change to improve attainment

64. The Scottish Attainment Challenge was launched by the First Minister in February 2015. It is underpinned by The National Improvement Framework, Curriculum for Excellence and Getting it Right for Every Child.

65. It aims to achieve equity in education through ensuring every child has the same opportunity to succeed, with a particular focus on closing the poverty-related attainment gap. It focuses on improvement activity in literacy, numeracy and health and wellbeing in specific areas of Scotland.

66. The money provided from the Attainment Scotland Fund is a targeted initiative focused on supporting pupils in the local authorities of Scotland with the highest concentrations of deprivation. The nine 'Challenge Authorities' are Glasgow, Dundee, Inverclyde, West Dunbartonshire, North Ayrshire, Clackmannanshire, North Lanarkshire, East Ayrshire and Renfrewshire. Dundee City Council received an allocation from the fund of £6.2 million for 2020/21.

67. Education Scotland's 2018 inspection of [*How well is Dundee City Council improving learning, raising attainment and closing the poverty related attainment gap?*](#) reported that that strong leadership and higher aspirations are beginning to improve the pace of change. It also highlighted strong use of data and collaboration with Dundee University to help understand the pupils' needs and improve attainment. However, it identified that the council will need to move from incremental to transformational change to improve attainment.

68. In June 2019 officers provided a [*Scottish Attainment Challenge – Progress Report*](#) to the Children and Families Services Committee. This included an update on the action taken in response to the Education Scotland report to review the priorities and approaches within the council's Scottish Attainment Challenge plan to provide a more coherent approach to achieving its stated outcomes. As a result of these changes the plan now groups activity under three main levers for change: Learning Provision, Families and Communities and Leadership. This is intended to make the plan more coherent and focused and provide a more robust reporting structure.

Education Scotland's 2017 assessment of Community Learning and Development identified a number of areas of good practice which is now being rolled out across the city

69. In March 2017 Education Scotland published its [*Inspection of Community Learning and Development in Dundee City Council*](#). Community Learning and Development (CLD) focusses on supporting individuals, families and communities to reach their potential through providing lifelong learning and youth work, tackling health inequalities and encouraging community cohesion and regeneration. The report praised the council's CLD service across the North East and East End wards of Dundee, and highlighted a number of key strengths including:

- Strong leadership at all levels.
- Intelligence led targeting to reach key priority groups.
- Outstanding community groups making a significant positive impact on the community.
- High quality learning programmes having life changing impacts.

70. The report also recommended that the council should review performance reporting arrangements to ensure they can fully capture and reflect the impact of the service within the community.

71. Since 2016/17 CLD staff numbers and budgets have both reduced and the service has been restructured to reflect the introduction of the Community Empowerment (Scotland) Act 2015 and reflect the practical support required by active community groups.

72. In this context, staff recognised the importance of rolling out good practice across the whole city and steps have been taken to adopt and embed successful approaches across the city:

- A Community Empowerment Engagement Strategy is being developed to promote a consistent approach across the city. It includes targets for the CLD team to monitor activity with traditionally hard-to-reach groups including, Black Minority Ethnic, SIMD and Disability groups. It is timetabled for completion by October / November 2020.
- As recommended by Education Scotland, there has been a stronger use of data to demonstrate impact of the services provided. COGNISOFT is a system which holds information on individual learners and groups within the community. This allows for learner's journeys to be recorded and understood. It is particularly focussed on people who traditionally may not have engaged with school. The Youth team also uses this to build up the

qualifications and skills of people who may not have academic qualifications.

- Information on footfall of facilities is included within COGNISOFT which allows usage of community centres and other community facilities to be monitored and managed.
- A “How Good is our CLD Framework?” review was carried out across the Community Regeneration, Adult Learning, Youth Work and English for Speakers of Other Languages (ESOL) services. This review considered a wide breadth of standards and priorities to fully align the service with wider good practice.

73. Management recognise that further improvements are still to be made in terms of measuring and reporting on wider outcomes; and broadening the diversity of community representatives within the local community planning structures.

The Care Inspectorate reported that committed and motivated staff from across partner agencies in Dundee were working to improve the wellbeing of children and young people across the city

74. In March 2016 the Care Inspectorate published its joint inspection report on [Services for children and young people in Dundee City](#). This concluded that committed and motivated staff from across the partner agencies in Dundee were working to improve the wellbeing of children and young people across the city. The report also identified several particular strengths that were making a positive difference for children and young people in Dundee. It also commented that it was confident that leaders would be able to build on their strengths to deliver further improvements.

Rent levels for social housing were lower than the Scottish average during 2018/19 but performance against the Scottish Social Housing Charter standards and outcomes during the year was mixed, compared with other medium sized councils

75. The Scottish Housing Regulator’s (SHR) 2018/19 Landlord Report for Dundee City Council showed that average weekly rent levels across the council’s housing stock of 12,425 homes was 6% lower than the Scottish average. It also provided a summary of the council’s performance against the Scottish Social Housing Charter standards and outcomes. For comparison purposes, the council benchmarks its performance against the group of medium sized local authorities which comprises: Aberdeenshire Council, East Ayrshire Council, Falkirk Council, Highland Council, North Ayrshire Council, Renfrewshire Council, West Dunbartonshire Council, and West Lothian Council, [Exhibit 11](#).

76. As shown in [Exhibit 11](#), the council’s performance against the Scottish Social Housing Charter standards and outcomes during 2018/19 was mixed, compared with other medium sized councils. The council recognises that performance needs to improve in relation to a number of housing measures and improvement actions are being progressed to address these areas. The council also acknowledges tackling levels of poverty and inequality in Dundee will be key to delivering sustainable improvements in addressing the long-term housing issues facing the city.

Dundee City Council health and housing

The joint Auditor General for Scotland and Accounts Commission report on [Affordable housing](#) included a case study highlighting the success of Dundee’s joined up approach. This involves the council, health and social care partnership, and registered social landlords, all working together to identify and address the housing requirements of people with particular needs.

Source: [Audit Scotland website](#)

Exhibit 11

Dundee City Council's performance against the Scottish Social Housing Charter standards and outcomes during 2018/19 was mixed, compared with other medium sized councils

	Dundee City Council	Comparator*
Tenant satisfaction		
Proportion satisfied with overall service provided (%)	90.0	86.2
Proportion who felt landlord was good at keeping them informed (%)	85.8	84.4
Proportion satisfied with opportunities to participate in landlord's decision making (%)	75.6	77.6
Quality and maintenance of homes		
Proportion of homes that meet Scottish Housing Quality Standard (%)	95.1	96.2
Average time to complete emergency repairs (hours)	8.2	4.9
Average time to complete non-emergency repairs (days)	5.2	6.6
Proportion of reactive repairs completed 'right first time' (%)	83.4	90.1
Proportion of tenants who were satisfied with repairs or maintenance carried out (%)	97.5	93.5
Neighbourhoods		
Number of cases of anti-social behaviour (per 100 homes)	14.6	No comparator available
Proportion of cases resolved within locally agreed target (%)	78.4	No comparator available
Value for money		
Current and past rent collected during the year as a proportion of total rent due in year (%)	98.0	99.0
Uncollected rent due because homes were empty (%)	1.5	No comparator available
Time taken to re-let homes (days)	52.2	39.6

* Comparator based on average performance of the group of medium sized local authorities (comprising: Aberdeenshire Council, East Ayrshire Council, Falkirk Council, Highland Council, North Ayrshire Council, Renfrewshire Council, West Dunbartonshire Council, and West Lothian Council) against the Scottish Housing Charter standards during 2018/19.

Source: [Scottish Housing Regulator's 2018/19 Landlord Report for Dundee City Council](#)

The Scottish Housing Regulator are engaging with Dundee on homelessness services

77. In preparing its current engagement plan for the council, the SHR reviewed and compared the data for all councils from the Scottish Government's 2017/18 national homelessness statistics. This identified a number of pressures on homelessness services across Dundee. These included a ten per cent increase on the previous year in homelessness applications, and a relatively high number of homeless people waiting for more than one year for an outcome.

78. Since the 2017/18 statistics were published, Dundee has progressed a number of homelessness initiatives aimed at improving access to services, reducing rough sleeping and lost contacts, and quickening the processes for allocating lets to people who are homeless. Early indications are that these initiatives are having an impact. The SHR will review this progress as part of its engagement with the council.

Dundonians are more satisfied with their council services than the Scottish average but satisfaction with local schools is the lowest in Scotland

79. The council's annual citizen survey generates a good level of responses (1,300 in 2019) and shows generally high levels of satisfaction with council services across the city.

80. The LGBF includes performance against indicators of service users' satisfaction with council services. These are based on results from national surveys, such as the Scottish Household Survey. The results of the LGBF data is consistent with the annual citizen survey. Eight out of the ten indicators (including those relating to Leisure and Culture Dundee services) show Dundee's residents' satisfaction is higher than the Scottish average.

81. Despite the generally high levels of satisfaction, the council ranked the lowest in Scotland for satisfaction with local schools. Management are aware that improving academic attainment performance is the key to also improving overall satisfaction with local schools. However, they also highlighted that local surveys carried out to support school reviews during 2018/19 showed that 80 per cent of parents and carers were satisfied with their own child's school.

Part 3

Is the council using its resources effectively?



Financial management is effective with a budget focussed on the council's priorities and a long-term financial strategy covering the next ten years.

Delivery of the Changing for the Future transformational change programme (C2022) will be critical to filling funding gaps. Prior to the COVID-19 outbreak, a budget gap of £32 million is projected by the end of 2022/23, with a longer-term funding gap of £78 million by 2029/30.

The council was slow to develop a workforce strategy and is still to put in place workforce plans for each service, to demonstrate that the council has the capacity and skills to deliver the council's priorities.

The council has a well-established budget-setting process that supports councillors to develop and scrutinise savings plans and understand the impact of proposed service changes

82. The council's budget is aligned to its strategic service structure and reflects the council's overarching objectives. During the annual budget setting process senior finance officers provide briefings and training for elected members. The Chief Executive, Executive Director of Corporate Services, and finance staff also work with members from all political groups to answer their queries and assist them in developing budget and savings proposals that reflect the council's priorities.

83. Officers complete an Integrated Impact Assessment (IIA) for any savings proposals that involve service delivery changes. This ensures that the full impact of such changes are considered as part of the budget setting process. The IIAs include consideration of socio-economic impacts, as well as the protected equalities characteristics, and identify potential mitigating actions where required.

The annual budget setting process is informed by a public consultation exercise

84. The 2020/21 budget consultation process involved an online survey and local focus groups. The online survey was made available on the council's website during October and November 2019 and a total of 1,302 responses were received, an increase of around 130 on the previous year's consultation.

85. Respondents were asked a range of questions, based around the five City Plan themes and ten council service areas. These included what percentage change in Council Tax was preferable, with two-thirds stating they would be comfortable to see an increase in Council Tax. The survey also asked for views on how the council could review its services and property in order to save money. The highest levels of agreement were for selling property that is no longer used and reducing or stopping some non-essential services to protect other services.

86. The consultation exercise provided a clear picture of the public's views on Council Tax levels and proposed savings. The quality of the information gathered directly reflected the clear and specific nature of the questions asked.

The approved 2020/21 budget demonstrates the council's commitment to tackling the health and wellbeing challenges facing the city

87. In March 2020 the council approved a revenue budget for 2020/21 of £370.9 million. The budget was based on a 4.8 per cent increase in council tax and included net savings of £7.8 million. The council did not anticipate the use of reserves to fund revenue expenditure in 2020/21.

88. The increase in Council Tax levels partly funded an additional £7.6 million to be allocated to the Children and Families Services budget and a £2.8 million increase in the annual contribution from the council to the Dundee Health and Social Care Partnership. £0.5 million was allocated to support the delivery of the action plans in response to the Dundee Drugs Commission and the Independent Mental Health Inquiry reports. Additional funds have also been made available to support the recommendations contained within the Fairness Commission Action Plans and to extend the Scottish Living Wage to more workers across the city.

The council has protected Children and Families Services budgets where possible when identifying savings plans in recent years

89. Over the four years from 2017/18-2020/21 the Council has approved service directorate revenue savings of over £16 million (£32 million including corporate and miscellaneous savings). The majority of these savings (65 per cent) have been delivered by City Development Services and Neighbourhood Services, with only 18 per cent delivered by Children and Families Services despite these services accounting for around 45 per cent of the council's annual revenue budget. This reflects the higher level of statutory activity within Children and Families services (including Education and Social Work), and the council's commitment to protecting these budgets where possible due to the specific challenges faced by the city in these areas.

90. This approach has also been reflected in staffing levels. The council's overall staff numbers have remained fairly static over the last five years, reducing from 6,732 (6,058 FTE) in 2016 to 6,721 (6,061 FTE) in 2020. However, over the same period, the head count in Children and Families Services increased almost ten per cent from 2,957 in 2016 to 3,247 in 2020.

Financial management is effective, and the council has a history of delivering services within the annual revenue budget

91. The detailed scrutiny of financial performance is delegated to the Policy and Resources Committee which receives regular revenue and capital budget monitoring reports. These reports provide an overall picture of the budget position at service level, forecast the outturn position for the year, and include clear explanations for significant variances against budget. These reports allow councillors to scrutinise the council's financial performance throughout the year and understand the budget pressures presented.

92. In February 2019, the council approved a revenue budget of £353.7 million for 2019/20. The budget was based on a three per cent increase in council tax and included net savings of £17.0 million. The council did not anticipate the use of reserves to fund revenue expenditure in 2019/20.

93. The council has a history of delivering services within budget and reported an underspend on services for 2019/20 of £3.0 million. City Development Services has reported overspends against budget in recent years with an overspend of £2.9 million reported for 2019/20. This overspend was attributable to health and safety costs across the council's property portfolio, energy costs for street lighting and not fully achieving the Growth Accelerator model targets. The other area of significant budget pressure in 2019/20 was due to increased demand for health and social

care services across Dundee. This resulted in the council having to contribute an additional £1.0 million to the health and care partnership during the year.

94. The budget overspends during 2019/20 were funded by underspends in other services and savings on corporate budgets, including a reduction in annual debt repayments linked to the reprofiling of the repayment periods for loans fund advances. This was approved by the Policy and Resources Committee in September 2019 and generated savings of £3.0 million for the General Fund in 2019/20.

The council's uncommitted general fund balance is in line with its reserve strategy but is low in comparison to other Scottish local authorities

95. The council's reserve strategy was included within the council's long-term financial outlook and financial strategy for 2020-2030 (paragraph 99). This states that the minimum uncommitted element of the General Fund balance will be maintained at the lower of £7 million or two per cent of budgeted revenue expenditure but, ideally, a higher level will be held for operational purposes. This level was increased from the previous minimum of £5 million based on an assessment of the amount required to respond to unexpected events '*...in light of the considerable risks and uncertainties facing the Council's revenue budget going forward*'.

96. At 31 March 2020, the uncommitted general fund balance was £8.0 million (2.3 per cent of budgeted revenue expenditure), [Exhibit 12](#).

Exhibit 12

The council's total general fund balance (committed and uncommitted) at 31 March 2019, as a proportion of net revenue expenditure, was the lowest of all Scottish councils

Reserve	31 March 2019 £ million	31 March 2020 £ million
General fund uncommitted	7.5	8.0
General fund committed	6.3	8.5
Repair and renewal fund	6.6	9.3
Capital grants and receipts unapplied account	3.1	11.8
Capital fund	0.6	0.6
Insurance fund	2.6	3.3
Total usable reserves	26.8	41.5

Source: Dundee City Council 2019/20 Annual Accounts (Unaudited)

97. The council's external auditor has reported that, although the uncommitted general fund balance is in line with the reserves strategy, the balance is low in comparison with other Scottish local authorities. Furthermore, the Accounts Commission's December 2019 [Local government in Scotland: Financial overview 2018/19](#) report highlighted that the council's total general fund balance (committed and uncommitted) at 31 March 2019, as a proportion of net revenue expenditure, was the lowest of all Scottish councils.

The council has made good progress in financial planning with the introduction of a long-term financial strategy

98. The Accounts Commission's April 2018 [Local government in Scotland: performance and challenges 2017](#) review highlights the importance of medium to

long-term financial planning given the continuing pressures that councils will face into the future.

99. On 19 August 2019, the Policy and Resources Committee approved a report on the long-term financial outlook and financial strategy 2020-2030. The report noted the projected revenue requirements for the period to 2030 and the savings and efficiencies required over that period to bridge the identified funding gaps.

Future financial plans are challenging with a cumulative funding gap of £32 million projected by the end of 2022/23 and a longer-term funding gap of £78 million by 2029/30

100. The council's long-term financial outlook and financial strategy sets out the high level implications of different levels of income, spending and activity. The strategy includes a sensitivity analysis which shows the potential financial impact of variations against the council's current key budget assumptions (income and expenditure) which underpin the council's ten-year revenue budget projections. This highlights that the council face a cumulative funding gap of £32 million by the end of 2022/23 and a longer-term funding gap of £78 million by 2029/30. The council recognises that its financial plans and longer term outlook will need to be revised to reflect the cost implications of the COVID-19 pandemic.

Delivery of the C2022 transformation programme will be critical to bridging the medium and long-term funding gaps and improving the council's services

101. The long-term financial outlook and financial strategy 2020-2030 links directly to the council's Changing for the Future transformational change programme (C2022) with the council's corporate approach to identifying savings and efficiencies coordinated through C2022.

102. The council acknowledges that it must continue to consider all possible options to reduce the cost and improve the quality and effectiveness of services provided through C2022 (paragraph [26](#)) and given the extent of the current, and predicted, financial challenges facing the council, the pace of transformation needs to increase.

103. The C2022 programme has a wide range of projects included and the council prioritised the following projects for 2019/20: Community Hubs, Supporting Learning and Care, Commercialisation, Third Party Payments, Property Management and Rationalisation, and supporting services to explore financial benchmarking data. The programme also includes other innovative projects including the Citizen Card Dundee (integrating all the services for residents and having one card to access benefits), and Smart Cities programme, [Case study 1](#).

The council has developed a Digital Strategy to guide its investment in ICT to redesign and improve services and to deliver its vision for Dundee as a digital city

104. The council developed its first Digital Strategy in 2016 and published an update to this in November 2018. The council's current strategy aligns with the Corporate IT Strategy (published February 2019) and sets out how it aims to become a digital council by 2020. The strategy sets out six digital themes which combine existing and future digital projects into a wider vision for Dundee as a digital city, [Exhibit 13](#).

Impact of COVID-19 on council finances
Dundee City Council currently estimate that the COVID-19 outbreak will cost them in the region of £20 million in additional costs and lost income during 2020/21. It is too early to assess with any accuracy what the longer term impact on the councils finances will be, or what additional support may be provided to local authorities to offset these costs.

Exhibit 13

Themes from Digital Strategy forming the wider vision for Dundee as a digital city

Digital Theme	Focus
DIGITAL council	The council is committed to changing the way it innovates and re-designs services to provide them in the most effective way, maximising its use of new technologies.
MOBILE first	To best deliver digital services to Dundee, both its citizens and its workforce need to be able to access services while on the move. To do this, Dundee needs to think mobile first.
THINKING in digital	With a strong digital industry, digital skills for all citizens from school right through to retirement are essential for the future.
Connected	Dundee is one of the UK's growing digital hubs. It has a strong gaming history and the council will work closely with this sector to encourage digital business, innovation and education.
SMART	Dundee is part of the Scottish Cities Alliance. It works with other Scottish cities to deliver Smart City projects, integrating data and digital technologies to improve citizen wellbeing and economic development.
digitally COLLABORATE	Dundee is part of many collaborative working groups focussed on digital service delivery in the most efficient way to maximise citizen benefit.

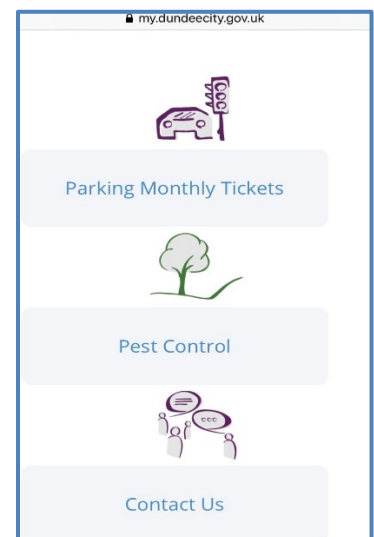
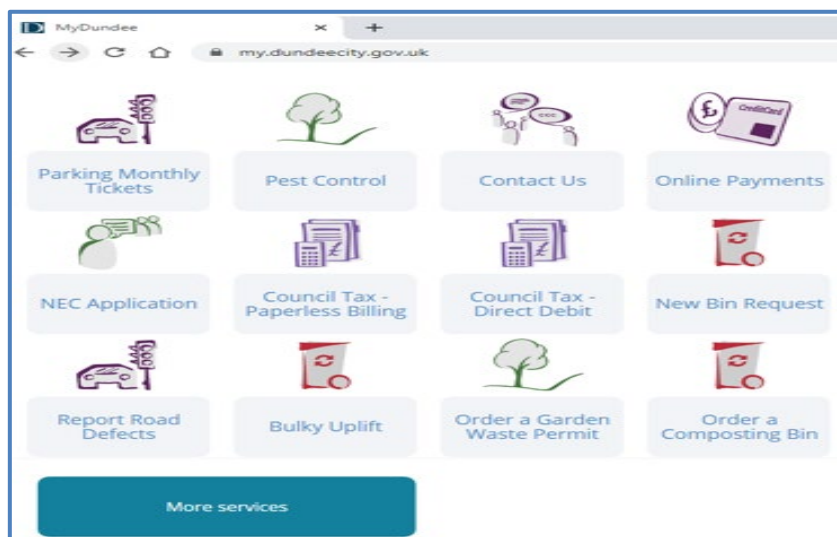
Source: Digital Strategy Update (November 2018)

105. The council created the digital Oversight Board to oversee the planning and delivery of the digital strategy and the projects included within each of the six themes. This is designed to ensure that activity is coherent and completed to time and to the required quality.

106. The council has made good progress in a number of areas since 2016, These include digitising key operational processes (for example human resource and payroll functions for new starts), expanding its use of social media, launching the MyDundee portal, **Exhibit 14**, and improving the connectivity and digital infrastructure of Dundee. It also includes a range of community based activities to promote digital skills and support digital participation and learning across the city.

Exhibit 14

MyDundee portal allows residents to easily access over 50 services online via a computer or mobile device



Source: <https://my.dundee.gov.uk/>

107. The council has also collaborated with the Improvement Service to deliver a key part of the national digital infrastructure. The council renewed the Service Level Agreement to continue to be the home of the National Entitlement Card. This is the national smartcard supporting delivery of more than forty different services across Scottish local and national government.

108. The next stage in delivering the digital strategy is to make more services available via MyDundee, further improving the digital infrastructure of the city, including the delivery the public wi-fi 5G testbed, expanding the use of digital technology across schools through the Connected Education project, and continuing to progress with the Smart City projects that the council is involved in, [Case study 1](#).

Case study 1

The council is playing a key role in the Smart City programme which aims to use data and digital technology to make cities more attractive, liveable and resilient

The council is part of a programme of collaborative innovation across Scotland's cities of Aberdeen, Dundee, Edinburgh, Glasgow, Inverness, Perth, and Stirling. The 'Scotland's 8th City - the Smart City' ERDF Strategic Intervention programme aims to make cities more attractive, liveable and resilient by using data and digital technology. By working together, the aim is to expand Smart City capabilities and deliver city priorities through improved community engagement, integration of service delivery and innovation.

Collaboration is key to this with all seven cities working to develop projects which are open, interoperable, scalable, and replicable. The cities are also committed to knowledge exchange, sharing of experiences and learning, mutual support, and sharing assets.

