

Agenda

Thursday 10 August 2023, 9.30am
Audit Scotland offices, 102 West Port,
Edinburgh, and online via Microsoft Teams
501st meeting of the Accounts Commission

1. **Apologies for absence**
 2. **Declaration of connections**
 3. **Order of business**
The Chair seeks approval of business, including proposing taking items 9 to 12 in private for the reasons set out on the agenda.
-

Business requiring decisions in public

4. **Minutes of meeting of 15 June 2023** Interim Secretary
 5. **Housing Benefit Performance Audit programme** Audit Director, ASG
 6. **Statutory report: Equal Pay in Glasgow City Council** Controller of Audit
-

Business for information in public

7. **Secretary's update report** Interim Secretary
-

Any other public business

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

Business for information in private

9. **Chair's update report** Chair
 10. **Controller of Audit's update report** Controller of Audit
-

Business requiring decisions in private

11. **Statutory report: Equal Pay in Glasgow City Council** Controller of Audit

[Item to be taken in private as it requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the appropriate council of its decisions, which the Commission does before making the decision public].

Any other private business

12. Any other private business

Chair

[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

Interim Secretary, Accounts Commission

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.

Minutes

3. The minute of the previous meeting is in Appendix 1.
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 15 June 2023, 9.30am

Audit Scotland offices, 102 West Port, Edinburgh, and
online via Microsoft Teams

500th meeting of the Accounts Commission

Present:

Ronnie Hinds (Interim Chair)

Malcolm Bell

Nichola Brown

Andrew Burns

Sophie Flemig (from item 15 due to attendance at Public Audit Committee)

Sheila Gunn

Jennifer Henderson

Christine Lester

Tim McKay

Geraldine Wooley

Apologies:

Andrew Cowie

Ruth MacLeod

In attendance:

Helena Gray, Controller of Audit

Blyth Deans, Interim Secretary to the Commission

Antony Clark, Executive Director of Performance Audit and Best Value (PABV)

Mark Taylor, Audit Director, Performance Audit and Best Value (item 5)

Mark MacPherson, Audit Director (item 11)

Leigh Johnston, Senior Manager (item 11)

Claire Tennyson, Senior Auditor (item 11)

Jason Carter, Audit Officer (item 11)

Joanna Mansell, Communications Adviser (item 12)

Kenneth Lawrie, Chair of the LGBF Board (and Chief Executive of Falkirk Council) (item 17)

Emily Lynch, Programme Manager, Improvement Service (item 17)

Katherine Chapman, Trainee Auditor, PABV (observer)

Lucy Telling, Trainee Auditor, Audit Services (observer)

The Chair and Deputy Chair gave thanks and appreciation to Blyth Deans for his contribution to the Commission over the last 9 months in his role as Secretary. Blyth will now take up his previous position as Senior Manager in Performance Audit and Best Value.

Ronnie Hinds acknowledged the 500th meeting of the Accounts Commission, helping councils and local government bodies in Scotland improve by reporting to the public on their performance. Ronnie thanked Commission member Malcolm Bell for recording a video marking this occasion.

1. Apologies for absence

It was noted that apologies for absence had been received from Ruth MacLeod and Andrew Cowie.

2. Declaration of connections

The following declarations of connection were noted:

Geraldine Wooley, in respect of item 11, due to a family connection to Adult Mental Health services in Fife.

Nichola Brown, in respect of item 11, due to former employment with NHS Greater Glasgow and Clyde.

3. Order of business

It was agreed that the following items be considered in private:

- Items 9, 10, 12, 13, 14, and 15 as they required the Commission to consider confidential policy matters.
- Item 11 as it required the Commission to consider a draft publication which the Commission is to consider in private before publishing.
- Items 16 if there were any confidential matters that required to be discussed out with the public domain.

4. Minutes of meeting of 11 May 2023

The Commission considered a report by the Secretary presenting the minutes of the meeting of 11 May 2023, including a summary of business arising from those minutes.

