

Agenda

Thursday 9 February 2023, 9.30am
Audit Scotland offices, 102 West Port,
Edinburgh, and online via Microsoft Teams

1. **Apologies for absence**
 2. **Declaration of connections**
 3. **Order of business**
The Chair seeks approval of business, including proposing taking items 12 to 16 in private for the reasons set out on the agenda.
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Business requiring decisions in public

4. **Minutes of meeting of 12 January 2023**
 5. **Audit Scotland Board update** Policy Manager
 6. **Resourcing the benefit service thematic study** Audit Director, Audit Services Group
 7. **Briefing on the 2023/24 Scottish Budget** Executive Director of Performance Audit and Best Value
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Business for information in public

8. **Secretary's update report** Policy Manager
 9. **Chair's update report** Chair
 10. **Controller of Audit's update report** Controller of Audit
-

Any other public business

11. **Any other public business**
The Chair will advise if there is any other public business to be considered by the Commission.

Business requiring decisions in private

12. Emerging messages – Local Government Overview 2023

Executive Director of
Performance Audit and
Best Value

[Item to be taken in private as it requires the Commission to consider emerging messages from a performance audit report which may require consideration of confidential audit matters in advance of further audit work.]

13. Strategy and work programme: Work programme strategic review

Executive Director of
Performance Audit and
Best Value

[Item to be taken in private as it requires the Commission to consider confidential policy matters.]

14. Audit quality arrangements

Executive Director of
Innovation and Quality

[Item to be taken in private as it requires the Commission to consider confidential policy matters.]

15. Update on Public Audit in Scotland

Chief Operating Officer

[Item to be taken in private as it requires the Commission to consider confidential policy matters.]

Any other private business

16. Any other private business

[Item may be required if there are any confidential matters that require to be discussed out with the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.]

Minutes of previous meeting

Policy Manager, Accounts Commission

Item 4
Meeting date: 9 February 2023

Purpose

1. This paper presents for the Commission's approval the draft minutes of the previous meeting of the Commission along with a summary of matters arising from those minutes.

Recommendations

2. The Commission is asked to:
 - Approve the attached draft minute of its previous meeting.
 - Note the summary of the matters arising, as well as any other updates provided at today's meeting.

Minutes

3. The minute of the previous meeting is in Appendix 1. A summary of matters arising from the January Commission meeting is attached in Appendix 2.
4. Members should note that the action tracker – available on the member SharePoint site and also provided to members on a monthly basis – provides updates on progress from previous meetings.

Minutes

Thursday 12 January 2023, 10.45am
Audit Scotland offices, 102 West Port,
Edinburgh, and online via Microsoft Teams

Present:

William Moyes (Chair)
Malcolm Bell
Nichola Brown
Andrew Burns
Andrew Cowie*
Sophie Flemig
Jennifer Henderson
Christine Lester
Geraldine Wooley

* Online attendance

Apologies:

Sheila Gunn
Ruth MacLeod
Tim McKay
Paul Reilly, Secretary to the Commission

In attendance:

Blyth Deans, Senior Manager, Performance Audit and Best Value (PABV)
Helena Gray, Controller of Audit
Martin McLauchlan, Policy Manager, Accounts Commission
Aileen Campbell, Auditor, PABV (item 9)
Joanna Mansell, Communications Adviser (item 9)

1. Apologies for absence

It was noted that apologies for absence had been received from Sheila Gunn, Ruth MacLeod, Tim McKay and Paul Reilly (Secretary).

2. Declaration of connections

Andrew Burns and Nichola Brown declared interests in relation to item 9 but neither required members to recuse themselves.

3. Order of business

It was recommended that the following items be considered in private session:

- Item 9 required the Commission to consider confidential policy matters.

Following discussion, it was agreed item 9 could be moved to the public session. The Chair advised that there was no business for item 10.

4. Minutes of meeting of 8 December 2022

The Commission considered a report by the Policy Manager presenting the minutes of the meeting of 8 December 2022, including a summary of business arising from those minutes.

The Commission:

- Approved the minutes as a correct record.
- Noted the summary of the matters arising.

5. Secretary's update report

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

During discussion, the Commission:

- Noted a new format for the Secretary Report is in development, with the intention for the revised report to be presented at the February Commission meeting, for information and comment.
- Noted that a briefing on the recent Scottish Government Budget is on the agenda for the February Commission meeting.

Following discussion, the Commission noted the update.

6. Chair's update report

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

7. Interim Controller of Audit's update report

The Commission considered and noted a report by the Interim Controller of Audit providing an update on recent and upcoming activity.

8. Any other public business

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

9. Third Sector engagement programme proposal

The Commission considered a report by the Policy Manager outlining proposals relating to Commission engagement with the third sector in 2023 and a model for longer-term engagement with the sector.

During discussion, the Commission:

- Agreed there was a need to further consider the outcomes and impact of the 2021 events; and how these can be effectively communicated to relevant stakeholders.
- Advised of the need for clarification of the purpose and desired outcome from third sector engagement events prior to them resuming.

Following discussion, the Commission:

- Noted the proposals around increasing the Commission's communications with, and visibility across, the third sector.
- Agreed in principle to a proposed series of engagement events in 2023, but to pause planning of a March 2023 event.
- Agreed third sector events should be considered as part of the Commission's wider communication and stakeholder engagement strategy, rather than as a standalone workstream.
- Agreed, as part of the above wider workplans, to explore the benefits of delegating leadership of the Commission's engagement with the third sector to a sub-group of members.

Action: Third sector engagement plans are to be revised and brought forward for approval under the wider communication and stakeholder engagement workstream. (Secretary)

10. Any other private business

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

Close of meeting

The meeting closed at 12.00pm

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 for Scotland, 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 for Scotland 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.”

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.

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 23 November 2022. They are attached in Appendix 1.
8. The most recent meeting of the Board was on 24 January 2023, but the minutes of this meeting are not yet publicly available as they are yet to be ratified by the Board. They will be available after the next Board meeting on 4 April 2023 and considered by the Commission at its April meeting.
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.

Appendix 1

ACCOUNTS COMMISSION 

Item 5

Meeting date: 9 February 2023

Minutes Board

 AUDIT SCOTLAND

Wednesday 23 November 2022, 10.00am
Audit Scotland, 102 West Port and Microsoft Teams

Present:

Alan Alexander (Chair)
Stephen Boyle
Colin Crosby
Jackie Mann
William Moyes

Apologies:

There were no apologies.

In attendance:

Vicki Bibby, Chief Operating Officer
Martin Walker, Director of Corporate Support
Gayle Fitzpatrick, Corporate Governance Manager
Ian Metcalfe, Corporate Performance Officer
Stuart Dennis, Corporate Finance Manager
Susan Burgess, Assistant HR Manager
Michelle Borland, Business Manager, Performance Audit and Best Value
Karen Fitzsimons, Consultant, Business Jigsaw
Carolyn McLeod, Audit Director, Performance Audit and Best Value
Rebecca Seidel, Senior 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

1. Private meeting of Board members

The Board met privately and there were no matters arising.

2. Welcome and apologies

Vicki Bibby, Chief Operating Officer, and Martin Walker, Director of Corporate Support, joined the meeting.

The Chair welcomed attendees to the meeting.

3. Declarations of interest

There were no declarations of interest noted.

4. Items to be taken in private

The Chair invited members to agree that items 18, 19, 20, 21 and 22 of the agenda be considered in private for the reasons stated on the agenda. The members agreed.

5. Chair's report – verbal update

The Chair highlighted his attendance as an observer at Vicki Bibby's successful keynote session.

The Chair advised of regular meetings with Stephen Boyle, Auditor General for Scotland and Accountable Officer, William Moyes, the Chair of the Accounts Commission, and Martin Walker, Director of Corporate Support on various operational matters, including more recent introductory meetings with Vicki Bibby, Chief Operating Officer, John Cornett, Executive Director of Audit Services and Kenny Oliver, Executive Director of Innovation and Quality.

The Chair invited members to note an update on his involvement for the appointment of the Wales Audit Office Chair and Non-Executive Board Members.

The Chair advised of regular informal meetings with other Non-Executive Board members.

In addition, the Chair advised of his virtual attendance at the Audit Committee and Remuneration Committee meetings on 9 November 2022.

Following discussion, the Board welcomed the update.

6. Accountable Officer's report – verbal update

Stephen Boyle invited the Board to note some of his engagements had been covered under the Chair's report, as well as regular engagement with the Chair, the Chair of the Accounts Commission, and monthly Joint Work Programme meetings.

Stephen invited members to note that the Audit Scotland proposed pay award was accepted and would be reflected in the November pay run for staff. Thanks were given to Martin Walker, Vicki Bibby and PCS for their ongoing engagement throughout the process.

Stephen advised members of Kenny McFall's passing after a short illness – Stephen and many colleagues will be attending the service later today.

Stephen highlighted Elaine Boyd's accolade, named as one of the UK's top 100 most influential people with disabilities. Elaine plays a prominent role in disability rights and the role in the workplace of people with disabilities and wanted to record his formal congratulations.

Stephen highlighted his attendance at Vicki Bibby's keynote and also Kenny Oliver's keynote event focussing on the role of the Innovation and Quality business group.

Stephen invited members to note the publication of a number of reports recently, including the joint briefing with the Accounts Commission on Tackling Child Poverty in Scotland. Audit Scotland colleagues and Andrew Burns (Accounts Commission) briefed the Scottish

Parliament's Public Audit Committee and subsequently held a RoundTable event with representatives looking to eradicate child poverty and identifying the steps that need to be taken. Last week the briefing on Scotland's public finances: challenges and risks was published.

In relation to Parliamentary engagement, Stephen invited members to note that he had met Sarah Boyack MSP in relation to her interest in wellbeing and sustainability and Graham Simpson MSP relating to South Lanarkshire College. Audit Scotland and the Accounts Commission (Christine Lester) briefed a joint session of the Criminal Justice, Social Justice and Social Security and Health, Social Care and Sport Committee regarding drug and alcohol misuse. Stephen also attended the Public Audit Committee session where the First Minister gave evidence on the Ferries report.

In relation to external engagement, Stephen advised members of his introductory meetings with the Chief Executive of the Scottish Human Rights Commission and the new Auditor General for Northern Ireland who will join the other UK and Ireland Auditors General at the biannual meeting on Friday 2 December hosted by Audit Scotland.

Stephen noted ongoing engagement with the Scottish Government's Permanent Secretary and that he had an introductory meeting with Louise McDonald, interim Director-General Economy.

Stephen also highlighted the informal gathering arranged on 5 December 2022 in West Port for a Public Audit Committee 'Meet and greet' session – an opportunity for colleagues to engage with members of PAC.

Following discussion, the Board welcomed the update.

7. Accounts Commission Chair's report – verbal update

William Moyes invited the Board to note some progress has been made in relation to the website and branding but there's more to be done around support from the Communications Team.

William noted the Partnership Working Framework is making good progress and will follow up with Martin Walker around financial planning and reporting.

William invited members to note that Ben Macpherson, Minister for Social Security and Local Government, was joining the December Accounts Commission meeting.

William advised members that Helena Gray, Controller of Audit, was joining in January 2022 and the four new Commission members had started. The next recruitment in early 2023 would be for three Commission members and a deputy – current appointments expire end August/early September 2023.

Action ASB180: William Moyes and Martin Walker to discuss financial planning and reporting. (December 2023)

Following discussion, the Board welcomed the update.

8. Review of minutes

Remuneration and Human Resources Committee meeting: 11 May 2022

The Board noted the minutes of the Remuneration and Human Resources Committee meeting of 11 May 2022, copies of which had been previously circulated.

The Board noted the minutes were an accurate record of the meeting.

Audit Committee meeting: 7 September 2022

The Board noted the minutes of the Audit Committee meeting of 7 September 2022, copies of which had been previously circulated.

The Board noted the minutes were an accurate record of the meeting.

Board meeting: 28 September 2022

The Board noted the minutes of the Board meeting of 28 September 2022, copies of which had been previously circulated.

The Board noted the minutes were an accurate record of the meeting.

The following action points were noted:

- Item 7 – action is still pending; Martin Walker and William Moyes will follow up
- Item 11 – New Audit Appointments lessons learned exercise had been circulated to Board members and action was complete.
- Item 11 – update on Innovation and Quality will be presented to the January Board meeting.
- Item 13 – Estates Strategy will be presented to the January Board meeting
- Item 22 – confirmed nothing required circulation, item is on the agenda today.

Remuneration and Human Resources Committee meeting: 28 September 2022

The Board noted the minutes Remuneration and Human Resources Committee meeting of 28 September 2022, copies of which had been previously circulated.

The Board noted the minutes were an accurate record of the meeting and that the proposed pay award had been accepted.

9. Review of action tracker

The Board noted the updates provided on the action tracker and agreed no further updates were required at the meeting.

Martin Walker invited the Board to note action ASB171 has been updated to meet the Board's needs.

Martin Walker invited the Board to note action ASB175: colleagues are expecting the consultant's report to be received in December and an update report will be presented to the January 2023 Board meeting with the final report presented to the March 2023 Board meeting for decision.

The Board noted the updated action tracker.

10. Covid-19 – verbal update

Martin Walker provided a verbal update on matters related to Covid-19, noting three colleagues had posted absence due to Covid-19 – an increase on recent weeks and months.

In relation to the external operating environment, the number of people testing positive has reduced to 1 in 55 – the same in Wales and Northern Ireland and higher in England. Last week, 47 deaths were reported due to Covid-19 – an increase from recent numbers.

Vicki Bibby invited the Board to consider widening the standing item on Covid-19 to an item on Health, Safety and Wellbeing relating to staff.

Following discussion, the Board noted the update.

Action ASB181: *Standing item to change from Covid-19 to Health, Safety and Wellbeing from January 2023 Board meeting onwards (January 2023).*

11. Q2 Performance Report

Gayle Fitzpatrick, Corporate Governance Manager and Ian Metcalfe, Corporate Performance Officer joined the meeting.

Gayle Fitzpatrick introduced the Q2 Performance report, copies of which had been previously circulated.

Members welcomed the change to reporting with recommendations at the beginning of the report for clarity.

Martin invited the Board to note and approve the steps set out in paragraphs 3 to 7 to improve performance reporting to the Board for Q3 and Q4 and then further changes would be made to align reporting with the new Corporate Plan.

Martin also invited the Board to review the performance in Q2 set out in paragraphs 8 to 22; the position summary in appendix 1 and the detail with actions, as appropriate, in appendix 2.

The Board were invited to note the performance in relation to audit delivery and agree that a detailed report on mitigating action is brought back to the January Board meeting as set out in paragraph 18.

Martin advised the Board of the reasons for the delays in audit delivery and highlighted the key messaging has been that quality is the top priority.

During discussion, members noted that work is progressing around metrics and productivity in relation to performance reporting and agreed to explore options for a separate Board session in January 2023 outwith the Board meeting.

During discussion, the Board noted that work is ongoing in relation to performance reporting and presentation and will incorporate Accounts Commission requirements within this.

During discussion, members noted that Vicki is working with colleagues in relation to the wider work on quality and how audits are delivered, ensuring audited bodies are clear on Audit Scotland's expectations for delivery.

Action 182: *William Moyes, Vicki Bibby, Martin Walker and Gayle Fitzpatrick to meet and discuss presentation requirements for the Accounts Commission performance reporting. (January 2023)*

Action 183: *Executive Team to explore options to extend the Board session on 23 January 2023 to discuss performance reporting further (December 2022).*

Gayle Fitzpatrick and Ian Metcalfe left the meeting.

12. Q2 Financial performance report

Stuart Dennis, Corporate Finance Manager joined the meeting.

Stuart Dennis introduced the Q2 Financial performance report, copies of which had been previously circulated.

Stuart invited the Board to note the financial results for the six months to 30 September 2022, as reviewed by the Audit Committee on 9 November 2022.

During discussion, the Board noted the key financial risks highlighted in paragraph 9 at Appendix 1 and Stuart highlighted the increase in the maintenance costs for the West Port office as an example of current financial challenges.

The Board noted that work is ongoing to highlight the income generated on behalf of AGS and separate out the costs for the Accounts Commission in this report.

Following discussion, the Board welcomed the update.

Stuart Dennis left the meeting.

13. Corporate Governance Documents

Gayle Fitzpatrick, Corporate Governance Manager and Ian Metcalfe, Corporate Performance Officer re-joined the meeting.

Gayle Fitzpatrick introduced Corporate Governance Documents, copies of which had been previously circulated.

The Board was invited to approve the proposed changes to the Standing Orders, the Financial Regulations and the Staff code of conduct.

Following discussion, the Board approved the proposed amendments to the Corporate Governance Documents.

Action ASB184: *The Standing Orders, Financial Regulations and Staff code of conduct were approved for the year.*

Gayle Fitzpatrick and Ian Metcalfe left the meeting.

14. Bullying and Harassment policy report

Susan Burgess, Assistant HR Manager joined the meeting.

Susan Burgess introduced the Bullying and Harassment policy report, copies of which had been previously circulated.

The Board was invited to approve the Bullying and Harassment policy report.

During discussion, the Board was invited to note that further wording will be added to include sexual harassment as a distinction from the definition of harassment due to protected characteristics.

Following discussion, it was agreed to seek legal advice in relation to wording around an untrue complaint and potential disciplinary action.

Action 185: *Susan Burgess will circulate wording for inclusion in the policy in relation to sexual harassment (December 2023).*

Action 186: *Susan Burgess will seek legal advice on identified wording and respond to the Board to seek final approval via correspondence or at the January Board meeting (January 2023).*

Susan Burgess left the meeting

15. Any other business

There was no other business for discussion.

16. Review of meeting

The members welcomed the quality, content and comprehensive nature of the reports in supporting helpful and detailed discussion.

The Chair thanked everyone for their contributions.

17. Date of next meeting: 24 January 2023

The members noted the next meeting of the Audit Scotland Board is scheduled for 24 January 2023.

Items taken in private

18. Our purpose workstream: Update on Public Audit in Scotland and new Audit Scotland corporate plan

Michelle Borland, Business Manager, Performance Audit and Best Value and Karen Fitzsimons, Business Jigsaw joined the meeting.

Vicki Bibby introduced Our purpose workstream: Update on Public Audit in Scotland and new Audit Scotland corporate plan, copies of which had been previously circulated.

The Board was invited to engage in a discussion with the Business Jigsaw team about the vision and outcomes for Public Audit in Scotland.

During discussion, the Board noted staff consultations will commence in January 2023 and external consultation thereafter.

Following discussion, the Board noted the paper presented was much clearer and the change in timetable was more realistic.

Michelle Borland and Karen Fitzsimons left the meeting.

19. SCPA budget proposal 2023/24 report

Stuart Dennis, Corporate Finance Manager, re-joined the meeting.

Stuart Dennis introduced the SCPA budget proposal 2023/24 report, copies of which had been previously circulated.

Stuart invited the Board to discuss, review and provide comment on the draft 2023/24 Budget Proposal, approve the proposed 2022/23 audit fee by sector, discuss the implications of a flat cash settlement and agree amendments prior to submitting to SCPA.