The full Smart City programme includes 29 projects with different cities involved in each project. Dundee City Council are currently involved in four phase one projects:

- Smart Services Mobility – The Mobility Innovation Living Laboratory (MILL) in Dundee is intended to transform the city into a real-world test bed for new transport technologies and services. It aims to demonstrate how innovations in transport technologies, business models and data can improve wellbeing and quality of life, such as connecting people with essential services and enhancing economic opportunities. Successful innovations could then be rolled out across the other cities.
- Smart Public Safety – Dundee, Edinburgh and Perth & Kinross councils are working with Police Scotland to use digital technology to prevent and detect crime and social disorder.
- Smart Waste – Dundee are working with Edinburgh, Glasgow and Stirling to deliver improved waste management services, including deployment of smart bin technology and innovative smart technology deployed in the waste management process. This is intended to enhance waste and recycling collections through improved monitoring and sharing of data and information.
- Open Data Platform – All seven cities have developed open data platforms to make data available for use by the other councils when developing new products and services. Further developments to the Dundee Open Data Platform are planned to make non-personal data more available to the community, academics and businesses for analysis and the development of new digital services.

<https://www.scottishcities.org.uk/workstreams/smart-cities>

The council was slow to develop a workforce strategy and is still to put in place workforce plans for each service, to demonstrate that the council has the capacity and skills to deliver the council's priorities

109. The council's Our People and Workforce Strategy 2019-2022, incorporating the Our People Charter, outlines the council's values, rights and responsibilities. It sets out the strategic direction and ambitions for the workforce, linked to the City and Council Plans with clear themes: Equality, Diversity and fairness, Enhancing leadership, Managing our people and Developing our people. It promotes a workplace learning culture and begins to address the challenges that workforce demographics and digital innovations present to traditional ways of working.

110. Although the council has a corporate workforce strategy it has not yet developed workforce plans for each service. Management acknowledge that these need to be progressed as a matter of priority to ensure workforce planning is embedded within all services to support the delivery of the council's priorities. Further improvements should also be made to the Our People and Workforce Strategy to develop a future needs analysis for the short, medium and long term. This will ensure the council's staffing profile matches predicted service demands.

Risk management arrangements have improved, service risk registers are now in place.

111. Internal audit reported in 2018/19 that significant progress had been made in enhancing the risk management arrangements, overseen by the Corporate Risk Management Working Group. A revised risk management policy and strategy is in place, standardising the approach to scoring risk and a newly defined risk appetite methodology to support strategic decision making. A Corporate Risk Management Co-ordinator (CRMC) was appointed in July 2018, responsible for driving forward and co-ordinating implementation of the Risk Management Improvement Plan. Service level risk registers are now in place.

The council and its partners are working on a shared estates plan to maximise the use of public property across the city and identify potential sites for co-location of staff

112. The council has been working to rationalise its estate over recent years to ensure it is fully utilising its property base. Alongside this, the Dundee Partnership have committed to developing a shared estates plan to maximise the use of public property across the city.

113. The council welcomed the Scottish Government's decision to locate the new Social Security Scotland Headquarters in the City, currently based within the council's offices at Dundee House. This co-location has been beneficial for residents as it has enabled them to access the services and advice offered by both organisations during a single visit. However, it has impacted on the council's plans for property rationalisation as two buildings previously planned for closure are now being used for council staff who were no longer able to be relocated to Dundee House.

114. The council's 2020-23 Property Asset Management Plan was approved by the City Development Committee on 27 January 2020 and reflects the impact of the Social Security Scotland Headquarters being based in Dundee House. The council plan will feed in to the development of the Dundee Partnership's Estates Plan and it is anticipated that this will lead to further co-location of different organisations.

115. Following the approval of the 2020-23 Property Asset Management Plan the council is now focussing on developing a Strategic Asset Management Plan. This will align with the financial and strategic service delivery plans, to maximise the use of the entire asset base of the council.

In recent years the council, and its partners, have delivered complex capital projects including the V&A Museum of Design Dundee, the new Dundee Railway Station and the Regional Performance Centre for Sport

116. In recent years the council, and its partners, have worked together on a range of projects intended to regenerate the city centre. These have contributed directly to the Dundee City Partnership's priorities under the Fair Work and Enterprise, and Health and Wellbeing themes.

117. While there have been challenges with timescales and budgets, the council and its partners have delivered complex projects. These include: the V&A Museum of Design Dundee, the new Dundee Railway Station (opened July 2018) and the

Regional Performance Centre for Sport (officially opened February 2020). The council has also delivered improvements in the school estate, and the roads, footway and street lighting infrastructure of the city over the same period.

118. The V&A Museum opened in September 2018 and attracted more visitors than had been anticipated in its opening year. Design Dundee Limited (DDL) is responsible for the operation of the museum. Partners in the company are the Victoria and Albert Museum, Dundee City Council, the University of Dundee, Abertay University and Scottish Enterprise. The museum building is owned by the council (valued at £83 million), and leased to DDL for a nominal rent. The council's 20 per cent investment in DDL, contributed £0.1 million to its assets in 2019/20 (£0.3 million in 2018/19).

The Capital Plan 2020-2025 sets out a £375 million investment programme

119. The council operate a rolling five-year capital programme. The capital programme aligns with the council's Capital Investment Strategy which sets out the anticipated capital funding available for each of the next ten years along with the expected sources of this funding and any related borrowing costs.

120. The council's Capital Plan 2020-2025 was approved in February 2020. The plan details a £375 million programme of work split between £260 million of general fund projects and £115 million of housing revenue account projects. These include an additional £60 million investment in improving the school estate and £25 million for further projects at Dundee Waterfront. There is also planned investment in additional nursery accommodation to meet the expansion in early year's provision, community facilities, improvements to parks and greenspaces, and affordable housing.

121. The capital programme also includes planned expenditure as part of the council's response to the climate change emergency. This builds on the council's previous investment in this area, for example Dundee is a leading area in Scotland for electric vehicles and infrastructure. The new investment includes £41.5 million for energy efficient housing projects, £9.4 million for sustainability projects and £7.4 million for the low carbon transport initiative.

Improvements are required in the appraisal of capital projects to ensure the projects which will make the greatest contribution to the City Plan are prioritised

122. When developing the capital programme, potential capital projects are assessed based on the extent to which they will contribute to the priorities within the Dundee City Plan. While there are good examples of robust business cases, including the Menzieshill Community Hub, management are aware that improvements need to be made in the capital project appraisal process to ensure that robust business cases are developed for all projects. A standardised business case template should be developed and completed for all projects including detailed options appraisal, whole life costing, and consideration of funding implications.

123. Similarly, the council should ensure that regular and consistent Gateway reviews (independent mid-term reviews) and post-project evaluations are undertaken for all significant capital projects. These processes should provide opportunities to identify areas of good practice, share lessons learned and monitor the delivery of the intended benefits.

Dundee is a leading city for electric vehicles and infrastructure

The council, and its partners, have invested in electric vehicles and infrastructure to improve transport and air quality for residents and visitors to Dundee. Over 40 per cent of the council's cars and vans are electric and four electric vehicle charging hubs have been created across the city. The progress made in this area was recognised by the World Electric Vehicle Association who awarded Dundee City Council with an 'E-visionary award' for its pioneering initiatives to encourage the use of electric vehicles.

Source: [Dundee City Council website](#)

Part 4

Is the council working well with its partners?



The Dundee Partnership has been successful in regenerating and reinvigorating the city centre through projects such as the £1 billion Dundee Waterfront development. Progress is also being made in regenerating the wider city through projects such as the new Regional Performance Centre for Sport and the Michelin Innovation Parc joint venture.

The partnership has progressed a number of initiatives to reduce the impact of poverty but acknowledge there is still much to do. The partnership should develop an outcome framework to better measure the impact of these local initiatives.

In 2019 the Dundee Drugs Commission made recommendations for a new approach to services which aims to reduce drug use and deaths. Good initial progress has been made in implementation of actions, but sustainable improvements in the city's drug problems presents a significant and long term challenge.

The council is working with partners to address the significant failings reported by the Independent Inquiry into Mental Health Services in Tayside.

The council, and its partners, have embraced the requirements of the Community Empowerment Act and built upon existing arrangements to encourage further community based activity.

The Dundee Partnership promotes good working relationships between a wide range of public-sector, business and academic partners, and the third sector

124. Dundee City Council and NHS Tayside jointly lead the Dundee Partnership. The partnership promotes good working relationships between the council and health board and other community planning partners. These include Police Scotland, the Scottish Fire and Rescue Service, business and academic partners, and the third sector. They each understand their contribution to the City Plan 2017-2026 vision. Partners are committed to working together and partnership working in the City has improved over the last two years due to more active engagement from NHS Tayside.

125. All partners demonstrate a genuine commitment and enthusiasm to working together to help improve outcomes for citizens of Dundee. Partners are very positive about the Dundee Partnership and highlighted its key role in developing relationships. This supports the delivery of joint improvement priorities, redesigning, and better integrated services, with a more preventative and locality based focus.

126. Historically NHS Tayside has been less engaged in partnership activity, but partners noted that this had changed over the last two years and the health board

Partnership response to COVID-19 outbreak

Partners worked closely together through the Local Resilience Partnership to ensure a co-ordinated response to the COVID-19 outbreak, and consistent and clear communication with the public. This enabled partners to work together and draw on the experience of colleagues from other organisations including public health experts from NHS Tayside.

is now an active partner making a vital contribution to the health and wellbeing strategic priority.

The partnership recognises the value and contribution the third sector and private businesses can make in achieving the ambitions of the City Plan and addressing wider community needs

127. The Dundee Third Sector Interface (TSI) is a partnership between Dundee Social Enterprise Network, Dundee Voluntary Action and Volunteer Dundee. The Third Sector in Dundee employs over 2,600 people and spends almost £130 million each year. The TSI's role is to support, represent and communicate with the third sector operating across Dundee City.

128. The TSI has played an active role in the Dundee Partnership. It has co-chaired strategic planning groups in Health and Social Care, worked with other partners on multi-agency initiatives (such as Technology Enabled Care and Preventing Under-Nutrition), and collaborated on joint funding applications. Due to funding cuts the TSI is currently focussed on its role in representing the third sector at Dundee Partnership groups and Local Community Planning Partnership meetings (paragraph [156-159](#)).

129. Dundee and Angus Chamber of Commerce represent 800 members, employing over 67,000 people, and are an active partner on the Dundee Partnership.

130. Strong partnerships have been forged with the private sector in the city over recent years. These include joint working and funding partnerships that aim to improve the city and close the inequality gap through creative and sustainable solutions that address wider community needs. Examples include developing the city's tourist attractions, creating employment and training opportunities, delivering responses to food poverty, and supporting people recovering from substance misuse or offending behaviour.

The partnership has been successful in regenerating and reinvigorating the city centre through projects such as the £1 billion Dundee Waterfront development

131. In recent years Dundee city centre has been transformed through a range of ambitious projects involving partners from both the public and private sector. Central to this has been the £1 billion [Dundee Waterfront](#) development, which includes the V&A Museum of Design and the new Dundee railway station, and was the winner of the City Regeneration Project of the Year award at the [2018 Scottish Property Awards](#).

132. The impact of this regeneration activity has been much wider than the direct benefits delivered by each project. They have reinvigorated the city and changed the perception of Dundee. This in turn has made it easier to attract further investment from the business community and made Dundee a desirable location for events such as the Antique Roadshow and Radio One's Big Weekend (although this event had to be cancelled due to Covid-19), which further contribute to the regeneration of the city and the economy of the region.

133. Further projects are planned as part of the Waterfront development and the partnership are also working on a number of other projects to boost the local economy, including the Michelin Scotland Innovation Parc, [Case study 2](#).

Role of third sector in response to COVID-19 outbreak

All partners acknowledged that the charitable and voluntary sector have played a key role in the Partnership's response to the COVID-19 outbreak. This, along with the strong community structures in place across Dundee, have assisted in reaching many of those worse affected by the economic impact of the outbreak.

Dundee was named best place to live in Scotland in 2019

The impact of the capital investment by the council, and its partners, on the perception of the city contributed to Dundee being named the best place to live in Scotland in the *Sunday Times 2019 Best Places to Live Guide*. The expert judging panel highlighted that the city had undergone a dramatic transformation and cited the regeneration of the Waterfront, and the collective pride of Dundonians in their city, as key factors in the decision.

Source: [Evening Telegraph](#)

Case study 2

The council are working with Michelin and Scottish Enterprise on a joint venture designed to create a world class innovation centre in Dundee

In November 2018 Michelin announced its intention to close its plant at Baldovie in Dundee, with the loss of all 845 jobs. At that point Michelin had no plans for further activity at the site beyond that date.

Since the original announcement Dundee City Council and Scottish Enterprise have worked closely with Michelin to create an ambitious joint venture called the Michelin Scotland Innovation Parc. This will be based on the same site and aims to create a world class innovation centre in Dundee to drive growth and diversity in the Scottish economy while addressing the global climate emergency.

Covering a 32-hectare site in Dundee it is intended to drive global research while influencing and supporting breakthroughs in sustainable mobility and low carbon energy. It will provide industrial spaces and facilities to a wide variety of organisations, research institutions and industry leaders and attempt to address the global challenges facing the community, country and planet.

The Parc should create sustainable jobs across a variety of skillsets providing local and national opportunities both now and in the future. It will also incorporate a Skills Academy and Engineering School which will facilitate a range of training opportunities in partnership with Dundee and Angus College, Abertay University and the University of Dundee.

[Michelin-Scotland Innovation Parc website](#)

The Dundee partnership has progressed a number of initiatives to reduce the impact of poverty but acknowledge there is still much to do

134. Tackling poverty has long been a priority for the Dundee Partnership and since 2012, when the Dundee Fairness Commission was established, there has been an even greater focus on addressing issues of inequality across the city. The Commission brought together members with experience in this area including partners in the public, voluntary, community, private and academic sectors. Its remit was to identify the causes and consequences of poverty in Dundee and to assess the effectiveness of the Partnership's approach to tackling poverty and inequality in the city, with reference to what has worked elsewhere.

135. The Commission's [A Fair Way to Go \(May 2016\)](#) report brought together its work, and the Scottish Government's poverty and social justice agenda, and set out a series of 56 recommendations to help tackle the broad range of themes that affect poverty levels and experiences including employment, household income, attainment, housing, health and stigma.

136. The Dundee Partnership approved a plan containing 121 actions to progress the recommendations contained in the report. Almost all of these actions have been now been completed and there have been notable successes in terms of local preventative initiatives. These include establishing a Big Noise programme at Douglas in the east end of the city, and wider reaching interventions such as:

- becoming the first Living Wage City in the UK
- raising the value of school uniform grants from £81 to £100
- reductions in the level of fuel poverty across the city from 35 per cent in 2017/18 to 31 per cent in 2018/19
- delivering welfare rights support in GP surgeries
- expanding social prescribing across more services and practices, and
- providing an extensive programme of school holiday activity and meals for children and families.

137. The Second Dundee Fairness Commission was established in 2017 and brought together twelve 'Community Commissioners' with lived experience of

Sistema Scotland Big Noise Programme

The Big Noise programme focuses on the existing assets and the potential of young people. It aims to counter persistent social problems in the targeted communities by drawing a line under the past and nurturing a new generation of children who grow up in an environment saturated with intensive and immersive music making. The first programme was established Raploch, Stirling in 2008 and further centres opened at Govanhill in Glasgow (2013), Torry in Aberdeen (2015) and Douglas in Dundee (2017).

Source: [Sistema Scotland website](#)

poverty, and twelve 'Civic Commissioners' who worked in the public, political and business sectors. In November 2018 it published [Dundee Fighting for Fairness](#) which contained recommendations to tackle poverty across the key themes of Stigma, Money, and Mental Health. The recommendations contained in the report were reflected in the Partnership's [For Fairness in Dundee – An Action Plan to Reduce Social Inequalities and Child Poverty in Dundee](#), published in June 2019.

The partnership should develop an outcome framework to better measure the true impact of local initiatives targeting poverty and inequality in Dundee

138. Despite the large numbers of people targeted by the initiatives discussed above, it is hard to fully assess their impact on poverty and inequality across the city as there is limited data available to measure outcomes over time against predicted outcomes.

139. The partnership should work with the third sector, and other partners, to develop an outcome framework that would allow it to compare actual outcomes achieved against projected outcomes without such interventions (i.e. what level of poverty and inequality would Dundee be facing had these initiatives not been in place). This would enable it to measure the true impact of local initiatives and would also assist in identifying the extent to which poverty and inequality levels are being compounded by national developments and challenges (for example, welfare reform and greater prevalence of fixed term and zero-hour contracts) that need to be addressed at a local level.

Partners know that delivering sustainable improvements in the city's drug problems presents a significant challenge

140. The Dundee Partnership has faced a major challenge in tackling the cities drug problems and delivering sustainable solutions that will prevent and reduce drug use across the city. In 2018 Dundee recorded 66 drug related deaths (57 in 2017 and 38 in 2016) and between 2014 and 2018 Dundee had the highest rate of drug related deaths per 1,000 population in the whole of Scotland.

141. The Partnership had prioritised this area over a number of years but acknowledges this has not had the desired impact on reducing level of drug use, and drug deaths, in the city. In May 2018 the Dundee Partnership therefore set up the Dundee Drugs Commission. This was an independent group of experts tasked with considering what more could be done to turn around the rate of drug deaths in Dundee. The twenty Commissioners were asked to investigate the causes and consequences of drug deaths in the city and to come up with recommendations on practical and achievable actions to reduce drug use and fatalities.

142. The Commission concluded its independent review in August 2019 and published its findings in its [Responding to Drug Use With Kindness, Compassion and Hope Report](#). The report included 16 recommendations split between those that could be delivered immediately (within 12 months), during a transitional period (within 3 years) and longer-term (within 5 years). They covered a wide range of areas including improving leadership, challenging stigma towards people who use drugs and their families, and a new 'system' model of care to deliver services.

143. Following the publication of the report the Partnership appointed one of the Commission members as the Chair of the Dundee Alcohol and Drugs Partnership (ADP) to work with partners to implement the report's recommendations. Progress against the recommendations is reported to the Dundee Partnership through the ADP.

144. Good progress has been made in implementing the short-term recommendations and partners commented positively on the impact these are starting to have at ground level. However, partners know that implementing the longer-term recommendations and delivering sustainable improvements in the city's drug problems presents a significant challenge. Links need to be made with

Dundee is a Living Wage City

Dundee City Council won a Living Wage Champion award in June 2018, and in March 2019 Dundee became the first UK city to be recognised by the Living Wage Foundation for living wage ambition. These awards were in recognition of the progress made by the city in adopting a new, place-based approach to driving uptake of the real living wage by local businesses.

Source: [Living Wage Foundation website](#)

the improvements being made to mental health services in Tayside, discussed below.

The Dundee Integration Joint Board has yet to demonstrate how it will deliver sustainable health and social care services in the future

145. The Dundee Integration Joint Board (IJB) was established in October 2015. The IJB became fully operational on 1 April 2016 when it began its strategic oversight of the delivery of health and social care services for the residents of Dundee on behalf of Dundee City Council and NHS Tayside.

146. The IJB approved its 2019-22 Strategic Commissioning Plan in March 2019, focussed on moving care from hospital to community based care. The auditor of the IJB reported in 2018/19 that the plan shows that the IJB may not be sustainable beyond the short term, with projected funding shortfalls of £3.208 million in 2020/21 and £3.274 million in 2021/22. The IJB has yet to develop medium to long term financial plans to demonstrate how it will fund the gap in the future.

147. In November 2018, the Auditor General and Accounts Commission issued the [*Health and social care integration: update on progress*](#) report. This report highlighted that, while some improvements have been made to the delivery of health and social care services, IJBs, councils and NHS boards need to show a stronger commitment to collaborative working to achieve the real long-term benefits of an integrated system. The council need to continue to work with the IJB on establishing sustainable health and social care services for Dundee.

The leaders of partner bodies have committed to working better together to address the significant failings highlighted in the Independent Inquiry into Mental Health Services in Tayside report

148. On 5 February 2020 the Independent Inquiry into Mental Health Services in Tayside published its final report, titled [*Trust and Respect*](#). The Independent Inquiry was commissioned by NHS Tayside in 2018 to examine the accessibility, safety, quality and standards of care provided by all mental health services in Tayside.

149. The report highlighted major failings in the delivery of mental services across Tayside and also cited a breakdown of trust and a lack of respect as key factors that have undermined public confidence in services. It identified the following five cross-cutting themes that need to be addressed to improve mental health services in Tayside: Strategic service design, Clarity of governance and leadership responsibility, Engaging with people, Learning culture and Communication.

150. NHS Tayside, Dundee City Council, Angus Council, Perth and Kinross Council and Police Scotland issued a [*Collective statement of intent*](#) following the publication of the report. This accepted the findings and recommendations in the report and signalled their commitment to work better together to: *'Make all the necessary improvements so that people from all communities across Tayside receive the best possible mental health and wellbeing care and treatment and those with mental ill health are supported to recover without fear of discrimination or stigma.'*

151. The council's Chief Executive is a member of the Tayside Executive Partners, (Mental Health) Strategic Leadership Group (SLG), which has been established as the Governance board, to consider plans for mental health services redesign. In May 2020 NHS Tayside's Board approved a draft action plan covering the recommendations in the inquiry report. Key actions in the draft action plan include:

- Drafting revised integration schemes between NHS Tayside and the three Integration Joint Boards by August 2020, for approval by the Scottish Government.

- Development of the plans for a programme of work for delivery of future models of care by Sept 2020.
- Partners are to approve the Tayside Mental Health and Wellbeing draft strategy by October 2020, with a view to it being published early in 2021.

The Tay Cities Deal includes a number of ambitious projects intended to boost the local economy and create additional employment opportunities across the region

152. In January 2020 the Auditor General for Scotland and Accounts Commission published a joint report titled [Scotland's City Region and Growth Deals](#). This looked at the eight Scottish City Region deals, both those signed and proposed, including the Tay Cities Deal.

153. The Tay Cities Deal was developed after the Scottish Government's Enterprise and Skills Review was published in 2017. This allowed the deal to build on good practice from other city region deals. The £700 million deal is to be funded by both the Scottish and UK Governments with the partner councils, universities and private sources contributing additional funding. The Deal has not yet been signed by the UK and Scottish governments. It was developed from 2017 to the 'heads of terms' being signed in November 2018. It was anticipated that the deal would be signed by December 2019. However, this was delayed by the UK general election, and pending budget announcements at that time. Partners had believed that the signing of the deal was imminent in early 2020, however the ongoing COVID-19 crisis has caused a further delay.

Tayside Contracts Joint Committee has delivered service improvements and efficiencies to the constituent councils over the last 25 years but its current operations have been significantly impacted by the COVID-19 outbreak

154. Since its formation in 1996, Tayside Contracts Joint Committee has delivered a range of construction and facilities services for its constituent councils: Dundee City Council, Angus Council, and Perth and Kinross Council, and a range of other public sector bodies (for example Aberdeen City Council and NHS Tayside). This has delivered service improvements and efficiencies and over the last three years it has returned surpluses totalling £4.6 million to the constituent councils.

155. During 2019/20 it developed its new central production unit to provide school dinners to children across Tayside. Its business plan highlighted the potential to expand operations at the unit to also provide a meals service to other local authority areas and make full use of the capacity available. However, these plans and its other current operations have been significantly impacted by the impact of COVID-19. The constituent councils are currently working with Tayside Contracts to provide financial support during this period of reduced activity.

Local Community Planning Partnerships work well and deliver improvements directly to communities

156. As well as implementing actions across the city, the Dundee Partnership oversees local actions which are focussed on specific areas of the City. Local Community Planning Partnerships (LCPPs) have been established to operate within the eight wards to support partnership working at a local level, [Exhibit 15](#).