During the discussion:

- Tim McKay asked for an update on the guidance for approving consultations. The Secretary advised that an update on this is provided in the June Secretary's Report, and that a copy of the final version would be shared with members as soon as it has been finalised.

Action: Secretary

Following discussion, the Commission:

- Approved the draft minute of its previous meeting as a correct record.

5. Strategy and work programme: Work programme update - June 2023

The Commission considered a report by the Executive Director of PABV providing an update on the Work Programme as at June 2023.

During discussion, the Commission noted:

- The Executive Director of PABV noted his thanks to Michelle Borland, Head of Organisational Improvement, for her hard work and effort on the work programme in her previous role.
- Malcolm Bell enquired about plans for future audit work on sustainable alternatives to custody and drug and alcohol services and their likely impact. Malcolm also queried

whether Audit Scotland had published any work in this area in the past. The Executive Director of PABV confirmed that a briefing on Community Justice had been published in [2021](#) which highlighted slow progress in making a shift from custodial to community-based sentences.

- Andrew Burns asked for the impact of Commission members' appearances at Parliamentary Committees and Parliamentary engagement to be highlighted in reports where possible. The Executive Director of PABV responded by highlighting that the work programme update reports are not designed to capture or comment on the range and impact of the Commission's parliamentary engagement activity. It was suggested that the Commission may wish to consider the impact of its parliamentary engagement when it reviews the impact it is having across the full range of its activity (e.g. external stakeholder engagement, audit work and the Commission's SPI direction) as part of its strategy seminar in August. It was noted that the outcomes of those deliberations might be something to consider for inclusion in future Commission annual reports.
- Christine Lester asked how the work programme will align with the New Deal. The Executive Director of PABV advised that this is under consideration and will be discussed as part of the work programme discussion scheduled for August.
- Jennifer Henderson queried whether the audit on Scotland's Public Sector workforce was intended to cover the whole of the public sector and if this should therefore be a joint report with the Auditor General. The Executive Director of PABV advised that this work will focus more on Scottish Government public sector reform rather than on broader workforce issues and confirmed that a paper on local government workforce issues will be coming to the Commission's Performance Audit Committee in August.
- Sheila Gunn referred to workforce planning issues and how these are being directly impacted by a lack of available housing in local authority areas.
- Nichola Brown asked the Executive Director of PABV if he was confident that the audit teams could deliver on all the proposals in the work programme to which he confirmed he was.

Following discussion, the Commission:

- Agreed the additions and changes proposed to the programme.

6. Commission meeting arrangements 2024

The Commission considered a report by the Secretary providing an update on the Commission meeting arrangements 2024.

During discussion:

- Christine Lester asked if plans were still in place to hold Commission meetings in different locations across the country. The Secretary advised that this had not been discussed in recent months but confirmed that he would add this to the agenda for the incoming Secretary to follow up.

Action: Secretary

- Nichola Brown noted that all school holidays across the country be considered when looking at future meeting dates. The Secretary agreed that this would be factored into future decision making.
- Malcolm Bell asked the Commission Support Team to investigate barriers to accessing the Commission meetings for the public. The Secretary agreed that the Commission Support Team would engage with colleagues in Audit Scotland to explore the challenges and update members accordingly.

Action: Secretary

- The Secretary noted that he is working with the Deputy Chair on the allocation of new members to the Commission's Financial Audit and Assurance Committee and the Performance Audit Committee. Formal assignment to committees will take place in advance of August.

Action: Secretary

- The Chair suggested that a discussion on areas of interest for private member forum meetings be considered at the private member forum meeting following the formal Commission meeting.

Following discussion, the Commission:

- Agreed the proposed schedule and arrangements for meetings of the Commission and its committees in 2024.

7. Secretary's update report

The Commission considered a report by the Secretary providing an update on significant recent activity relating to local government.