During discussion, the Board noted the Scottish Government is due to publish its budget on 15 December 2022 with the SCPA meeting confirmed on 14 December 2022.

Stuart invited the Board to note the proposed budget increase for 2023/24 compared with the 2022/23 approved budget with explanation at paragraph 19, the fee increase at paragraph 21 and risks are responses at paragraphs 25 to 29.

During discussion, the Board noted the fee increase for 2022/23 audits by sector.

Following discussion, the Board approved the submission of the budget to the SCPA and will share the Q&A for the preparatory SCPA session with all Board members.

Action ASB187: The 2023/24 Budget proposal to be submitted to the SCPA. (December 2022)

Stephen Boyle left the meeting.

20. Spring Budget Revision 2022/23

Stuart Dennis introduced the Spring Budget Revision 2022/23, copies of which had been previously circulated.

Stuart invited the Board approve the request to the SCPA for a 2022/23 Spring Budget Revision of £5.2 million non-cash AME funding in order to meet additional IAS 19 pension charges.

Following discussion, the Board approved the submission of the request to the SCPA for a 2022/23 Spring Budget Revision of £5.2 million non-cash AME funding in order to meet additional IAS 19 pension charges.

Action 188: *The 2022/23 Spring Budget revision proposal to be submitted to the SCPA. (December 2022)*

Stuart Dennis left the meeting.

21. Environment, Sustainability and Biodiversity Annual Report 2021/22

Carolyn McLeod, Audit Director, Performance Audit and Best Value and Chair of the Green Future Team, Rebecca Seidel and Ian Metcalfe joined the meeting.

Carolyn McLeod introduced the Environment, Sustainability and Biodiversity Annual Report 2021/22, copies of which had been previously circulated.

Carolyn invited the Board to note the report which gives an update on progress to reach carbon targets and it will become more challenging to reduce emissions in future as we move to more hybrid than home based working. The Green Futures Team is considering offsetting once Scottish Government guidance on the use of offsetting is updated.

The Board was invited to consider and approve the Environment, Sustainability and Biodiversity Annual Report 2021-22 for publication on our website and as the basis of our response to SSN.

Following discussion, the Board approved the Environment, Sustainability and Biodiversity Annual Report 2021-22 for publication on our website and as the basis of our response to SSN.

Action 189: *The Environment, Sustainability and Biodiversity Annual Report 2021/22 will be published on Audit Scotland's website. (November 2022)*

Carolyn McLeod, Rebecca Seidel and Ian Metcalfe left the meeting.

22. Procuring External Quality Assurance 2022-28 report

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

The Chair noted his congratulations to Elaine on being named as one of Britain's most influential people with disabilities in the 2022 Shaw Trust Disability Power 100 list.

Elaine Boyd introduced the Procuring External Quality Assurance 2022-28 report, copies of which had been previously circulated.

The Board was invited to note the results of the tender and approve awarding the contract to ICEAW.

Elaine invited to noted that the quality of the bid was very high and benchmarked at market rate therefore Audit Quality and Appointments (AQA) recommend the bid.

During discussion, the Board suggested that AQA consider deploying internal audit arrangements to independently audit and assess performance the performance of ICAEW.

AQA speak to internal audit (review AQA) and will be carefully looking at what's delivered as part of the contract arrangements. This form of oversight might be integrated with AQA auditing.

Following discussion, the Board approved awarding the contract for external quality assurance 2022-28 to ICAEW.

Action 190: The Board approved awarding the contract for external quality assurance 2022-28 to ICAEW. (November 2023)

Action 191: Audit Quality and Appointments to consider internal audit arrangements of ICAEW. (January 2023)

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

Appendix 2

ACCOUNTS COMMISSION 

Item 5

Meeting date: 9 February 2023

Agenda

10.15 Tuesday 24 January 2023
Audit Scotland, 102 West Port and
Microsoft TEAMS

 AUDIT SCOTLAND

1. Private meeting of members
2. Welcome and apologies
3. Declarations of interest
4. Items to be taken in private

Standing items

- | | |
|---|-----------------|
| 5. Chair's report - verbal update | For information |
| 6. Accountable Officer's report - verbal update | For information |
| 7. Accounts Commission Chair's report - verbal update | For information |
| 8. Review of draft minutes: | |
| • Board meeting: 23 November 2022 | For approval |
| 9. Review of action tracker | For assurance |
| 10. Health, Safety and Wellbeing – verbal update | For information |

Strategic Priorities

- | | |
|-------------------------------------|---------------|
| 11. Strategic Improvement Programme | For assurance |
|-------------------------------------|---------------|

Business planning, performance and governance

- | | |
|--------------------------------|---------------|
| 12. Audit quality arrangements | For approval |
| 13. Audit Delivery - update | For assurance |

Conclusion

- | | |
|---|-----------------|
| 14. Any other business | For discussion |
| 15. Review of meeting | For discussion |
| 16. Date of next meeting: 4 April 2023 | For information |

Items to be taken in private

- | | |
|--|----------------|
| 17. 2022/23 Spring Budget Revision and 2023/24 Budget proposal - SCPA Report – Verbal Update
[Item to be taken in private to support the effective conduct of business and commercial sensitivity] | For discussion |
| 18. Ethical Standards Policy
[Item to be taken in private to support the effective conduct of business, intended for future publication] | For approval |
| 19. Estate Strategy update
[Item to be taken in private to support the effective conduct of business and commercial sensitivity] | For discussion |
| 20. Our purpose workstream: Update on Public Audit in Scotland and the new Audit Scotland corporate plan
[Item to be taken in private to support the effective conduct of business, intended for future publication] | For approval |

Resourcing the benefit service thematic study

Audit Director and Benefit Performance Auditor, Audit Services Group

Purpose

1. This paper invites the Commission to consider the draft Housing Benefit thematic study, Resourcing the benefit service, and to agree the proposals for finalising, publishing and promoting the report.
2. The proposed annual update blog is also attached for consideration and agreement. This reporting concludes our agreed programme of work on Housing Benefit and the audit team are therefore keen to engage with the Commission on future plans in this area.

Recommendations

3. The Commission is invited to:
 - consider the key findings in the thematic report and approve the report for publication
 - approve that the annual update be published as a blog on the Commission website and agree that the audit team will work with the Commission sponsors to finalise the content
 - engage on future plans for the Housing Benefit performance audit work programme.

Background

4. The Commission has responsibility for inspecting Housing Benefit services in Scotland under Section 105A of the Local Government Scotland Act 1973. It agreed to this role from 2008, following a request from the Department for Work and Pensions (DWP). This replaced the work of the Benefit Fraud Inspectorate in Scottish councils. The Commission discharges this responsibility through a programme of Housing Benefit performance audit work.
5. In March 2019, the Commission agreed to a [new approach](#) to Housing Benefit performance audit work. It introduced more thematic cross-cutting reviews to look strategically at issues across councils, reducing the number of individual council-focused performance audits undertaken.
6. Following the publication of the first thematic study '[The impact of Covid-19 on Scottish councils' benefit services](#)' in October 2021, the Commission agreed that 'Resourcing the benefit service' would be the theme of the next study.
7. The Commission also agreed to have two sponsors for this study, Andy Cowie and Andrew Burns.

Resourcing the benefit service

8. Since 2011, the performance of a council's Housing Benefit service has primarily been assessed using the DWPs Speed of Processing performance indicator. This study provides

an insight into the resourcing levels and the work taken on by council benefit services, in addition to Housing Benefit claims processing, to provide wider context on the impact on service delivery and performance levels.

9. All 32 Scottish councils were invited to participate in the study with 28 councils (88 per cent) engaging with the audit team and completing the online questionnaire to support the detailed analysis.
10. Overall, the study highlighted the need for councils to better understand benefit service resourcing and workload levels to ensure that the service is delivered efficiently and effectively to customers that are often in dire need of financial support. In total four recommendations have been made to help councils focus their improvement activity.
11. Subject to comments from Commission members the report will be finalised and published. Any significant amendments will be agreed with the Commission sponsors. A media strategy has been developed to maximise coverage of the report including issuing the final report to all Scottish council chief executives, placing the report on the Commission website and utilising social media.

Annual update

12. The annual update includes the key messages from the thematic study mentioned above but also draws in the findings from our two council-focused Housing Benefit performance audits.
13. The two risk assessments were:
 - [Clackmannanshire Council](#) - where processing performance was the best in Scotland, and we were looking to identify good practice that could be shared across the local authority community.
 - [East Lothian Council](#) - where speed of processing new claims and change events had declined significantly.
14. The reports identified consistent risks to continuous improvement including:
 - A lack of performance reporting to senior management and elected members.
 - Insufficient formal management checking processes to ensure the accuracy of the claims being processed.
 - A lack of focus on overpayment recovery.
15. Similar to last year the proposal is to publish the annual update as a blog on the Commission website with the support of the Commission sponsors.

Future plans

16. The Commission's Housing Benefit performance audit work helps fulfil the priority on reporting on the contribution local government makes to lessening the impact of inequalities, particularly poverty, on different communities. In recent years this work has included the completion of two council-focused Housing Benefit performance audits alongside a thematic study.

17. This work has provided valuable insight into the delivery of benefit services and there is an opportunity to explore whether this work could better support the wider strategy of the Commission.

Conclusion

18. The current approach of assessing a council's Housing Benefit performance using the DWP's Speed of Processing performance indicator should no longer be used in isolation, given the impact of wider factors, including resources and workload pressures.
19. Audit Scotland are keen to engage with the Commission on how the Housing Benefit performance audit activity can support the Commission's strategy.

Assurance and scrutiny – reporting on the vital role of Scotland’s housing benefit services

Councils’ benefit services are a lifeline service to people that are often in dire financial need and seeking support at the most difficult and complex time in their life. In 2021/22 Scotland’s councils paid out more than £1.2 billion in Housing Benefit to over 260,000 households.

The Accounts Commission has a responsibility to report on the performance of this critical service and provide assurance that councils are delivering an effective and efficient benefit service. Alongside this, auditors regularly scrutinise the performance of claims processing.

In our [recently published strategy](#), we set a priority to report on how well local government is working to reduce the multiple impacts of inequalities, including poverty, housing, education, and access to care.

Our reporting on the performance of Housing Benefit services is an important part of delivering that priority and in 2019 we changed our approach by introducing reviews on specific themes. We want to provide independent insight into aspects of this service where performance is declining, but also understand areas of strong performance which should be shared to support improvement across all councils.

In 2021/22, we carried out two Housing Benefit performance audits.

[Clackmannanshire Council](#) had significantly improved its claims processing performance since our previous engagement and we were looking to identify good practice that could be shared across Scotland.

[East Lothian Council](#) had experienced a significant decline in Housing Benefit claims processing performance during 2021/22. We established that a service restructure in 2020/21 resulted in the loss of key posts and, to manage the demand for Covid-19 support payments, experienced Housing Benefit staff had been re-deployed.

Both councils accepted the recommendations from our reports and are working to address them. We identified consistent risks to continuous improvement that all council’s should be aware of including:

- A lack of reporting of benefit service performance to senior management and elected members.

- Insufficient formal, documented management checking processes to ensure claims were being processed accurately.
- A lack of focus on Housing Benefit overpayment recovery.

In February 2023 we published a thematic study report on [Resourcing the benefit service](#) (insert link). Our study considered the changes to councils' benefit services following the introduction of Universal Credit in 2013, and the impact of resources on claims processing times, in particular the effects of flexible working, staff absences and increased workloads. It also reported on good practice in service delivery used by councils that could be shared.

The study found that Scottish councils had responded to a reduction in Housing Benefit caseloads by expanding the remit of benefit services to process other financial assessments, including, assistance from the Scottish Welfare Fund and applications to the Scottish Government's Covid-19 support schemes. This has helped the benefit service protect jobs and retain expertise.

We also found that some councils were disproportionately affected by increased workloads arising from processing Covid-19 support payments and, when comparing overall workloads per average full-time equivalent staff member, the differences between councils is significant.

In some councils where the benefit service was responsible for call handling and personal callers, insufficient information was recorded to understand the impact on the service. In addition, increased flexible working, which is now prevalent for benefit services, correlated with a reduction in short-term sick leave, but also a decline in Speed of Processing performance.

Councils continue to seek new ways to improve service delivery and customer experience and are using innovative and new technologies such as robotics and automation.

Looking ahead, we will consider the findings and implications arising from this study to determine the focus of our future engagement.

Resourcing the benefit service

A thematic study



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
February 2023

Contents

Key messages	3
About this report	4
Background	5
1. Workloads	6
2. Resources	8
3. Caseloads	22
4. Call handling and personal callers	32
5. Speed of processing	34
6. Recommendations	38
Appendix 1	39
Appendix 2	42
Appendix 3	44

Key messages

- 1** In response to the introduction of Universal Credit in 2013, and the subsequent reduction in Housing Benefit caseloads, most councils expanded the remit of the benefit service to carry out other financial assessments.
 - 2** It is vital that councils have sufficient resources within the benefit service to manage increased workloads and staff absences, to ensure that the service is delivered efficiently and effectively to customers that are often in dire need of financial support.
 - 3** In 2021/22, a third of councils operated the benefit service with a staff deficit of ten per cent or more, when compared to the full-time equivalent (FTE) complement. Although overall benefit service staffing levels have been falling since 2019/20, the majority of councils are retaining suitably experienced staff.
 - 4** Since 2020/21, when the benefit service was being delivered remotely following Scottish Government Covid-19 guidance, most councils experienced a reduction in short-term sick leave. Despite this, in 2021/22, benefit service sickness levels in the majority of Scottish councils exceeded the 2021 UK average of 2.2 per cent.
 - 5** Some councils were disproportionately affected by increased workloads arising from processing Covid-19 support payments. When comparing workloads per average FTE staff member, the differences between councils are significant.
 - 6** Councils do not record sufficient information to understand the impact of call handling and personal callers on benefit service staff.
 - 7** Flexible working is now prevalent for benefit service staff and correlates with a reduction in short term sick leave, but also a decline in Speed of Processing performance.
 - 8** Improvements to service delivery and customer experience are being identified from the use of innovative and new technologies such as robotics and automation.
-

About this report

- 1.** Since the Department for Work and Pensions (DWP) introduced Universal Credit in 2013, there have been many changes to councils' benefit services. As more claims for housing costs were processed by the DWP, to protect jobs and retain knowledge and expertise, most councils expanded the remit of the benefit service to carry out other financial assessments.
- 2.** In some councils this additional work, including processing the Scottish Government's Covid-19 support schemes since 2020/21, has resulted in a significant increase in workload, placing extra pressures on the benefit service.
- 3.** Resourcing the benefit service is key to understanding performance. In 2021/22, a third of councils operated the service with a staff deficit of ten per cent or more, when compared to the full-time equivalent complement.
- 4.** With a focus on resourcing and the work of the benefit service in addition to Housing Benefit claims processing, this study aims to highlight and provide wider context on the impact on service delivery and performance levels.
- 5.** All 32 Scottish councils were invited to participate in the study and 28 councils (88 per cent) engaged with us and completed the online questionnaire. Clackmannanshire Council, Comhairle Nan Eilean Siar, East Ayrshire Council, and The Highland Council did not participate.
- 6.** The data and analysis in this report is based on questionnaire responses and has not been independently validated, except for claims processing performance and caseload information, which have been obtained from DWP published data.
- 7.** We would like to thank all councils for their participation in the study and in particular officers from City of Edinburgh Council, Dundee City Council, Fife Council, Moray Council and Orkney Islands Council for their help in the development and review of the questionnaire.

Background

- 8.** The Housing Benefit scheme helps customers pay their rent if they are unemployed, on a low income, or claiming benefits. It is administered by councils on behalf of the DWP. In 2021/22, over 260,000 people in Scotland were in receipt of Housing Benefit and Scottish councils paid out more than £1.2 billion to assist some of the most vulnerable people in the community.
- 9.** In October 2010, the UK Government announced that Universal Credit would replace and simplify the current welfare benefit system. This new benefit amalgamated six means-tested benefits, including Housing Benefit, into a single monthly payment. It was introduced by the DWP in 2013, with a planned full implementation date of 2018.
- 10.** The 2010 announcement was a catalyst for councils to re-evaluate their benefit service as Housing Benefit caseloads were predicted to decrease year-on-year. Many councils adapted the benefit service to protect existing jobs and expertise by expanding the remit to include other financial assessments, such as Free School Meals, School Clothing Grants, Education Maintenance Awards, and applications to the Scottish Welfare Fund.
- 11.** Additionally, in response to the Covid-19 pandemic, the Scottish Government created national hardship schemes to support individuals and businesses. Many of these schemes, such as Self-isolation Support Payments and Low-income Pandemic Payments, were administered by councils utilising existing expertise within the benefit service to process applications.
- 12.** Since 2011, the performance of a council's Housing Benefit service has primarily been assessed by Audit Scotland using the DWP's Speed of Processing performance indicator. This is the average number of days that councils take to process new claims and change events. The impact on claims processing performance, of additional workloads, resource levels and other activities carried out by benefit service staff have not previously been considered.

1. Workloads

Most benefit services carry out other assessments in addition to processing housing benefit claims

13. When considering councils' Speed of Processing performance, the DWP takes account of the average time (in days) to process new claims and change events to existing claims. Housing Benefit caseloads, caseload complexity, other workloads, and factors such as available staff resources are not considered.

14. However, in isolation, Speed of Processing performance is not always indicative of a council's overall relative performance. Many other factors can impact on claims processing times making it more challenging to directly compare councils' performance across Scotland. For example, in 2019/20, 15 of the 28 councils in our study (54 per cent) processed over 83,000 applications for assistance from the Scottish Welfare Fund in addition to processing Housing Benefit claims. Almost all Scottish councils (27 of the 28 who responded) carry out other assessments in addition to claims processing.

15. [Exhibit 1](#) is an extract of the other types of assessment carried out by Scottish councils' benefit services in 2022/23. Full details are provided at [Appendix 1](#).

Exhibit 1

Additional processing activities carried out by benefit services in 2022/23

Council	Additional processing activities
Aberdeenshire	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Money Advice, Blue Badge Scheme, Local Discretionary Scheme, Covid-19 Self-isolation Support Payments, Flexible Food Fund (10)
Angus	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments, Free School Meals (Direct Payments), Cost of Living Award, Covid-19 Self-isolation Support Payments (10)

Council	Additional processing activities
Dumfries and Galloway	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments (7)
Renfrewshire	Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments (5)
Scottish Borders	Free School Meals, Scottish Child Payment (Bridging Payment), Free School Meals (Direct Payments), School Clothing Grants (4)
West Lothian	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments, Free School Meals (Direct Payments), Winter Support Fund (10)

Source: Scottish councils

16. The number and type of additional processing activities carried out by councils varies significantly, illustrating the difficulty in directly comparing Housing Benefit claims processing performance based solely on the DWP's Speed of Processing indicator. Although some benefit services have a wider remit than others, additional factors also need to be considered, including:

- the resources available to the service, including staff absences and experience levels
- caseloads and the complexity of each claim type
- other activities undertaken, for example, call handling and dealing with personal callers.