Exhibit 15

The Dundee Partnership has established eight Local Community Planning Partnerships to support partnership working at a local level

Overall Governance Arrangements			
Dundee Partnership Forum	Dundee Partnership Management Group	DP Co-ordinating Group	
City-wide Strategic Themes & Partnerships			
Fair Work and Enterprise	Health, Social Care & Wellbeing	Children and Families	
Community Safety & Justice		Building Strong and Empowered Communities	
Local Community Planning Partnerships			
Strathmartine	West End	Maryfield	North East
Lochee	Coldside	East End	The Ferry

Source: [Dundee City Plan 2017-2026](#)

157. The LCPPs include representatives from community groups and public and voluntary organisations. LCPP meetings are held quarterly and are chaired by Senior Officers from across the Council with support from the council's Community Learning and Development (CLD) team. The meetings involve partners reporting on current issues and performance information, and discussion of local concerns and opportunities for joint working. They also provide an effective networking forum for all members and allow for scrutiny of the progress and updating of Local Community Plans (paragraphs [167](#) and [168](#)).

158. LCPP meetings are well attended by partners, councillors and neighbourhood / community council representative groups. From this year, third sector representatives are being financially supported to attend to ensure their presence at these meetings. Although all LCPP meetings are open to the public, and advertised locally, attendance levels vary significantly depending on the level of local interest in the issues to be discussed at each meeting.

159. Education Scotland's *Inspection of Community Learning and Development in Dundee City Council* report (paragraph [69](#)) highlighted that LCPP's play a key role in driving improvements across the city by ensuring all partners have an equal voice, and by providing a clear reporting and communication link from a local level to the Dundee Partnership. They also noted that LCPP decision making is effective and prompts the tailoring of key strategic priorities to local circumstances. Our recent observations support this view.

The council has good structures and processes in place to support community based activity but it is important that the rationale for policy decisions is clearly communicated to community groups and the wider public

160. The council's structures and processes are designed to encourage and support community based activity and to allow communities to directly influence financial and resource decisions. These include:

- The public consultation as part of the annual budget setting process, (paragraph [84-86](#)), the tenants consultation exercise conducted as part of annual rent setting process, and the involvement of 15 local young people in the development of the new Youth Work Participatory Budget.

- The operation of six Community Regeneration Forums across the city who have a delegated budget to allocate to local projects. The level of funds available to each forum is determined based on the level of economic deprivation of the area and ranged from £20,000 to £190,000.
- The presence of pupil, parents, teacher and religious representatives as well as councillors of the Children and Families Committee.
- A wide range of other community representative structures, including; Community Councils, the Dundee Youth Council and Community Centre Local Management Groups, [Case Study 3](#).

161. Despite this the Partnerships Citizens Survey (2019) reported a slight downturn in the level of influence that respondents felt they, and members of their communities, have in influencing decisions with only 34 per cent of respondents agreeing that they can influence decisions affecting their local area (40 per cent in 2018). This was also more pronounced in community regeneration areas despite the additional resources targeted at those areas. There has been much learning gained from the Engage Dundee process and the Council's on-going work with the third sector and tenant associations. This provides a good basis for the council to further enhance the relationships and empowerment of a broad range of communities across Dundee City.

162. The reasons provided by community representative groups for this reduction in influence included breakdowns in communication between the communities, council officers and council leadership and a lack of transparency and reasoning behind some of the council policy decisions which impacted most directly on their lives. However, representatives remained very positive about the relationships with, and support provided by, officers on the ground and the councillors who involve themselves in local activities.

Case Study 3

Dundee Council work in partnership with Community Centre Local Management Groups to support local community activity in locations across the city

The council currently supports the provision of seven community centres within Dundee. These have been strategically placed across the city at the heart of local communities and are located in Ardler, Charleston, Douglas, Finmill, Hilltown, Kirktown and Menzieshill.

The centres are run in partnership with local people in the form of Local Management Groups. The relationship between the Local Management Groups (LMGs) and Dundee City Council is governed by a Partnership Agreement that sets out what each party will do.

The partnership arrangement is mutually beneficial to both the community and the council.

The benefit to the community is that the LMGs ensure the centres provide a variety of activities in each centre that reflect the needs of the local community as well as the wider city. This includes a wide range of social, leisure and recreational activities as well as delivering a programme of youth work, adult learning and community development opportunities. The centres also provide accommodation for local groups and organisations to use and are often the only such community asset available within that locality.

The benefit to the council is that it provides a location within the community for it to base staff and co-ordinate CLD activity for that locality. It has also helped create groups of committed local volunteers who run activities out of the centres such as art and fitness classes, parent and toddlers groups, as well as annual summer festivals; that support the council's own community based activities.

The council, and its partners, have embraced the requirements of the Community Empowerment Act and built upon existing arrangements to encourage further community based activity

163. The Community Empowerment (Scotland) Act 2015 gives people more influence over how their council and its partners plan services. The Act also aims to tackle poverty and decrease inequalities across communities through targeting resources to those most in need.

164. Prior to the introduction of the Act, the Partnership had already identified the value of community engagement and put in place structures and processes to encourage and support community based activity. Much of this activity was led by the council's Community and Learning Development team who now also have responsibility for supporting the eight LCPPs and monitoring and reporting progress against each of the Local Community Plans (paragraphs [167](#) and [168](#)).

165. The Act also makes it easier for communities to take ownership of, or responsibility for, land and buildings through community asset transfers. The council has a well established history of supporting community groups to manage and own facilities. The council's original Community Transfer scheme is open to a wider breadth of community groups than required by the Act and has resulted in five transfers of ownership and four long-term lease arrangements since 2015.

166. The Boomerang Community Centre, a former adult resource centre, was the first council asset to be transferred into community ownership. It is now a thriving community base for local groups, a community café and local food larder. Following the COVID-19 outbreak the centre has provided food, household supplies, goodie bags, school lunches and IT equipment for families and elderly living in the local area. There are also a number of other organisations who are currently being supported to go through the council's Community Asset process.

The Place Standard tool has been used well and consistently to develop local community plans for all eight local community planning partnerships across Dundee

167. The Community Empowerment (Scotland) Act 2015 required Community Planning Partnerships to identify areas with the poorest outcomes and to publish 'locality plans' to improve outcomes for those communities. To ensure that there is a clear focus on improving local outcomes across the city, the Dundee Partnership has supported the development of locality plans (i.e. Local Community Plans) for all eight LCPPs.

168. The priorities within each Local Community Plan were identified using the same consultation process, Engage Dundee, which informed the City Plan (paragraph [19-21](#)), and the Place Standard tool was consistently adopted across all eight LCPPs. This approach, together with community workshops, provided an in-depth understanding of each local area in terms of aspirations and challenges. It also allowed comparison to other areas in terms of similarities and differences in the experiences and concerns of the people living in those communities. This overview is beneficial for planning and allocating resources effectively and was used in the development of each Local Community Plan. The baseline information collected will also be used to track the changes of experience and attitudes within those communities over time.

During 2018/19 the council created a participatory budget and empowered citizens to make decisions about the spending of £1.2 million on local infrastructure projects

169. The Community Empowerment (Scotland) Act 2015 encourages greater use of participatory budgeting to empower residents to be involved in making decisions on local priorities and the allocation of public resources to meet identified needs.

The Community Empowerment (Scotland) Act 2015

The Act is based on the principles of subsidiarity (that social and political decisions are taken at as local a level as possible), community empowerment and improving outcomes. Underpinning all these provisions is the intent to focus attention on reducing disadvantage and inequality.

Source: [Community Empowerment \(Scotland\) Act 2015](#)

170. In Spring 2017 the Council approved £1.2 million, equating to £0.150 million for each of the eight LCPPs, to be allocated from the council's 2018/19 capital budget for local infrastructure projects.

171. The 'Engage Dundee' consultation process, run to create new Local Community Plans, informed the development of the list of potential projects for each ward. The participatory budget project geared up in the autumn with steering groups in each area, enabling awareness raising, process and publicity design. Activity included elected member briefings, and a community conference.

172. In Spring 2018 online voting in the 'Dundee Decides' participatory budgeting was launched with participants able to vote at home or through outreach options including digital tablets taken to schools or to local events to collect votes, complemented by programmed voting events in each ward. 'Dundee Decides' was also promoted to the community through a website, an animated film, a 'Participatory Budget comic', by press and radio advertising, alongside face-to-face outreach activity and word of mouth.

173. The process was a success and was highly praised for its ambition and leadership resulting in it winning a COSLA gold award in 2018. Amongst the measures of success were that:

- 11,472 votes were received, equating to over 10 per cent of the City's eligible 11+ voting population
- the majority of respondents had never participated in a community planning process before
- 80 per cent of over 4,000 residents who completed feedback forms thought it was a good way to allocate funding
- over 80 per cent felt they understood more about the options available, including their cost, and would take part again
- there 30 projects funded were spread across the city

174. Despite the success of the participatory budgeting process, an independent review identified further learning points for future consideration, including more targeted funding to regeneration areas and increasing the number of youth project options to reflect the high number of youth respondents.

175. The lessons learnt from Dundee Decides are being used to inform the mainstreaming of participatory budgeting and the Capital Plan 2020-2025 allocated a further £0.1 million to support community infrastructure projects over the next five years.

Part 5

Is the council demonstrating continuous improvement?



The council has demonstrated a steady pace of improvement since the last Best Value audit. The council recognise the pace of improvement needs to increase in some areas to address the city's significant demographic, economic and social challenges.

In February 2020 the council reported the results of a self assessment against Best Value characteristics to members. The assessment demonstrates a mature organisation that is able to honestly assess its own strengths and weaknesses and identify where improvement is required.

In 2010 the Accounts Commission said: 'the Council still needs to embed a culture of continuous improvement throughout its business and increase the pace of change.' Good progress has been made, and the council now demonstrates a clear focus on continuous improvement across its activities.

The council has ambitious and innovative ideas and there is a large volume of improvement activity taking place but progress in addressing some key elements of Best Value has been slow. The council need to be realistic about what can be achieved in the short-term and prioritise those actions that can be delivered and will have the greatest impact.

The pace and depth of change has been slow in the development of service workforce plans and a comprehensive performance management framework.

The council has made steady progress since the last Best Value audit and demonstrates improved performance in many services. Progress still needs to be made and measured in tackling poverty and inequality, and the related challenges such as substance misuse, and physical and mental health problems.

176. The council was subject to an audit of Best Value and Community Planning in 2010. The Accounts Commission commented that '*Dundee City Council still needs to embed a culture of continuous improvement throughout its business and increase the pace of change.*' The Commission also identified areas that the council should focus on to help it improve. **Exhibit 16** (page 49) compares previous Best Value judgements with our findings from this review.

177. As reported in Part 2, the council's service performance has improved over time. However, the council recognise that the pace of improvement needs to accelerate to address the city's significant demographic, economic and social challenges. The Dundee Partnership are committed to working together and know that a co-ordinated multi-agency approach is required to make a meaningful

difference in tackling poverty and inequality, and the related challenges such as substance misuse, and physical and mental health problems.

The council demonstrates a clear focus on continuous improvement across services. Its approach to self assessment provides evidence on strengths and weaknesses, which is used to identify improvement actions.

178. The council uses the Public Service Improvement Framework (PSIF) to drive continuous improvement in service priorities. A corporate assessment was carried out in 2017 in preparation for the production of the new Council Plan 2017-2022. Improvements identified during the process became actions within the Council Plan. PSIF assessments have also completed on Neighbourhood Services and the Children & Families Service, both of which were reported to the Scrutiny Committee. Improvement Action Plans were produced as a result of these and progress towards implementation of these improvement actions is monitored on the Pentana.

179. The Children & Families Improvement Plan for 2019-2022 has been informed by the outcomes of the PSIF self-evaluation exercise involving managers and employees across the service as well as key partners and stakeholders. The Plan describes progress made since the integration of Education, Children's Social Work and Community Justice and outlines how the service will build on this through a consistent focus on key priorities and related actions. It focuses on holistic approaches which reduce inequalities and narrow the attainment gap.

180. There are plans to undertake an assessment of Dundee Health & Social Care Partnership during 2020. The timing of this assessment will present the partnership with significant opportunity given the recent appointment of a new Chief Officer.

181. In June 2019 the council presented the first of its self-assessments of the council's performance against BV characteristics to the Policy and Resources Committee. This set out a high-level assessment for each area and identified priority actions. The latest and more detailed assessment was presented to members in February 2020 to coincide with the start of the BVAR audit. This identified areas for improvement which are broadly consistent with our assessment of the council. The council plan to develop actions to address these areas as part of its action plan addressing the recommendations in this report.

182. The outcome of the council's self-assessment demonstrates that it is a mature organisation who is able to honestly appraise its strengths and weaknesses and identify where improvement is required. However, a number of the areas highlighted have been long standing weaknesses and progress to address these has been slow (paragraphs [183](#) and [184](#)).

The pace of change has been slow in some key elements of Best Value, including the development of service workforce plans and a performance management framework

183. The council has a corporate workforce strategy in place but has still to develop workforce plans for each service. The council has also been slow to develop a consistent approach to monitoring and reporting performance across the council.

184. Management acknowledge that these areas need to be progressed as a matter of priority to ensure workforce planning, and performance monitoring and reporting arrangements are embedded within all services, to support the delivery of the council's priorities.

Public Sector Improvement Framework

This is a self-assessment approach to support improvement in organisations, with a comprehensive review of their own activities and results. It promotes a robust approach to continuous improvement and is mapped to a number of established organisational improvement tools.

Source: [Dundee Partnership website](#)

The council is aware of the areas where improvement is required but need to be realistic about what can be achieved and prioritise those improvement actions that will have the greatest impact

185. Our review of the improvement activity across the council identified that the council has ambitious and innovative ideas and there is a large volume of improvement activity taking place across the council, and its partners. While this ambitious approach is to be commended it does present a risk that the council may lack the capacity and skills to deliver on all of its aspirations. It is important that the council are realistic about what can be achieved in the short-term, particularly in light of the impact of COVID-19, and prioritise those actions that can be delivered and will have the greatest impact.

The council has well-established processes in place to implement improvements based on service user feedback and complaints

186. The council gathers feedback on services through a range of means including surveys, focus groups, representative groups and consultations. In addition, the council's service user feedback process has been running for ten years and allows the public to provide direct feedback on services via the council website.

187. The feedback gathered via these means, and the council's actions in response, is reported to the Policy and Resources committee and published on the '[We listened, we acted](#)' pages of the council's website. Improvements introduced via this process include:

- New queue management system introduced at Dundee House and East and West District offices.
- Women-only swimming and gym sessions now available at Lochee.
- Modifications to Home Care systems to alert organisers if carer has not visited service user at expected time.
- Introduction of district nurse visits to care homes,
- Introduction of key workers for pupils in nursery schools.

188. The council also handles complaints through the recognised model Complaints Handling Procedure for Local Authorities. In line with good practice, the council has a stated aim to identify any lessons learned from complaints. Its Scrutiny committee receive a periodic report on how the council has responded to complaints. The latest report covering a three-year period summarises a range of mostly small-scale improvements that have been put in place such as improving communications with customers and better works scheduling and monitoring.

Delivery of the Changing for the Future transformation programme is key to the achievement of the Council Plan

189. C2022 is the fifth stage of the council's Changing for the Future transformation programme. The programme is built around the Scottish approach to service design and proposes more partnership and commissioning of services, use of digital technology and making best use of resources and people, for example the 365 schools project is examining how schools can be better utilised as community assets. The achievement of the targeted outcomes within the Council Plan is underpinned by the delivery of the council's C2022 transformation programme.

190. The council have reported savings of around £117 million since 2010 through the previous stages of the programme. These were achieved through tight financial management, service-led improvements and voluntary redundancy / voluntary early retirement schemes in the initial stages of the programme. More recently, the focus has been improving the delivery of services by working with partners from across the city, for example the City Wide Energy Project is reviewing the cities

The Scottish Approach to Service Design

The vision for the Scottish Approach to Service Design is that the people of Scotland are supported and empowered to actively participate in the definition, design and delivery of their public services (from policy making to live service improvement).

Source: [Scottish Government website](#)

energy needs and limitations and exploring the most cost effective options to meet Dundee's energy needs across the next 10-20 years.

The council look to learn from other Scottish local authorities facing similar social and economic challenges but there may be further potential to learn from other cities in the UK, or internationally

191. Officers are committed to working with other Scottish local authorities, and other organisations, wherever possible to learn from their experiences. Recent examples of this include:

- Learning from Glasgow City Council's success in improving attainment by establishing a multi-disciplinary pedagogy team within Dundee to assist in tackling the city's attainment challenges.
- Active participation in the Scottish Drugs Conference 2020 held at the Scottish Events Campus on 26 February 2020.
- The council's involvement in the Scottish Cities Alliance which is progressing an ambitious programme of collaborative innovation across Scotland's seven cities, including the Smart City programme, [Case study 1](#).

192. Given the extent of the challenges facing the city, the council may benefit from wider comparison with other cities in the UK, or internationally, in tackling similar social and economic issues.

The council promote staff engagement across all service directorates and use frontline staff in redesigning services and streamlining existing processes

193. The Council Management Team aims to create a culture where staff at all levels of the organisation can identify and deliver service improvements. Heads of Service take ownership for delivering improvements within their service and are encouraged to disseminate this approach down to their staff to ensure all employees of the council can contribute to service improvements.

194. The council aims to involve its staff in setting priorities at a service level through its self-evaluation process. The council's learning and development activities also encourage staff to contribute to service improvements and its MyLearning hub includes a 'My contribution' option for staff to volunteer improvement ideas. The council also has staff awards (OSAs) including a category for innovation and improvement.

195. The council also uses a range of other approaches to encourage employees to contribute to improvement. These include the council's 'My Contribution' online hub which enables staff to volunteer improvement ideas and innovations, and the council's staff awards (OSAs) include a category for innovation and improvement.

196. C2022 includes a range of workstreams which were developed through workshops held with employees from across the organisation. There are opportunities for staff from all services to be part of project teams tasked with delivering each workstream and developing new flexible and modern ways of working.

The council has not conducted an employee satisfaction survey since 2016, shorter, focussed surveys are now planned to assess the impact of service changes on staff

197. The most recent staff survey was carried out by the council in 2016 and generated an overall response rate of 36 per cent. The results presented a mixed picture of staff satisfaction:

Top three results from 2016 employee satisfaction survey:

- 93 per cent of employees understood their responsibilities to promote a fair and safe workplace
- 92 per cent knew what standards of performance were expected of them
- 86 per cent knew where to find information on council policies and procedures

Bottom three results from 2016 employee satisfaction survey:

- 67 per cent of employees didn't feel valued by the council.
- 65 per cent didn't believe the council management team would act on the results of the survey, and
- 60 per cent didn't feel there were opportunities for them to develop their career in the council.

198. Management prepared action plans to address the issues raised by their service directorate in the staff survey. These were reported to the relevant service committees in September 2017. However, no further updates were provided to committees on progress with implementation of the plans. As a result, it was not possible for members to easily track progress against the plans and obtain assurance that these had been satisfactorily actioned.

199. The People and Workforce Strategy, approved by the Policy and Resources Committee in on 30 September 2019, outlined a new approach to staff engagement. This included a change to how employee satisfaction surveys are conducted, from being carried out every three years to being shorter, themed and quarterly monthly surveys and weekly pulse surveys.

200. Since May 2020, there have been five weekly surveys and two monthly surveys, generating response rates of between three and fourteen per cent. These focussed on employee wellbeing and support, in light of Covid-19. The results of the surveys were collated and communicated to the Council Management Team and infographics of the results were shared with staff via the OneDundee portal. Management are considering how the approach will evolve, in a post-Covid world, including how the results of the surveys will be reported to members through the committee structure.

Trade Union representatives believe earlier engagement on proposed service changes would be constructive. They commented positively on how the council has responded to staff concerns following the COVID-19 outbreak.

201. Trade Union representatives stated that there is a good level of engagement and communication between management and unions. However, they said that consultation on proposed changes affecting their members would be more useful if it were earlier in the development of proposals, giving them the opportunity for them to raise concerns or propose alternative solutions.

202. Representatives were generally satisfied with how management deal with individual staff concerns and complaints and are confident that all instances of whistleblowing and disciplinary issues are treated seriously and dealt with in a fair manner.

203. All representatives were positive about how the council has responded to the COVID-19 outbreak. Regular meetings have been held between management and representatives of all unions to discuss concerns raised by members, including health and safety issues facing frontline staff. This process has worked well and proved effective in quickly resolving issues as they arise. Representatives commented that officers demonstrated a genuine commitment to understanding the issues facing staff and what needed to be done to fix them.