During discussion:

- In relation to appendix 2, Geraldine Wooley raised a question about the scale of funding proposed by the Scottish Government.
- Sheila Gunn asked what the Commission can do to influence and highlight issues around affordable housing which in turn impacts those seeking employment. The Executive Director of PABV advised that the Commission had previously agreed that workforce planning will be the focus of Year 2 Best Value Thematic reporting.
- The Chair suggested that the Commission keep a watching brief on the issue of funding for affordable homes for key workers for now with further thought given to how the Commission can input later if needed.
- Paragraph 65 of the report refers to the consultation on councillor remuneration led by Angela Leitch as the Convenor of SLARC. Data is being collated on councillors and their backgrounds in relation to diversity of councillor base. Tim McKay met with Angela and would like the Commission to respond to the consultation. The Secretary advised that the consultation is not yet live, but that details will be provided to members in a future Secretary's Report upon further details becoming available.

- Jennifer Henderson asked if future Secretary reports could include details of forthcoming events or developments to allow the Commission to be proactive and respond timeously. The Secretary noted that this should be picked up with the new Secretary when in post, with a view to factoring into future Secretary reports.

Action: Secretary

- Geraldine Wooley proposed that a response be submitted to the consultation seeking views and comments on effective community engagement in the local development planning process as set out in paragraph 64. The Secretary agreed to engage with colleagues in Audit Scotland and would liaise with the Commission, via the Chair, on next steps.

Action: Secretary

Following discussion, the Commission:

- Noted the report.
- Agreed to respond to the consultation seeking views and comments on effective community engagement in the local development planning process.

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. Chair's update report

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

During discussion, the Acting Chair:

- Thanked Andrew Burns for chairing the elected member development event with the Improvement Service on 1 June.
- Requested that freedom of information requests be included in future intelligence reports submitted to the Commission.

Action: Secretary

- The Chair offered his gratitude to Tim McKay for chairing the Commission in the period up to his start date.

Following discussion, the Commission:

- Noted the report.

10. Controller of Audit's update report

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

During discussion:

- In respect of item 15, Malcolm Bell asked for further information on the Parliamentary enquiry into Community Councils facilitated by the Improvement Service. The Controller of Audit clarified that this is being led by the Local Government Housing and Planning Committee and the Improvement Service attended as a witness alongside a number of other witnesses.

Following discussion, the Commission:

- Noted the report.

11. Adult Mental Health draft performance audit report

The Commission considered a draft performance audit report by the Executive Director of PABV on Adult Mental Health.

During discussion:

- In her role as sponsor, Christine Lester emphasised the need to bring out the important role of other public bodies, particularly Police Scotland, in delivering effective mental health care. The scope did not cover adults with dementia which use the same services and the focus on psychological therapies within the report is because that is the only measurable target available to Audit Scotland.
- Jennifer Henderson enquired what evidence if any, exists as to the number of people who choose to go private to receive this service. The team advised that evidence and information in this area is difficult to obtain, and in some cases doesn't exist.
- Geraldine Wooley stated just how important it is to have baseline data to ensure the money being invested is making a difference. In respect of paragraph 32, Geraldine asked if primary mental healthcare could look at accommodation units in the high street to help improve accessibility. The Executive Director of PABV responded to this point in the meeting, explaining that we were not specifically looking into accommodation for mental health services during this audit, but that accommodation for staff/service users and the use of estates will be part of Audit Scotland's thinking when looking at wider public sector estate and infrastructure issues in future audit work.
- In relation to key message 2, Geraldine also asked if rural could be added to the list of access issues. The Executive Director of PABV agreed to include this in the final version of the report.

Action: Executive Director of Performance Audit and Best Value

- Andrew Burns congratulated the team on the report, and commented on the key facts, messages and recommendations being the clearest he'd ever seen in his time on the Commission. He asked if recommendations will be followed up in a 12-to-18-month timeframe. Advice was provided by the Executive Director of Performance Audit and Best Value.
- Tim McKay echoed Andrew Burns' point around key messages being contained within one page and the recommendations being well-made. He enquired as to the role of the Scottish Government's Mental Health directorate. The team advised that the directorate has an oversight role and does not manage mental health services.