17. These are discussed in more detail in the following sections.

2. Resources

18. The assessment of Housing Benefit claims is a complex process that requires staff to work across multiple systems and have a detailed understanding of the relevant legislation.

19. The addition of new workstreams in response to the introduction of Universal Credit meant that councils invested in training to enable staff to process these applications efficiently and effectively. In doing so, councils have increased the level of knowledge and expertise among benefit service staff, protected jobs, and enabled the delivery of a more generic and robust service, as staff are able to work across multiple disciplines.

Overall benefit service staffing levels have been falling since 2019/20

20. We asked councils to provide data on the number of full-time equivalent (FTE) staff that were in post at the beginning of each financial year from 2019/20 to 2022/23. This is captured in [Exhibit 2](#) and shows staffing levels decreasing year-on-year, equating to an overall 9.6 per cent reduction during the period.

Exhibit 2

Benefit service FTE staffing levels 2019/20 – 2022/23 (28 councils)

Year	Number of staff	Change
2019/20	1,137	-
2020/21	1,102	↓ -3.1 per cent
2021/22	1,054	↓ -4.4 per cent
2022/23	1,028	↓ -2.5 per cent

Source: Scottish councils

21. Over the same period there has been a 26 per cent reduction in the Housing Benefit caseload suggesting that benefit service diversification into other financial assessments has helped retain staff. This is borne out at an operational level, with 25 of the 28 councils (89 per cent) in our study having more staff in post than the equivalent represented by the caseload reduction.

22. However, there remains a significant variation in FTE staff levels across Scotland, with Aberdeen City Council reporting a decrease of 38 per cent, while Dumfries and Galloway Council reported an increase of 31 per cent during the period.

23. [Exhibit 3](#) details the ten councils that have had the greatest reduction in the number of FTE staff in post between April 2019 and April 2022. A full breakdown of benefit service staffing levels is provided at [Appendix 2](#).

Exhibit 3

Reduction in FTE staff in post between April 2019 and April 2022

Council	FTE in post April 2019	FTE in post April 2022	Change (number)	Change (per cent)
Aberdeen City	45.31	28.05	-17.26	-38.1
City of Edinburgh	99.00	87.00	-12.00	-12.1
Dundee City	59.20	51.53	-7.67	-13.0
Fife	56.00	44.00	-12.00	-21.4
Inverclyde	15.63	11.57	-4.06	-26.0
North Ayrshire	27.90	24.20	-3.70	-13.3
Renfrewshire	56.95	41.88	-15.07	-26.5
South Ayrshire	51.00	41.00	-10.00	-19.6
West Dunbartonshire	14.50	11.50	-3.00	-20.7
West Lothian	39.66	30.54	-9.12	-23.0

Source: Scottish councils

24. Although the number of FTE staff in post is indicative of the resources that were available to the benefit service each year, to establish how many vacancies the service operated with, we asked councils to also provide the total number of staff in the benefit service structure (FTE complement).

25. [Exhibit 4](#) details the number of vacancies each year from 2019/20 to 2022/23 (at 31 July), for the 23 councils that provided full data. This is based on the average of the number of FTE staff that were in post at the beginning and end of each year, compared to the FTE complement at the beginning of the year.

26. Data in red and bold indicates that the council operated the benefit service with a vacancy rate of ten per cent or more below FTE complement.

Exhibit 4

Benefit service FTE vacancies 2019/20 to 2022/23 (at 31 July) (23 councils)

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Aberdeen City	3.11	6.35	6.32	9.32
Aberdeenshire	5.90	5.00	2.00	1.00
Angus	0.75	0.50	0.00	-1.00
Argyll and Bute	0.25	0.50	0.75	0.35
Dundee City	4.25	8.29	7.65	8.70
East Dunbartonshire	0.00	0.00	1.00	1.00
East Renfrewshire	1.00	0.00	0.50	2.00
Falkirk	1.50	1.80	3.07	3.54
Fife	2.25	3.75	0.00	0.00
Glasgow	-0.65	4.30	3.29	3.15
Inverclyde	3.61	3.01	2.67	0.79
Moray	0.00	0.75	1.60	2.50
North Ayrshire	1.20	1.55	0.50	1.00
North Lanarkshire	2.32	2.82	2.82	7.82
Orkney Islands	0.90	0.40	0.90	1.40
Perth and Kinross	0.00	0.75	0.25	0.50
Renfrewshire	3.85	0.57	4.70	5.60
Scottish Borders	3.00	2.25	2.00	2.00
Shetland Islands	0.15	0.29	0.58	0.00
South Ayrshire	4.25	3.25	4.00	4.50
South Lanarkshire	15.50	6.82	4.38	6.68

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
West Dunbartonshire	0.00	1.00	0.50	0.25
West Lothian	9.28	0.71	0.21	0.21

Source: Scottish councils

27. The table above shows that 18 of the 23 councils (78 per cent) in 2019/20 carried vacancies and operated the benefit service at between 0.9 per cent (Argyll and Bute) and 27 per cent (Scottish Borders) below FTE complement.

28. This trend continued in 2020/21, 2021/22 and 2022/23 with over 87 per cent of councils managing vacancies each year. Of note, are Aberdeen City Council, Dundee City Council, and Scottish Borders Council who have been operating with a staff deficit of more than ten per cent for the last three years. This illustrates that councils are experiencing difficulty recruiting and maintaining benefit service staff levels at the agreed complement.

Recommendation 1

Where the benefit service is operating below complement, councils should investigate the reasons for this and seek to address the shortfall, with a view to improving service delivery and claims processing performance.

The majority of councils are retaining suitably experienced staff

29. Councils told us that a new benefit officer would require approximately 18 months of training and support to have sufficient knowledge and experience to work independently. Therefore, it could be expected that benefit services with a greater proportion of experienced officers (>18 months) would perform better than a service with more inexperienced staff that required support to process claims.

30. We asked councils to provide data on the number of staff within the benefit service that met this criterion. More than half of the council's (15 of the 25 that provided the required data) commenced 2022/23 with a fully experienced benefit service. In contrast, Renfrewshire Council's benefit service with 24 per cent of staff considered inexperienced had a decline in new claims processing performance in quarter one of 2022/23, from an average of 21 days to an average of 39 days.

31. Although the decline in Renfrewshire Council's performance correlates with a high level of inexperienced benefit service staff, to confirm this is a contributory factor, further investigation would be required. It is illustrative of the need to consider all aspects of the benefit service when assessing Speed of Processing performance.

In 2021/22, a third of councils operated the benefit service with a staff deficit of ten per cent or more when compared to the FTE complement, but this is an improvement on the 2019/20 position

32. Although staff levels and staff experience can be considered contributory factors to the performance of a benefit service, the most significant factor that can affect a council's Speed of Processing performance is the availability of staff during the year.

33. While forward planning and contingency arrangements can be used to manage known absences, such as annual leave or parental leave, unexpected absences are more challenging. For example, bereavement leave, compassionate leave and, during the Covid-19 pandemic, staff with family commitments being required to self-isolate.

34. We asked councils to provide staff absence data for the period 2019/20 to 2022/23 (at 31 July). Full data was provided for 21 out of the 28 councils (75 per cent). [Exhibit 5](#) details the average percentage of FTE benefit service staff that were available (excluding annual leave) during this period.

35. Staff levels are based on the average number of FTE staff in post at the beginning and end of each financial year, and data in red and bold indicates councils that operated with a staff deficit of ten per cent or more.

Exhibit 5

Benefit service average FTE staff levels for the period 2019/20 to 2022/23 (at 31 July)

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Aberdeenshire	78%	80%	89%	95%
Angus	99%	99%	99%	99%
Argyll and Bute	79%	93%	82%	92%
City of Edinburgh	73%	95%	96%	98%
Dundee City	87%	95%	92%	97%
East Dunbartonshire	78%	94%	94%	98%
East Renfrewshire	84%	97%	92%	92%
Fife	79%	94%	93%	97%
Glasgow City	85%	90%	95%	98%
Inverclyde	69%	91%	84%	95%

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Moray	75%	95%	98%	99%
North Lanarkshire	76%	95%	91%	98%
Orkney Islands	72%	95%	76%	100%
Perth and Kinross	80%	99%	98%	99%
Renfrewshire	91%	95%	87%	93%
Scottish Borders	85%	99%	96%	99%
Shetland Islands	74%	96%	97%	99%
South Ayrshire	79%	94%	91%	98%
South Lanarkshire	72%	91%	89%	98%
Stirling	81%	94%	99%	99%
West Lothian	74%	94%	85%	98%
Scottish average	80%	94%	92%	97%

Source: Scottish councils

36. 2021/22 was a particularly challenging year with a third of councils operating the benefit service with a staff deficit of ten per cent or more, when compared to the FTE complement. There are varying experiences across Scottish councils with particular pressures evident for Argyll and Bute Council, Inverclyde Council, Orkney Islands Council and West Lothian Council.

37. For example, in 2021/22, East Dunbartonshire Council and Inverclyde Council experienced a similar decline in new claims processing performance of an average of four days. In this instance, based on new claims processing times, both councils have delivered the same level of performance. However, when factoring in available resources, Inverclyde Council performed better, as it delivered the same level of performance as East Dunbartonshire Council with ten per cent less staff.

38. Although the picture for 2022/23 appears more positive, the data was for the period to 31 July 2022 due to the timing of our fieldwork. It is therefore unclear whether the improving picture was maintained.

In 2021/22, benefit service sickness levels in most Scottish councils exceeded the 2021 UK average

39. There are many reasons that staff levels fluctuate throughout the year. Staff leave the service, new staff are appointed, sick leave and parental leave are all events that must be managed effectively to maintain a good level of service.

40. We analysed the reasons for staff absences in 2021/22 and found that sickness absence, including leave attributed to Covid-19, accounted for most staff absences during the year. [Exhibit 6](#) details the level of sickness absence for the 25 councils that provided full data, as a percentage of the total number of available workdays (excluding annual leave) in 2021/22.

41. This table shows that sickness absence levels in 20 of the 25 councils (80 per cent) in our study were greater than the UK average of 2.2 per cent, as reported in the [Office of National Statistics sickness absence report 2021](#).

Exhibit 6

Sickness absence as a percentage of available workdays in 2021/22

Council	Total available workdays	Sickness absence (days)	Percentage of available workdays
Aberdeen City	7,169	225	3%
Aberdeenshire	14,024	1,084	8%
Argyll and Bute	5,756	448	8%
City of Edinburgh	19,886	618	3%
Dundee City	11,674	620	5%
East Dunbartonshire	5,564	195	4%
East Lothian	4,294	102	2%
East Renfrewshire	3,693	253	7%
Falkirk	6,616	412	6%
Fife	9,724	442	5%
Glasgow City	33,181	1,395	4%
Inverclyde	2,436	198	8%
Midlothian	4,561	80	2%

Council	Total available workdays	Sickness absence (days)	Percentage of available workdays
Moray	3,976	62	2%
North Lanarkshire	9,393	778	8%
Orkney Islands	745	166	22%
Perth and Kinross	4,733	62	1%
Renfrewshire	9,755	800	8%
Scottish Borders	1,992	79	4%
Shetland Islands	1,272	36	3%
South Ayrshire	9,212	534	6%
South Lanarkshire	21,250	1,365	6%
Stirling	5,179	28	1%
West Dunbartonshire	2,572	280	11%
West Lothian	6,720	501	7%

Source: Scottish councils

42. Of particular concern is that sickness absence levels in 14 of the 25 councils (56 per cent) was greater than twice the United Kingdom average. Despite this, four councils reported that they did not recruit any additional staff in 2021/22 to help the benefit service manage these absences.

43. Of these, South Lanarkshire Council was able to maintain new claims processing times in 2021/22. However, Fife Council, Inverclyde Council, and Orkney Islands Council saw a decline in performance of an average of twelve days, four days, and two days respectively.

44. Councils should aim to maintain staff resources throughout the year as close as possible to the FTE complement to ensure that the benefit service delivers a good level of service to customers.

Recommendation 2

Councils should investigate the reasons for sickness absence levels that are above the national average and have sufficient contingency arrangements in place to manage unexpected staff shortages.

45. When building a profile of each council's benefit service, taking account of available resources can provide an important insight into the potential reasons for under-performance, and is a key factor when assessing Speed of Processing performance. Therefore, it is essential that councils maintain an accurate and complete record of staff absences and can be proactive in responding to any increasing trends.

Flexible working is now prevalent for benefit service staff and correlates with a reduction in short term sick leave, but also a decline in Speed of Processing performance

46. Prior to the Covid-19 pandemic, most councils' benefit services were delivered by office-based staff. However, in 2020/21, following Scottish Government advice, councils closed their offices to the general public and transitioned to delivering the benefit service remotely. Although some councils experienced initial difficulties, staff adapted quickly to remote working.

47. In 2021/22, as pandemic restrictions eased, some benefit service staff returned to office-based working, however, homeworking or hybrid working arrangements continued for the majority of staff.

48. To illustrate the increase in flexible working arrangements, [Exhibit 7](#) details the percentage of office, hybrid, and homeworkers in 2019/20 and in 2022/23 (at 31 July) for the 27 councils that provided full data.

Exhibit 7

Comparison of flexible working arrangements in council benefit services between 2019/20 and 2022/23 (at 31 July) (27 councils)

Council	2019/20			2022/23 (at 31 July)		
	Office-based	Hybrid-working	Home-working	Office-based	Hybrid-working	Home-working
Aberdeen City	94%	6%	0%	26%	74%	0%
Aberdeenshire	100%	0%	0%	0%	100%	0%
Angus	85%	6%	9%	3%	0%	97%
Argyll and Bute	100%	0%	0%	3%	0%	97%
City of Edinburgh	54%	0%	46%	4%	41%	55%
Dundee City	84%	0%	16%	0%	82%	18%
East Dunbartonshire	100%	0%	0%	14%	86%	0%
East Lothian	95%	5%	0%	0%	0%	100%

Council	2019/20			2022/23 (at 31 July)		
	Office-based	Hybrid-working	Home-working	Office-based	Hybrid-working	Home-working
East Renfrewshire	100%	0%	0%	0%	100%	0%
Falkirk	100%	0%	0%	0%	100%	0%
Fife	75%	0%	25%	25%	50%	25%
Glasgow	99%	0%	1%	4%	96%	0%
Inverclyde	64%	0%	36%	0%	39%	61%
Midlothian	86%	0%	14%	0%	85%	15%
Moray	75%	25%	0%	15%	60%	25%
North Ayrshire	100%	0%	0%	0%	100%	0%
North Lanarkshire	100%	0%	0%	0%	78%	22%
Orkney Islands	100%	0%	0%	23%	77%	0%
Perth and Kinross	100%	0%	0%	0%	100%	0%
Renfrewshire	95%	0%	5%	0%	95%	5%
Scottish Borders	100%	0%	0%	0%	100%	0%
Shetland Islands	100%	0%	0%	13%	87%	0%
South Ayrshire	100%	0%	0%	4%	96%	0%
South Lanarkshire	100%	0%	0%	0%	100%	0%
Stirling	100%	0%	0%	16%	0%	84%
West Dunbartonshire	100%	0%	0%	0%	100%	0%
West Lothian	100%	0%	0%	8%	92%	0%

Source: Scottish Councils

49. The table above shows that in 2022/23 all 27 councils that provided full data had continued with flexible working arrangements that were in place in 2020/21, as a result of the Covid-19 pandemic. Although the ratio of homeworkers and hybrid workers has varied, the ratio of office-based staff has universally declined since 2019/20, with only three councils, Aberdeen City Council, Fife Council, and Orkney Islands Council operating with more than 20 per cent of FTE office-based staff in 2022/23.

50. For many councils flexible working is relatively new, however a benefit of flexible working arrangements for some councils has been a reduction in short-term sick leave. [Exhibit 8](#) shows short-term sick leave in 2019/20, when most FTE staff were office-based, and in 2020/21 and 2021/22, when most FTE staff were working flexibly, for the 24 councils (86 per cent) that provided data.

Exhibit 8

Flexible working – Change in short-term sick leave from 2019/20 to 2021/22 (24 councils)

Council	Short-term sick leave (days) 2019/20	Short-term sick leave (days) 2020/21	Short-term sick leave (days) 2021/22
Aberdeenshire	275	231 ↓	347 ↑
Angus	44	40 ↓	20 ↓
Argyll and Bute	46	47 ↑	78 ↑
City of Edinburgh	730	560 ↓	163 ↓
Dundee City	219	97 ↓	250 ↑
East Dunbartonshire	83	33 ↓	44 ↑
East Renfrewshire	51	31 ↓	24 ↓
Falkirk	375	145 ↓	216 ↑
Fife	199	184 ↓	157 ↓
Glasgow	772	385 ↓	384 ↓
Inverclyde	57	73 ↑	29 ↓
Midlothian	93	66 ↓	80 ↑
Moray	102	30 ↓	24 ↓
North Lanarkshire	354	118 ↓	195 ↑

Council	Short-term sick leave (days) 2019/20	Short-term sick leave (days) 2020/21	Short-term sick leave (days) 2021/22
Orkney Islands	32	40 ↑	7 ↓
Perth and Kinross	124	41 ↓	32 ↓
Renfrewshire	5	151 ↑	286 ↑
Scottish Borders	16	23 ↑	28 ↑
Shetland Islands	77	50 ↓	36 ↓
South Ayrshire	279	92 ↓	62 ↓
South Lanarkshire	464	348 ↓	227 ↓
Stirling	63	12 ↓	28 ↑
West Dunbartonshire	43	52 ↑	137 ↑
West Lothian	135	116 ↓	186 ↑

Source: Scottish Councils

51. The table above shows that, when compared to 2019/20, 18 of the 24 councils (75 per cent) saw a reduction in short-term sick leave in 2020/21 of between minus eight per cent (Fife Council) and minus 81 per cent (Stirling Council). In 2021/22, 12 of the 24 councils (50 per cent) saw a continued reduction in short-term sick leave of between minus 15 per cent (Fife Council) and minus 83 per cent (Orkney Islands Council), when compared to 2020/21.

52. In total, ten councils experienced a year-on-year reduction in short-term sick leave since remote working was universally introduced in 2020/21, as a result of the Scottish Government's Covid-19 pandemic arrangements.

53. A reduction in short-term sick leave is a positive outcome for councils. However, to determine the effectiveness of flexible working on claims processing times, we compared Speed of Processing performance in 2019/20 and in 2022/23 (at 30 June).

54. [Exhibit 9](#) shows the percentage of office-based staff in 2019/20 and in 2022/23 (at 31 July) compared to councils' relative Speed of Processing performance for new claims and change events in 2019/20 and at the end of quarter one of 2022/23 (at 30 June).