Exhibit 16

A comparison of selected Best Value judgements from 2010 and 2020 shows that the council has made steady progress, but further improvement is required in some areas

Controller of Audit judgement 2010	Controller of Audit judgement 2020	View
The council and its partners have a clear and ambitious vision which is rooted in the needs of the local community. They are making progress against these clear objectives.	The 2018/19 Annual Report on the City Plan for Dundee 2017-2026 showed progress against most measures and highlighted areas where performance was not on target.	Part 1/ Part 2
There are effective working relationships between community planning partners within the council area, which is having a positive impact on the quality of services.	The Dundee Partnership promotes good working relationships between a wide range of partners. The partnership has been successful in regenerating and reinvigorating the city centre.	Part 4
There is evidence of general improvement in overall service performance, including tackling poor educational attainment, improving council tax collection, reducing crime and promoting broader economic development. There has also been an increase in citizen satisfaction levels.	The council's performance has improved since 2010/11 at a greater rate than its family group. There is evidence that the council's early year intervention activity is having some impact. Dundonians are more satisfied with their council services than the Scottish average.	Part 2
There needs to be a more effective embedding of continuous improvement across the council and continued development of performance management arrangements.	The council now demonstrates a clear focus on continuous improvement across its activities. It uses self assessment effectively. However, timely reporting of performance information on all council services to councillors is still being developed.	Part 2/ Part 5
The council needs to increase the pace of change in implementing improvements, creating sufficient organisational capacity and working closely with partners.	There is a large volume of improvement activity taking place. This needs to be prioritised, officers need to be realistic about what can be achieved.	Part 5
The council's incremental approach to making efficiency savings will not be sufficient. Councillors and officers need to take difficult decisions to ensure services and outcomes are delivered.	Financial plans remain challenging. Delivery of the council's Changing for the Future transformational change programme (C2022) will be critical to filling funding gaps.	Part 3
The council needs to develop more robust use of options appraisal and benchmarking. It also needs to look outwards for alternative approaches.	The council uses the LGBF data to identify improvement areas and learn from other Scottish local authorities facing similar challenges.	Part 2/ Part 5
Elected members, need to increase their leadership of community planning at a strategic level.	Local Community Planning Partnerships work well and deliver improvements directly to communities.	Part 4
The arrangement for all councillors to sit on every committee makes the independence of view essential to the scrutiny process difficult.	The committee structure is supported by all political groups and based on our observation of meetings it works well for a council of this size.	Part 1

Recommendations



Consideration should be given to extending the support provided, to non-elected committee members. Paragraphs [41](#) and [43](#)

Regular performance reports need to be presented to members which include performance data for the current year, covering all services. Paragraphs [47](#) and [48](#)

Workforce plans need to be developed for all services to demonstrate that staff have the capacity and skills to deliver the council's priorities. Paragraphs [109](#) and [110](#)

A strategic asset management plan, is to be developed, aligned to the financial and strategic service delivery plans. Paragraphs [112-115](#)

A standardised business case template should be developed and completed for all capital projects including detailed options appraisal, whole life costing, and consideration of funding implications. Paragraphs [122](#) and [123](#)

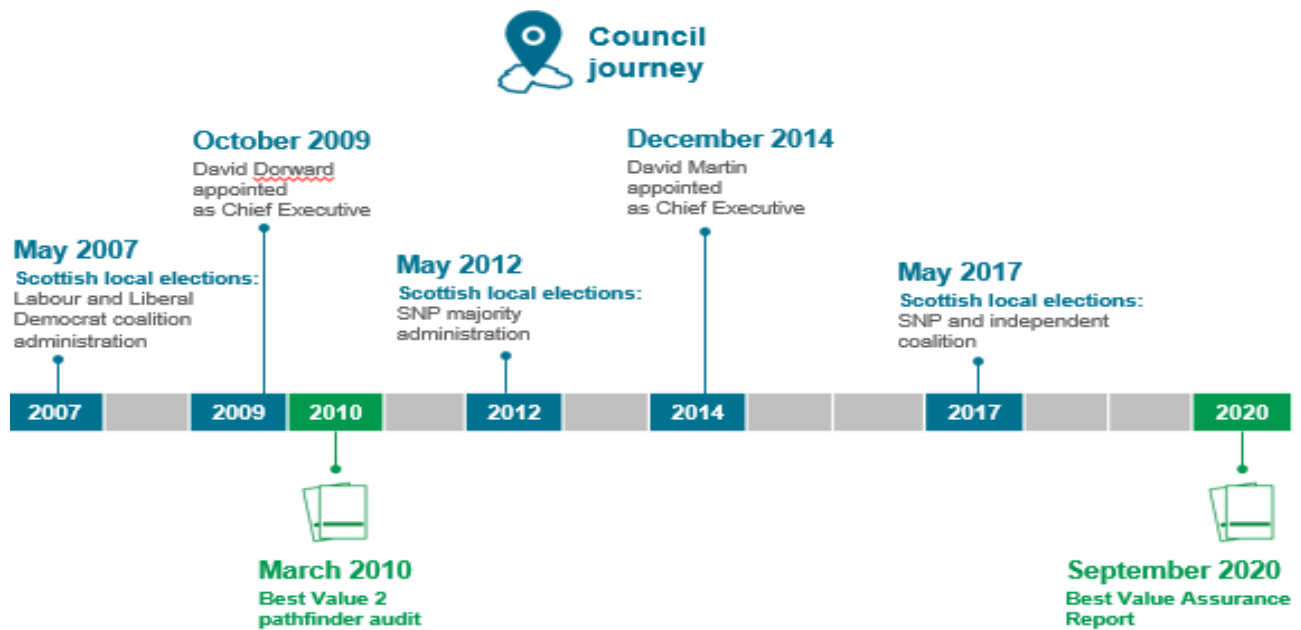
The Dundee Partnership needs to set out how it will measure the impact of its action plan to reduce inequality and poverty. Paragraphs [138](#) and [139](#)

Communication to citizens on the rationale for policy decisions should be reviewed. Paragraphs [160-162](#)

Prioritisation of improvement plans should be considered to focus on actions that will deliver the greatest impact for service users. Paragraph [185](#)

Appendix 1

Best Value audit timeline



October 2005 – The Audit of Best Value and Community Planning

The Accounts Commission found that the council had shown a commitment to regenerating the city. It recognised strengths in partnership working, and that good progress had been made with Community Planning. However, the Commission had concerns that there were issues which the council had to address, including: scrutiny arrangements, transparency of decision making, corporate processes to support performance management, and the need to systematically link the council's policies and priorities to the resources available.

March 2010 – Best Value 2 pathfinder audit

The Accounts Commission found that the council and its partners had a clear and ambitious vision which was rooted in the needs of the local community, and they were making progress against these objectives. It noted that effective working relationships between community planning partners were having a positive impact on the quality of services. The Commission welcomed evidence of general improvement in service performance since 2005 but also highlighted concerns about some important service areas, particularly housing and child protection services.

September 2020 – Best Value Assurance Report

The Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first assurance report on Dundee City Council. The report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a focus on the Commission's Strategic Audit Priorities.

Dundee City Council

Best Value Assurance Report

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

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MEETING: 10 SEPTEMBER 2020

REPORT BY: SECRETARY TO THE COMMISSION

COMMITTEE UPDATE

Purpose

1. This paper proposes a review of the Commission’s committees: the Financial Audit and Assurance Committee (FAAC) and Performance Audit Committee (PAC).

Background

2. The Interim Chair and Deputy Chair have considered how the Commission can take forward the work of its committees. They also wish to reflect the interest of many members in their discussions as part of the Commission support review. They are proposing a review of the Commission’s committees. At the same time, in conjunction with the Chair of the Financial Audit and Assurance Committee, they are proposing a change in the chairs of the two committees.

Proposed review

Previous reviews

3. The last time the Commission reviewed its committees was its Mid-Year Strategy Seminar in September 2017. Members considered a [paper](#) setting out the outcome of a review of the committees done in consultation with the Acting Chair (Ronnie Hinds) and two committee chairs (Graham Sharp and Christine May). It was positioned as a ‘mini review’ to reflect that it was for the new Commission Chair (Graham Sharp from October 2017) to lead any more substantial review of committees (if desired). The main points agreed, and progressed made subsequently, were:

Point	Progress
To introduce an element of risk monitoring to the committees’ responsibilities.	Both committees consider audit and business risk as part of their responsibilities: the FAAC in its consideration of current issues reports and intelligence reports; and the PA Committee as it considers policy cluster briefings. The Interim Chair and Deputy Chair are keen that more formal reporting of risk to the committees now be progressed.
Both committees to share an enhanced responsibility for considering outputs from quality assurance process.	This has been introduced, with both committees considering outputs from the audit quality framework with a particular focus on their respective remits.
That committee membership be rotated regularly.	The Chair subsequently decided not to rotate membership.

Point	Progress
That impact of audit work be set out more explicitly in the remits of both committees.	This has been progressed recently with both committees now receiving a work programme update report which includes information on promotion and impact of previously published work.
That monitoring of the strategic scrutiny agenda be part of the remit of the Performance Audit Committee.	The Chair subsequently decided that this remit be retained by the Commission as a whole.
That the order of business on meeting agendas be used more creatively to facilitate meeting attendance by non-members.	This is done in practice.
That all meetings of committees (and of the Commission) conclude with a brief private review session.	This is done in practice, but perhaps not consistently.
That the room layout for committee meetings be as that for the mid-year strategy seminar (i.e. 'committee' layout).	This is done in practice.

Current remits

4. The 2017 review confirmed the overall remits of the committees and summarised their core roles. Essentially, both committees fulfil a complementary and 'outward' facing role on behalf of the Commission in overseeing audit activity and considering implications for our work programme, thus:
 - PA Committee: Appraising the external policy environment particularly at national level and thus national performance audit activity.
 - FAA Committee: Appraising the issues affecting individual authorities and thus annual and Best Value audit activity.
5. The remits of the committees are summarised below:

Overall: The committees, on behalf of the Commission, taking account of the Commission's strategic priorities, review the implications for its work programme of issues arising from its audit work (including the quality of this audit work) and in its operating environment, making recommendations to the Commission accordingly.	
FAA Committee Review matters arising from the annual audit and any implications for the Commission's work programme. Review matters arising from the quality assurance process in relation to the annual audit process and Best Value audit.	PA Committee Review matters arising from performance audits and associated work, and any implications for the Commission's work programme. Review matters arising from the quality appraisal process in relation to performance audits and associated work.

<p>Review the impact of the annual audit process and Best Value audit.</p> <p>Review the Code of Audit Practice.</p> <p>Oversee the process of the procurement of audit appointments and associated matters (such as fee strategy).</p>	<p>Review the impact of performance audits and associated work.</p> <p>Review matters in relation to local government strategic scrutiny.</p> <p>Review matters in relation to the Statutory Performance Information Direction.</p>
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6. In practice, some of these remits have been overtaken by events. For example:

- For the FAA Committee, matters related to new audit appointments and the Code of Audit Practice have remained as a remit of the whole Commission (although the FAA Chair did serve originally as a member of the Steering Group in this regard).
- The role of the FAA Committee in Best Value audit matters has been limited, restricted mainly to considering Best Value related matters arising in quarterly current issues reports.
- For the PA Committee, matters related to local government strategic scrutiny and the SPI Direction have remained as a remit of the whole Commission.

Proposed review areas

7. The Interim Chair and Deputy Chair propose a review of our committees with an overall aim of assuring ourselves about the fitness for purpose of the committees in helping the Commission fulfil its role as efficiently as possible. They suggest several areas to be considered as part of the review:

- **Membership**

Should membership be rotated, and if so, how frequently?

- **Number and remits**

The review should consider the overall remits of the committees as set out in paragraphs 4 and 5, and whether this remains fit for purpose.

In doing so, the review could also consider the number of committees.

- **Delegated powers**

Currently the committees do not have formal delegated powers. In practice, however, the committees *de facto* operate autonomously from the Commission. Although the committees' conclusions are subject to subsequent approval by the Commission, this is done mainly through approval of the committee meeting minutes, and it is very rare for the Commission to overturn any conclusion of a committee.

It is unclear as to what substantial difference such delegation would mean. If, however, the committees gained powers such as those set out above, this could mean a more efficient way of dealing with some business. This would however need to be weighed up against the desire of the Commission to have oversight of some significant strategic functions.

- **Meeting arrangements**

Currently the committees meet quarterly with some optional dates which are used if business requires – is this frequency effective?

Currently the committees meet in private. This is for two main reasons: firstly,

because much of the business considered is confidential (e.g. shaping performance audits or considering sensitive audit matters in individual councils); and secondly, to allow frank discussion with Audit Scotland officers or auditors. The Commission may wish to affirm that this approach is appropriate.

8. If the Commission is minded to undertake this review, it is proposed that a small working group of members be established, reporting at appropriate points to the wider Commission. (There may, for example, be some conclusions that can be implemented readily without the need to conclude the whole review).
9. It is proposed that the working group comprise the two committee chairs, the former Chair of the FAA Committee, and one other member. Nominations for this role are welcome from members.
10. The working group would also seek views of Commission members and Audit Scotland as appropriate.

Chair of committees

11. The Interim Chair and Deputy Chair, in conjunction with the Chair of FAA Committee, propose that the chairing of the two committees should change. The Interim Deputy Chair is to become chair of FAA Committee and it is proposed that Christine Lester become chair of PA Committee.

Meeting schedule

12. The Commission is now amidst its Insight programme, working towards a revised strategy for publishing next Spring. This has meant some adjustment to its schedules, including a meeting of the committees on 27 August. It also means, therefore, that it is proposed that the scheduled September meetings of the committees be cancelled (the slot being used instead for the Insight programme). The next meeting of the committees will then take place on 26 November.

Next steps

13. Given the likely workload of members in coming months, it is proposed that the review conclude by the time that the Commission agrees and publishes its updated Strategy next Spring.
14. The Commission has set up a number of member working groups to take forward various aspects of the Commission's business. The Interim Chair intends to review the make-up and scope of these working groups, and there would be a crossover with this committee review. Updates on both of these streams of work will be reported regularly to the Commission.

Conclusion

15. Members are asked to agree:
 - a) This proposal for a review of the Commission's committees.
 - b) The proposed change to the chairing of the committees.
 - c) The proposed change to the committee meeting schedule for the rest of 2020.
 - d) A nomination for membership of the review working group.

Paul Reilly
Secretary to the Commission
24 July 2020

MEETING: 10 SEPTEMBER 2020**REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE****WORK PROGRAMME UPDATE: PROPOSALS FOR 2020/2021 AUDITS AND KEY COVID-19 RISKS FOR COUNCILS AND THEIR PARTNERS**

Purpose

1. This paper provides the Accounts Commission with an update on the joint Auditor General for Scotland (AGS) and Accounts Commission 5-year rolling work programme. It also contains short-term (2020/2021) work programme for approval by the Commission and summarises the Commission's initial consideration of key Covid-19 risks for councils and their partners at its strategy seminar on 13 August.

Background

2. The Commission agreed at its meeting on 7 May to receive regular updates on delivery of the rolling 5-year work programme, and any other audit related issues arising as a result of the Covid-19 Coronavirus pandemic.
3. This paper provides an update on Accounts Commission and joint audits, including the annual financial audit of local government bodies. The Director of Audit Services and I will provide a verbal update on any other matters arising not covered within this paper and will be happy to take questions from members in advance of and during the meeting.
4. At its Strategy Seminar on 12 August the Commission considered initial proposals for the short-term (2020/2021) work programme. This report contains updated proposals for formal approval which reflect feedback received from the Commission on the initial proposals at the Strategy Seminar. These proposals also reflect the outcome of discussions that took place between the interim Chair of the Commission, Deputy Chair and the Auditor General for Scotland on the 11 August.
5. At its strategy seminar the Commission also gave initial consideration the major impact that the Covid-19 global pandemic has had and will continue to on all our lives and what this might mean for its future strategy and work programme. The outcomes of those discussions are summarised later in this report.
6. This paper should also be viewed in the context of the Commission's Insight Programme which will run throughout 2020, and is designed to deliver a revised strategy and longer term work programme by the Spring of 2021. In addition, discussions are underway to consider the timing and content of the Annual Planning Guidance for the audit year 2020/21. The Accounts Commission will have the opportunity to contribute to the draft planning guidance in due course.

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

7. Since the last update, Glasgow City Council's unaudited accounts were received by their auditor on 14 August. All local authority unaudited accounts have now been produced, with the exception of Clackmannanshire Council and Scottish Borders IJB.

8. Clackmannanshire's unaudited accounts are expected on 31 August. The main cause of the delay is the five-yearly revaluation of land and buildings. The valuer's staff were furloughed during lockdown and so officers have only recently been able to discuss queries with them. There are also capacity issues in the finance team. In the case of Scottish Borders IJB, the delay is due to the late production of NHS Borders unaudited accounts (received on 21 August).
9. Expected completion dates for the audit of the accounts continue to vary from August for some of the smaller boards to November, with the majority expected to be completed in November. Aberdeen City Council's accounts were signed by KPMG on 11 August.
10. Auditors are also reporting that expected completion dates may be amended as the audits progress. Currently, the accounts for Renfrewshire, Glasgow and Clackmannanshire councils are not expected to be finally approved and signed until after 30 November.
11. The Financial Audit and Assurance Committee received an update on the main issues arising so far from the audit of local authority financial statements at their meeting on 27 August. A verbal update on the latest position will be provided at the Commission meeting on 10 September.

Approach to Local government overview reporting

12. The Covid-19 pandemic has created a unique and challenging set of circumstances for local government in Scotland. At its meeting on the 13 August the Commission agreed that its approach to local government overview reporting in 2021 will consider the response to the pandemic by local government, including what the main risks and issues were, and what lessons have been learned. This work will feature prominently in the Commission's *Local Government challenges and performance* overview report, and is likely to include:
 - how local government used contingency and emergency planning measures to manage the crisis
 - the resilience of council IT infrastructure
 - councils' communication with the public and stakeholders
 - the effectiveness of partnership working in the delivery of services
 - changes to governance arrangements, including risk management and internal control systems, and the impact on accountability and decision making
 - the financial impact of Covid-19 for local government finances, including costs, loss of revenue and impact on savings generated
 - changes to the ways in which council services are provided
 - impact and implications of the crisis on councils' workforce.
13. In response to points raised at the Commission's strategy seminar the following issues will be considered as part of the scope of the 2021 local government overview:
 - the local economic impact of Covid-19
 - the impact of Covid-19 on ALEOs and what this means for councils (e.g. governance, risk exposure, etc.).
14. At its meeting on the 13 August the Commission noted that the next financial overview is likely to focus heavily on the financial impact of Covid-19 on councils, but the content and coverage will be dependent on the levels of information available through the

accounts and what information local auditors can reasonably obtain from councils during this challenging time. The timing of the report's publication will be later than has been the customary norm (November) due to the extension to the local government accounts period and thus the knock-on impact for auditors for reviewing Annual Audit Reports and accounts.

15. Publication of both the *Financial* and *Challenges and performance* overview reports is planned for Spring 2021.

Impact on the current Performance Audit reporting programme 2020/2021 and proposed next steps

16. The impact of the pandemic continues to mean significant changes to current audit work but also the longer-term work programme. In some instances, this has meant pausing audits or delaying their start, and for others changes to the audit scope, timing or reporting arrangements (i.e. limited promotion, alternative means of presenting audit findings).
17. The longer-term impact is being considered through a full refresh of the work programme, with proposals to be developed and discussed with the AGS and Commission later in 2020.
18. Table 1 sets out proposed ways forward for 'paused' audits and performance audit reports which were due to be published in 2020/21 but which have not yet started.

Table 1: Impact on Accounts Commission overview reports and performance audits 2020/2021 (including joint AGS audits)

Audit	Planned publication	Update
<p><i>Improving outcomes for young people through school education</i></p>	<p>Original: 9 June 2020</p> <p>Planned: Restart work in late 2020 with the aim of Spring 2021 report publication.</p>	<p>At the point of lockdown, the draft audit report was due to go into clearance in early April and publish on 9 June. Due to the circumstances the AGS and Commission agreed to pause the audit and postpone publication.</p> <p>Following discussion with the AGS and Accounts Commission sponsors in June 2020, we plan to carry out audit work in late 2020 and early 2021 to look at the Scottish Government and councils' response to Covid-19 and the plans for education recovery. We plan to publish a report in spring 2021 that will draw on the findings in our uncleared report (as at March 2020) and the new audit work.</p> <p>The scope of our new audit work is still to be determined and we will talk to key stakeholders to help inform that decision. But it is likely that it will consider educational outcomes, how the system has responded to Covid-19 and the longer-term implications for young people's outcomes and the poverty-related attainment gap. It is also likely to look at how effectively the Scottish Government and councils have worked together and with their partners to address pupils' immediate needs and take action to recover from the damage to pupils' learning and wellbeing from Covid-19.</p> <p>We want to help inform school education post Covid-19, so the report will set out our view of the key opportunities and challenges facing education in Scotland and our longer-term plans for audit work in this area.</p> <p>Proposal: restart audit in late 2020 to publish Spring 2021</p>

Digital progress in local government	Original: 8 October 2020 Planned: Autumn / Winter 2020	The audit's emerging messages were considered by the Commission on 18 June. Timescales remain broadly as originally planned, but due to the pause in fieldwork and additional work around the response to Covid-19 publication of the final report is likely to be later in the Autumn/Winter of late 2020 or early 2021. Proposal: proceed as planned for publication late 2020/early 2021
Waste management	Original: Spring 2021 Planned: Remove performance audit from work programme.	Initial scoping suggests that there are important audit issues to explore in this area and that audit work could add value. However, when considered alongside the wide range of other significant challenges and issues facing public services, we are no longer proposing a full performance audit. Instead we are exploring options for an alternative output such as a briefing and/or data summary output. Work undertaken to produce the proposed Climate Change briefing will also inform potential future work looking at waste management in Scotland. Proposal: remove from work programme and consider longer term work through work programme refresh
Outcomes for children with additional support needs	Original: Summer 2021 Planned: Retain in longer-term work programme.	Significant concerns were identified in the independent review of the implementation of the additional support for learning legislation published in June 2020 . These are likely to have been exacerbated by the negative impact of Covid-19 and lockdown on children with additional support needs. We are therefore proposing to retain this audit in the longer-term work programme as part of the Commission's strategic focus on equalities. It was always planned that this audit would follow the education outcomes audit and build on the findings of that work. Our current thinking is that to add most value through this work we should carry out our ASN audit work no sooner than 9 months after publication of the education outcomes audit report. Proposal: retain but as part of longer-term work programme
Social care sustainability	Original: Summer 2021 Planned: retain in 2020/21 work programme	The disproportionate impact of the Covid-19 pandemic on the social care sector means that this audit has become even more relevant than when it was approved by the Commission and AGS for inclusion in the work programme in March 2020. There are some concerns that money provided by the Government to fund public services during the crisis will not make it to care homes quickly enough, and this may have implications for the financial sustainability of some providers. The current model of care is looking even less sustainable for the future. Care home occupancy rates are expected to fall, both through an increased number of mortalities and through families bringing their relatives to live at home with them. Some

		<p>homes are anticipating occupancy rates to fall to around 60%. Most homes normally operate at >=90% occupancy.</p> <p>Social care is a long-standing area of strategic interest to the Commission and the AGS has also signalled his intention to undertake audit work in this area.</p> <p>We are therefore proposing to retain this audit in the short-term work programme with scoping work continuing during 2020 and publication of the audit report during 2021. Should a public inquiry into the social care sector's handling of the pandemic be called we will carefully consider the scope and timing of the audit to minimise duplication.</p> <p>In response to points raised at the Commission's strategy seminar the following issues will be considered as part of the scope of this audit:</p> <ul style="list-style-type: none"> ○ the quality strategic commissioning by IJBs ○ the need to consider domiciliary care alongside residential and nursing care (in the context of the longstanding SG policy of shifting resources and services towards community-based provision) ○ the need to consider the following client groups beyond older people (people with learning disabilities, people with physical disabilities) <p>Proposal: proceed with audit for publication during 2021</p>
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Update on Best Value Assurance reporting

19. At its June meeting the Commission noted the revised schedule for Best Value Assurance Reporting in 2020:
- **Moray Council** – August
 - **Dundee City Council** – September
 - **Aberdeenshire Council** – October
 - **City of Edinburgh** – November.
20. As previously reported, the Falkirk Council BVAR and associated audit work has been deferred due to the on-set of the pandemic prior to the work commencing. For planning purposes this audit and the assurance reporting for the council are included in the final tranche of BVARs originally due for completion in 2021.
21. The extension to the audit appointments to September 2022 provides additional time and flexibility to complete the current Best Value assurance programme. We are currently discussing options with appointed auditors for audit timescales including reporting to the Commission. It is our intention to stagger the remaining reports across the two remaining years of the audit appointment cycle. This means 3 or 4 BVARs in 2021 with the remainder following in 2022 prior to the end of the audit appointments in September 2022.
22. The remaining councils for which BVARs are to be produced are:
- **Falkirk Council** (originally 2020)
 - **Aberdeen City Council**
 - **Angus Council**

- **Comhairle nan Eilean Siar**
- **East Dunbartonshire Council**
- **Shetland Council**
- **South Ayrshire Council.**

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

23. Several pieces of programme development activity which may have led to published outputs were put on hold because of the impact of the Covid-19 pandemic. Table 2 sets out proposed ways forward with those pieces of work.

Table 2: Proposed approach to outstanding briefings and pieces of programme development work.

Output	Proposal
<p>Climate change pre-audit briefing</p>	<p>A briefing paper in 2020 will provide an enhanced understanding of the issues around tackling climate change and performance to date. Work undertaken in preparing a briefing will inform future performance audit work including work to examine the Climate Change Plan. Climate change is also likely to feature in other audits, for example those looking at measures to tackle economic downturn and infrastructure investment (eg strategic capital investment (including connectivity), City Deals).</p> <p>Proposal: proceed with briefing in 2020</p>
<p>Teacher workforce planning briefing</p>	<p>Work had not started on this briefing paper at the start of lockdown as it was always planned to take place after the publication of the school education performance audit report.</p> <p>We are proposing to remove this from the work programme. Carrying out separate and additional audit work on teacher workforce planning is no longer a priority in the short term given the scale of the impact of Covid-19 on school education. We are likely to keep the impact of Covid-19 and the return to schools on the teacher workforce under review as part of our monitoring; and we are likely to comment on some issues in the Education outcomes report, e.g. the additional / different workforce required for the recovery phase.</p> <p>We will consider carrying out work in this area in the longer term as part of future work programme refreshes given ongoing concerns about workforce planning, e.g. long-term vacancies in some subjects and some parts of the country, while at the same time some teachers are unable to secure posts.</p> <p>Proposal: remove from work programme and consider longer term work through work programme refresh</p>

24. There are further outputs in addition to these under consideration for 2020 to 2021. The scope and timing of these is being developed – where there is a local government interest or focus to the work we will engage with the Commission as appropriate. Potential outputs include briefings on waste management, Skills planning and enterprise, a Strategic Scrutiny Group output on Covid-19 risks, issues and implications for scrutiny; and a roundtables in areas such as equalities and digital (impact of Covid-19 and responses).