- Nichola Brown congratulated the team on the report and asked for the following points to be considered:
 - Inequalities from a perspective where people are affected by more than one characteristic, which makes them more likely to experience poor mental health. Nichola also stated that the point around the Scottish Government mental health champions at Paragraph 40 is very specific and perhaps we could reference that more work is needed to see what impact this specific role would have.
 - In the context of the digital exclusion audit, consideration of options to allow face to face consultations.
 - Paragraphs 37 – 40 and exhibit 4, Nichola noted that there were a couple of notable exceptions around people with disabilities and those with neurodiversity. The point around the prevalence of mental health issues and those with economic circumstances and disabilities could be more explicit.
 - Nichola noted that suicidal ideation is extremely high in LGBT group and suggested it would be worth inclusion in the report.
- The Executive Director of PABV noted the points raised and advised that these would be considered by the team and would be discussed further with the project sponsor as required.

Following discussion, the Commission:

- Approved the draft performance audit report on adult mental health.
- Delegated responsibility to the audit sponsor to finalise the content of the audit report on behalf of the Accounts Commission, alongside the Auditor General for Scotland, through discussion with the audit team.
- Agreed the proposals for promoting the report after publication, as set out in paragraphs 6 and 7 of the cover paper

12. Accounts Commission - Draft Annual Report 2022/23

The Commission considered the draft annual report for 2022/23, presented by the Secretary.

During discussion:

- Christine Lester requested that IJB chairs and Chief Officers be included in the distribution list and up to date photos of Commission members to be included.
- Sheila Gunn asked for the dates around members end of terms to be updated correctly.
- Tim McKay asked if exhibits could be moved to appendices to make the report punchier.
- Jennifer Henderson suggested inclusion of a one-page summary or infographic covering the impact of the Commission's work.

Action: Secretary

Following discussion, the Commission:

- Approved the draft Annual Report 2022/23 in the appendix, subject to consideration of the proposals for refinement set out in paragraphs 5 and 6.
- Final sign off to be delegated to the Chair and Deputy Chair.
- Approved the proposed publication arrangements.

13. Intelligence Report

The Commission considered a report by the Secretary on intelligence about councils from various sources.

During discussion:

- Sheila Gunn in reference to Appendix 1 asked for timings to be included with regards to correspondence i.e., when did discussions start with each council. The Secretary agreed to liaise with colleagues in Audit Scotland's Correspondence team to ensure this is included in future iterations of the Intelligence Report.

Action: Secretary

Following discussion, the Commission:

- Noted the update in relation to overdue actions in relation to SPSO investigations at East Dunbartonshire Council (paragraph 21).
- Noted the matters and issues arising that may affect either the business risk of the Commission or audit risk (and therefore work programme).
- Noted the intention to return to the scheduled reporting cycle with the next six-monthly report being tabled at a meeting of the FAAC as planned.
- Considered, as a Commission, any revisions to the content and format of the report ahead of the next six-monthly report being considered by the FAAC.

14. How Councils Work (HCW) report – re-promotion plan

The Commission considered a report by the Executive Director of PABV providing an update on How Councils Work (HCW) reports, including consideration of a re-promotion plan.

During discussion:

- Malcolm Bell raised a point about the age of the report, the layout and language used but confirmed the original report was well received by councils. The Executive Director of PABV noted the comments.
- Jennifer Henderson suggested that any re-promotion of this work is closely tied to other relevant recent reports and findings as appropriate. The Executive Director of PABV agreed with the suggestion and committed to consider this as part of re-promotion work.

- Tim McKay asked for the word lengthy to be changed to length in Appendix 1 in terms of arms lengthy organisations.
- The Chair suggested there may be opportunities around the ‘new deal’ for local government to help prolong the series of reports.

Following discussion, the Commission:

- Approved the proposals.

15. Options to engage Councils in Best Value process

The Commission considered an update from the Controller of Audit on options to engage councils in the Best Value process.