Exhibit 9**Comparison of flexible working arrangements and Speed of Processing performance between 2019/20 and 2022/23 (27 councils)**

Council	Office-based staff 2019/20	Office-based staff 2022/23	New claims 2019/20 (days)	New claims 2022/23 (days)	Change events 2019/20 (days)	Change events 2022/23 (days)
Aberdeen City	94%	26%	17	38 ↑	6	10 ↑
Aberdeenshire	100%	0%	22	25 ↑	5	10 ↑
Angus	85%	3%	13	21 ↑	3	8 ↑
Argyll and Bute	100%	3%	20	33 ↑	4	10 ↑
City of Edinburgh	54%	4%	17	13 ↓	6	7 ↑
Dundee City	84%	0%	11	13 ↑	3	4 ↑
East Dunbartonshire	100%	14%	20	22 ↑	5	5 ↔
East Lothian	95%	0%	22	30 ↑	3	10 ↑
East Renfrewshire	100%	0%	23	12 ↓	3	5 ↑
Falkirk	100%	0%	13	17 ↑	4	8 ↑
Fife	75%	25%	14	18 ↑	3	4 ↑
Glasgow	99%	4%	14	17 ↑	4	6 ↑
Inverclyde	64%	0%	14	20 ↑	3	4 ↑
Midlothian	86%	0%	20	64 ↑	7	13 ↑
Moray	75%	15%	20	18 ↓	4	5 ↑
North Ayrshire	100%	0%	12	20 ↑	3	5 ↑
North Lanarkshire	100%	0%	16	13 ↓	5	5 ↔
Orkney Islands	100%	23%	20	37 ↑	3	8 ↑
Perth and Kinross	100%	0%	15	17 ↑	3	6 ↑
Renfrewshire	95%	0%	18	39 ↑	4	10 ↑

Council	Office-based staff 2019/20	Office-based staff 2022/23	New claims 2019/20 (days)	New claims 2022/23 (days)	Change events 2019/20 (days)	Change events 2022/23 (days)
Scottish Borders	100%	0%	14	20 ↑	6	8 ↑
Shetland Islands	100%	13%	23	14 ↓	4	6 ↑
South Ayrshire	100%	4%	13	14 ↑	3	8 ↑
South Lanarkshire	100%	0%	14	13 ↓	3	4 ↑
Stirling	100%	16%	16	28 ↑	3	8 ↑
West Dunbartonshire	100%	0%	24	25 ↑	5	4 ↓
West Lothian	100%	8%	14	16 ↑	3	4 ↑

Source: Scottish Councils and DWP

55. The table above shows that, in most councils, where there has been a reduction in FTE office-based staff, there has been a decline in new claims and change events processing performance. In 2022/23 (at 30 June), 21 of the 27 councils (78 per cent) experienced a decline in new claims processing performance, 24 of the 27 councils (89 per cent) experienced a decline in change events processing performance, and 19 of the 27 councils (70 per cent) experienced a decline in both new claims and change events processing performance, when compared to 2019/20.

56. Without further investigation we cannot determine that the decline in performance for these councils is a direct result of the decrease in FTE office-based staff. However, the analysis is concerning, and councils need to ensure that regular reviews of flexible working arrangements are carried out to monitor performance and the impact on service delivery.

Recommendation 3

To ensure that benefit services are delivering an optimum level of performance, management should regularly review flexible working arrangements to determine the impact on claims processing performance and service delivery.

3. Caseloads

57. Since Universal Credit was launched in 2013 benefit caseloads have decreased year-on-year as new claims for housing costs have been processed by the DWP. In Scotland, this has led to a 47 per cent reduction in the Housing Benefit caseload from April 2013 to July 2022.

58. Housing Benefit caseloads vary significantly across Scotland from approximately 600 at Shetland Islands Council, to approximately 53,000 at Glasgow City Council, as at April 2022. However, as detailed under [Section 1: Workloads](#), claims processing is only part of the work carried out by benefit services that can affect Speed of Processing performance. Other key factors to consider include claim complexity and the caseloads attributed to other processing work.

Caseload complexity is a factor when considering Housing Benefit claims processing performance, but there is no clear correlation

59. There are several factors that can contribute towards the complexity of a council's benefit caseload. In this section we set out the caseload split by six distinct claim types, the reasons why some claims can be more complex, and an exhibit using DWP data showing the differences in caseload complexity across the 28 councils in our study, at April 2022.

60. To illustrate caseload complexity, Audit Scotland devised a ratio based on our experience of the different customer and tenure types for Housing Benefit claims. [Exhibit 10](#) details each of the six claim types and the premise is that non-passported, private sector tenant and working age claims take on average twice as long (in days) to process and maintain than passported, social sector tenant and pension age claims.

61. The higher the complexity ratio, the potentially more complex the caseload and the longer it could be expected to take for councils to process these claims.

Exhibit 10 Description of Housing Benefit claim types

Claim type	Description
Passported	Individuals or households that are also in receipt of one or more of the following passported benefits are automatically entitled to Housing Benefit:

Claim type	Description
	<ul style="list-style-type: none"> • Income Support • Job Seekers Allowance (Income Based) • Guaranteed Pension Credit • Employment Support Allowance (Income Related) • Some Universal Credit claimants can also get Housing Benefit, and where this happens, they should be thought of as being passported. <p>This type of claim is normally quicker to process as the customer's income has been verified by the DWP.</p>
Non-passported	<p>These claims often require the benefit service to verify the customer's income details which can result in the need to issue a request for further information. This can lead to further delays if the information is not returned timeously, or with full details.</p>
Private rented sector	<p>Customers in the private rented sector are required to provide additional information in support of their claim. For example:</p> <ul style="list-style-type: none"> • copy of the tenancy agreement • proof of rental payments • proof of household address, for example, a recent electric bill. <p>When not provided at the time of the claim, or the information provided is insufficient to assess the claim, the benefit service must contact the customer for further information.</p>
Social rented sector	<p>Customers living in social rented sector accommodation are not required to provide the same level of information as a private sector tenant in support of a claim, as this information can be available from other IT systems. Consequently, claims from this customer type, particularly those that are passported, can take less time to process than claims from customers in the private rented sector.</p>
Pension age	<p>Pension age customers are those over 66 years old, as they meet the criteria for a State Pension. Typically, claims of this type have fewer change events, as pension amounts are normally uprated annually.</p>
Working age	<p>Customers of working age are required to provide detailed information in support of their claim, and during the life of a claim can have numerous change events. For example, a wage increase, change of employment, or increased hours can lead to more intervention from the benefit service to verify the change than claims from customers of pension age.</p>

62. [Exhibit 11](#) details each council's percentage of claims within the caseload that could be considered more complex, at 1 April 2022, and a complexity ratio derived from multiplying these percentages by an illustrative factor of 2.

Exhibit 11

Housing Benefit caseload by percentage of non-passported, private sector tenant and working age claims at 1 April 2022 (28 councils)

Council	Non-passported	Private sector tenant	Working age	Complexity Ratio
Aberdeen City	30%	10%	59%	1.98
Aberdeenshire	34%	16%	49%	1.98
Angus	29%	18%	50%	1.93
Argyll and Bute	25%	19%	49%	1.85
City of Edinburgh	30%	16%	69%	2.30
Dumfries and Galloway	25%	21%	50%	1.94
Dundee City	26%	16%	57%	1.97
East Dunbartonshire	29%	18%	56%	2.06
East Lothian	35%	11%	46%	1.84
East Renfrewshire	26%	22%	59%	2.16
Falkirk	26%	8%	52%	1.72
Fife	29%	14%	56%	1.97
Glasgow	21%	11%	63%	1.89
Inverclyde	24%	17%	51%	1.85
Midlothian	31%	12%	53%	1.91
Moray	30%	18%	51%	1.98
North Ayrshire	24%	17%	52%	1.86
North Lanarkshire	24%	11%	54%	1.77
Orkney Islands	26%	15%	55%	1.92
Perth and Kinross	27%	19%	49%	1.91

Council	Non-passported	Private sector tenant	Working age	Complexity Ratio
Renfrewshire	26%	14%	61%	2.02
Scottish Borders	33%	19%	48%	2.00
Shetland Islands	25%	3%	55%	1.68
South Ayrshire	30%	18%	55%	2.05
South Lanarkshire	25%	13%	54%	1.84
Stirling	27%	10%	54%	1.82
West Dunbartonshire	26%	8%	59%	1.87
West Lothian	28%	11%	58%	1.95

Source: DWP

63. The table above shows a wide-ranging complexity ratio of between 1.68 (Shetland Islands Council) and 2.30 (City of Edinburgh Council), which further illustrates that Speed of Processing performance based on case numbers alone is not an absolute approach.

64. When put into the context of claims processing, [Exhibit 12](#) ranks each council's Speed of Processing performance for new claims for quarter 1 of 2022/23 and details the council's relative caseload complexity ratio, ranked from the least complex (1) to the most complex (28).

Exhibit 12

Housing Benefit Speed of Processing performance for 2022/23 at 30 June (28 councils)

Council	New claims processing (Average days)	Change events processing (Average days)	Complexity Ratio (Rank)
East Renfrewshire	12	5	2.16 (27)
Dundee City	13	4	1.97 (18)
South Lanarkshire	13	4	1.84 (5)
North Lanarkshire	13	5	1.77 (3)
City of Edinburgh	13	7	2.30 (28)

Council	New claims processing (Average days)	Change events processing (Average days)	Complexity Ratio (Rank)
Shetland Islands	14	6	1.68 (1)
South Ayrshire	14	8	2.05 (25)
West Lothian	16	4	1.95 (17)
Glasgow	17	6	1.89 (11)
Perth and Kinross	17	6	1.91 (12)
Falkirk	17	8	1.72 (2)
Fife	18	4	1.97 (18)
Moray	18	5	1.98 (20)
Inverclyde	20	4	1.85 (7)
North Ayrshire	20	5	1.86 (9)
Scottish Borders	20	8	2.00 (23)
Angus	21	8	1.93 (15)
East Dunbartonshire	22	5	2.06 (26)
West Dunbartonshire	25	4	1.87 (10)
Aberdeenshire	25	10	1.98 (20)
Stirling	28	8	1.82 (4)
East Lothian	30	10	1.84 (5)
Dumfries and Galloway	32	5	1.94 (16)
Argyll and Bute	33	10	1.85 (7)
Orkney Islands	37	8	1.92 (14)
Aberdeen City	38	10	1.98 (20)
Renfrewshire	39	10	2.02 (24)
Midlothian	64	13	1.91 (12)

Source: DWP

65. This table shows contrasting performance when looking at the complexity ratio in isolation. The council with the least complex caseload (Shetland Islands) performed 6th out of the 28 councils for new claims processing, while the council with the most complex caseload (City of Edinburgh) performed 5th, better than could be expected based on its caseload complexity ratio alone.

66. Although the complexity ratio is one example of a different approach to assessing the impact of a council's caseload when considering Speed of Processing performance, it highlights that some councils have more complex caseloads under management and that, in isolation, these are not directly comparable.

The increased caseload from processing other assessments impacts on councils' Speed of Processing performance

67. As detailed within [Section 1: Workloads](#), many councils have adapted their benefit service to carry out other financial assessments as legacy Housing Benefit caseloads have reduced year-on-year. Despite accounting for a proportion of the service's resource, and potentially having an impact on the Speed of Processing indicator, this other work is not considered when assessing claims processing performance.

68. As with Housing Benefit claims, there are several factors that can impact on the resource available to deliver the benefit service's core Housing Benefit activities as a result of processing other assessment types. These are:

- the number of applications received
- the average time taken to process each application.

69. The average time taken to process each application type was not within the scope of this study. However, councils were asked to provide caseload data for each additional assessment type carried out from 2019/20 to 2022/23 (at 31 July).

70. [Exhibit 13](#) details the total number of assessments carried out each year for the 25 councils (89 per cent) that provided full data and includes Housing Benefit/Council Tax Reduction new claims and additional workloads, including workloads arising from processing Covid-19 support grants from 2020/21 onwards.

71. The table excludes the number of Housing Benefit/Council Tax Reduction change events carried out as these include system generated changes recorded as taking one day and including them could skew the volume of work that benefit service staff carry out.

Exhibit 13**Total benefit service workload 2019/20 to 2022/23 (25 councils)**

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Aberdeen City	9,820	32,049	17,689	5,724
Aberdeenshire	34,997	56,961	68,760	30,903
Angus	16,483	64,266	56,372	64,172
Argyll and Bute	7,110	7,527	16,917	2,871
City of Edinburgh	38,523	180,028	174,429	43,697
Dundee City	23,062	28,878	154,998	41,407
East Dunbartonshire	4,785	7,913	12,234	4,309
East Renfrewshire	2,968	4,460	14,583	1,976
Falkirk	17,604	32,055	51,241	18,947
Fife	43,277	121,455	114,397	39,126
Glasgow City	54,833	73,309	79,788	31,541
Inverclyde	3,585	6,076	13,401	10,785
Moray	9,442	13,351	23,118	7,429
North Ayrshire	8,586	11,066	11,168	4,209
North Lanarkshire	49,112	64,309	81,739	52,572
Orkney Islands	1,221	3,066	3,299	9,379
Perth and Kinross	3,012	5,693	4,264	1,628
Renfrewshire	33,624	35,745	42,932	12,675
Scottish Borders	6,436	17,348	16,136	9,432
Shetland Islands	1,229	1,032	1,207	645
South Ayrshire	18,543	21,536	33,884	11,641
South Lanarkshire	62,588	102,209	168,750	161,309
Stirling	6,655	13,932	28,916	12,379

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
West Dunbartonshire	15,126	15,626	26,601	11,890
West Lothian	42,921	72,892	102,655	44,284

Source: Scottish councils

72. The table above shows that Shetland Islands Council was the only council that did not experience an increase in benefit service workload in 2020/21. The average caseload increase was 89 per cent, ranging from minus 16 per cent (Shetland Islands) to 367 per cent (City of Edinburgh), with seven councils' caseloads more than doubling that of the previous year.

73. As the number of new Housing Benefit claims had decreased by approximately 11 per cent in 2020/21, to determine if the increased workload was a direct result of the first year of the Covid-19 pandemic, we calculated the percentage of Covid-19 support assessments carried out in 2020/21, relative to the overall workload.

74. In 13 of the 25 councils (52 per cent), Covid-19 support assessments accounted for less than ten per cent of the overall workload. However, in the other 12 councils (48 per cent) they accounted for between 17 per cent (North Lanarkshire, East Dunbartonshire) and 77 per cent (City of Edinburgh) of all assessments carried out.

75. This shows that some councils were disproportionately affected by Covid-19 pandemic related work. Our analysis found that six councils' benefit services did not process any Covid-19 support payments in 2020/21, and that 11 only processed one support payment. The remaining eight benefit services administered between two and six support schemes (City of Edinburgh Council). This would account, in part, for the disparity in increased workloads.

76. To provide a meaningful comparison of workloads across Scottish councils, [Exhibit 14](#) below shows the number of assessments per average FTE officer for the period 2019/20 to 2022/23.

Exhibit 14

Number of assessments per FTE benefit service staff (average) for the period 2019/20 to 2022/23 (at 31 July)

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Aberdeen City	230	811	529	197
Aberdeenshire	613	982	1,127	498

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Angus	488	1,977	1,762	1,945
Argyll and Bute	264	282	652	116
City of Edinburgh	396	1,921	1,849	489
Dundee City	398	536	3,020	824
East Dunbartonshire	177	293	471	166
East Renfrewshire	187	264	889	133
Falkirk	536	985	1,639	615
Fife	805	2,544	2,600	889
Glasgow City	355	485	556	230
Inverclyde	254	510	1,158	953
Moray	490	722	1,274	412
North Ayrshire	313	425	452	174
North Lanarkshire	1,124	1,489	1,893	1,232
Orkney Islands	349	767	943	3,126
Perth and Kinross	126	245	192	76
Renfrewshire	610	672	1,012	318
Scottish Borders	805	1,983	1,793	1,048
Shetland Islands	195	167	205	110
South Ayrshire	373	471	807	281
South Lanarkshire	605	1,003	1,691	1,671
Stirling	261	576	1,228	546
West Dunbartonshire	1,043	1,157	2,217	1,012
West Lothian	1,240	2,426	3,361	1,450

Source: Scottish councils

77. When comparing workloads per average FTE staff member, the differences are significant. For example, in 2020/21, officers in Aberdeen City Council processed approximately 811 items of work, while officers in Fife Council processed 2,544 items of work during the year.

78. To illustrate the effect that workloads had on Speed of Processing performance in 2020/21, six of the seven councils (86 per cent) with a total workload increase of more than 100 per cent experienced a decline in new claims processing performance of between an average of one day (Stirling Council) and an average of nine days (Aberdeen City Council).

79. The volume of work per FTE officer further demonstrates the difficulty in comparing councils based solely on new claims and change events processing times. A more holistic approach, taking account of the factors detailed in this report, provides a better understanding of benefit service performance.

4. Call handling and personal callers

There is insufficient detail recorded on the time taken to deal with telephone calls and personal callers

80. Historically, benefit officers have been responsible for dealing with all aspects of a Housing Benefit claim, from receiving and assessing an application, to dealing with telephone enquiries and engaging with customers at public offices.

81. As council services have become more streamlined, front-line customer engagement has increasingly been carried out by customer services staff trained to deal with basic Housing Benefit enquiries. This approach was designed to provide benefit officers with more time to process claims.

82. To understand the effect that dealing with customers directly has on available processing resources, we asked councils to provide data where the benefit service was primarily responsible for answering benefit-related telephone calls and personally engaging with customers at council offices.

Call handling

83. In 13 of the 28 councils (46 per cent) in our study, benefit officers were responsible for dealing with telephone enquiries. However, only four councils (31 per cent) were able to provide full data for 2021/22 on the number of calls received and the average length of each call, as detailed in [Exhibit 15](#) below.

Exhibit 15

Telephone calls handled by the benefit service in 2021/22

Council	Number of calls	Average length of call (seconds)	Total (hrs)	% of avg. FTE in post
Aberdeenshire	27,336	420	3,189	3.0%
East Dunbartonshire	26,456	362	2,660	6.4%
Orkney Islands	1,743	194	94	1.7%
Perth and Kinross	5,657	450	660	1.9%

Source: Scottish councils

84. The table above shows the impact on benefit service resources in councils that are responsible for handling telephone calls. For example, in 2021/22 the time taken to deal with telephone calls in East Dunbartonshire Council equated to approximately 1.5 FTE officers.

Personal callers

85. Where the benefit service was responsible for dealing with personal callers, ten of the 28 councils in our study (36 per cent) utilised benefit officers to carry out this work. However, only Falkirk Council was able to provide full data for 2021/22 on the time taken to manage this activity, as detailed in the [Case study](#) below.

Case study – Falkirk Council

In 2021/22, Falkirk Council's benefit service dealt with 1,218 personal callers, with an average visit of 14 minutes*. Proportionately, this equates to approximately 426 hours of benefit officer resource, or 0.8 per cent of the benefit service's average FTE staff during the year.