25. The indicative publication schedule of Accounts Commission and relevant Audit Scotland outputs through to Summer 2021 is shown at Appendix 1. Should the timing of existing planned work change, or additional outputs/reports be added we will discuss these with the Chair and Secretary and communicate to the wider Commission through future work programme update reports.

Covid-19 risks and challenges

26. At its strategy seminar on 12 August the Commission gave initial consideration the major impact that the Covid-19 global pandemic has had and will continue to on all our lives and what this might mean for its future strategy and work programme.

27. That discussion was informed by a strategic overview of some of the key Covid-19 risks and issues facing councils and their partners in Scotland (Appendix 2). The Commission agreed that these risk headings were useful in providing a framework for thinking about how its future strategy and work programme might be impacted by the Covid-19 global pandemic.

28. The Commission noted that the pandemic highlights the importance of many long-standing issues that it has previously reported on, such as good governance, openness and transparency, financial controls and management, and effective long-term planning to deliver better outcomes for individuals and communities. In some areas of Commission interest such as financial sustainability and service provision, Covid-19 has exacerbated pre-existing risks and challenges.

29. More positively the Commission noted that the response to Covid-19 has shone a spotlight on some of the strengths of Scottish public services, such as its ability to adapt and change quickly and how partners can pull together effectively when presented with an urgent shared challenge.

30. During discussion the Commission identified some Covid-19 risk areas which are of greatest interest to it (Governance and Accountability, Financial Sustainability and the impact of Covid-19 on future delivery of public services).

31. Other significant issues which arose in discussion were:

- **Governance and Accountability** – the importance of the Commission ensuring that future audit work consider the impact that rapid decision-making has had on openness and transparency and scrutiny. For example, has there been increased use of emergency powers? If so, has there been adequate reporting back to elected members on those decisions.
- **Funding to community and other groups** – the importance of the Commission ensuring that future audit work considers how well the funding of third parties during the pandemic has been managed (eg quality of oversight and effectiveness of controls of funding to and through community councils).
- **Risk management** – the importance of public bodies updating their risk registers in response to the issues raised by the pandemic and in particular considering the potential increase in fraud risks to councils and IJBs as a consequence of Covid-19.
- **Targeting of the Commission's work** - the need for the Commission to avoid duplicating the effort of others in what is a very crowded and noisy landscape of commentary around Covid-19.
- **Innovation and improvement** – the importance of the Commission's future work programme ensuring that it captures the good practice and innovations

demonstrated during public bodies' responses to Covid-19 (including any good examples of effective collaborative leadership).

- **The public** – the need to ensure that there is a strong focus on the impact of Covid-19 on the public, particularly as we move through response to recovery and renewal.

32. These issues will all be considered by Audit Scotland when preparing work programme refresh proposals for the Commission.
33. Commission members noted that several of the Covid-19 risk areas are cross-cutting and suggested they might feature across a range of different pieces of audit work. Audit Scotland was asked to set out a framework for the Commission showing how the key Covid-19 risks highlighted in Appendix 2 might be reflected in future audit work. Audit Scotland will prepare such a framework for consideration at a future meeting of the Commission.

Conclusion

34. The Commission is asked to:
 - a) Note the updates on delivery of the work programme and the issues raised within this report.
 - b) Approve the short-term work programme proposals and consider how it wishes to communicate them to stakeholders.
 - c) Note that Audit Scotland will be reflecting the Commission's initial consideration of Covid-19 risks in future work programme refresh proposals.
 - d) Note that the Commission will have the opportunity to consider the Annual Planning Guidance in due course.
 - e) Note that Audit Scotland will prepare a framework setting out how the Covid-19 risks highlighted in Appendix 2 might be reflected in future audit work for consideration at a future meeting of the Commission.

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

SCHEDULE OF COMMISSION AND RELEVANT AUDIT SCOTLAND REPORTS FOR PUBLICATION DURING THE NEXT 12 MONTHS

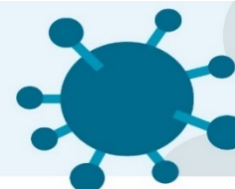
Indicative publication month	Audit / output
August	Briefing: <i>Covid-19 financial impact</i> (Audit Scotland) BVAR: <i>Moray Council</i>
September	BVAR: <i>Dundee City</i> Short-term Work programme Housing Benefit Annual Report *Autumn*
October	BVAR: <i>Aberdeenshire Council</i>
November	BVAR: <i>City of Edinburgh</i>
December	Briefing: <i>Climate change</i> (Joint or Audit Scotland)
January	Performance audit: <i>Digital progress in local government</i>
February	n/a
March	Performance audit: <i>Education outcomes</i> (Joint) Overview: <i>Local government: financial</i>
April to July	<i>Annual Assurance and Risks Report</i> (Controller of Audit) Overview: <i>Local government: challenges and performance</i> BVAR: <i>Council TBC</i> x1 Performance audit: <i>Social care sustainability</i> (Joint)

2-3 Best Value Assurance Reports to follow in Autumn of 2021, with the remaining 2-3 reports in 2022.

There are additional 'other' outputs under consideration for 2020 to 2021. The scope and timing of these is being developed. Potential outputs include briefings on waste management, Skills planning and enterprise, a Strategic Scrutiny Group output on Covid-19 risks, issues and implications for scrutiny; and a roundtables in areas such as equalities and digital (impact of Covid-19 and responses).

KEY COVID-19 PUBLIC SECTOR RISKS THAT WILL INFORM THE ACCOUNTS COMMISSION'S STRATEGY REFRESH

Risks and issues for public services emerging from Covid-19



Economic and fiscal



The response to Covid-19 will affect the Scottish economy and its public finances. There may be permanent scarring of some parts of the economy. Increased unemployment seems likely, especially among young people and lower-skilled and in certain sectors: tourism, hospitality, and retail. This may increase demands on the social security system. Any reduction in tax take, relative to the rest of the UK, will increase long-term pressure on Scotland's public finances.

Adaptation and innovation



The response to Covid-19 has resulted in a rapid shift to remote working for large parts of the public sector, for example the establishment of virtual council contact centres. This shift has happened at an unprecedented pace. The challenge will be to retain learning from the experience and enable future change. The response to Covid-19 has demonstrated how quickly the public sector can operate, for example the construction of a new hospital in Glasgow.

Public services



The response of public services to Covid-19 has been strong but it has heightened financial pressures and there are risks to the sustainability of some sectors: such as social care and universities and threats to public service delivery associated with staff burnout and backlogs in many public services (NHS, courts). There are pressures on the delivery of outcomes in the national performance framework for example, educational outcomes.

Digital



The response to Covid-19 has led to a major public sector pivot to more digitally delivered services including school, college and university education, virtual courts, online GP consultations and e-care. While there are genuinely positive aspects to this pivot, it does result in risks about inequalities of access to digital technology and connectivity with regard to geography and deprivation.

Equalities



Covid-19 has the potential to increase inequalities. There will be a greater economic and employment impact on younger people. There is higher mortality and morbidity among the BAME community. Deprived communities have experienced more acute direct (health) and indirect (education) effects. The Scottish Government has delayed the introduction of the Scottish Child Payment.

Community engagement



There are many examples of strong community support and resilience activity in response to Covid-19. However, the need to make rapid decisions about how to change how public services are delivered may have compromised the amount of community engagement that has been able to take place. As we shift from response to recovery to renewal, it is imperative that public services engage with communities.

Collaborative leadership



The response to Covid-19 has led to some coordinated and rapid responses across the public services, such as multi-agency helplines, and support for rough sleepers. In other cases, public services have been less coordinated: transfer of infected patients from hospitals to care homes. It will be critical to sustain collaboration during the shift from short-term response to medium-term recovery.

Governance & accountability



The response to Covid-19 led to the adjustment to governance systems to enable rapid decision-making. This may have reduced scrutiny, oversight and transparency by non-executives and elected members. The rapid pace of change and changed ways of living and working have increased the risk of error and fraud.

MEETING: 10 SEPTEMBER 2020

REPORT BY: AUDIT DIRECTOR, AUDIT SERVICES

FINANCIAL DEVOLUTION AND CONSTITUTIONAL CHANGE UPDATE

Purpose

1. This paper provides an update on key developments surrounding financial devolution and constitutional change.

Background

2. We provided an update to the Accounts Commission in September 2019 on financial devolution and the UK's withdrawal from the EU. Our planned update in the Spring was delayed as a result of the Covid-19 pandemic.
3. Significant developments since September 2019 include:
 - The worldwide spread of the coronavirus pandemic. This has had a profound effect on every aspect of Scottish society. At the heart of is the health emergency, and the impact of the thousands of people who have died. For the economy, the lockdown has led to an economic downturn of a scale not seen in recent times. The impact on the public finances is unprecedented. This has put pressure on budget management, and has raised questions about the efficacy of the Fiscal Framework in managing crises.
 - The transfer of executive competency for remaining devolved benefits (except Severe Disablement Allowance) went ahead as planned in April 2020. This means Social Security Scotland is now accountable for around £3.5 billion of annual social security spending. On 1 April 2020 the Scottish Government announced an undefined delay to the delivery timetable for new and devolved benefits as a result of the pandemic.
 - The UK left the EU on 31 January 2020 and is currently in a period of transition until the end of December 2020. Negotiations between the UK and EU on their future relationship are ongoing.

Managing the public finances

The 2020/21 budget before the pandemic

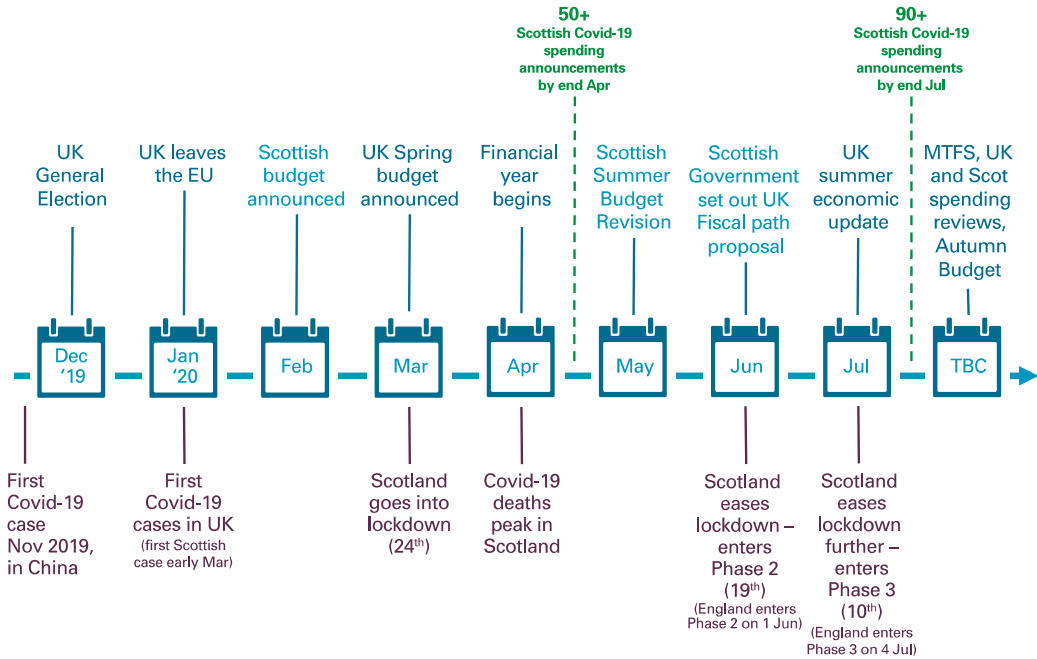
4. The Scottish budget was expected to be published in December 2019 but was delayed because of the UK general election. This led to an unusual budget process for 2020/21, as the Scottish Government published its budget on 6 February 2020, in advance of the UK Government's budget on 11 March.
5. Given the delays to both the Scottish and UK budgets, a bespoke timetable was developed for the Scottish budget's passage through Parliament this year. The revised timetable meant that there was less time for scrutiny between the stages of the budget bill compared to a standard year. The budget bill was approved by the Scottish Parliament on 5 March.

- 6. As in previous years, the minority SNP government had to gain the support of MSPs from other parties to pass its budget. It agreed a deal with the Scottish Green Party, which included a range of commitments, in particular an increase of £95 million of resource to support local government.¹
- 7. The level of UK Government funding to Scotland (which is the basis of the Scottish Government’s funding and spending decisions) was uncertain at the time of publishing the Scottish budget. Local authorities must set their budgets by 11 March, in line with the Local Government Finance Act 1992, but the UK budget was not held until that date. COSLA raised their concerns about this timing earlier this year in a letter to the Chancellor of the Exchequer.²

The impact of the pandemic on the 2020/21 budget

- 8. The speed at which financial changes have had to be made due to Covid-19 is highlighted by the fact that the Scottish budget in February included no reference to the pandemic. The UK budget just over a month later included spending of £12 billion to tackle Covid-19. Significant additional spending was announced by both the UK and Scottish governments later in March once the UK entered lockdown (Exhibit 1).

Exhibit 1 Fiscal events and Covid-19 timeline



Source: Audit Scotland analysis

- 9. Since then, the UK and Scottish governments have made over 150 spending and tax announcements to respond to and manage the changing picture. Audit Scotland’s briefing paper ‘[Covid-19: implications for public finances in Scotland](#)’ published in August provides a snapshot of Scottish Government funding and spending relating to Covid-19. It also sets out the emerging financial and performance risks that the Scottish

¹ For more information on this deal, please see letter from [Cabinet Secretary for Finance to Patrick Harvie MSP, 26 February 2020](#).

² [Press release - COSLA writes to chancellor to warn of significant risks to councils over budget delay](#), COSLA, January 2020.

Government is facing as a result of Covid-19 and its economic consequences, and considers at a high level what this may mean for Audit Scotland's work in the future.

10. The paper sets out the £5.3 billion spending announcements made by the Scottish Government until the end of July. Of this, the Scottish Government's current estimate of spending is £4.8 billion for 2020/21.
11. The £5.3 billion includes a significant amount of spending announced for local authorities - £489 million as at 23 June (Exhibit 2).

Exhibit 2 - Scottish Government Covid-19 spending announcements as set out in LG circular in June

Spending announcements related to local authorities	£ million
UK Government Consequentials	155
Scottish Welfare Fund (Communities Fund)	45
Increased demand for social security benefits and Council Tax Reduction costs (Communities fund)	50
Food fund (Communities fund)	30
Free school meals	27.6
Community justice coordinators	0.4
Death registration service to work weekends and bank holidays	0.6
Local Authority Hardship fund (Communities Fund)	50
School attainment	100
Digital inclusion for children and young people	30
TOTAL	488.6

Source: Scottish Government, [LG circular 12/2020, 23 June](#)

12. Further funding of £60 million was also announced at the end of July for teacher recruitment and to support the full re-opening of schools on 11 August. £30 million of the funding was to support local authorities with cleaning, facilities management, school transport and other practical issues to limit the risks of Covid-19 infection in schools.¹
13. In addition, the Scottish Government has also provided funding to local authorities to compensate for the reduction in Non-Domestic Rates (NDR) funding, by increasing the General Revenue Grant (GRG). The Scottish Fiscal Commission has forecast that the cost of these NDR reliefs will be £875 million.² The Scottish Government guarantees the combined amount of NDR and GRG to councils and therefore it holds the financial risk that the cost of the reliefs is higher than forecast in 2020/21.³ However, COSLA have highlighted that any significant reduction in NDR income over the medium term (for example, as a result of a prolonged recession) will present risks to the Local

¹ [Phase 3 continues with further indicative re-opening dates](#), Scottish Government, 30 July.

² [Supplementary Costings: Non-Domestic Rates Measures](#), SFC, March 2020.

³ For more information on the NDR account, please see [The 2016/17 audit of the Scottish Government's Non-Domestic Rating Account](#), Audit Scotland, December 2017.

Government Settlement as well as it forms a key part of the overall funding to Local Government.¹

14. Local authorities have also distributed business grants announced by the Scottish Government. We were aware of some initial problems with the processing of grants in some councils, particularly Glasgow, and some teams were increased to meet the demand.²³
15. Processing applications and appeals are ongoing, but to date distribution is as follows:
 - 89,000 grants valuing over £998 million (out of nearly £1.2 billion) have been awarded through two Business Grant Schemes.⁴
 - £160 million of grants have been distributed through the funds for the Pivotal Enterprises Resilience Fund, the Creative, Tourism and Hospitality Enterprises and Hardship Fund and the Newly Self-employed Hardship Fund, which are worth in total £184 million.⁵
16. Since the end of July, the Scottish Government has made further announcements relating to the Covid-19 response. This includes a £50 million [funding package](#) to support social care providers, which will be allocated to Integration Joint Boards.
17. The Scottish Government's spending and response to Covid-19 continues to be a moving picture. The Scottish Fiscal Commission will be publishing a further fiscal update in early September that will provide more information on these issues, and the Scottish Government's Autumn Budget Revision will also be published later this month.

Social security powers

18. The Scottish Government's social security devolution programme had been working at pace before the pandemic, and was approaching its second phase of delivery, involving the complex disability benefits. The transfer of executive competency for remaining devolved benefits (except Severe Disablement Allowance) went ahead as planned in April 2020. This means Social Security Scotland is now accountable for around £3.5 billion of annual social security spending. The UK Government has agreed to continue to administer these benefits on the Scottish Government's behalf through agency agreements. The Cabinet Secretary has committed to update parliament by the end of Summer 2020.
19. The Covid-19 pandemic has impacted significantly on the social security devolution programme. On 1 April 2020 the Scottish Government announced an undefined delay to the delivery timetable for new and devolved benefits as a result of the pandemic. Along with the safe delivery of the benefits it currently administers, the Scottish Government has said it will prioritise the implementation of the Scottish Child Payment. It still aims to launch this new benefit by the end of 2020 but has acknowledged this may not be feasible. Child Winter Heating Assistance is also still

¹ [Submission from COSLA, SOLACE and CIPFA Director of Finance Pre-budget scrutiny 2021-22](#), August 2020.

² [Coronavirus in Scotland: SNP-run Glasgow is slowest council for business grants](#), The Herald, 30 April.

³ [Highland Council adds to team responsible for processing business grants in wake of coronavirus crisis](#), The Inverness Courier, 20 April.

⁴ Coronavirus (COVID-19): business support fund grant statistics, Scottish Government, 4 August 2020.

⁵ Letter from Cabinet Secretary for the Economy, Fair Work and Culture to Convener of Committee on Economy, Energy and Fair Work, 6 August 2020.

planned to be delivered in winter 2020. On 17 August 2020 the Scottish Government launched a further new benefit, the Job Start Payment. This benefit aims to support young people, who have been unemployed for at least 6 months, to transition into new employment.

20. It is too early to predict the extent of any divergence in the impact on social security spending between Scotland and rUK and the subsequent impact on Scottish funding. Of the £350 million Scottish Government fund for communities affected by Covid-19, £50 million has been set aside for additional pressure on devolved social security benefits and Council Tax Reduction. In June 2020 the Scottish Government also made a one-off extra payment to recipients of Carers Allowance Supplement, costing £19.2 million.

EU withdrawal

21. The UK left the EU on 31 January 2020. It is now in a transition period until the end of 2020. The main changes are that UK citizenship no longer means EU citizenship; the UK will not be represented by MEPs in the European Parliament; the UK will not be represented at European Council meetings; and the UK Government's Department for Exiting the European Union has ceased to exist. EU rules still apply in the UK during the transition period and the UK will still be contributing to the EU budget. People and goods will continue to move freely between the UK and the EU during the transition period.
22. The opportunity for the UK to seek an extension to the transition period for the UK's withdrawal from the European Union expired on 30 June 2020. Therefore, the UK will finally leave the European Union on 31 December 2020. Negotiations between the UK Government and the European Union are continuing about their future relationship, and in particular trading agreements, from 1 January 2021.
23. To date, there is very little clarity about what that relationship will look like in detail. In practical terms the negotiations will have to be concluded by October to allow them to be ratified by the 27 member states of the European Union. At this stage, it seems likely that any agreement will be very broad in scope and detailed negotiations will continue beyond the UK's departure.
24. The possibility of a departure from the European Union with no agreement remains high. The immediate issues that this raises in terms of continuity of supplies of food, medicines and medical supplies, in addition to all other supply chains with connections to the European Union, remain the same as in 2019.
25. The Scottish Government has restarted its preparations for a departure from the EU without an agreement. The former Brexit readiness team was expanded earlier in 2020 into an organisational readiness team to enable the Scottish Government to respond to the Covid-19 outbreak. However, this team is starting to shift its focus to preparing for the end of the transition period at the end of the year. The professional lead for EU withdrawal is meeting the Scottish Government's lead on EU withdrawal preparedness on a monthly basis.
26. In terms of primary legislation, the Scottish Government introduced the UK Withdrawal from the European Union (Continuity) (Scotland) Bill in June 2020. The bill gives Scottish Ministers the power to align Scottish legislation with European Union law after 1 January 2021. This focuses on devolved areas with a significant European Union component such as agriculture, the environment and fisheries. This presents a challenge to the UK government's desire to have a consistent regulatory "playing field" across the UK. The bill also proposes the establishment a new public body (Environmental Standards Scotland) to oversee the implementation and effectiveness of environmental law.

Crown Estate Scotland

27. The Scottish Crown Estate Act, which received Royal Assent in January 2019, sets the framework for the long-term management of the Crown Estate in Scotland. It provides for the devolution of management of assets from Crown Estate Scotland to local authorities, public bodies, Scottish harbour authorities and community organisations.
28. Crown Estate Scotland held a consultation on its draft strategic plan, which closed in November 2019. This received responses from 34 organisations and individuals.¹ Scottish Ministers are considering the responses which will inform the development of the final Strategic Management Plan for the Scottish Crown Estate.
29. In July, the Crown Estate confirmed that £9.7 million was being made available for coastal communities in Scotland in 2020/21, from revenue generated by the Scottish Crown Estate's marine assets. This related to revenue generated in 2018/19, the second year that the management of the Crown Estate has been devolved.
30. This funding is shared between the 26 local authorities with coastal communities, depending on their share of the sea area.² The distribution method for future years is being kept under review, as is part of ongoing discussions with COSLA.
31. This funding replaced the previous Coastal Communities Fund. Local authorities are to use the money for coastal benefit such as support for local projects or initiatives, but it is for each coastal local authority to decide how they utilise the funding.³

Conclusion

32. The Commission is asked to note the content of this report.

Mark Taylor
Audit Director, Audit Services
27 August 2020

¹ <https://www.gov.scot/publications/consultation-analysis-report-draft-strategic-management-plan-scottish-crown-estate/pages/1/>

² [Scottish Crown Estate: revenue allocations 2020 to 2021](#), Scottish Government, 10 July 2020

³ Coastal Communities Fund, Scottish Government

MEETING: 10 SEPTEMBER 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 sharepoint site. 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 27 August the Commission published the [Moray Best Value Assurance Report](#). The Commission warned that services in are continuing to deteriorate, in particular within education. There has been a significant decline in services since the previous BVAR in 2015. The Accounts Commission have instructed the Controller of Audit to follow up on today's report, with a further assessment of the council's position within 18 months.