During discussion:

- The Commission unanimously decided to continue with a ‘supplemented status quo’ with more engagement, an annual event, in person meetings and informal feedback with councils. There were concerns that option 1 was too resource intensive and might have a negative impact on the perceived independence of the Controller of Audit.
- Option 2 proposals could potentially be seen as being too negative and only offered a platform to engage with councils when things went wrong.
- Tim McKay suggested that councils could provide a private response to the Controller of Audit’s report in advance of consideration at Commission meetings.
- The Chair suggested that the Commission and councils should be provided with a note of meetings held with elected members following Best Value work. Fiona Mitchell-Knight confirmed that this is already the case.
- The Controller of Audit agreed to provide the Commission with an engagement plan, via correspondence, which sets out steps to raise the profile of the new Best Value process. As part of this discussion, the Commission noted:
 - The Best Value Legacy report will be coming to the Commission in September, and this may be helpful in promoting the new Best Value process.
 - Christine Lester noted her concerns around timings and how the process can be streamlined to make it as meaningful as possible in the time available
 - Tim McKay suggested a session at the SOLACE Conference may be useful to promote the new process.
 - Geraldine Wooley urged urgent action on this with four experienced members coming to the end of their terms in September.

Action: Controller of Audit

16. Any other private business

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

17. LGBF: National Benchmarking Overview Report 2021/22

The Commission considered a report from the Secretary on LGBF: National Benchmarking Overview for 2021/22.

During discussion:

- Noted a presentation from Kenneth Lawrie (Chair of LGBF Board) and Emily Lynch (Programme Manager, Improvement Service) summarising the Benchmarking Overview Report 2021/22 and future developments.
- Christine Lester noted the amount of data collected and raised the question of being ruthless with it to ensure it is useful and proportionate.
- Sophie Flemig asked if bodies are aware that automation is not always working as it should.
- Emily Lynch advised that the new LGBF dashboard allows individual councils to take a cut of the data on their strategic priorities and will look at ways to put the citizen at the heart of it. Kenneth Lawrie confirmed that the dashboard is an initial step to a more assertive approach to using that data.
- Andrew Burns congratulated the LGBF Board on reducing the 259-page report last year to a 59-page report this year without losing the quality of the information provided. With regards to the strategic direction going forward, Andrew commented how supportive he was of the more promotional and assertive approach to the data put forward.
- Ronnie Hinds asked what role the Commission could play in this assertive approach. Officers from the LGBF Board provided further information.
- Tim McKay suggested that the data doesn't necessarily drive improving outcomes and asked if the Board had given thought to what data is required to help improve outcomes. Officers noted the comments.
- Emily Lynch confirmed that the LGBF Board hopes that the new partnership agreement may be able to be used to really drill into the data that already exists, explores which parts are useful and which parts aren't, and identifies any gaps.
- Kenneth Lawrie advised the LGBF are trying to move to a more sophisticated use of data. Local authorities are including key measures into their strategies and performances. A whole range of LGBF indicators are available and the Commission may wish to focus on these in relation to Best Value reports.
- Ronnie Hinds referred to the new deal and the relationships the Commission has to influence conversations in the future. Data can provide evidence on where money is being spent by councils.

Following discussion, the Commission:

- Noted that further dialogue with the LGBF Board to this end will take place in coming months, with the Commission to be updated accordingly.

Close of meeting

The meeting closed at 13:00 pm.

Housing Benefit Performance Audit programme

Audit Director, Audit Services Group

Item 5
Meeting date: 10 August 2023

Purpose

1. The purpose of this report is to provide the Commission with an update on our Housing Benefit (HB) performance audit work programme including options for the next thematic review for later this year.

Recommendations

2. The Commission is invited to:
 - Note the HB performance audit work carried out.
 - Agree the theme and appoint sponsors for the next thematic review as set out at paragraphs 19 to 22.