Source: Falkirk Council

* Council buildings re-opened to the public on 9 August 2021

86. Detailed information on resources, including non-processing time dealing with telephone calls and personal callers, is important when assessing the impact on the resource available to the benefit service to carry out core Housing Benefit claims processing activities.

87. It is disappointing that only four of the 13 councils (31 per cent) where the benefit service handled telephone calls, and only one of the ten councils (ten per cent) where the benefit service dealt with personal callers could provide full data for analysis.

88. Despite this, the limited data available does suggest that this aspect of the work of the benefit service is relevant when assessing Speed of Processing performance.

Recommendation 4

When benefit services are primarily responsible for call handling and/or dealing with personal callers, complete and accurate data should be recorded to allow management to assess the impact on resources and the time taken to process Housing Benefit claims.

5. Speed of processing

The work of the benefit service needs to be considered holistically to get a better understanding of performance

89. The average time taken to process new claims and change events, the Speed of Processing indicator, has been used by the DWP since 2011 as the key indicator of a council's claims processing performance, and is published quarterly on its website.

90. As detailed in this report, the indicator is used by Audit Scotland as part of its risk assessment process to identify councils suitable for a Housing Benefit performance audit.

91. [Exhibit 16](#) details claim processing performance in Scotland from 2020/21 to 2022/23 (at 30 June) for new claims and change events.

Exhibit 16

New claims and change events processing performance for the period 2020/21 to 2022/23 (28 councils)

Council	New 2020/21	New 2021/22	New 2022/23 (at 30 June)	Changes 2020/21	Changes 2021/22	Changes 2022/23 (at 30 June)
Aberdeen City	26	18 ↓	38 ↑	5	8 ↑	10 ↑
Aberdeenshire	28	24 ↓	25 ↑	6	6 ↔	10 ↑
Angus	17	15 ↓	21 ↑	3	4 ↑	8 ↑
Argyll and Bute	20	25 ↑	33 ↑	3	5 ↑	10 ↑
City of Edinburgh	17	15 ↓	13 ↓	4	5 ↑	7 ↑
Dumfries and Galloway	16	21 ↑	32 ↑	2	3 ↑	5 ↑
Dundee City	12	13 ↑	13 ↔	2	3 ↑	4 ↑
East Dunbartonshire	15	19 ↑	22 ↑	4	4 ↔	5 ↑

Council	New 2020/21	New 2021/22	New 2022/23 (at 30 June)	Changes 2020/21	Changes 2021/22	Changes 2022/23 (at 30 June)
East Lothian	21	30 ↑	30 ↔	6	6 ↔	10 ↑
East Renfrewshire	*	43 ↑	12 ↓	*	23 ↑	5 ↓
Falkirk	14	12 ↓	17 ↑	4	4 ↔	8 ↑
Fife	20	32 ↑	18 ↓	3	5 ↑	4 ↓
Glasgow City	22	18 ↓	17 ↓	5	6 ↑	6 ↓
Inverclyde	11	15 ↑	20 ↑	2	2 ↔	4 ↑
Midlothian	20	36 ↑	64 ↑	5	12 ↑	13 ↑
Moray	20	19 ↓	18 ↓	3	4 ↑	5 ↑
North Ayrshire	12	13 ↑	20 ↑	2	3 ↑	5 ↑
North Lanarkshire	14	13 ↓	13 ↔	4	4 ↔	5 ↑
Orkney Islands	26	28 ↑	37 ↑	3	3 ↔	8 ↑
Perth and Kinross	15	17 ↑	17 ↔	3	4 ↑	6 ↑
Renfrewshire	16	21 ↑	39 ↑	4	7 ↑	10 ↑
Scottish Borders	18	18 ↔	20 ↑	5	5 ↔	8 ↑
Shetland Islands	*	15 ↑	14 ↓	4	4 ↔	6 ↑
South Ayrshire	13	13 ↔	14 ↑	2	3 ↑	8 ↑
South Lanarkshire	12	12 ↔	13 ↑	2	2 ↔	4 ↑
Stirling	17	25 ↑	28 ↑	3	4 ↑	8 ↑
West Dunbartonshire	19	25 ↑	25 ↔	3	4 ↑	4 ↔
West Lothian	11	13 ↑	16 ↑	3	3 ↔	4 ↑

Source: DWP

* Data not available.

92. When considering a council for a Housing Benefit performance audit in 2021/22, based on Speed of Processing performance alone, Audit Scotland would consider Fife Council and Midlothian Council, as these councils had the greatest decline in new claims processing performance. Based on the findings in this report, the inclusion of these other factors will help provide context around the causes for a decline in performance and help refine the Accounts Commission's approach to the Housing Benefit performance audit process.

93. A more holistic approach ensures that Housing Benefit performance audits are focused on specific reasons for under-performance and enables the Accounts Commission to understand and work in partnership with councils to learn lessons, share best practice and improve the customer experience.

Councils are being innovative and sharing areas of good practice to support wider improvement

94. As technology improves, benefit services are adopting new ways of working to deliver a more efficient and effective service. As part of this study, we asked councils to provide examples of good practice in managing resources that had helped deliver improvements to the delivery of the benefit service and the customer experience.

95. Our analysis of the responses found some common themes, including the use of automation to relieve the benefit service of recurring administrative tasks. [Exhibit 17](#) highlights some areas of good practice reported by councils with full details provided at [Appendix 3](#).

Exhibit 17

Examples of good practice employed by councils

Council	Description	Improvement
Aberdeenshire	Customer call-back - To manage the volume of calls to customer advisor teams, a call-back appointment system was created using Microsoft Bookings. This facilitated the booking of a 10-minute appointment for a general enquiry, or a 30-minute appointment with the benefit service if the customer needed help when applying for Housing Benefit/ Council Tax Reduction or a discretionary housing payment.	A reduction in the volume of calls being passed to the benefit service and improved customer expectations, as call backs were carried out within 24 hours, at a time suitable to the customer.

Council	Description	Improvement
Dundee City	Automation - The benefit delivery team are introducing automation in areas such as Universal Credit and Council Tax changes, for example, when customers are applying for discounts and exemptions.	The benefit delivery team is working collaboratively with other council service areas to pay ongoing cost of living support payments to vulnerable customers, without the need to contact them for payment information.
Glasgow City	Automation - In 2019/20, the council increased its use of automation, making best use of data shared by the DWP by, for example, automatically matching DWP data to Housing Benefit/Council Tax records to create an 'action task' where assessment is required.	This has assisted the service in maintaining Speed of Processing performance.
Renfrewshire	Robotics - The use of robotics to support the high volume of notifications from the DWP was introduced to support processing.	Benefit staff can focus on processing more complex claims.
South Lanarkshire	SMS Quick Chat - The council introduced 'SMS quick chat' within the benefit and revenues call centre which allows the call handler to send the customer an SMS containing a direct link to the appropriate online form during the call.	A reduction in the number of requests for customer assistance with respect to the claim application process.

Source: Scottish councils

96. The benefits from working innovatively are leading to reported improvements to service delivery and customer experience. To ensure that all councils are aware of these benefits, good practice should continue to be shared across the local authority community.

6. Recommendations

Issue	Recommendation
<p>1. Operating below complement</p> <p>Operating the benefit service below complement can place additional pressures on staff that can lead to increased absences, and a decline in performance levels.</p>	<p>Where the benefit service is operating below complement, councils should investigate the reasons for this and seek to address the shortfall, with a view to improving service delivery and claims processing performance.</p> <p>Paragraph 28.</p>
<p>2. Absence levels</p> <p>If staff resources are not closely monitored, and contingency arrangements are not in place, unexpected staff shortages can impact on the level of service being provided to customers.</p>	<p>Councils should investigate the reasons for sickness absence levels that are above the national average and have sufficient contingency arrangements in place to manage unexpected staff shortages.</p> <p>Paragraph 44.</p>
<p>3. Flexible working</p> <p>In most councils, an increase in the number of staff with flexible working arrangements correlates with a decline in claims processing performance in 2022/23 (at 31 July).</p>	<p>To ensure that benefit services are delivering an optimum level of performance, management should regularly review flexible working arrangements to determine the impact on claims processing performance and service delivery.</p> <p>Paragraph 56.</p>
<p>4. Call handling and personal callers</p> <p>There is insufficient detail recorded where benefit services are dealing with telephone calls and personal callers.</p>	<p>When benefit services are primarily responsible for call handling and/or dealing with personal callers, complete and accurate data should be recorded to allow management to assess the impact on resources and the time taken to process Housing Benefit claims.</p> <p>Paragraph 88.</p>

Appendix 1

Additional processing activities in 2022/23 (at 31 July)

Council	Processing activities
Aberdeen City	Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (2)
Aberdeenshire	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Money Advice, Blue Badge Scheme, Local Discretionary Scheme, Covid-19 Self-isolation Support Payments, Flexible Food Fund (10)
Angus	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments, Free School Meals (Direct Payments), Cost of Living Award, Covid-19 Self-isolation Support Payments (10)
Argyll and Bute	Scottish Welfare Fund, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments, Flexible Food Fund (4)
City of Edinburgh	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Discretionary Housing Payments, Education Maintenance Allowance, School Closure Holiday Payments, Scottish Milk and Healthy Snack Scheme (7)
Dumfries and Galloway	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments (7)
Dundee City	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Discretionary Housing Payments, Holiday Support Payments (5)
East Dunbartonshire	School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments (5)
East Lothian	Scottish Welfare Fund, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (3)
East Renfrewshire	Scottish Welfare Fund, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (3)

Council	Processing activities
Falkirk	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Discretionary Housing Payments, Education Maintenance Allowance, Covid-19 Self-isolation Support Payments (6)
Fife	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments (6)
Glasgow City	Discretionary Housing Payments (1)
Inverclyde	Cost of Living Award (1)
Midlothian	Scottish Welfare Fund, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (3)
Moray	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Covid-19 Self-isolation Support Payments (7)
North Ayrshire	Discretionary Housing Payments (1)
North Lanarkshire	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Discretionary Housing Payments, Blue Badge Scheme (5)
Orkney Islands	Scottish Welfare Fund, Discretionary Housing Payments, Cost of Living Award, Covid-19 Self-isolation Support Payments, Covid19 Low-income Pandemic Payments (5)
Perth and Kinross	(0)
Renfrewshire	Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments (5)
Scottish Borders	Free School Meals, Scottish Child Payment (Bridging Payment), Free School Meals (Direct Payments), School Clothing Grants (4)
Shetland Islands	Scottish Welfare Fund, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (3)
South Ayrshire	Free School Meals, School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (5)

Council	Processing activities
South Lanarkshire	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Blue Badge Scheme, Cost of Living Award, Covid-19 Self-isolation Support Payments (9)
Stirling	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Discretionary Housing Payments, Covid-19 Self-isolation Support Payments (5)
West Dunbartonshire	Free School Meals, School Clothing Grants, Discretionary Housing Payments (3)
West Lothian	Free School Meals, Scottish Child Payment (Bridging Payment), School Clothing Grants, Scottish Welfare Fund, Discretionary Housing Payments, Education Maintenance Allowance, Social Work Financial Assessments, Covid-19 Self-isolation Support Payments, Free School Meals (Direct Payments), Winter Support Fund (10)

Source: Scottish councils

Appendix 2

Staff resources

This table shows average Full-Time Equivalent (FTE) staffing levels in Scottish council benefit services from 2019/20 to 2022/23, determined by the average of the number of FTE staff in post at the beginning and end of each financial year, and at 31 July 2022 for 2022/23.

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Aberdeen City	42.75	39.52 ↓	33.45 ↓	29.05 ↓
Aberdeenshire	57.10	58.00 ↑	61.00 ↑	62.00 ↑
Angus	33.75	32.50 ↓	32.00 ↓	33.00 ↑
Argyll and Bute	26.95	26.70 ↓	25.95 ↓	24.85 ↓
City of Edinburgh	97.30	93.70 ↓	94.35 ↑	89.45 ↓
Dumfries and Galloway	*	*	*	*
Dundee City	57.95	53.92 ↓	51.33 ↓	50.28 ↓
East Dunbartonshire	27.00	27.00 ↔	26.00 ↓	26.00 ↔
East Lothian	19.10	18.60 ↓	19.15 ↑	19.70 ↑
East Renfrewshire	15.90	16.90 ↑	16.40 ↓	14.90 ↓
Falkirk	32.84	32.54 ↓	31.27 ↓	30.80 ↓
Fife	53.75	47.75 ↓	44.00 ↓	44.00 ↔
Glasgow City	154.65	151.00 ↓	143.42 ↓	136.98 ↓
Inverclyde	14.13	11.91 ↓	11.57 ↓	11.32 ↓
Midlothian	22.00	22.00 ↔	21.50 ↓	21.00 ↓
Moray	19.25	18.50 ↓	18.15 ↓	18.05 ↓
North Ayrshire	27.40	26.05 ↓	24.70 ↓	24.20 ↓
North Lanarkshire	43.68	43.18 ↓	43.18 ↔	42.68 ↓
Orkney Islands	3.50	4.00 ↑	3.50 ↓	3.00 ↓

Council	2019/20	2020/21	2021/22	2022/23 (at 31 July)
Perth and Kinross	24.00	23.25 ↓	22.25 ↓	21.50 ↓
Renfrewshire	55.10	53.20 ↓	42.44 ↓	39.88 ↓
Scottish Borders	8.00	8.75 ↑	9.00 ↑	9.00 ↔
Shetland Islands	6.32	6.17 ↓	5.89 ↓	5.89 ↔
South Ayrshire	49.75	45.75 ↓	42.00 ↓	41.50 ↓
South Lanarkshire	103.50	101.87 ↓	99.82 ↓	96.51 ↓
Stirling	25.51	24.19 ↓	23.54 ↓	22.68 ↓
West Dunbartonshire	14.50	13.50 ↓	12.00 ↓	11.75 ↓
West Lothian	34.60	30.04 ↓	30.54 ↑	30.54 ↔

Source: Scottish councils

*Data not available

Appendix 3

Good practice

This table provides a summary of good practice that councils advise has helped improve the delivery of the benefit service and the customer experience.

Council	Good practice
Aberdeenshire	<p>The Council developed a 'Ranked Activity Matrix' that identified activities that could be reduced or suspended to allow staff to be redeployed to critical activities, for example, dealing with a sudden and prolonged increase in self-isolation grants.</p> <p>The council made effective use of Microsoft Office to create online application forms to aid the gathering of information for Reviews, Discretionary Housing Payments, Change of Address and Housing Benefit on Two Homes, and to create forms to deal with the latest items of work that arose because of the pandemic.</p> <p>To manage the volume of calls to customer advisor teams, a call-back appointment system was created using Microsoft Bookings. This allowed the teams to book a 10-minute appointment for a general enquiry, or a 30-minute appointment with the benefit service if the customer needed help to apply for Housing Benefit/Council Tax Reduction/Discretionary Housing Payment.</p> <p>This reduced the volume of calls being passed to the benefit service, and helped improve customer expectations, as call backs were done within 24 hours, at a time suitable to the customer.</p> <p>To manage processing times when resources were limited and applications were higher during the pandemic, the council's five 'area-based' teams of varied sizes were split into four even sized virtual teams, allowing the council to dedicate two of these teams to dealing solely with all aspects of a new claim.</p> <p>Pre-pandemic, processors had specific areas of responsibility and, although all had a working knowledge of the Scottish Welfare Fund, the increase in applications impacted on the time taken to process Housing Benefit/Council Tax Reduction claims. To help mitigate this, the council employed temporary staff to help deal with the increase in Scottish Welfare fund applications, which has helped improve the council's new claims processing times and provided greater resilience for the service to cope with other areas of work.</p>

Council	Good practice
<p>Dundee City</p>	<p>The benefit delivery team are introducing automation in areas such as Universal Credit and Council Tax changes, for example, when applying discount and exemptions.</p> <p>The team has designed and implemented processes by working collaboratively with other council service areas to efficiently pay ongoing cost of living support payments to those most vulnerable, without the need to contact customers for payment information.</p> <p>The team has also engaged with other council teams to ensure that we are utilising their strengths to the benefit service's advantage.</p>
<p>Falkirk</p>	<p>Robotics introduced during 2021 to relieve some of the simpler tasks from benefit administration teams.</p>
<p>Fife</p>	<p>The benefit service has been paperless for several years and, pre-pandemic, moved to a paperless mail system. Instead of staff resource being used to print, envelope, and post letters, an external print service is utilised.</p>
<p>Glasgow City</p>	<p>In 2019/20, the council increased its use of automation, making best use of data shared by the DWP by, for example, automatically matching DWP data to Housing Benefit/Council Tax records to create an 'action task' where assessment is required. This has assisted the service in maintaining Speed of Processing performance.</p> <p>In 2020/21, instead of issuing letters, processing teams were provided with mobile phones and asked to contact customers by phone or email if information was required to assess a claim. This form of engagement has helped to speed up processing.</p> <p>The council introduced a call-back service in July 2021, where the customer creates an appointment online and a subject matter expert from the benefit service contacts the customer at a time that suits them.</p> <p>Changes have been made to decision letter templates to make them more user friendly and easier to understand. This has reduced the need for customers to contact the council for an explanation.</p>
<p>Inverclyde</p>	<p>The council has increased the level of flexible working from 36 per cent to 100 per cent which has virtually eliminated short-term sickness absence.</p> <p>Contact by email, telephone, and text is being used more to request and remind customers of evidence/information that is required.</p> <p>The council utilises an external print service to print and post monthly</p>

Council	Good practice
	payment schedules, freeing up staff that were previously used to carry out this task.
Moray	The council recruited a temporary staff member to specifically deal with a clerical aspect of the Self-isolation Support Grant application, which allowed experienced staff to focus on the award process and make more decisions.
North Ayrshire	<p>As part of the council's 'Push with Digital' strategy, an electronic Discretionary Housing Payment form was purchased in March 2020, and enhancements were carried out to the existing electronic Housing Benefit/Council Tax Reduction claim form.</p> <p>In October 2021, the council automated the DWP Universal Credit Data Feed, and now approximately 50-60 per cent of these transactions are automated. In October 2022, the council created a new post specifically to look at the development of existing systems with a view to identifying service improvements that can lead to time and resource savings.</p>
Perth and Kinross	<p>In 2019/20, the council's 'Print & Post' solution enabled statutory notifications to be sent digitally to a remote print and post location for issue via mail. Along with email, this has removed reliance on the 'office' to control and manage the issue of documentation.</p> <p>The council has well established online services, and the benefit service has introduced more online forms and processes and continues to evolve in this area. Customers can access the service 24/7 though online channels, and this has resulted in a reduction in face-to-face customer contact.</p> <p>In 202/21, the service recognised the need to review system parameters and processes around Universal Credit data feeds, which resulted in improved automation, and a more streamlined approach for Council Tax Reduction claims.</p>
Renfrewshire	<p>The use of robotics to support the high volume of notifications from the DWP was introduced to support processing, allowing benefit processing staff to focus on more complex cases.</p> <p>Scottish Welfare Fund calls are now handled by Scottish Welfare Fund decision makers rather than customer service advisers, allowing for a quicker decision-making process for the customer. This has had a positive impact on processing times for Crisis Grant applications.</p> <p>'IQ Post me' was introduced to allow benefit staff to have the capability to issue letters to customers remotely.</p> <p>Digital Forms were created to allow customers to apply online for Council Tax Reduction and Discretionary Housing Payments.</p>