Other business

6. On 6 August, the Ethical Standards Commissioner [published](#) a consultation paper seeking views on prospective revisions to the Code of Practice for Ministerial Appointments to Public Bodies in Scotland. The Auditor General will be responding to the consultation given his audit responsibility for many public bodies. The Commission will also, however, respond in its capacity as a public body covered by the Code of Practice. Members' views will therefore be sought. The closing date is 9 November.
7. On 24 August Minister for Older People and Equalities wrote to the Accounts Commission regarding the [Public Sector Equality Duty](#) (PSED). The key points in the letter are that the PSED remains a legal duty and still of critical importance but a planned review of the operation of the PSED has been delayed. Changes to the Scottish Specific Duty Regulations will not be introduced before the 2021-2025 cycle. Meantime, public bodies should continue to plan for a new equality outcome cycle beginning in April 2021. I will liaise with the Audit Scotland Diversity and Equalities

Steering Group in this regard and keep the Commission updated accordingly.

8. On 26 August the Commission Chair and Controller of Audit presented 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. The Commission has also provided a submission to the Committee's call for evidence, to be submitted on Friday 4 September which will be made available on the [members' sharepoint site](#).

Audit Scotland

9. On 20 August Audit Scotland [published](#) a briefing paper on Covid-19: Implications for public finances in Scotland. The analysis of the financial implications of the pandemic - and the uncertainty it has brought - notes that more of the Scottish budget may need to be reprioritised to cover Covid-19 costs. The briefing paper breaks down the £5.3 billion announced by the Scottish Government up to the end of July 2020 to tackle the impact of coronavirus and it highlights the extra risks posed to the public finances by the pandemic.
10. On 25 August Audit Scotland submitted a response to the National Audit Office's consultation the detailed statutory guidance that will support auditors to deliver work under the new Code of Audit Practice. The new Code of Audit Practice came into force on 1 April 2020, after being approved by Parliament. It was developed following a [consultation process](#) in 2019. The most significant changes to the new Code are in relation to auditors' work on value for money arrangements. The response is available on the [Member sharepoint site](#).
11. On 28 August four Audit Scotland colleagues were named in this year's ICAS (the Institute of Chartered Accountants of Scotland) Top 100 Young Chartered Accountants (CAs) list. Adam Haahr, Marta Kuźma, Sobhan Afzal and Wojciech Kuzma have all been named on the 2020 list as part of a global competition. The list is ICAS's annual showcase of the best and brightest CAs in the world of accounting, finance and business.

Issues affecting local government

Scottish Government

12. 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

13. On 3 August the Scottish Government launched a [consultation](#) on the circumstances

where Scottish Ministers have the power to modify local connection referrals between local authorities in Scotland (in connection with homelessness/affordable housing). The consultation will close on Friday 23 October. It is not proposed to respond to this consultation.

14. On 13 August the Scottish Government published [guidance](#) for public authorities on state aid. It highlights the European Commission's approach on how state aid rules can support measures in Scotland and address the impacts of Covid-19.
15. On 27 August the Scottish Government announced [low emission zones](#) (LEZs) that seek to improve air quality will be introduced across Glasgow, Edinburgh, Dundee and Aberdeen between February 2022 and May 2022. Plans to implement LEZs were temporarily paused due to the Covid-19 pandemic but work has now restarted. The new timeframe takes into account various legislative and regulatory steps which need to be taken by the Government and local authorities.

Economy

16. On 11 August the Scottish Government published the latest labour market [trends](#) for August. The estimates for April to June 2020 indicate that over the quarter, the unemployment rate increased, the employment rate decreased and economic inactivity rate increased.
17. On 17 August the Scottish Government agreed a support [package](#) worth £3.8 million to aid the National Trust for Scotland's (NTS) recovery from the Covid-19 pandemic. The funding will secure nearly 200 jobs and will allow NTS to retain countryside and ranger services. It will also support the reopening of 33 heritage sites this month. The funding is conditional on the NTS considering the long-term sustainability of its operations and reviewing its business model for future challenges.
18. On 19 August the Scottish Government [published](#) the monthly experimental GDP [statistics](#) for June. GDP is estimated to have increased by 5.7% following a 2.3% increase in May, although it remains 17.6% lower than in February. Output increased in all main industry sectors.
19. On 26 August the Scottish Government published the annual [Government Expenditure and Revenue Scotland](#) report. The report estimates the difference between how much the country raises in taxes and how much is spent on its public services. This year's report incorporates the initial impact of the Covid-19 pandemic, but the impact will be greater in the 2020-21 publication. Excluding North Sea revenue, the net fiscal balance for Scotland increased by 0.6%, the same as the UK. The report also states that overall revenues, including North Sea receipts, increased to £65.9 billion, while onshore revenues grew by £1.1 billion to reach £65.2 billion. When including North Sea revenues, which totalled £724 million, £642 million less than in 2018-19, the notional overall deficit is 8.6% of GDP.
20. On 28 August the Scottish Government [published](#) its proposed missions for the Scottish National Investment Bank. The document will be laid in the Scottish Parliament for consultation. The proposed missions for the Bank include achieving a Just Transition to net-zero carbon emissions by 2045, investing in rebalancing the economy towards leadership in sustainable technology, services and industries and harnessing the innovation of industries to improve the future for a healthier, resilient and productive population. The Bank is also expected to play a role in the economic recovery from Covid-19 by delivering sustained investment. The Bank will report to Scottish ministers within three months of it being set up on how it intends to work towards the missions of the Bank.

Health and social care

21. On 4 August following an agreement with COSLA, the Scottish Government [announced](#) the social care sector will receive up to £50 million in additional funding to help meet additional costs related to coronavirus. The funding will be allocated to Integration Joint Boards and is in addition to the £50 million allocated in May. It will support staffing or sickness costs, infection prevention and control, and PPE.

Education

22. On 3 August the First Minister formally announced plans for children to [return to school](#) from Tuesday 11 August. As part of the plans the First Minister has committed to an additional £30 million to recruit new teachers, bringing the total support to £75 million, enough for 1,400 new staff. The funding sits alongside a £50 million 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.
23. On 3 August the Scottish Government produced [guidance](#) on the re-opening of ELC services from Monday 10 August. Until then, current guidance will remain in place. The new guidance confirms that subject to continued suppression of the virus, some restrictions will be reduced. New [guidance](#) for childminders, which will also take effect from Monday 10 August, has been published.
24. On 3 August the Scottish Government produced [guidance](#) to help local authorities, ELC settings and schools continue to support children and young people's learning has been prepared.
25. On 11 August the Cabinet Secretary for Education announced all qualifications results moderated downwards by the SQA will be [withdrawn](#) and re-issued based solely on teacher or lecturer estimates. Awards moderated upwards will not be changed and new grades will be sent to UCAS and schools as soon as possible. The OECD review into the curriculum for excellence will be extended, the SQA will begin a rapid consultation and an independent review into the qualification awarding process will be undertaken.
26. On 25 August the Scottish Government updated [guidance](#) on wearing face coverings in schools. This is based on new advice released by the World Health Organisations (WHO). Face coverings should now (unless exemptions apply) be worn:
 - in secondary schools, by adults and all pupils moving around the school, such as in corridors and communal areas where physical distancing is difficult to maintain
 - on dedicated school transport by all children aged five and over, bringing it into line with guidance for public transport.
27. On 27 August the Scottish Government published a [report](#) on the second phase of the Scottish Study of Early Learning and Childcare (ELC), designed to evaluate the funded ELC expansion programme. The second phase focused on children coming to the end of their time in ELC and about to start primary school.

Transport

28. 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.
29. On 10 August the Scottish Government [pledged](#) an additional £63 million to help bus operators maintain services from Monday 17 August until Sunday 8 November. The funding, an extension of the £46.7 million support provided to increase bus services since Monday 22 June, will cover the expected loss of fare-paying passenger revenue that operators continue to experience due to physical distancing requirements and reduced carrying capacity.
30. On 19 August Transport Scotland announced that it will [invest](#) £7 million in public transport upgrades. The newly created Public, School & Community Transport Covid-19 Mitigation Fund will support measures implemented by transport operators on all vehicles used for public, school and community transport that seek to mitigate Covid-19 while increasing capacity and boosting public confidence. The measures could include driver screens, hand sanitiser dispensers or disinfectant fogging equipment.
31. On 19 August Transport Scotland published the 2019-20 analysis [report](#) on its consultation on Scotland's Low Emission Zones: Regulation and Guidance. The consultation sought opinions on technical issues relating to the operation and delivery of Low Emission Zones.
32. On 24 August Transport Scotland [highlighted](#) that £38.98 million has now been allocated to local authorities for pop-up walking and cycling infrastructure through the Space for People initiative. All remaining applications following the closure of the fund were assessed to help enable physical distancing through measures such as widened pavements and temporary cycle lanes. Permanent active travel infrastructure will continue to be delivered by Sustrans through the Places for Everyone programme, with the Government reducing the match funding rate for the programme from 50% to 30%.

Communities

33. On 6 August the Scottish Government published [guidance](#) outlining the action that local authorities and Registered Social Landlords should be taking in order to mitigate the impact of the Covid-19 pandemic on delivering grant-funded affordable housing projects which were contractually awarded prior to lockdown.
34. On 13 August the Scottish Government [confirmed](#) £60 million will be invested in a Youth Guarantee to give young people access to work, training or education. Funding will be committed from the £100 million employability fund.
35. On 20 August the Scottish Government published a second year [progress report](#) for the Tackling Child Poverty Delivery Plan. The report highlighted 56 of 58 actions reported in last year's report were either in progress or being delivered and included the delivery of the Best Start Grant and Best Start Foods payment, the launch of the Parental Employability Support Fund, development of proposals for the Job Start Payment and publication of the Benefit Take-up Strategy among key achievements.
36. On 21 August the Scottish Government announced that it will provide £11.6 million in [funding](#) to programmes aimed at raising the attainment of care experienced young people. Local authorities will work with Chief Social Workers and Directors of Education to decide how the funding will be used, with projects such as mentoring programmes

and outdoor education supported through the Care Experienced Children & Young People fund last year.

37. On 27 August the Scottish Government published an [annual update](#) on homelessness in Scotland during the period 1 April 2019 to 31 March 2020. [Statistics](#) highlight that while applications for homelessness applications remained broadly consistent, 31,333 households were assessed as being homeless or threatened with homelessness, an increase of 4%. As of 31 March, 11,665 households were in temporary accommodation, an increase of 6%, with the average time spent being 184 days. Of homelessness cases closed in 2019-20, 82% secured settled accommodation.

Business

38. On 3 August the Scottish Government [updated](#) the list of legislation relating to non-domestic rates in Scotland to include the Non-Domestic Rates (Coronavirus Reliefs) (Scotland) Amendment Regulations 2020.
39. On 5 August the Scottish Government published an [action plan](#) which accepted all 25 recommendations from the Advisory Group on Economic Recovery as part of. The response sets out six areas for action: business recovery and sustainable green growth; engagement and partnership approach; employment, skills and training; supporting people and places; investment-led growth for wellbeing; and monitoring progress and outcomes.
40. On 5 August the Scottish Government published its [response](#) to the Enterprise & Skills Strategic Board (ESSB) Sub-Group's report on the "*labour market emergency*" caused by the Covid-19 pandemic. The ESSB made recommendations on measures to mitigate the impact of the pandemic on employment levels across four themes: business retention, individuals facing redundancy, unemployed people and vulnerable people. The Scottish Government response highlighted the actions already taken which support the recommendations, including the £2.3 billion package of direct business support and further investment in the Partnership Action for Continuing Employment programme.
41. On 17 August the Scottish Government's Job Start Payment benefit for people aged between 16-24 who have been unemployed for six months and are beginning a new job [opened](#) for applications. Those eligible will receive a one-off payment of £250 to cover the costs of starting a new job, rising to £400 for those with children.
42. On 26 August the Scottish Government published a [bulletin](#) about non-domestic rates appeals in the first quarter of 2020-21. At the end of June, 64,299 appeals against the 2017 revaluation had been resolved. A total of 9,592 appeals are still outstanding.

Other matters

43. On 28 July the Scottish Government and relevant trade unions [published](#) revised terms and conditions for staff working during Covid-19.
44. On 5 August the First Minister [announced](#) new lockdown measures for Aberdeen. This followed a resurgence of new Covid-19 cases in the region. All pubs, bars and restaurants were ordered to close on Wednesday evening while residents have been told not to travel more than five miles for leisure purposes or go into each other's houses. As of 1st September, lockdown measures in Aberdeen have now been lifted. Restrictions on travel, gatherings, and hospital and care home visits have now been eased in Aberdeen City. Restaurants, pubs, casinos and other hospitality premises can re-open, subject to an assurance check. Hospitality business that have been affected by the local lockdown may be able to claim a grant of up to £1,500.

45. On 7 August the Scottish Government announced that it will move forward its [review of its fiscal framework](#) forward a year, in a bid to help the country's recovery from Covid-19. The Fiscal Framework is an agreement between the UK and Scottish Government setting out financial arrangements for the devolved nation. The last review in 2016, agreed future reviews on the framework should take place every five years.
46. On 14 August the Scottish Government introduced the [Redress for Survivors \(Historical Child Abuse in Care\) \(Scotland\) Bill](#). This Bill creates a scheme to compensate the survivors of historic child abuse in Scottish care homes. A new independent body, Redress Scotland, will be established to manage these payments. There are also provisions for other forms of practical and emotional support. [Explanatory notes](#), a [policy memorandum](#) and [financial memorandum](#) are available alongside the Bill. The Auditor General is mentioned in the Bill, the explanatory notes and the financial memorandum.
47. On 17 August the Scottish Government published an [analysis of responses](#) to the call for views on the National Planning Framework 4 (NPF4). Respondents believed NPF4 represented an opportunity to place the planning system at the heart of the climate change agenda, with aspects of planning policy including sustainable energy, active travel, green infrastructure, the circular economy and the energy efficiency of buildings considered important in reaching the target of net zero emissions by 2045. Comments also focused on the types of communities people might want to live in the future, with successful placemaking seen as central in achieving many of Scotland's National Performance Framework Outcomes. It was suggested NPF4 could assist in shaping the housing system in line with the principles outlined in the Housing to 2040 strategy, while support was also expressed in using the planning system to stem depopulation in rural areas and there were calls for stronger commitments on the use of vacant and derelict land. An [executive summary](#) has also been published.
48. On 18 August the Scottish Government published its updated [testing strategy](#). It focuses on several areas, including whole population testing for symptomatic individuals; the prevention of outbreaks in high-risk settings through routine testing; surveillance testing; and testing for direct patient care. All contacts of Covid-19 index cases will be offered testing whether or not they have symptoms. The Scottish Government has also confirmed that Scotland will participate in the ONS Covid-19 infection survey from next month.
49. On 20 August the First Minister delivered the latest [three-weekly update](#) on the Coronavirus situation confirming there would be [no move from Phase 3](#) to Phase 4. The First Minister stated that the virus still posed a "*significant threat*" to public health, so it was not time to move into Phase 4. However, she [confirmed](#) that from Monday 24 August, organised outdoor contact sports, some outdoor live events, driving lessons, child contact centres, face-to-face advice services, bingo halls, amusement arcades, casinos, snooker and pool halls, indoor bowling and both static and travelling funfairs can re-open. Gyms, swimming pools and indoor sports courts can reopen from Monday 31 August. It was also announced that local authorities will be given the power to act in respect of individual, specific premises that are breaching guidelines and risking transmission of the virus. Police will also be given powers to break up and disperse large indoor gatherings.
50. On 1 September the First Minister unveiled the [Programme for Government 2021/2022](#). The following bills will be introduced over the next year:
 - Budget Bill
 - Domestic Abuse Bill
 - UN Convention on the Rights of the Child (Incorporation) Bill.

The Programme for Government also included some other announcements that will be taken forward by the Scottish Government. Some of the headline announcements included:

- A £60 million Youth Guarantee that will guarantee an opportunity at university or college, an apprenticeship programme, employment to everyone aged between 16 and 24 years old
 - An initial £25 million National Training Transition Fund to provide retraining opportunities for people who have lost their jobs or are at risk of doing so
 - Create a £100 million Green Jobs fund to support new opportunities for green job creation
 - A £1.6 billion investment over the next Parliament to decarbonise buildings
 - A new Inward investment strategy that will look to attract investment and jobs
 - Steadily increase Scotland's annual infrastructure investment until it is £1.5 billion higher by the end of the next Parliament than in 2019-20
 - A £62 million Energy Transition Fund to support businesses in the North East
 - Commit an additional £23m this year to help more digitally excluded people get online
 - Establish an independent review of adult social care. This will examine how adult social care can most effectively be reformed to deliver a national approach to care and support services. This will include consideration of a national care service
 - Deliver increased early learning and childcare and set a new target date for the expansion of childcare to 1,140 hours for all three and four year olds, and vulnerable two year olds, across all local authorities by the end of 2020
 - Support children to learn on-line through the provision of 25,000 chromebooks
 - Conduct a broad independent review of the Scottish approach to assessment and qualifications
 - Design night shelters and dormitory-style provision out of the homelessness system, and scale up Housing First
 - Work with local government to take forward plans for 20-minute neighbourhoods where people can live, work and learn in communities close to home
 - Introduce Low Emissions Zones in Scotland's major cities in the first half of 2022.
51. On 1 September the Scottish Government imposed new [lockdown restrictions](#) in Glasgow, East Renfrewshire and West Dunbartonshire. Indoor gatherings should not take place in these areas – extended households and people providing care may continue to meet indoors with enhanced hygiene measures – and only essential indoor visits to hospitals and care homes are to take place. Schools and nurseries will remain open and plans for the opening of colleges and universities remain in place.

Scottish Parliament

52. On 8 August Liam Kerr MSP received a response to his parliamentary question that asked the Scottish Government what steps it is 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 issued the following response: “The Scottish Government is working with partners on the Serious Organised Crime Taskforce to reduce opportunities for criminals to exploit individuals’ concerns generated by the Covid-19 crisis and have been raising awareness of the potential risks. The effort to raise awareness among the public is being delivered through various means such as 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.”
53. On 5 August the Scottish Parliament Information Centre (SPICe) [published](#) a briefing on parts one and three of the UK Withdrawal from the European Union (Continuity) (Scotland) Bill. The [paper](#) explores Scotland’s ability to keep pace with EU law in relation to issues including the future relationship, UK internal market and EU funding. It also poses questions around the post-Brexit relationship between the Scottish Government and EU law.
54. On 6 August the Scottish Liberal Democrats [requested](#) that Audit Scotland investigate the measures used by the SQA to determine this year’s exam results.
55. On 10 August the Scottish Parliament published the [Annual Report 2019-20](#), the penultimate report of the fifth session of the Scottish Parliament. The report notes matters relating Brexit and the Covid-19 pandemic have made up the bulk of business throughout the past year, with the Parliament adapting how business was conducted following the introduction of social distancing measures and lockdown. This culminated in the Parliament holding its first fully remote plenary business on Thursday 7 May. Overall, 26 bills were introduced, with 19 bills being passed and 22 bills receiving Royal Assent.
56. On 12 August SPICe published a [briefing](#) on the recent labour market update.

Parliamentary Committee News

Public Audit and Post Legislative Scrutiny Committee

57. On 20 August the Committee continued its post-legislative scrutiny of the Control of Dogs (Scotland) Act 2010 by taking evidence from a range of stakeholders.
58. On 27 August the Committee took evidence on the Audit Scotland report ‘Covid-19: Implications for public finances in Scotland’ from Stephen Boyle, Auditor General for Scotland, Mark Taylor, Audit Director and Fiona Diggie, Audit Manager.

Local Government and Communities Committee

59. On 3 August the Scottish Government wrote to the Local Government & Communities Committee to advise of the Scottish Government's investment in the [Falkirk Growth Deal](#) and the [Islands Growth Deal](#).
60. On 14 August the Committee:
 - Took evidence from stakeholders on the actions that have been taken by the Scottish Government to tackle homelessness during the pandemic.
 - Took evidence from representatives from Govan Community Council on petition PE1743, on the rights of pre-1989 Scottish secure tenants.
61. On 21 August the Committee took evidence from stakeholders on the impact Covid-19 has had on voluntary organisations and the third sector. This included assessing the impact on the Third Sector Resilience Fund, and how the Scottish Government plans to help the sector to recover over the coming months and years.
62. On 27 August the Committee updated the [remit](#) of its inquiry on community wellbeing. The Committee will take evidence on parts 3 and 5 of the Community Empowerment Act (2015), which deal with participation requests to enable engagement between community participation bodies and how a community transfer body can request to buy, lease or use land and buildings belonging to a relevant authority, to determine if their ambitions have been met. The first evidence session will take place in September.

Finance and Constitution Committee

63. On 12 August the Committee took evidence from Michael Russell, Cabinet Secretary for the Constitution, Europe and External Affairs on the UK Government's UK Internal Market White Paper.
64. On 19 August the Committee took evidence from stakeholders on the UK Government's UK Internal Market White Paper.
65. On 25 August the Committee launched a [call for views](#) on the UK Trade Bill and the associated Legislative Consent Memorandum.
66. On 28 August the Cabinet Secretary for Finance [wrote](#) to the Finance & Constitution Committee to provide an update on the Scottish Government's proposed timetable for fiscal events this year. The letter follows the postponement of the Medium-Term Financial Strategy (MTFS), which was to be published in May, due to Covid-19. The Cabinet Secretary confirms she expects to publish the Scottish Budget in December as usual and plans to publish the MTFS on the same day.

Covid-19 Committee

67. On 28 July and 20 August the Committee considered a range of subordinate legislation.

Other committees

68. On 6 August the Cabinet Secretary for Health [wrote](#) to the Health & Sport Committee regarding plans to write to Local Authority Chief Executives and Integration Authority Chief Officers to provide an update on financial support to help the social care sector meet additional costs related to Covid-19.

69. On 17 August the Rural Economy & Connectivity Committee launched a [consultation](#) on the implications of Covid-19 for the Scottish Budget related to connectivity and the rural economy. The inquiry is specifically focused on the financial implications of Covid-19 on policy areas falling within the Committee's remit and the outcomes derived from public spending. Responses received will inform the Committee's pre-Budget scrutiny. The [call for evidence](#) makes specific reference to the impact of Covid-19 on the transport sector and a green recovery. The deadline for responses to the consultation is Friday 18 September.

Local government news

70. On 5 August CIPFA and the Local Government Institute published a [report](#) that warned that budget reductions that English councils have faced over the past decade have left the, ill-prepared to deal with the impact of Covid.
71. On 12 August Renfrewshire Council [announced](#) that it has introduced a new cloud-based case management system to help encourage more efficient social work and social care case management. The local authority said the coronavirus pandemic pushed it to introduce the new system, ECLIPSE from OLM, which it says will support its digital transformation and improve social work practices to achieve better outcomes.
72. On 13 August it was [announced](#) that Moray Council would delay the reintroduction of parking charges in its largest town in order to help businesses recover from Covid-19. Pay and display fees were dropped in Elgin during the pandemic and had been due to be brought back from August 1. Parking charges will now be reintroduced in October.
73. On 13 August it was [announced](#) that communities across Aberdeenshire would receive £1 million to help town centres recover from the impact of coronavirus. This was awarded by the Towns and Business Improvement Districts (BIDs) Resilience and Recovery Fund which is financed by the Scottish Government.
74. On 25 August the UK and Scottish Government [signed](#) an agreement to invest more than £100 million in the Moray Growth Deal. The governments have committed £32.5 million each with a further £35.8 million from partners. The UK Government has highlighted the projects that will be funded, including a Moray Aerospace, Advanced Technology & Innovation Campus, a Manufacturing Innovation base, along with a digital health project and new visitor centre in Elgin. The deal aims to deliver more than 450 jobs over the next ten to 15 years.
75. On 26 August rating agency Moody released a [report](#) that suggested local authorities in the UK are set to experience higher fiscal pressures resulting from the coronavirus pandemic than other leading European nations.
76. A number of senior officers in Scottish local government have announced their intention to retire:
- On 26 August [East Ayrshire Council](#) announced that its chief executive and depute chief executive are to retire. Fiona Lees, who has held the position of chief executive since April 2004, will retire in January 2021 with Alex McPhee, depute chief executive and chief financial officer, leaving in December 2020.
 - On 27 August, [Dundee City Council](#) announced that David Martin, Chief Executive will retire early next year after six years in post.
 - On 28 August, [Scottish Borders Council](#) announced that Tracey Logan, Chief Executive, will retire at the end of September after nine years in post.

COSLA

77. On 14 August COSLA submitted a [response](#) to the Scottish Parliament's Finance and Constitution Committee's 2021-2022 Budget consultation. COSLA stated that any investigation should consider the impact that Covid-19 has had on local government.

Improvement Service

78. On 17 August the Improvement Service published a [dashboard](#) showing uptake of government support in all Scottish council areas. This dashboard will look to understand the economic impact in local areas allowing comparisons to be made with different areas across Scotland.
79. On 19 August the Improvement Service, in collaboration with the National Records of Scotland (NRS), published a [standard set of population projections](#) for sub-council areas. The NRS regularly produces population projections for each council area, but not for smaller areas within each council. This project addresses this gap by making available a set of projections for 345 small areas within Scotland's councils.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO)

80. [The SPSO's Newsletter - August](#) 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

81. On 28 August the Scottish Housing Regulator published new [guidance](#) to support social landlord governing members during the Coronavirus pandemic.
82. On 28 August the Scottish Housing Regulator [wrote](#) to all landlords about the potential to be the victim of fraud during the Covid-19 pandemic.

Other public policy news

83. On 29 July MCR Pathways [released the results of a survey](#) of 1,347 young people that suggested 68 per cent of youngsters from the most disadvantaged communities struggled to do any schoolwork during lockdown. MCR Pathways is calling for schools to give equal focus to young people's mental wellbeing as well as academic education in the first few months of returning to school.
84. On 5 August Douglas Ross MP was [appointed](#) as leader of the Scottish Conservatives and Unionist Party. Mr Ross succeeds Jackson Carlaw. Currently the MP for Moray, Douglas Ross formerly served as Parliamentary Under-Secretary of State for Scotland until resigning in May.
85. On 27 August IPPR Scotland [suggested](#) youth unemployment in Scotland could reach over 100,000 this year, which would be over one in three of the young workforce. It is calling for urgent action, including the provision of 100,000 new opportunities in Scotland across education, skills and employment. It claimed this will require action from Government, colleges, universities and employers. As the Job Retention Scheme comes to an end, the IPPR has recommended that the scheme be replaced with a short-time work scheme that would allow employers to offer subsidised part-time work, rather than to make employees redundant.

Other UK audit bodies

86. On 14 August Audit Wales published a [blog](#) on the use of data by public sector bodies.
87. On 20 August the Northern Ireland Audit Office published a [report](#) about workforce planning for nurses and midwives.
88. On 2 September the Northern Ireland Audit Office [published](#) their 'Overview of the Northern Ireland Executive's response to the Covid-19 pandemic' report. The report explains that, at August 2020, the total estimated cost of the Covid-19 response relating to Northern Ireland is estimated to be over £2 billion. However, this excludes the NI cost of the Coronavirus Job Retention Scheme. The report states that Northern Ireland is still progressing through the various stages of the pandemic, and the actual cost will be much higher.

UK Government

89. On 3 August HMRC provided further [information](#) on how the new Job Retention Bonus will operate. Under the scheme, businesses will receive a £1,000 one-off payment for every previously furloughed employee who is still employed at the end of January 2021. Employees must earn at least £520 per month on average between the beginning of November and the end of January to qualify, while employers will also be eligible for employee transfers protected under TUPE legislation provided they have been continuously employed.
90. On 5 August the UK Government agreed to invest £14 million into French biotech firm [Valneva SE's](#) Covid-19 vaccine, in a move to secure its domestic production. The deal would see a manufacturing facility built in Livingston, West Lothian, with the potential to produce 60 million units of a vaccine. There is also an additional deal in place with pharmaceutical company AstraZeneca to produce 100 million units of Oxford University's trial vaccine if proven to be safe.
91. On 7 August the UK Government published [information](#) that indicated that Scottish businesses had received £2.3bn in support from UK Government loan schemes. In Scotland, 65,000 firms benefited from loans and support. A total of 17% of loans went to the construction sector while all retail, hospitality, and leisure businesses benefitted from a 100% business rates holiday.
92. On 7 August the UK Government published [guidance](#) on sustainability reporting for Government bodies preparing their annual reports.
93. On 12 August the UK Government announced that it's [investing](#) in £150,000 in Scottish research projects in an attempt to help drive local economic growth, provide skills training and create jobs in Glasgow, Edinburgh and south-west Scotland. The projects include HotScot in Glasgow which is using low cost, low carbon heat from old flooded mines; the Centre for Regulated Bio-Manufacture, aiming to establish an advanced therapies, biologics and manufacturing cluster in the Lothian region; and Digital Dairy Value-Chain being led by Scotland's Rural College to combine digital communications with advanced manufacturing to help create a modern, efficient, resilient dairy industry.
94. On 14 August the UK Government published [guidance](#) for cultural organisations seeking to apply for a Government loan scheme to help the sector recover from the coronavirus pandemic. A total of £270 million in finance will be made available through the Culture Recovery Fund. Organisations will be able to apply for over £3 million with repayment over 20 years at 2% interest following an initial four-year repayment holiday. The Government has also confirmed £120 million in capital investment through the Fund, including £50 million for Heritage England's Heritage Stimulus Fund.

95. On 20 August the UK Government [announced](#) £32 million is to be invested in a new UK Productivity Institute in Manchester to support the Government's aims to increase productivity, boost wages and support the economic recovery across the UK. From September, over 40 researchers from UK institutions will work directly with policy makers and businesses to examine the UK's productivity levels. Areas of research could involve understanding the supply and demand for labour and skills across regions and sectors, looking at how companies can implement new technologies and efficient processes to increase competition, improving working conditions, and encouraging the transition to a low carbon economy and lowering prices for consumers.
96. On 26 August the UK Government [updated](#) its [guidance](#) for staff and children in Year 7 or above in England to allow schools discretion to require face coverings in communal areas. In areas where transmission of the virus is high, the UK Government will advise adults and pupils in secondary schools to wear face coverings. The approach will also apply to further education colleges and guidance to universities. The change will come into effect from Tuesday 15 September. Head teachers in any secondary school will also have the flexibility to introduce masks in their schools.
97. On 26 August the UK Government [published](#) data from a survey of local authorities in England on the impact of the coronavirus outbreak on children's social care up to 14 June. The majority of children in need have had their cases reviewed considering the pandemic.

Other UK news

98. 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.
99. On 6 August the Scottish Affairs Committee launched an [inquiry](#) into the future of funding for Scotland's universities and fees for non-EU students. The inquiry follows budgetary challenges and the decline in international student fee income as a result of coronavirus. Despite funding interventions from the UK and Scottish governments to support research and students, the sector is expected to continue to struggle, with losses expected to reach £651 million. The Committee will look at the challenges and opportunities in funding models for Scottish universities and for student support. The Committee will also examine the impact of UK Government policies on Scottish universities, their students, their employees and on research.
100. On 6 August The Bank of England published its [Monetary Policy](#) and [Financial Stability](#) reports and announced the interest rate will remain at 0.1%. The Bank expects the economy to shrink by 9.5% this year, rather than the initial prediction of 14%. The Bank also forecasts a significant increase in unemployment, with predictions claiming it could almost double from 3.9% to 7.5% as support from the Government comes to an end. On the long-term economic recovery, the Bank of England predicts the economic forecast will not return to pre-Covid-19 levels until the end of 2021.
101. On 5 August the Debt Management Office [released](#) information that suggested that local public bodies borrowed £187.2 million in July from the Public Works Loan Board,

almost a 50% rise on £125.6 million borrowed from the board in June.

102. On 12 August [the UK has officially fallen into a recession](#) for the first time in 11 years due to the impact of the coronavirus pandemic. According to the Office for National Statistics, the UK economy [shrank](#) by 20.4% in the second quarter of 2020, with [services](#), [manufacturing](#) and [construction](#) falling by 19.9%, 20.2% and 35% respectively. As there has now been two consecutive quarters of economic decline, the UK economy is now in recession. The economic decline was at its worst in April, at the height of lockdown in the UK. Following the opening of some non-essential retail, the [economy](#) grew by 8.7%, but remained 17.2% smaller than it was in February. The total [trade](#) balance increased by £8.6 billion to an £8.6 billion surplus in Quarter 2 as imports fell £35.2bn and exports fell by £26.7 billion.
103. On 19 August the Institute for Fiscal Studies released a [report](#) that warned that councils lack the necessary reserves to meet the £2 billion shortfall that local authorities face following the impact of Covid-19.
104. On 21 August the Office for National Statistics released statistics that showed that UK public sector net debt reached £2 trillion for the first time in July. The figure is around 15% higher than the same period last year, when net debt stood at £1.7 trillion.
105. On 25 August trade unions [agreed](#) to a 2.75% pay increase for council workers in England, Wales and Northern Ireland.
106. On 21 August Sir Ed Davey was [elected](#) as Leader of the Liberal Democrats. He has served as acting co-leader of the party since Jo Swinson stepped down in December.

Conclusion

107. The Commission is invited to consider and note this report, and in particular:
 - Note that members' views will be sought on the Ethical Standards Commissioner's consultation on prospective revisions to the Code of Practice for Ministerial Appointments to Public Bodies in Scotland (paragraph 6)
 - Agree not to respond to the Scottish Government consultation on local housing connection referrals (paragraph 13).

Paul Reilly
Secretary to the Commission
2 September 2020

APPENDIX: Accounts Commission reports in past 12 months – downloads

Report	Date	Report downlds	Podcast downlds
Best Value Assurance Report: Moray Council	27 Aug 20	496 (n/a)	n/a
Accounts Commission annual report 2019/20	2 July 20	207 (+64)	n/a
Best Value Assurance Report: North Ayrshire Council	30 June 20	544 (+82)	n/a
Local government in Scotland Overview 2020	23 June 20	624 (+191)	n/a
Equal pay in councils - Impact report	9 June 20	421 (*)	n/a
Best Value Assurance Report: Argyll and Bute Council	21 May 20	558 (+82)	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	221 (*)	n/a
Early learning and childcare: follow-up	3 Mar 20	1,498 (+149)	187 (*)
2018/19 audit of Fife IJB	27 Feb 20	299 (*)	n/a
2018/19 audit of Glasgow City Council: Update on equal pay settlement	6 Feb 20	345 (*)	n/a
Privately financed infrastructure investment	28 Jan 20	1,031 (+111)	185 (*)
Highland Council: Best Value Assurance Report	23 Jan 20	1,442 (+90)	340 (*)
Scotland's City Region and Growth Deals	16 Jan 20	2,112 (+72)	163 (*)
Scotland's City Region and Growth Deals - Supplement	16 Jan 20	255 (*)	n/a
Self-directed support: 2017 progress report - impact	17 Dec 19	545 (+45)	n/a
Local government in Scotland: Financial overview 2018/19	17 Dec 19	2,906 (+209)	273 (*)
Scottish Borders Council: Best Value Assurance Report	22 Oct 19	1,140 (*)	206 (*)
National Scrutiny Plan	30 Sept 19	806 (*)	n/a
Perth and Kinross Council: Best Value Assurance Report	22 Aug 19	1,387 (*)	170 (*)

Key:

(x) Increase in numbers since last month

* This figure is below 30

n/a Not applicable.

MEETING: 10 SEPTEMBER 2020

REPORT BY: INTERIM CHAIR OF ACCOUNTS COMMISSION

INTERIM CHAIR'S REPORT

Purpose

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

Engagement

2. My engagements in the period from 1 to 31 August have been as follows:

Audit Scotland Board and Committee meetings

- 19 August – Audit Scotland Board Meeting. The two main items of substance discussed were an update on Covid-19 and its impact on Audit Scotland; the Q1 Financial Performance.
- As part of the Covid-19 report we had an interesting discussion about new ways of working and David Blattman circulated a report afterwards which is now available on SharePoint for members to access.

Audit Scotland engagement

- 5 August - Auditor General catch up
- 7 August - Jackie Mann, new member of Audit Scotland Board. Introductory meeting.
- 11 August - Work Programme Discussion with Auditor General, Paul Reilly, Antony Clark and Tim McKay
- 17 August - Heather Logan, Chair of Audit Scotland Audit Committee
- Various catch-ups with Diane McGiffen (6, 13 & 27 August).

External engagement

- 5 August - Anna Fowlie, Chief Executive, SCVO
- 10 August – James Dornan, Convener, Local Government Communities Committee. Introductory meeting.
- 20 August - Brenda Campbell, Scottish Government to update on outputs from Strategy Seminar.
- 24 August – Leslie Evans, Permanent Secretary and Paul Johnston Director General
- 25 August – Chaired the Strategic Scrutiny Group Meeting – Update paper included for part of September Accounts Commission agenda.
- 26 August – Annie Gunner-Logan, Director, CCPS
- The meetings with Anna Fowlie, Leslie Evans and Annie Gunner-Logan were to discuss the importance of the Commission having strong relationships and 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.

- 28 August – Local Government and Communities Committee to present and answer questions on the Local Government Overview report and Covid-19 impact.

Commission business, development and support

3. My Commission business has been as follows:

- Weekly catch-ups with the Secretary and Executive Assistant
- 4 August - Prep meeting for Commission on 13 August (Secretary, Controller, Deputy Interim Chair)
- 6 August - SSG Pre Meeting with Gemma Diamond, Mark Roberts SSG Secretaries and Jillian Elgin Executive Assistant.
- Mtgs with Andrea Quinn to update and finalise the Commission Support Review report and prepare for the Strategy Day. The Commission Support Review Report has been updated with the final version shared with members and appropriate Audit Scotland colleagues
- Several discussions with Paul, Fraser, Antony and Andrea to prepare for the Strategy Day on 12th August.
- 12 August – Strategy Seminar Meeting
- 17 August - Argyll and Bute pre meeting with Sharon O'Connor, Paul Reilly, John Cornett, Audit Director and Mark Ferris, Senior Audit Manager.
- 18 August – Argyll and Bute Council, Follow-up to BVAR publication – Update paper provided to members on 2 September.
- 20 August - Paul Reilly, Joanna Mansell, Elizabeth Sargeant to discuss Accounts Commission communications
- 24 August – Action Tracker Review Meeting with Paul and Tim
- 25 August - Attended Audit Scotland Management Team meeting to discuss the Commission Support Review report going to the Audit Scotland Remunerations Committee Meeting on 2 September.
- 26 August – Catch up with Tim McKay
- 26 August - Local Government and Communities Committee prep session with Joanna, Fraser and the local government overview team
- 27 August – Attended FAAC and chaired PAC. Further discussion on Commission approach to Strategy and Insight Programme development.
- 31 August - David Robertson, Digital Services Manager to discuss the best strategic direction around technical support for the Commission
- 31 August – David Blattman, HR and OD Manager to discuss taking forward the Commission Support Review resourcing requirements
- Various catch-ups with Joanna Mansell, Communications Consultant around Moray Council media plans and Local Government Communities Committee prep.

Forthcoming activities

4. My forthcoming engagement activities include
 - 1 September - Prep meeting for Commission on 10 September (Secretary, Controller, Deputy Interim Chair)
 - 2 September – Audit Scotland Audit Committee and Remuneration and Human Resources Committee meeting
 - 2 September – Auditor General
 - 2 September – Best Value Working Group
 - 3 September – Forward Planning Meeting with Tim and Paul
 - 7 September – Audit Scotland Board follow up meeting
 - 9 September – Commission pre-meeting and Intro meeting with Colin Crosby, new Audit Scotland Board member
 - 10 September – Commission meeting.

Conclusion

5. The Commission is invited to note this report and enquire about any areas of interest.

Elma Murray
Interim Chair of Commission
31 August 2020

MEETING: 10 SEPTEMBER 2020

REPORT BY: CONTROLLER OF AUDIT

CONTROLLER OF AUDIT'S UPDATE REPORT

Purpose

1. This report provides an update on the engagements of Controller of Audit.

Engagement

2. My engagements in the period from 13 to 31 August have been as follows:
 - **August** – Scottish Leaders Forum Strategic Leadership Group meetings.
 - **18 August** – Scottish Leaders Forum Engagement Group. Produce proposals for future engagement activities to engage with wider forum on renewal and leadership in the current Covid and post-Covid context, to bring senior leaders together, and guiding focus of the NPF.
 - **31 August** – Scottish Leaders Forum Accountability & Incentives Action Group. Meeting to discuss the focus and scope of what the Action Group's work should be now as we recover and renew following COVID.
 - **14 August** – The Promise Fund. Event to discuss the development approach to drive system change and service redesign aligned to the implementation of The Promise for Scotland's most vulnerable children and families, following initial investment by the Scottish Government of £4m.
 - **17 August** – Audit Firms Partner Meeting. Discussion around working practices, online and remote auditing and the Annual Planning Guidance.
 - **19 August** – Fiona Lees, Chief Executive East Ayrshire Council. Intention to retire in 2021.
 - **25 August** – Strategic Scrutiny Group.
 - **28 August** – Local Government & Communities Committee. Briefing on Local Government Overview.

Other matters

3. I have also been involved in a campaign of Audit Director recruitment for Audit Scotland.

Forthcoming engagement

4. My forthcoming engagement activities include:
 - **14 September** – The Corra Foundation, People in Place.
 - **01 October** – SOLACE Branch session. Update briefing to members with Elma Murray.
 - **05 October** – Community Planning Improvement Board meeting.

Conclusion

5. The Commission is invited to note this report.

Fraser McKinlay
Controller of Audit
27 August 2020

MEETING: 10 SEPTEMBER 2020

REPORT BY: SECRETARY TO THE COMMISSION

AUDIT SCOTLAND BOARD UPDATE

Purpose

1. This report provides an update on the business of the Audit Scotland Board.

Background

2. Audit Scotland is established in statute to “provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, is to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions”.¹
3. Audit Scotland (i.e. its Board) consists of the Auditor General, the Chair of the Commission, and three other members.² These three members, including a Chair, are appointed by the Scottish Commission for Public Audit.³
4. As well as being a member of Audit Scotland’s Board, the Commission Chair is also a member of its two committees, the Audit Committee and the Human Resources and Remuneration Committee.
5. In [Public Audit in Scotland](#)⁴, the Commission, the Auditor General and Audit Scotland set out how they together deliver public audit in Scotland. They state that “by working together and each fulfilling our distinct roles, the Auditor General, the Accounts Commission and Audit Scotland will ensure a strong system of public audit works to support transparency and promote improvement in the performance of public bodies.”
6. To this end, the Commission at its meetings considers for its interest the business of Audit Scotland Board.

Current Board business

7. This report provides the Commission with the latest available minutes from the meeting of the Audit Scotland Board, in this case the meeting of 1 June 2020. They are attached in Appendix 1.
8. The most recent meeting of the Board was on 19 August 2020, but the minute of this meeting is not yet publicly available as it is yet to be ratified by the Board. This will be available after the next Board meeting on 30 September and considered by the Commission at its October meeting.

¹ Public Finance and Accountability (Scotland) Act 2000, Section 10(3).

² Public Finance and Accountability (Scotland) Act 2000, Section 10(2).

³ The Scottish Commission for Public Audit was established under Section 12 of the Public Finance and Accountability (Scotland) Act 2000 and is made up of 5 MSPs. Its main areas of responsibility are to (a) examine Audit Scotland’s proposals for the use of resources and expenditure and report on them to the Parliament; (b) appoint an auditor to audit the accounts of Audit Scotland; (c) lay these accounts and auditor’s report before the Parliament; and (d) appoint three of the five members of Audit Scotland’s Board, including its Chair.

⁴ *Public Audit in Scotland*, Accounts Commission, Auditor General and Audit Scotland, May 2015.

9. The Commission has agreed however that the agenda for the most recent Board meeting be provided (even if the minute is not yet available). The agenda is attached in Appendix 2. The Chair will provide a verbal update on any relevant business for members' interest and invites questions from members to this end.

Conclusion

10. The Commission is invited to consider this update for its interest and seek further information from the Chair as appropriate.

Paul Reilly
Secretary to the Commission
31 August 2020

Minutes

Wednesday 1 June 2020, 11.30am

TEAMS meeting

Present:

Alan Alexander (Chair)
Caroline Gardner
Graham Sharp
Heather Logan

Apologies:

None

In attendance:

Diane McGiffen, Chief Operating Officer
Stephen Boyle, AGS Designate
Martin Walker, Associate Director, Corporate Performance and Risk
Elma Murray, Deputy Chair, Accounts Commission
Antony Clark, Audit Director, Performance Audit and Best Value
Peter Worsdale, Audit Manager/International Liaison Office
Gayle Fitzpatrick, Corporate Governance Manager, Performance Audit and Best Value
Elaine Boyd, Associate Director, Audit Quality and Appointments
Owen Smith, Senior Manager, Audit Quality and Appointments
John Gilchrist, Manager, Audit Quality and Appointments
Simon Ebbett, Communications Manager
Stuart Dennis, Corporate Finance Manager
Gillian Woolman, Audit Director, Audit Services
Robert Leask, Project Manager, Audit Quality and Appointments
Mark Roberts, Audit Director, Performance Audit and Best Value

1. Welcome and apologies

Alan Alexander welcomed members and attendees to the meeting. The Chair highlighted that the reports appearing at 11, 12, 13, 14, 16, 18 and 20 of today's meeting had been previously considered at the Audit Committee meetings on 6 May and 1 June 2020.

The meeting was held by video conference due to the COVID-19 pandemic.

2. Declarations of interest

The Chair invited declarations of interest. Stephen Boyle advised that in relation to the annual report on Complaints which appears at Item 11 of today's agenda, some of the complaints related to audits he was directly involved in. The Chair sought members' views following which he confirmed Stephen would be present for that report.

There were no other declarations of interest.

3. Chair's report – verbal update

The Chair provided an update on engagement with the Scottish Commission for Public Audit (SCPA) on the progress of Board appointments, and advised of correspondence from Colin Beattie MSP, Chair of the Committee, who is seeking information on how Audit Scotland are responding to potential financial implications of Covid-19. The Chair advised members he proposed to share a response with Colin Beattie following today's

consideration of the report appearing at Item 19 of today's agenda, Impact of Covid-19 on Audit Scotland's budget.

The Chair advised of meetings with Diane McGiffen and others in preparation for the Board meeting and a meeting with Gayle Fitzpatrick, Corporate Governance Manager in relation to the scope and timing of the governance review which the Board previously committed to undertake later in the year.

The Board welcomed the update.

4. Accountable Officer's report – verbal update

Caroline Gardner provided an update on the audit work which we continue to reprioritise adopting the principles of a flexible, pragmatic and consistent approach. In relation to the annual audits, we have received some unaudited accounts, the quality of these vary but the teams are working through them. In relation to the performance audit programme the policy cluster groups are working to reprioritise with some work likely to be dropped or postponed, while others remain relevant they may be reframed as a result of Covid-19 and highlighted the additional new work in tracking funding through the Scottish Government in response to Covid-19. Caroline advised that the work programme proposals will be taken to the Auditor General for Scotland and Accounts Commission for formal consultation in September 2020.

Caroline invited the Board to note that the UK and Ireland's Auditors' General met virtually on 22 May 2020 and had provided a helpful opportunity to share the experiences of the respective audit agencies and their responses to the Covid-19 pandemic and highlighted the possibility of joint work on a shared principles approach for the longer term.