Council	Good practice
	<p>Staff wellbeing one to ones are conducted on multiple occasions to ensure staff had adequate equipment, and to see how they were coping, with a focus on their mental health/wellbeing. The benefits to this are believed to be improved attendance levels and improved processing times.</p> <p>New workload and resource analyst role developed and recently recruited, who will undertake in depth workload planning and trend analysis linked to resource and performance monitoring.</p>
Shetland Islands	<p>The council introduced a workflow system, prior to this the council used a paper-based filing system. The introduction of permanent hybrid working has resulted in reduced sick leave.</p>
South Lanarkshire	<p>The council has introduced several online forms across the service to ensure key information is supplied, including name and address, which is often missed. This has reduced staff time spent on dealing with enquiries, reduced the requests for further information from the customer, and ensured that enquiries are assigned into the correct workflow for action. This has been positive as processing times have remained largely within timescales across the service as staff resources continue to reduce.</p> <p>The council has increased automation over the years, particularly within Council Tax Reduction and Universal Credit changes. Since 2019/20, automation levels in this area have increased from 69 per cent to 80 per cent.</p> <p>The introduction of 'SMS quick chat' within the benefit and revenues call centre allows call handlers to send a text message containing a direct link to the appropriate online form during the call. This has reduced the number of requests for assistance with the application processes.</p> <p>Internal workflow changes for Blue Badge applications have allowed the council to identify and prioritise vulnerable cases. This has enabled the roll out of Blue Badge processing within the processing centre, resulting in improved processing times, and reduced the need for customer contact.</p> <p>The type of calls being handled by the benefit and revenues call centre has increased over the last 18 months to include queries in respect of Housing Benefit overpayments, Education Benefits, and Blue Badges. This has allowed staff dealing these applications more time to focus on decision making.</p>
West Dunbartonshire	<p>The council has introduced robotics in the areas of Free School Meals, Clothing Grants and Discretionary Housing Payments, and is considering extending this to other areas within revenues and benefits.</p>

Council	Good practice
	Robotics has allowed for significant reductions in basic processing, reduced admin, and improved service delivery.
West Lothian	<p>Since April 2019, the council has contracted an external partner to provide trained and experienced Housing Benefit/Council Tax Reduction processors and can react quickly to increased demand for the service, or any short-term resource challenges.</p> <p>In March 2021, the service developed automation, and a robotic solution to support the delivery of Education Benefits, which has improved efficiency and accuracy of delivery.</p>

Source: Scottish councils

Resourcing the benefit service

A thematic study

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Briefing on the 2023/24 Scottish Budget

Executive Director of Performance Audit
and Best Value

Item 7
Meeting date: 9 February 2023

Purpose

1. This slide pack sets out the key facts and figures from the 2023/24 Scottish budget, and the main messages this includes for local government. It also makes links between the budget and the Accounts Commission's work programme.

Recommendations

2. The Accounts Commission is invited to note the slide pack.

Background

3. The Scottish Budget was announced 15 December 2022, in a context of tremendous pressures on public spending, industrial action, and the cost of living crisis. It followed on from a period of UK fiscal uncertainty, with two fiscal events (the mini budget and the Autumn Statement) held within two months.
4. The budget process is currently ongoing, with the stage 1 debate taking place 2 February. The bill is expected to pass in February and receive royal assent in March.
5. The funding included in the Scottish budget for local government has been widely discussed, at a time when councils are having to deal with a number of significant financial challenges.

Conclusion

6. We have included appendices to this year's paper, providing background information on a broader range of budget issues. In our presentation to the Commission, we will highlight the key aspects of slides 1-22 focusing on the following issues:
 - The funding provided for local government in the 2023/24 Scottish budget
 - The changes to local government taxes for 2023/24
 - The context to the 2023/24 budget, including the local government context and the economic and fiscal developments in advance of the budget
 - Links between the Commission's work programme and Scottish Government's strategic priorities and related spending commitments
 - The information provided in the budget on the National Care Service (NCS).

Scottish Budget 2023/24 Accounts Commission Briefing

February 2023

 AUDIT SCOTLAND

A budget of uncertainty, volatility and complexity

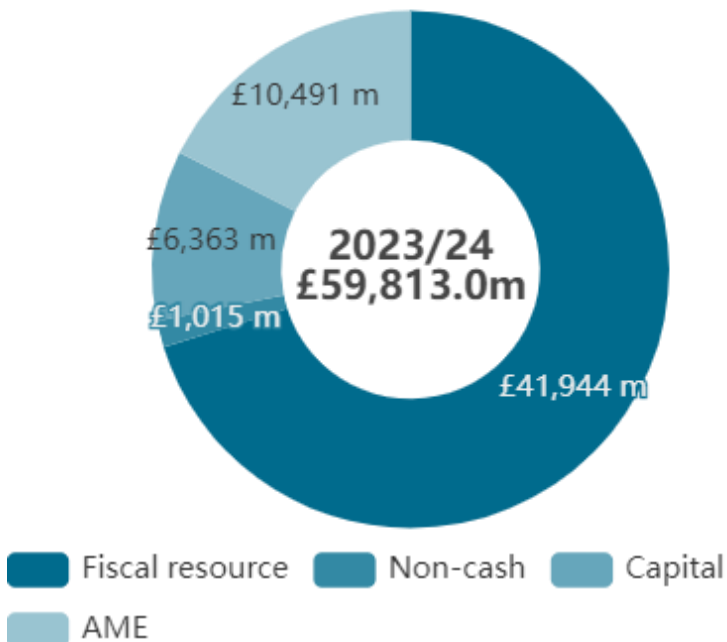
- The Scottish Budget was announced 15 December, in a context of tremendous pressures on public spending, industrial action, and the cost of living crisis
- It followed on from a period of UK fiscal uncertainty, with two fiscal events (the ‘mini budget’ and the Autumn Statement) held within two months
- The funding for local government has been widely discussed, at a time when councils are having to deal with a number of significant financial challenges
- The budget process is ongoing – parliamentary committees are holding budget scrutiny sessions, and the stage 1 debate is planned for 2 February
- The bill is expected to pass in February and receive royal assent in March
- The UK budget is expected 15 March, and this could have implications for Scotland’s funding for 2023/24
- This pack sets out the key facts, figures and messages included in the budget, and sets out the links between the 2023/24 budget and the Commission’s work programme

The Scottish Budget 2023/24

The Scottish Budget in 2023/24

The budget grew by over six per cent in cash terms and by 2.8 per cent in real terms

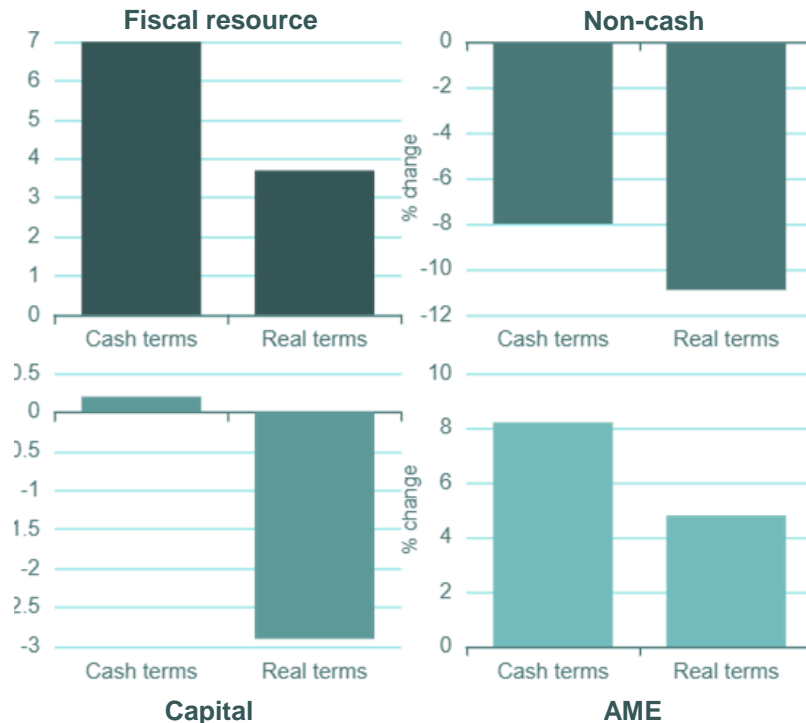
Funding by type in 2023/24



The Scottish Budget nearly hits £60 billion for the first time in 2023/24

Resource budgets grew by 3.7% in real terms in 23/24 compared to last year: while capital decreased by 2.9%

% change since last year in cash and real terms



Budget for local government (1)

LG funding 2023/23 (figures in £ million)	2022/23	2023/24	£ change cash	% change cash	% change real
General Revenue Grant	7,094.6	7,133.9	39.3	0.6%	-2.6%
Non-Domestic Rates Income	2,766.0	3,047.0	281.0	10.2%	6.7%
<i>Total GRG & NDR</i>	9,860.6	10,180.9	320.3	3.2%	0.0%
Specific resource grants	752.1	752.1	0	0.0%	-3.1%
Support for capital	510.5	607.6	97.1	19.0%	15.3%
Specific capital grants	139.0	139.0	0	0.0%	-3.1%
<i>Core funding to local government</i>	11,262.20	11,679.60	417.40	3.7%	0.5%
Revenue funding in other portfolios to be transferred to LG	1,302.1	1,471.8*	169.7	13.0%	9.5%
Capital funding in other portfolios to be transferred to LG	30.0	80.0	50.0	166.7%	158.3%
Total LG Settlement	12,594.3	13,231.4	637.1	5.1%	1.8%

Source: 2023/24 Scottish Budget, Tables 5.12 and 5.16; AS analysis (real terms in 22/23 prices)

Note: SG include £4.5m of administration costs under core funding to local government in the Budget document. We have excluded this here.

*The budget document notes that this includes £13.9m currently held within General Revenue Grant which will be transferred to Transport Scotland Inter-Island Ferries specific revenue grant in-year

Budget for local government (2)

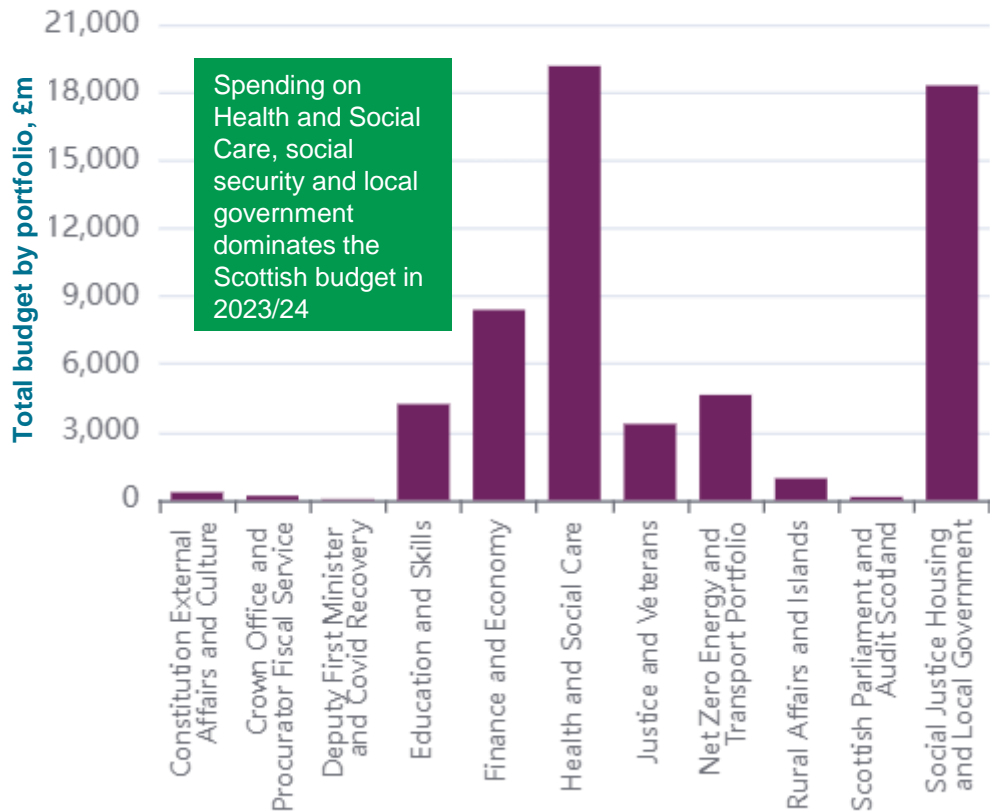
- In the budget statement, the Deputy First Minister (DFM) announced that instead of a flat cash position set out in the Resource Spending Review, LG funding increases by £550m
- The table above shows an increase of £637m. The difference between this figure and that used by the DFM is a result of the addition, during the 2022/23 budget process of £64m extra funding for school meals.
- This funding was not included in the comparable tables in the 22/23 Budget document last year, so are not included in this year's budget tables
- Taking this funding into account the underlying cash increase is £573m, and the real terms increase to 1.3%
- COSLA has undertaken analysis which it suggests show that the after additional commitments have been taken into account, there is only a £38m cash increase on last year's revenue funding, and a flat cash capital settlement
- These commitments include: recurring funding for pay (as agreed as part of 22/23 pay claim), Real Living Wage in Adult Social Care (raising rate to £10.90 per hour), free school meals for P6/7, amongst others.

Revenue Funding from other portfolios	£m
Living Wage	333.5
Health and Social Care	257.2
School Workforce	145.5
Care at Home	124.0
Health and Social Care and Mental Health	120.0
Discretionary Housing Payments	85.9
Carer's Act	60.5
Free School Meals Intervention	59.7
Free Personal and Nursing Care	42.3
Scottish Welfare Fund	40.9
Whole Family Wellbeing Fund	32
Homelessness Prevention Fund	30.5
Additional Adult Social Workers	22

- The largest transfers from other portfolios included in the £1,471.8m are set out in the table
- There are 37 transfers from different portfolios in total in 23/24
- The smallest addition to the budget is for sensory impairment (£0.3m)
- Transfers for social care are the largest category

Breakdown by portfolio

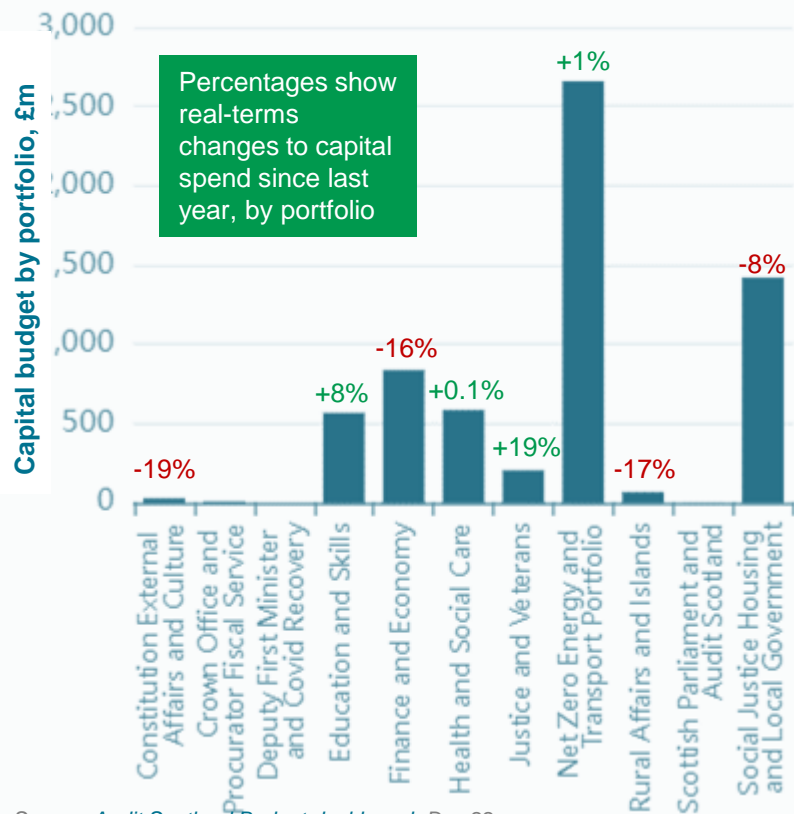
The local government settlement accounts for just over a quarter of SG discretionary spend



- The largest portfolios are Health & Social Care and Social Justice, Housing & Local Government (SJHLG)
- Spending in SJHLG is split 64% local government, 31% social security, and 5% housing and other spend.
- The Constitution, External Affairs and Culture (CEAC) and Rural Affairs and Islands (RAI) portfolios both saw real terms drops in their budgets (9.2% and 3.3% respectively, see next slide)
- The drop in CEAC spending reflects the completion of the census
- The RAI portfolio spend is held flat in cash terms

Changes in capital spending

The capital budget has fallen in real terms, and this has led to prioritisation of programmes



Key changes in programme spend includes:

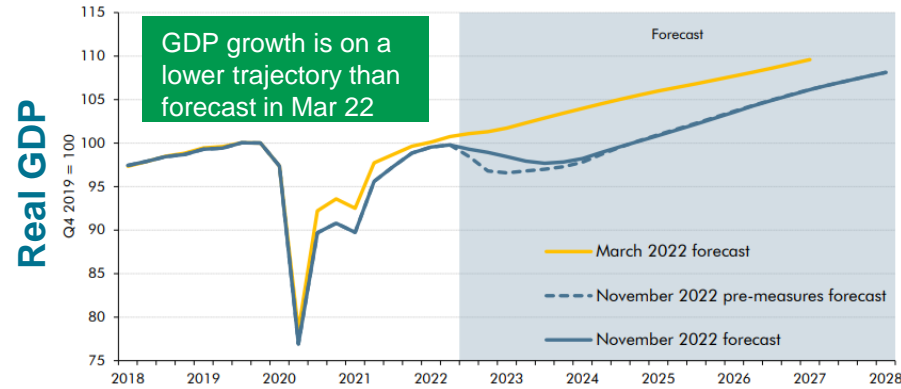
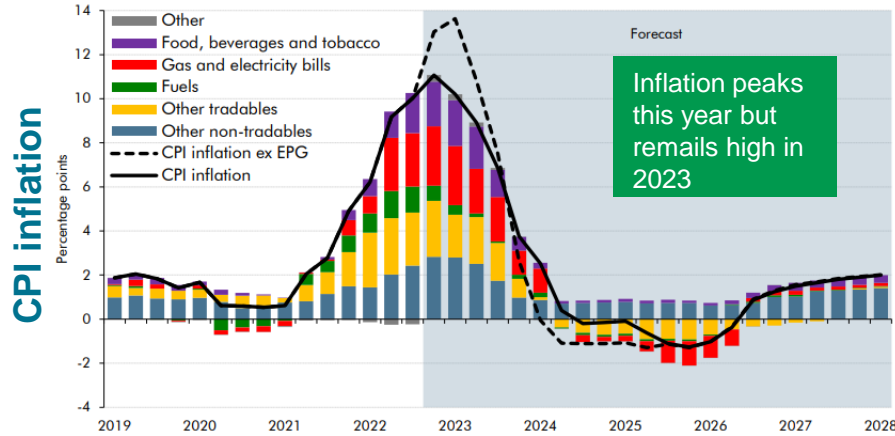
- **SJHLG** - Capital funding for councils increased by 15% (cash)
- Housing capital investment decreased by 18% (cash). This is a reduction of £116m on the 22/23 capital budget and £54.5m less planned as part of the Capital Spending Review. SG suggest 'this reflects wider budgetary pressures across Scottish Government.'
- **Finance and Economy** - £65m decrease for cities investment and strategy and £34m decrease for digital connectivity spending
- **Net Zero, Energy and Transport** - capital spend increased to >£2.5bn.

- The DFM recently reiterated the SG's commitment (through the Bute House agreement) to reform council tax
- Councils have full discretion for setting rates of Council Tax following the lifting of the freeze in the 2022/23 Budget
- As shown in the Financial Bulletin, 16% of councils intended to raise council tax in 2022/23 to meet their budget gap
- The Scottish Government has frozen the NDR Basic Property Rate for 2023/24 at an additional cost of £308 million
- The number of properties liable for the NDR Higher Property Rate have been reduced - by increasing the threshold at which this rate applies to £100,000
- Responsibility for Empty Property Reliefs will be devolved to local authorities in April 2023
- There are some changes to NDR relief, including adjustments to the Small Business Bonus Scheme and new exemptions for elements of onsite renewable energy generation and storage

Context for the Scottish Budget 2023/24

COSLA have calculated a funding gap for local government of £1 billion going into 2023/24

- In December, COSLA began its [Save our Services Campaign](#)
- It warned that the flat cash settlement for local government in the Resource Spending Review (RSR), alongside the cost of living crisis and other pressures would lead to:
 - services being reduced or stopped
 - poorer living environments
 - less support for the most vulnerable in our communities
 - 'inevitable' job losses (70% of budgets spent on staff)
- In the autumn, a pay deal was agreed with council workers. SG provided £260m to support this in the [Emergency Budget Review](#)
- £120m of this was capital funding, which aims to release revenue related aspects of reserves to help fund LG pay awards (see [Circular 11/22](#))
- Negotiations with teaching unions are ongoing, with industrial action being undertaken and schools closed in late 2022 and early 2023

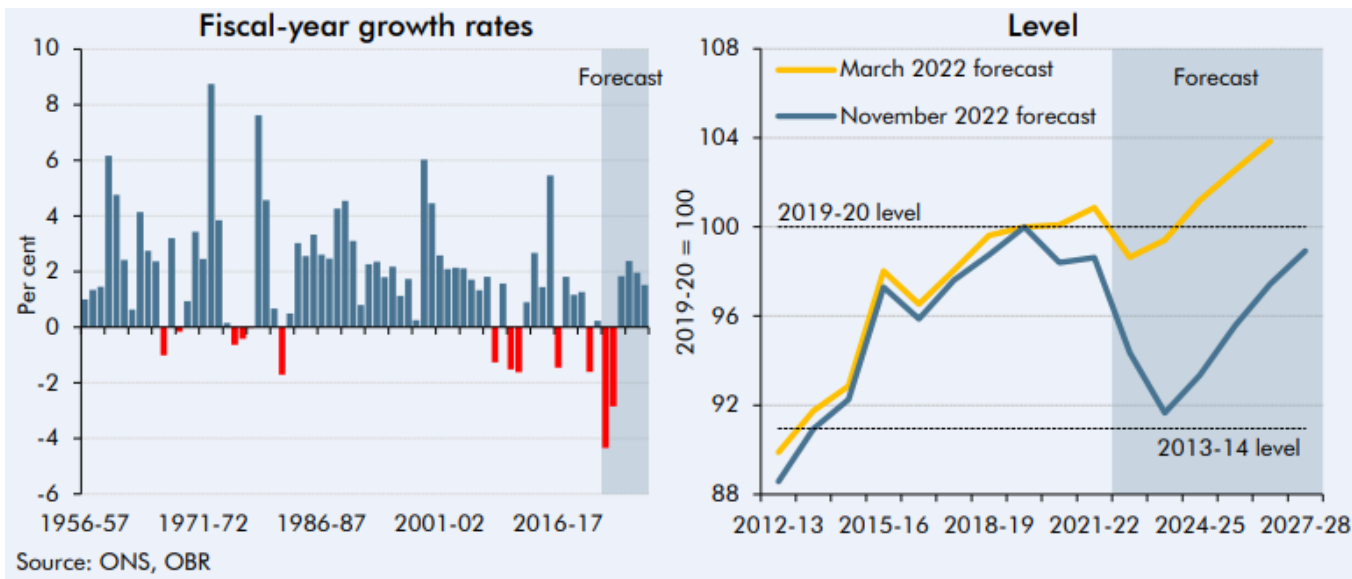


Source: ONS, OBR

- The OBR published its *Economic and Fiscal Outlook* alongside the Autumn Statement
- This forecast that Consumer Price Index (CPI) inflation will peak at a 40-year high of 11 per cent in Q4 2022
- The peak would have been higher without the UK Government's energy price guarantee
- OBR forecast that the economy will go into recession for over a year from Q3 2022
- This will lead to an overall fall in GDP of 2 per cent
- Annual GDP growth is forecast to be positive again and increase to 1.3 per cent in 2024

Source: *OBR Economic and Fiscal Outlook*, Nov 22

Real household disposable income (RHDI) per person



The fall in disposable income this year will be much larger than that seen during the financial crisis

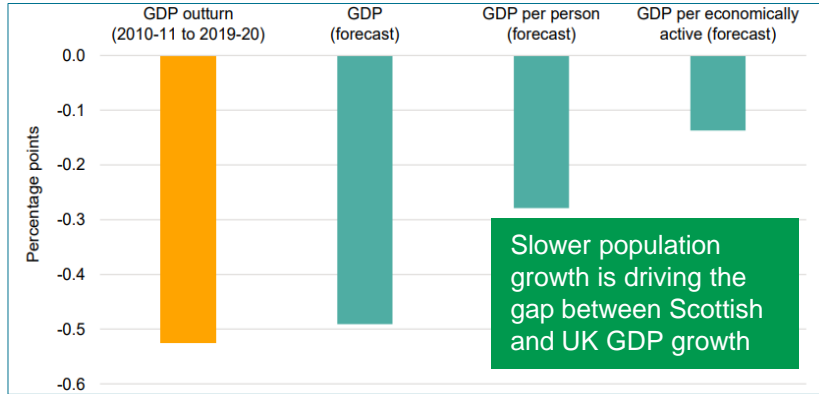
Real disposable income is not forecast to return to pre-pandemic levels until after 2027/28

- RHDI per person is forecast to fall by 4.3% in 2022/23, the largest since records began, followed by the second largest fall in 2023/24 at 2.8%
- The 7.1% cumulative fall takes RHDI per person to its lowest since 2013/14
- This will put **huge pressure** on individuals and families across the UK

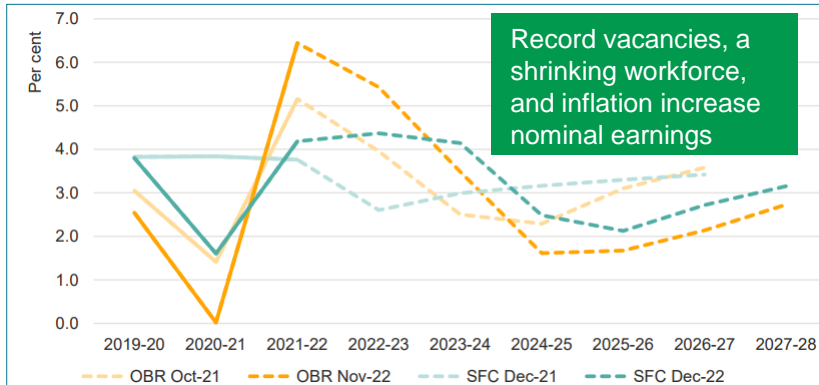
Economic context - Scotland

“There is no comparable period in recent economic history when the economy has been hit by two global shocks in immediate succession while adjusting to other significant domestic pressures” – SFC

Av. annual gap in GDP growth, Scot. vs UK, 23/24 to 27/28

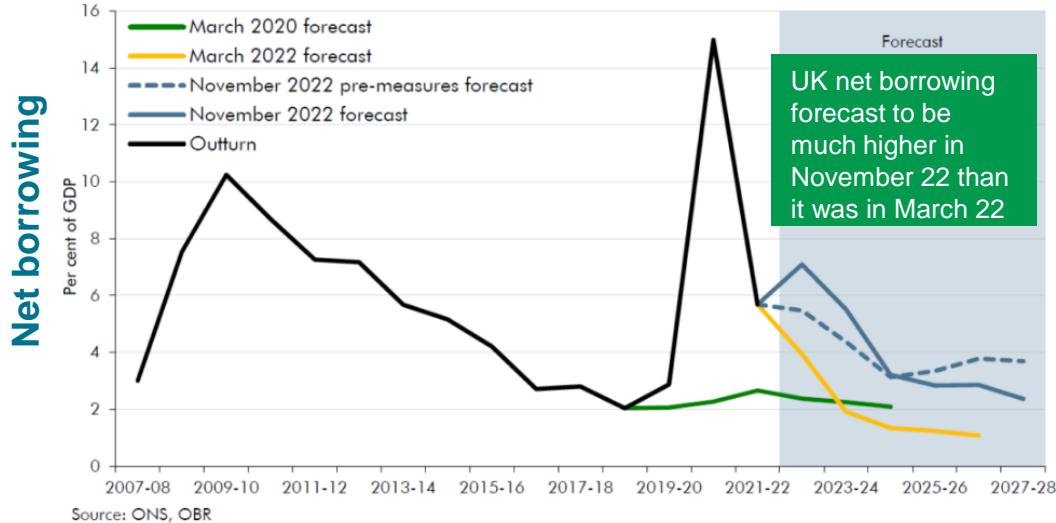


Nominal average earnings growth, Scotland and UK



- SFC expect the Scottish economy to shrink by 1.8% - vs 2.1% for the UK
- Scotland will recover to pre-recession levels by Q1 2025, one quarter after the UK
- Scottish GDP is forecast to be an average of 0.5 percentage points lower than the UK in the next 5 years
- SFC expect nominal earnings to grow by 4.1% - faster than previously expected, but below inflation
- In the next 5 years, Scottish nominal average earnings recover slightly vs UK – though still below historical standards

Scottish Budget follows on from a six-month period of political and fiscal uncertainty in the UK



- The UK Autumn statement aimed to reassure markets and return public finances to a more sustainable path, following the ‘mini budget’
- The Statement set out the UK Government’s plans for income tax and uprating benefits
- These impact on the Scottish 23/24 budget via the Block Grant Adjustment

- Additional UK Government health and education spending generates £1.5 billion in Barnett consequentials for Scotland in 23/24 and 24/25
- Spending beyond 2024/25 is forecast to rise by 1% a year in real terms, lower than expected before (OBR, [Economic and Fiscal Forecasts](#), p38)

Links between the 2023/24 budget and the Commission's work programme

- In the budget, SG have set three priorities:
 - Eradicating child poverty
 - Transforming the economy to deliver a just transition to Net Zero
 - Providing sustainable public services
- There is a degree of alignment between the Scottish Government's strategic priorities and that of the Accounts Commission's four priority areas (inequalities, funding, recovery and communities)
- SG's priorities have evolved over the course of 2022/23:
 - from 'recovery from the pandemic' to a 'just transition to net zero'
 - from 'reducing' to 'eradicating' child poverty
 - from 'protecting and rebuilding' to 'sustainable' public services
- The focus on funding and sustainable public services has come more to the fore, linking with the Account Commission's priority around funding and financial sustainability
- Below we set out selected SG spending plans which connect to their priorities, and highlight how these link to the Account Commission's planned outputs in the work programme.

The Scottish Government has identified three priority areas for 2023/24

1. Eradicating child poverty

The SG continues to direct resources towards reducing inequality and eradicating child poverty. The budget recognises the importance of education, providing additional funding to improve children's opportunities, reduce the attainment gap and keep The Promise.

Areas of spending on child poverty include:

- £244.7m additional funding for the increase in Scottish Child Payment
- £67.5m for expansion of free school meals
- £48.7m concessionary travel (including young people)
- £73.0m to support ongoing commitment to keep The Promise
- £62.4m increase in child disability payment for 23/24
- £5.9m additional funding for Best start grant and Best start foods
- £1.1m additional funding for raising attainment

Links to planned outputs: resourcing the benefit service (thematic study); tackling child poverty (joint briefing); digital exclusion and connectivity (joint performance audit)

The Scottish Government has identified three priority areas for 2023/24

2. Transforming the economy to deliver a just transition to Net Zero

SG aims to shape Scotland's longer term future in line with its vision for a wellbeing economy that serves people and the planet first and foremost, for current and future generations.

Areas of spending on Net zero include:

- £244m additional funding for the Scottish National Investment Bank
- Investment in EV charging and active travel
- £50m in the Just Transition Fund for the North East and Moray
- increase investment to over £366m to deliver the Heat in Buildings Strategy in 23/24
- £44m for agricultural programmes to support sustainable and regenerative agriculture
- Over £100m for peatland restoration and woodland creation
- A pilot project looking at the removal of peak time rail fares

Links to planned outputs: Local government in Scotland Overview 2023; digital exclusion and connectivity (joint performance audit)

The Scottish Government has identified three priority areas for 2023/24

3. Providing sustainable public services

SG aim to deliver public services that meet the needs of citizens, now and in the future. SG has committed to a process of reform designed in line with Christie principles, focussing on early intervention, prevention and local delivery. Areas of spending include:

- Additional funding for local government
- £731m additional support for NHS Boards
- £51.8m additional funding to improve primary health care services
- £12m to support cross government action Drug Deaths Taskforce
- £81m additional resource for the Police Authority, £11m Fire and Rescue Service, £40m Scottish Prison service, £9m Courts and Tribunal Service, £8.2m Education reform
- £22.4m additional resource for Ferry Services

Links to planned outputs: Local government in Scotland Overview 2023; joint performance audits including - adult mental health; drug and alcohol services; early learning and childcare follow up; health and social care integration; social care; sustainable alternatives to custody

Focus on: spending on NCS in the 2023/24 budget

It is not clear how much funding has been allocated to the National Care Service (NCS) for 2023/24

- The budget document states that SG will provide £1.7bn for social care and integration - “to improve services while paving the way for the introduction of the National Care Service”
- The budget sets out that £1.2bn will be spent on ‘NCS / Adult Social Care’
- Supplemental information to the budget sets out that £1.1bn will be spent on Social Care support and NCS delivery: ‘to meet the full year impact of the real living wage pay uplift for adult social care staff, and additional investment on Free Personal Nursing Care’
- FAI have highlighted that “most of the 5.4% increase in the care service line item is likely allocated to the £100m for supporting a £10.90 real living wage for adult social care”
- SPICe noted that the financial memorandum for the NCS Bill identified funding of £63-95m for 23/24, “but it is not clear whether this is in line with what has been allocated this year”
- In response to the budget, COSLA called for ministers to “invest in change now and pause their plans for structural reorganisation” in social care.
- The DFM committed to providing an updated financial memorandum on ‘the logistical arrangements around the national care service’ – the timings for this are unknown

Appendix A: Analysing the Scottish Budget 2023/24

Technical issues relating to the budget highlight the challenges SG faces in managing its spending

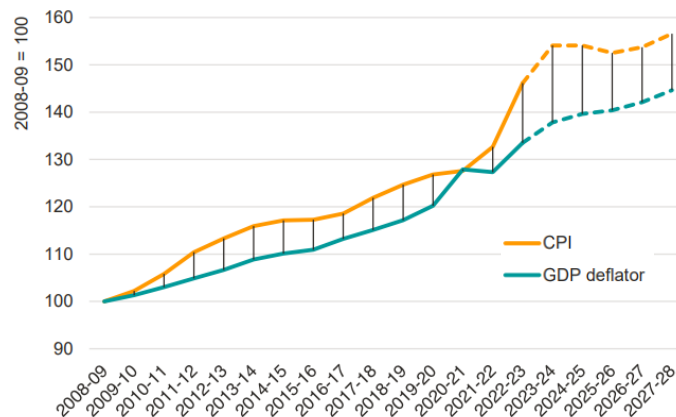
Inflation – GDP deflator vs CPI

FAI, SFC and IFS noted the challenges inflation causes to assessing the value of the budget.

The GDP deflator is used to calculate the year-on-year real terms changes in public spending. **This may understate the inflation faced by public bodies:** the GDP deflator is a measure of inflation in the domestic economy, and does not include the costs of imported commodities like energy, which public services do buy.

Energy costs are in the Consumer Price Index (CPI) which measures household inflation. But public bodies do not buy the same goods and services as households. Using CPI to calculate the real terms value of the budget **would likely overstate the inflation faced.**

Evolution of GDP Deflator and CPI



Source: [SFC Economic and Fiscal Forecasts](#), Dec 22

Technical issues relating to the budget highlight the challenges SG faces in managing its spending

Presenting year-on-year changes in spend

The [IFS](#) argues the 2023/24 budget ‘overstates increases in public-service spending next year compared to this’.

This is because SG compare the planned spending in the 2023/24 budget to the plans in the 2022/23 budget – rather than the most up-to-date 2022/23 spend. The IFS highlight that this doesn’t take into account that additional funding is often added to the budget in-year.

For example, £260 million was provided to councils to fund increased pay awards in 2022/23. The costs for this will continue into 2023/24, but the funding has been excluded from year-to-year comparisons in the budget.

The approach taken by SG is a longstanding convention to compare plans at the same point of time in the year, reflecting that the funding added in year (e.g. additional funding from UK Government) is not known in advance. Comparing planned spending before transfers between portfolios also shows which portfolio has primary responsibility for the spending in the budget.

It is currently not possible to compare the final spending position in 2022/23 to the 2023/24 spending plans, and this poses challenges for transparency and scrutiny of the budget.

SPICe have analysed SG's progress on the 3 principles of human rights budgeting. We summarise this here

Transparency

Annex D of the budget sets out where specific funding within portfolio areas support equities and human rights.

This includes more detail on evidence and notes on annual changes than before, but this repeats different funds against different characteristics which makes it hard to analyse.

Participation

SPICe note: "little information is given on how people can and have participated in the budget-setting process"

SG published a separate document on attitudes to tax alongside the budget, which provides detail on public opinions on tax.

Accountability

The budget provides an overview of how each portfolio links to the National Performance Framework (NPF), but it does not set out how spend contributes to achieving it.