Caroline advised of Parliamentary engagement with three sessions of the Public Audit and Post Legislation Scrutiny Committee (PAPLS) scheduled before the end of June including taking evidence from the Scottish Government on governance arrangements and how that is adapting in response to Covid-19 together with evidence on last years consolidated accounts and a briefing on the Affordable Housing report on 11 June 2020, a session on 18 June 2020 looking at the Early learning and childcare report together with a briefing on the Section 22 report on a fraud in City of Glasgow College and on 25 June 2020 a session looking at Audit Scotland's response to Covid-19 together with sharing Caroline's final thoughts as the outgoing Auditor General for Scotland.

Caroline highlighted Audit Scotland's submission to the Finance and Constitution enquiry last week and advised Mark Taylor will be attending the virtual roundtable meeting on 5 June 2020.

Turning to Audit Scotland, Incident Management Team have been supporting colleagues in adapting to working remotely for the longer term recognising the significant implications especially for those with caring and childcare responsibilities. Audit Scotland continue to work through how we balance the support for colleagues in delivering audit work and looking to support the Parliament in delivering what Scotland needs. Caroline expressed her thanks to colleagues across Audit Scotland, reflecting on how well everyone has adapted despite the circumstances and recognised the continued need to protect colleagues over the coming months as we move into what the new normal might mean.

The Chair invited any comments or questions. Heather Logan expressed her appreciation that so much work and so many meetings were being supported and Graham Sharp reflected on the ongoing excellent support provided to the Accounts Commission. The Chair commended the quality and tone of communication to colleagues from the Incident Management Team which he considered to be world class.

The Chair sought clarification of the consequences of some audit work being postponed or cancelled. Caroline advised that this related to the performance audit rolling work programme and that it was too early to say which audits may not be a priority in light of the current circumstances.

Stephen Boyle advised the refreshed forward work programme will be considered by the Auditor General for Scotland and the Accounts Commission in September 2020. He advised there is work currently scheduled in 2020/21 which may no longer go ahead in light of the additional

funding for the NHS and local government and the team are considering this as they consider the work programme over the summer. In terms of financial audit, Stephen advised that there is a mixed picture coming from audited bodies and highlighted some of the challenges they are facing. Stephen advised that Audit Scotland's investment in technology was enabling the conclusion of its first virtual audit.

Following discussion, the Board welcomed the update.

5. Accounts Commission Chair's report – verbal update

Graham Sharp advised that the Accounts Commission met virtually on 21 May 2020 with positive feedback received from the Leader of Argyll and Bute Council on the meeting and invited members to note the recording of the meeting is available on the Commission website.

Graham invited members to note that the Accounts Commission approved the impact report on Equal Pay and was liaising with the Communication team regarding publication. He also advised of the change in focus for the Local Government Overview in light of the impact of Covid-19 which will be published on 18 June 2020.

Turning to the next meeting of the Accounts Commission on 11 June 2020, Graham advised the Commission will be considering the Best Value Assurance Report for North Ayrshire Council and the work programme which will include timing and scheduling of annual audits.

The Board welcomed the update.

6. Review of minutes: Board meeting 13 May 2020

The Board considered the minutes of the meeting of 13 May 2020, which had been previously circulated and approved by correspondence.

The Chair confirmed the Board's endorsement of the minutes.

7. Governance arrangements - review of Standing Orders

Martin Walker introduced the Governance arrangements - review of Standing Orders report, copies of which had been previously circulated.

Martin invited the Board to note there were no proposed changes to the governance arrangements for holding virtual Board meetings and the publication of meeting papers.

The Board noted the report and the Chair advised that the publication of papers would be discussed at item 26 of today's agenda.

8. Review of action tracker

The Board noted the updates provided on the action tracker

The Chair referred to the supplementary information previously circulated in support of action ASB106 Review of Governance arrangements and action ASB109 the average cost of Performance Audit and Best Value audit day.

The Chair provided an update on action ASB106 on the review of governance following a meeting with Gayle Fitzpatrick, Corporate Governance Manager to discuss the nature and proposed timing of the review to ensure new Board members have received the appropriate induction and attendance at meetings. He invited members to note the proposal to bring a formal scope to the meeting of the Board on 30 September 2020.

Heather Logan sought clarification around the timing of the drafting of the policy for review. The Chair advised that following consideration of the scope and timing in September 2020 the work will be undertaken in the first quarter of 2021 in order that the review benefits from the input from existing members and from new members once they

have had and opportunity to conclude their respective induction and attend a number of Board and Committee meetings.

Stephen Boyle agreed that as the incoming Auditor General for Scotland and Board member he welcomed the proposal. Graham Sharp would welcome early engagement with Elma Murray as interim Chair of the Accounts Commission.

Diane McGiffen also advised the Board of discussions with the Chair around the Board's development programme and of work underway in relation to the induction programme for new members joining which would take place during the current year.

The Chair invited Diane McGiffen to provide an update on ASB111. Diane advised she had received confirmation from the Scottish Commission for Public Audit on the recruitment of Audit Scotland Board members, with interviews taking place on 8 and 15 June 2020. Diane advised one appointment will come into effect from 10 July 2020 and the other in October 2020.

Following discussion, members welcomed the discussion and noted a report on the proposed review will come to the Board on 30 September 2020.

Action ASB114: A report on the scope of the governance review will be considered at the Board meeting on 30 September 2020.

9. 2019/20 Annual report on international work

Antony Clark, Audit Director, Performance Audit and Best Value and Peter Worsdale, Audit Manager/International Liaison Office joined the meeting.

Peter Worsdale introduced the 2019/20 Annual report on international work, copies of which had been previously circulated.

Peter invited the Board to note the activity reported and sought approval of the 2019/20 International Annual Report before its scheduled publication as part of a suite of corporate Audit Scotland reports on 12 June 2020.

The Board noted the change in approach to international engagements in response to the Covid-19 pandemic, using technology to support shared learning events and how this and the new Auditor General for Scotland's priorities feeds into the planned refresh of the International strategy which will follow later in the year.

Heather Logan highlighted the Case study 2 in the report and asked if Scottish Government pick up on the work we are doing. Antony Clark confirmed that while our audience is largely international audit agencies we do share our learning, one example being the Enabling digital audit report which the Scottish Government used as part of their engagement with public bodies.

Caroline Gardner noted that a refresh of the international strategy was timely and recorded her thanks to the team for the work and engagement they have carried out to this point.

The Chair referred to the learning opportunities, and asked how this feeds into development of staff and how we report this. Peter advised the learning opportunities are largely embedded in the strategy with teams gaining soft skills from meeting and presenting to international delegations and the production of briefings and would consider how to bring this out in future reporting. The Chair also highlighted he would like to see delegations named in the reports.

Stephen Boyle reflected on the wider contribution and benefits for Audit Scotland in the auditing profession and the learning this provides around approach to auditing digitally and how other agencies are dealing with the pandemic from around the world. He advised of the meeting of the Auditors General of the UK and Ireland which had reflected

on the relationships with INTOSAI and EUROSAI and the role of audited bodies and other agencies in response to Covid-19.

Following discussion, the Board welcomed the report and approved the publication of the 2019/20 Annual report on international work.

Antony Clark and Peter Worsdale left the meeting.

10. 2019/20 Annual report on freedom of information and environmental information

Gayle Fitzpatrick, Corporate Governance Manager, Performance Audit and Best Value, joined the meeting.

Gayle Fitzpatrick introduced the 2019/20 Annual report on freedom of information and environmental information, copies of which had been previously circulated.

Gayle invited the Board to note that while the number of requests has reduced the level of work had increased due to complexity of requests received. Gayle advised that following the Coronavirus legislation which came into effect on 27 May 2020 an amendment was required to the report to reinstate the original timeline.

Heather Logan noted that the average cost per case was £934 and asked whether Audit Scotland have rejected any requests based on cost. Gayle Fitzpatrick advised that Audit Scotland's approach is one of openness and transparency and we have not refused any requests on this basis.

The Chair suggested a minor amendment to the report and Heather Logan requested further clarification on the independent membership of the FOI panel. Gayle Fitzpatrick advised the panel consists of internal colleagues who have received relevant training and who have not been directly involved in the matter being addressed.

Following discussion, the Board welcomed the report and Gayle Fitzpatrick agreed to liaise with the Chair to agree the revised wording prior to publication.

Action ASB115: The Corporate Governance Manager to agree revised wording with the Chair prior to publication. (June 2020)

11. 2019/20 Annual report on complaints

Gayle Fitzpatrick introduced the 2019/20 Annual report on complaints information, copies of which were previously circulated.

Gayle Fitzpatrick invited the Board to note the reduction in the number of complaints received and highlighted that responding to complex and sensitive complaints received was quite challenging. Gayle invited the Board to note the introduction by the SPSO of a revised model complaint handling process which requires to be fully implemented in 2021 and confirmed that following a review there were no substantial changes required to Audit Scotland's process.

The Board noted the criteria for Audit Scotland had changed and was in the same category as the Scottish Government, Scottish Parliament and other Scottish public bodies and a further report would come to the Board in September 2020 with an update on any changes required.

Following discussion, the Board welcomed the report and approved it for publication.

12. 2019/20 Annual report from the Chair of the Audit Committee to the Board

Heather Logan introduced the 2019/20 Annual report from the Chair of the Audit Committee to the Board, copies of which had been previously circulated and discussed at the meeting of the Audit Committee immediately before today's Board meeting.

The Chair invited the Board to consider and approve the 2019/20 Annual report from the Chair of the Audit Committee.

The Board approved the report from the Chair of the Audit Committee.

13. 2019/20 Governance statement on internal control and certificate of assurance

Gayle Fitzpatrick introduced the 2019/20 Governance statement on internal control and certificate of assurance, copies of which had been previously circulated.

Gayle invited members to note the Audit Committee's recommendation to the Board and confirmed there were no issues arising from the review process and sought approval from the Board to recommend the report to the Accountable Officer in support of the annual governance statement.

The Chair invited members to confirm their approval and following discussion recommended it to the Accountable Officer.

Gayle Fitzpatrick left the meeting.

14. 2019/20 Draft audit management letter

The Chair invited members to the Board to note consideration of the 2019/20 Draft audit management letter by the Audit Committee immediately prior to today's Board meeting and in the absence of any comments the Board confirmed they were content.

15. 2019/20 Annual report on quality of public audit in Scotland

Elaine Boyd, Associate Director, Audit Quality and Appointments, Owen Smith, Senior Manager, Audit Quality and Appointments and John Gilchrist, Manager, Audit Quality and Appointments joined the meeting.

Elaine Boyd introduced the 2019/20 Annual report on quality of public audit in Scotland, copies of which had been previously circulated.

Elaine invited the Board to note the amendments incorporated following consideration by the Audit Committee on 6 May 2020 and sought approval of the Quality of Public Audit in Scotland annual report 2019/20 for publication as part of the suite of annual reports on 12 June 2020.

Heather Logan sought clarification on Mazars number of training days reported which are greater than other audit firms and whether this was due to a higher number of trainees. Elaine advised that Mazars invest heavily in training and as part of her continued engagement with the audit firms will discuss this with them in order to understand if there is any learning for us and for sharing with the other audit firms and agencies.

Caroline Gardner reflected on the progress over the past three years in developing the Audit quality framework, the reporting and learning from the findings which stand Audit Scotland in good stead for the future. Caroline expressed her appreciation for the work and commitment of the Audit Quality and Appointment team and others in delivering audit quality.

Elma Murray confirmed the Accounts Commission had previously endorsed the report and acknowledged the breadth of the work reported. Elma requested that to ensure consistency across publications that the diagram used in the 'Who we are' section should be updated prior to publication.

Following discussion and subject to the updated diagram, the Board approved the publication of the report.

Elaine Boyd, Owen Smith and John Gilchrist left the meeting.

16. 2019/20 Audit Scotland annual report and accounts – Year end 30 March 2020

The Chair invited members to consider the 2019/20 Audit Scotland annual report and accounts – Year end 30 March 2020, copies of which had been previously circulated, and which had been recommended to the Board by the Audit Committee subject to the inclusion of outstanding pensions information.

Following discussion, the Board recommended the 2019/20 Annual report and accounts to the Auditor General for Scotland, being Accountable Officer of Audit Scotland, subject to the inclusion of the pensions information prior to signing the accounts on 9 June 2020.

17. Internal interim report on mainstreaming equality

Gillian Woolman, Audit Director, Audit Services, joined the meeting.

Gillian Woolman introduced the Internal interim report on mainstreaming equality, copies of which had been previously circulated.

Gillian invited the Board to note the good progress reported which will inform the work until next year's report. Gillian highlighted there was good consideration of equalities in national performance reports at the initial scoping stage and evidence in the final audits and in terms of Best Value and local audits advised there was still some work required in the latter stage of the audit appointments. Gillian invited members to note that while the Covid-19 pandemic may have an impact auditors were aware of requirements for reporting and work was already underway.

Heather Logan welcomed the report and suggested that the structure of next year's published report separates more clearly the performance of Audit Scotland's own equality results from the results of the scrutiny it applies to audited bodies. Gillian welcomed the comments and would consider these alongside feedback received from Management Team.

The Board welcomed the examples of impact reported and noted the report.

Gillian Woolman left the meeting.

18. Policy on the provision of non-audit services by Audit Scotland's external auditor

John Gilchrist, Manager, Audit Quality and Appointments re-joined the meeting.

John Gilchrist introduced the Policy on the provision of non-audit services by Audit Scotland's external auditor, copies of which had been previously circulated.

The Board was invited to approve the policy as recommended by the Audit Committee.

Following discussion, the Board approved the policy as recommended by the Audit Committee.

John Gilchrist left the meeting.

19. Impact of Covid-19 on Audit Scotland finances

The Chair invited members to note the supplementary information circulated for information which set out his questions on the report and Stuart Dennis' responses.

Stuart Dennis introduced the Impact of Covid-19 on Audit Scotland finances, copies of which had been previously circulated and invited the Board to consider three key areas for discussion which have also been discussed with Management Team and the Incident Management Team. The main areas for discussion are the cashflow position for the current financial year, this year's budget, and the impact on the medium and longer term financial planning.

Stuart advised that the cashflow position is not currently an issue with the second instalment of invoices having been issued and payments being received. In respect of this year's budget Stuart invited members to note the key areas to consider included work in progress, the extent of the EAFA audit work which is likely to continue but at a slightly lower level for the next 2 or 3 years together with potential savings identified and in the longer term taking account of the factors highlighted and impact following Covid-19.

Caroline Gardner advised the report was a good starting point for the areas highlighted, noting that while it was difficult to quantify what the impact will be for Audit Scotland and audited bodies, work will continue over the summer on modelling different scenarios with further engagement with the Board, new Auditor General for Scotland and the Accounts Commission on work priorities and to agree engagement with the SCPA around any challenges we might face.

The Board reflected on the level of uncertainty, the inability of Audit Scotland to be able to hold reserves and the focus of delivery of work for the Auditor General for Scotland and the Accounts Commission.

Stephen Boyle welcomed the report which set out the scale of the issues to be faced, including EAFA as a significant contributor of income for Audit Scotland, which will need to be considered further in the context of a no deal EU withdrawal as well as recognising what it takes to deliver audit in the current virtual environment now and longer term and the impact on our cost base. In terms of strategy further discussion will be required on the focus of scrutiny for the Auditor General for Scotland and Accounts Commission following the many additional billions of funding coming to Scotland which require scrutiny and assurance that public money has been spent wisely and effectively.

Elma Murray, Deputy Chair for the Accounts Commission, advised she is recommending the Accounts Commission strategy session goes ahead as scheduled in August 2020 and will share with Commission members the Board's consideration of the challenges for Audit Scotland, the partner firms and what will be possible in terms of resources and capacity to deliver audit alongside understanding the impact on audited bodies.

The Chair invited Diane McGiffen to provide an update on organisational developments in light of Covid-19. Diane McGiffen advised the report captures both the immediate and longer term financial issues for consideration. Organisationally the question for Audit Scotland is what do we want our contribution to Scotland to be this year on behalf of the Auditor General for Scotland and the Accounts Commission. Diane advised that Audit Scotland are supporting 300 colleagues during these difficult times so they can thrive, retain skills and knowledge so that when we have a stronger foothold in delivering audit we have the talent and teams to meet the demand while recognising some re-prioritisation of work will be required. Diane welcomed the Board's continued support for colleagues through the pandemic while we continue to deliver world class audit during a dynamic period.

Following discussion, the Board welcomed the report and discussion.

The Chair advised he had committed to responding to the Chair of the SCPA on Audit Scotland's approach to Covid-19 and welcomed the report and discussion which would inform his response. Stuart Dennis agreed to produce a draft response for the Chair and the Board discussed the context for the response.

In addition, Alan advised that in terms of good governance and the need for continued oversight of developments he would welcome an additional meeting of the Board to be

scheduled in advance of the next meeting currently scheduled for 30 September 2020. Diane McGiffen agreed to liaise with the Chair to discuss possible dates.

Action ASB116: Stuart Dennis to prepare a draft response for the Chair on Audit Scotland's response to Covid-19. (June 2020)

Action ASB117: Diane McGiffen to liaise with the Chair on possible dates for an additional Board meeting. (June 2020)

20. 2019/20 Q4 Financial performance report

Stuart Dennis introduced the 2019/20 Q4 Financial performance report

Stuart Dennis invited the Board to note the un-audited financial results for the 12 months to 31 March 2020.

The Board noted the report.

21. 2019/20 Q4 Corporate performance report

Martin Walker introduced the 2019/20 Q4 Corporate performance report, copies of which had been previously circulated.

Martin Walker invited the Board to note the performance reported in quarter four and overall performance in 2019/20.

The Board reflected on the overall performance reported despite the disruption of the Covid-19 pandemic in March 2020.

Following discussion, the Board noted the report.

22. 2019/20 Q4 Strategic improvement programme update

Martin Walker introduced the 2019/20 Q4 Strategic improvement programme update report, copies of which had been previously circulated.

Martin Walker invited the Board to note the significant progress made on the strategic work programme to date, and the ongoing review of improvement work to support new ways of working in the short, medium and longer term in light of the pandemic.

The Board welcomed the report.

23. New audit appointments update

Robert Leask, Project Manager, Audit Quality and Appointments, joined the meeting.

The Chair introduced the New audit appointment update report, copies of which had been previously circulated.

The Chair drew the Board's attention to the position with regard to auditor remuneration and the potential impact on audit fees arising from Covid-19 and advised of further engagement on the Code of Audit Practice and the updated timeline for the project.

Elma Murray reflected on the work of the team in delivering the draft Code of Audit Practice and recognised that managing the multiple interactions had been difficult and stated her commitment to working with all parties. Elma advised the team were preparing a report which she was taking to the Accounts Commission meeting on 11 June 2020. The Board welcomed the Deputy Chair's commitment.

Caroline Gardner commented on the risks associated with the potential of increased fees related to Covid-19, the requirement on auditors to deliver quality audit and increased

regulatory requirements which will need to be managed over the next few months and in advance of the new appointment round.

Robert Leask advised of communication with audit firms to advise of the intention to extend the current audit appointments and the Chair requested that as soon as the decision has been taken to ask the Auditor General for Scotland and the Accounts Commission to extend the current appointments that this is made public.

Heather Logan sought clarification of the issue regarding the understanding of the procurement strategy as reported in paragraph 3 of the report. Elma Murray advised that the Accounts Commission had discussed the issue of endorsing or noting the strategy, with a further discussion to be scheduled on the principles of the strategy. The Board noted that the Commission members had mandated the Chair to attend the Board meeting due to consider and approve the strategy. In light of Covid-19 however Elma suggested that the Steering Group will wish to revisit the strategy to understand the impact this may have in terms of fees and split of audit work. The Chair welcomed the update.

Following discussion, the Board noted the report.

Robert Leask left the meeting.

24. European Union withdrawal update

Mark Roberts, Audit Director, Performance Audit and Best Value joined the meeting.

Mark Roberts introduced the European Union withdrawal update report, copies of which had been previously circulated.

Mark Roberts invited the Board to note the update on EU withdrawal in terms of monitoring and potential implications. Mark advised the Scottish Government are working on planning for no deal exit at the end of the year, with the UK Government requiring to submit a request to an extension by the end of the month. In terms of implications for Audit Scotland, we continue to monitor and provide updates to colleagues with the general principle that EU withdrawal is part of the normal operating environment for audited bodies and will be monitored at a local level. Mark invited the Board to note that the major financial implications for the medium and long term relate to EAFA audit work and the uncertainty around this.

The Board recognised the significance of the impact for audited bodies and how they respond. Diane McGiffen advised this is firmly back on the agenda in terms of Audit Scotland's future strategy and financial impact which will need to be factored into the audit response as we move into next year.

Following discussion, the Board noted the report.

Mark Roberts left the meeting.

25. Any other business

The Chair noted this is the last meeting for two of its members, Graham Sharp, Chair of the Accounts Commission and acknowledged his long service on the Commission and contribution to Audit Scotland's Board.

The Chair paid tribute to Caroline Gardner who demits office on 30 June 2020 recognising her enormous contribution to public audit and public life, first as Controller of Audit and then as Auditor General for Scotland, an inspiring, supportive and caring leader who will be missed.

Stephen Boyle, AGS designate, also paid tribute to Caroline reflecting on her ability to lift and bring people with her, a true leader who is known for her composure, is well respected and visionary with the ability to transcend the political spectrum and who has

transformed the views of public audit, steering the organisation through an independence referendum, devolved powers for Scotland, EU withdrawal and now all the challenges of Covid-19. Stephen acknowledged Caroline's leadership is one of the most successful aspects of the organisation, truly aspirational and a privilege to work with. Stephen invited members to note Caroline's contribution to the wider Scottish public life and expressed his personal thanks and assurance to take forward her legacy.

Caroline Gardner said it had been a tremendous honour to lead the organisation over the past eight years, successfully working through the independence referendum and Scotland's new financial powers, and emphasised the importance of making a contribution back to Scotland. Caroline acknowledged that Covid-19 and Brexit will pose a new set of challenges in the future.

Caroline expressed her thanks and appreciation to all her colleagues at Audit Scotland for their professionalism, hard work and friendship and relayed her thanks to fellow Board members for their role of challenge and support to deliver Public Audit in Scotland. Caroline extended her best wishes to Stephen Boyle as the new Auditor General for Scotland and Elma Murray as the interim Chair of the Accounts Commission.

The Board expressed their appreciation and best wishes to Caroline Gardner.

26. Publications of papers

The Chair invited members to agree the publication of today's reports with the exception of items 9, 15 and 16 as these are due for publication on 12 June 2020 and item 23, New audit appointments update (to support the effective conduct of business and in particular due to the commercial sensitivity of the report).

27. Review of meeting

The Board welcomed the quality of reporting and agreed it had been a productive meeting.

28. Date of next meeting: 30 September 2020

The members noted the next meeting of the Audit Scotland Board is currently scheduled for 30 September 2020 with a view to convene a meeting in August.

Agenda

Additional Board meeting

Wednesday 19 August 2020 at 10.00am

By Teams

1. Welcome and apologies
2. Declarations of interests

Standing items

- | | |
|---|-----------------|
| 3. Chair's report – verbal update | For information |
| 4. Accountable Officer's report – verbal update | For information |
| 5. Accounts Commission Chair's report – verbal update | For information |
| 6. Review of minutes: Board meeting 1 June 2020 | For approval |
| 7. Governance arrangements: Review of Standing Orders | For information |
| 8. Review of action tracker | For information |

Business planning and performance

- | | |
|-------------------------------------|-----------------|
| 9. Covid-19 update | For information |
| 10. Q1 Financial performance report | For information |

Conclusion

- | | |
|---|--------------|
| 11. Any other business | |
| 12. Publication of papers | For approval |
| 13. Review of meeting | |
| 14. Date of next meeting: 30 September 2019 (venue to be confirmed) | |