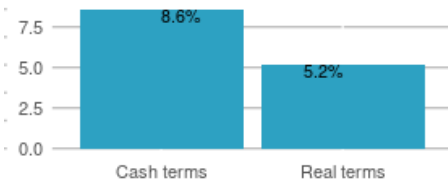
Some evidence of the effectiveness of policy is presented, but: "but the detail is inconsistent, and the direct links to outcomes and tangible measures are sporadic" (SPICe)

Appendix B: Other portfolios

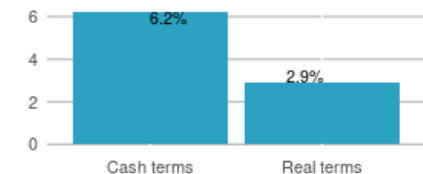
Portfolio changes and key announcements (1) AUDIT SCOTLAND

% change

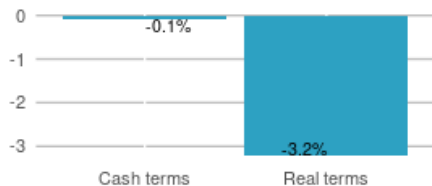
Social Justice Housing and Local Government



Health and Social Care



Rural Affairs and Islands



Key announcements

Social Justice, Housing and Local Government

- deliver the Scottish Child Payment, available to ~387,000 children
- uprate all other devolved benefits by CPI (10.1%), costing £428m
- >£550m of additional funding to the Local Government settlement

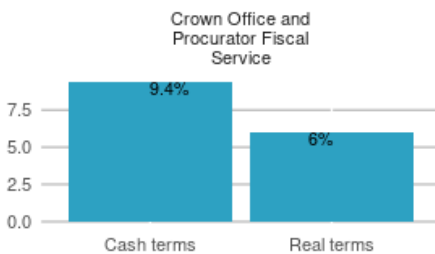
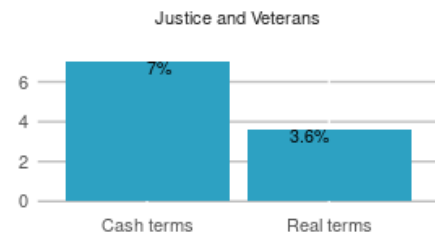
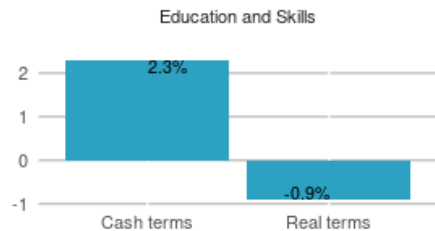
Health and Social Care

- £13bn for NHS Boards and £1.7bn for social care and integration
- £100m to deliver the £10.90 real living wage for adult social care
- £160m to reduce the avoidable harms from drugs and alcohol

Rural Affairs and Islands

- £44m for agricultural programmes to support sustainable and regenerative agriculture
- Over £100m for peatland restoration and woodland creation

% change



Key announcements

Education and Skills

- Capital funding to support the expansion of free school meals
- £50m for preventative holistic family support
- £30m to #KeepThePromise to care-experienced children & young people

Justice and Veterans

- an additional £80 million in the Scottish Police Authority
- Increased funding for community justice
- Increased funding for prison service capital programme

Crown Office and Procurator Fiscal Service

- Ongoing commitments to reduce Covid-19 trial backlog
- Reform of the management of sexual offence cases
- Additional funding to support the Covid-19 inquiry

Portfolio changes and key announcements (3)

% change

Key announcements

Finance and Economy

- Additional funding to the Scottish National Investment Bank
- Increased funding for the Low Carbon Economy
- Ongoing support for Ferguson Marine

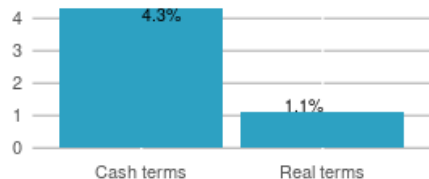
Net Zero, Energy and Transport

- Investment in EV charging infrastructure
- Investment in Heat in Buildings Strategy
- Additional funding for ferries and ferry infrastructure

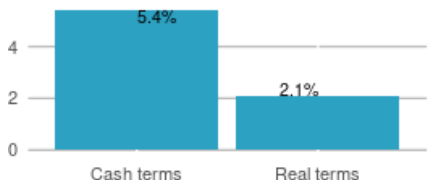
Constitution, External Affairs and Culture

- Additional funding for events such as the Cycling World Championships and the Athletics Championships
- Increased funding for HES and other bodies to cover higher costs

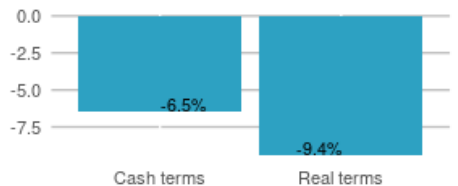
Finance and Economy



Net Zero Energy and Transport Portfolio



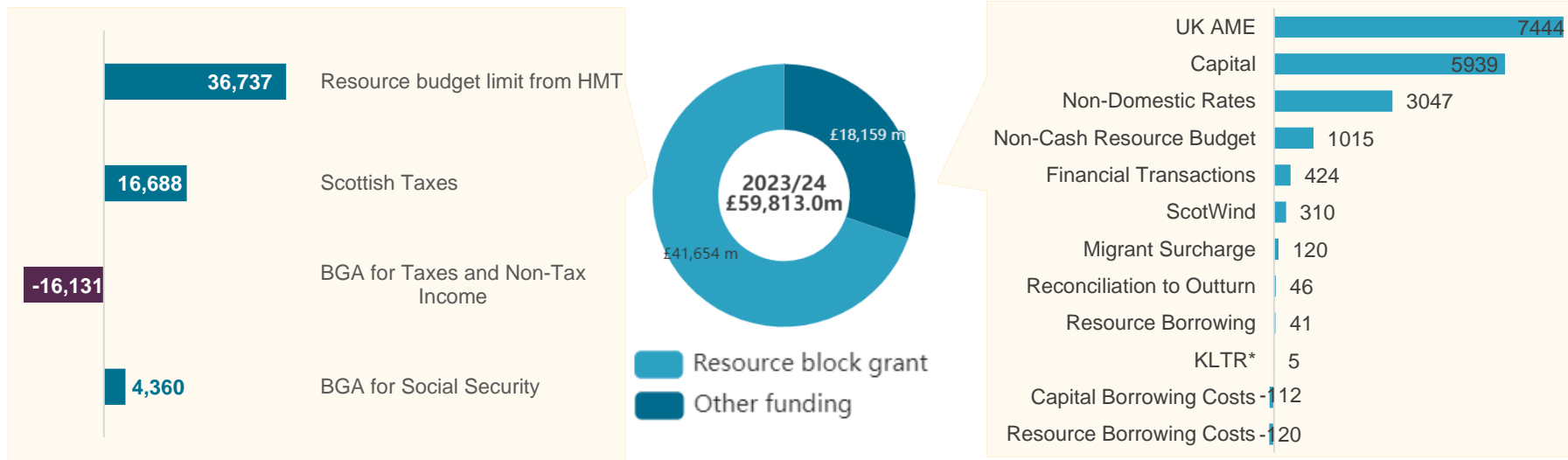
Constitution External Affairs and Culture



Appendix C: Funding and social security

Funding for the Scottish budget

Sources of funding for Scottish budget, 2023/24



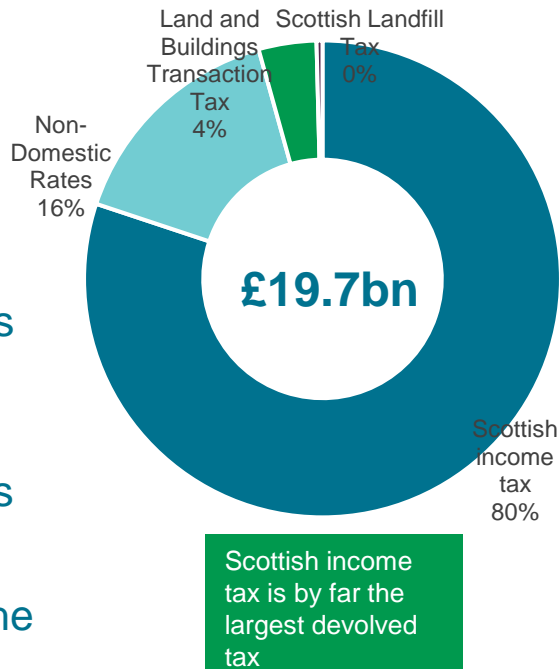
- The largest source of funding for the budget is the resource funding from UK Government. This is made up of the Barnett funding and £0.7bn ringfenced funding
- Scottish devolved taxes and other income brings a net benefit to the budget of £557m, once the Block Grant Adjustment is deducted

Scottish taxes in the 2023/24 budget (1)

SFC forecast that £19.7bn of taxes will be raised in 2023/24

- Changes in tax policy for 2023/24 include:
 - Changes to Non-domestic rates (NDR) - see next slide
 - Significant changes to income tax, including:
 - lowering the top rate threshold for income tax
 - freezing the higher, basic rate and starter rate bands
 - increasing the higher and top rates of tax
 - Land and Buildings Transaction Tax (LBTT) Additional Dwelling Supplement will increase from 4% to 6%, which is expected to raise £34 million in 2023/24.
- Since Scottish income tax, LBTT and Scottish Landfill Tax were devolved, a Block Grant Adjustment is deducted and it is the net position for these taxes that is important
- Taxes and other income are forecast to add a net £557m to the 2023/24 budget – income tax accounts for the majority of this

Tax revenue forecasts, 23/24

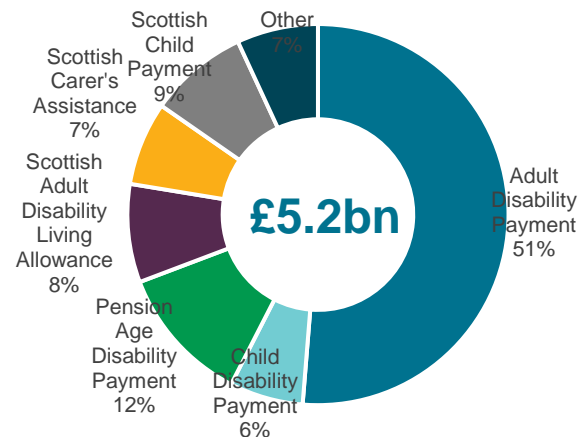


Social security in the 2023/24 budget

Forecast social security spending in 23/24 has increased by nearly £0.6bn since last year

- The SFC's forecasts for social security spending increased to £5.2bn for 23/24, and will reach £7.3bn by 2027/28
- SG receives Block Grant Adjustments from UK Government to cover devolved social security payments
- This is based on UK spend **and any extra spend must be covered by SG**
- The net cost of social security is forecast to be -£776m in 2023/24
- By 2027/28 the net cost is forecast to grow to -£1.4bn
- This is driven by:
 - changes to eligibility for existing benefits (the disability benefits)
 - the introduction of new benefits (such as the Scottish Child Payment)

Social Security expenditure, 2023/24



Disability benefits make up the majority of social security spend

- The AGS highlighted in his Scotland's public finances: challenges and risks briefing that there is a 'real risk' that SG overspend on the 22/23 budget. The DFM has said he is still working to balance this year's budget. For 23/24:
 - **Workforce** – not publishing the pay policy alongside the budget means we don't know the SG's approach to its most important input cost
 - **The medium-term financial strategy** – the SG's medium-term financial strategy has not been updated since May, although the financial position has changed significantly
 - **Forecast uncertainty** - the positive net tax position is a plus for financial sustainability, but the increasing negative net position for social security is a long-term risk for SG. Both medium term positions are uncertain.
 - **Reform** - the budget included no updates on the progress of the reforms set out in the Resource Spending Review. The DFM suggested at the Finance Committee that the reform work is 'an ongoing task' and it is not clear how on the reform process will be reported on to parliament and the public (col 38)

- This pack draws on data released in advance of the budget by the Office for Budget Responsibility (OBR), UK Government (UKG) and Fraser of Allander (FAI)
- It includes analysis of the Scottish budget as announced 15 December, and the Scottish Fiscal Commission (SFC) forecasts published alongside the budget, and the LG finance circular
- It also reflects commentary by the Institute for Fiscal Studies (IFS) and Scottish Parliament Information Centre (SPICe) published after the budget
- We have used Audit Scotland's new SG budget analysis dashboard developed by our data analytics team. This sets out trends for the overall budget, sources of funding, and of devolved taxes and social security
- We will share this more widely internally over the course of 2023
- The next phase of this work will be to add in more detail about individual areas of spend and how these change over time
- **We would welcome any feedback you may have on how we have presented this information or how we could develop this in the future**

Purpose

1. The purpose of this report is to provide an update to the Commission on significant recent activity relating to local government.
2. The Commission receives regular information to complement this report, which is available through the [members' SharePoint site](#). This includes:
 - The Controller of Audit report to the Commission, updating the Commission on her activity.
 - An update on issues relating to local government which is considered by the Commission's Financial Audit and Assurance Committee.
 - A weekly news coverage briefing provided to the Commission by Audit Scotland's Communication Team.
3. The wider Commission Support Team are developing a new approach to the monthly Secretary's update report which we hope to have fully in place for March 2023. This is outlined below.

Recommendations

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

Revised reporting process

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

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

Commission business and recent publications

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

8. Information relating to recent [publications](#) and [blogs](#) is available online, with future planned publications and activities outlined on the members' communications schedule available on the [members' SharePoint site](#). This includes a list of planned publications and activities for the year, along with indicative roles for members in promotion and engagement activities. This document is live and is updated monthly.

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

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

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

Issues affecting Scottish local government

Scottish Government

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

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

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

Health, Social Care and Covid Response

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

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

Education and Local Government pay dispute

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

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

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

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

Social Security and Communities

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

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

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

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

Economy and business

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

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

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

Scottish Parliament

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

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

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

Parliamentary committee news

Public Audit Committee

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

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

Local Government, Housing and Planning Committee

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

Finance and Public Administration Committee

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

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

Other Committee news

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

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

Local government news

COSLA

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

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

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

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

Improvement Service

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

SOLACE

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

Other scrutiny bodies

Care Inspectorate

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

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

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

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

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

Scottish Housing Regulator

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

Other UK audit bodies

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

UK Government

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

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

UK public policy news

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

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

Consultations

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

62. The Commission Support Team recommend that the Commission:

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

Purpose

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

Engagement and Audit Scotland business

2. The engagements and work in the period of 1 January to 31 January have been as follows:

Audit Scotland Board and Committee meetings

- 23 January – Audit Scotland Board development session.
- 24 January – Audit Scotland Board. The main items of substance covered were Health, Safety and Wellbeing; Strategic Improvement Programme; Audit quality arrangements; an update on audit delivery; 2022/23 Spring Budget Revision and 2023/24 Budget proposal and Scottish Commission for Public Audit (SCPA) report; Ethical Standards Policy; Estate Strategy; and an update on Public Audit in Scotland and the new Audit Scotland corporate plan.

Audit Scotland engagement

- 5 January – Monthly catch up with Vicki Bibby, Chief Operating Officer.
- 26 January – Catch up with Vicki Bibby.

External engagement

- 18 January – Introductory meeting with Miles Briggs MSP.
- 18 January – Meeting with Edward Mountain MSP, Convener of the Net Zero, Energy and Transport Committee.

3. Commission business has been as follows:

- Regular catch ups with Commission Support Team: Blyth Deans, Senior Manager, PABV; Martin McLauchlan, Policy Manager; Jillian Elgin, Executive Assistant; Miranda Nicoll, Executive Assistant; Jack Nixon, Executive Assistant; and Joanna Mansell, Communications Adviser.
- 9, 16, 19 and 26 January – Introductory meeting and catch ups with Helena Gray, the new Controller of Audit.
- 9 January – Media preparation session for the Local government financial bulletin 2021/22 with Adam Bullough, Audit Manager, PABV; Blyth Deans; Christopher Lewis, Senior Auditor, PABV; and Joanna Mansell.

- 11 January – Discussion on the Partnership Working Framework with Vicki Bibby; Blyth Deans; Gayle Fitzpatrick, Corporate Governance Manager; Helena Gray; and Martin Walker, Director of Corporate Support.
- 12 January – Accounts Commission meeting.
- 18 January – Discussion on the forthcoming Covid-19 data output with: Ashleigh Madjitey, Audit Manager, PABV; Joanna Mansell; Patrick McFall, Communications Adviser; Richard Robinson, Senior Manager, PABV; Mark Taylor, Audit Director, PABV; and Graeme West, Senior Data Analyst.
- 18 January – Development discussion with Andrew Burns.
- 19 January – Audit Quality Framework refresh discussion with Elaine Boyd, Director, Audit Quality and Appointments (AQA); John Gilchrist, Manager, AQA; Helena Gray; Parminder Singh, Manager, AQA; and Owen Smith, Senior Manager, AQA.
- 23 and 26 January – Catch ups with Tim McKay, Interim Deputy Chair.
- 26 January – Pre meeting ahead of session with the Local Government, Housing and Planning Committee.
- 26 January – Meeting with Ellen Leaver and Hannah Keates, Scottish Government, to discuss the scrutiny improvement process.
- 26 January – Local Government Overview (LGO) emerging messages discussion with Tim McKay; Carol Calder, Audit Director, PABV; Blyth Deans; Adam Bullough; Lucy Jones, Senior Auditor, PABV; Christopher Lewis; Martin Allan, Auditor, PABV; Fiona Caffyn, Auditor, PABV; Andrew Dixon, Audit Officer, PABV; Lisa McNeely, Trainee Auditor, PABV; Niamh Pritchard, Trainee Auditor, PABV; and Joanna Mansell.
- 31 January – Session with the Local Government, Housing and Planning Committee with Andrew Burns, Carol Calder and Blyth Deans to give evidence on the new deal for local government.

4. Other areas of work have included:

- Reviewing materials for the ongoing review of the Partnership Working Framework.
- Reviewing materials for the ongoing review of Public Audit in Scotland.
- Media preparation for the Local government financial bulletin 2021/22 publication.
- Preparing for a meeting with the Local Government, Housing and Planning Committee.
- Preparing for appraisal with Sean Neill, Director for Local Government and Communities.

Forthcoming activities

5. My forthcoming engagement activities include:

- 8 February – Development discussions with Tim McKay and Christine Lester.

- 9 February – Accounts Commission meeting.

Strategic Scrutiny Group update

6. Recent business of the Strategic Scrutiny Group includes:

- Meetings scheduled on 16 January and 16 February with volunteers from the Strategic Scrutiny Group (Care Inspectorate, Education Scotland, HMICS, HMIPS) to develop the terms of reference for the re-positioned strategic scrutiny group and the operational scrutiny group to take a collaborative approach to developing the roles, responsibilities, purpose, governance and accountability arrangements as well as capturing the interrelationship between the two groups.

Conclusion

7. The Commission is invited to:

- note this report and enquire about any areas of interest
- consider whether there are any changes that they would wish to see to the format and content of the report for the future.