Background

3. The Accounts Commission has responsibility for inspecting housing benefit (HB) 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 and arrangements for the work are set out in a Memorandum of Understanding between Audit Scotland and the DWP, which is reviewed every five years. The Commission discharges this responsibility through a programme of HB performance audit work.
4. In March 2019, the Commission agreed to a new approach to HB performance audit work. It introduced more thematic cross-cutting reviews to look strategically at the issues raised across councils, reducing the number of individual performance audits undertaken.
5. To provide assurance that best use is made of available resources, in addition to thematic reviews, Audit Scotland carries out scrutiny of Scottish councils' claims processing performance, engaging with the DWP during this process. This enables potential issues to be identified and informs the work programme. Local audit teams' annual work on the HB subsidy audit provides additional assurance that the £1.4 billion in HB paid out by Scottish councils each year is being appropriately scrutinised.
6. In its 2021-26 Strategy, the Commission has committed to reporting on the contribution local government makes to lessening the impact of inequalities, particularly poverty, on different communities. Our HB performance audit work helps fulfil this aim. We work closely with the Social Security Scotland audit team to provide an insight across the Scottish benefits system and are looking to build on this alongside our core role in providing the DWP with assurance that Scottish councils are delivering an efficient and effective benefit service.

Considerations

7. We proposed carrying out two HB performance audits in 2022/23, based on a desktop assessment of performance. We have concluded the audit of Aberdeen City Council, which was selected following a significant downturn in claims processing performance. Our audit findings, based on the information provided by the council and obtained from other sources, included several recommendations for improvement. A further HB performance audit will be carried out once the latest claims processing performance data is obtained from DWP. Details of findings from both audits will be provided to the Commission as part of our Annual Audit Update report later in the year.
8. In addition to our individual council audits, we plan to carry out one thematic review during the year, and have identified the following three potential themes for consideration:
 - Option 1. Housing Benefit – the customer’s experience
 - Option 2. The accuracy of benefit processing
 - Option 3. A review of housing benefit overpayments 2018/19 to 2021/22
9. We have completed an analysis of each option, as detailed below, and are recommending option 3 to the Commission.

Option 1: Housing benefit – The customer’s experience

Background

10. The Commission is keen to understand how services affect customers, and we are committed to researching the possibility of a thematic review on the experience of customers using the benefit service. This was highlighted by the Commission following its report [‘The impact of Covid-19 on Scottish councils’ benefit services’](#) published in October 2021, which showed that many councils had transitioned to remote working and our [‘Resourcing the benefit service’](#) report published in February 2023, which identified a potential correlation between home/hybrid working and a decline in claims processing performance.

Benefits

11. The Commission and Scottish councils would get a better understanding of service delivery from a user perspective, and an opportunity to improve the customer experience by implementing good practice identified across Scotland.

Risks

12. In consideration of this option, we asked the following questions of all 32 Scottish councils:
 - Q1 - Does the benefit service directly engage with customers to get feedback on their experience, if so, how is this engagement carried out (survey, telephone calls, focus groups etc), and how often?
 - Q2 - If not, does the council engage with customers to get feedback on their experience, if so, how is this engagement carried out (survey, telephone calls, focus groups etc),

how often, and does the benefit service receive details of any service specific feedback?

- 13.** Of the 16 councils that responded to Q1, 13 (81%) said that the benefit service did not directly engage with customers to get feedback on their experience of the service, and of 11 councils that responded to Q2, seven councils (64%) said that the council did not engage with benefit service customers to get feedback on their experience.

Conclusion

- 14.** As most councils are not proactively seeking feedback from benefit service customers, there would be insufficient information available to analyse and report on and therefore we consider that this theme is not suitable at the present time.

Option 2 - The accuracy of benefit processing

Background

- 15.** It is vital that councils process benefit claims accurately and that sufficient accuracy checks are carried out to provide assurance that claims are correct before a payment is made. Incorrect payments can lead to a loss of subsidy, financial concerns for customers, and additional work in relation to the recovery of overpayments. There is no statutory performance indicator for accuracy, and therefore no mechanism to compare performance across Scotland.

Benefits

- 16.** Our previous audit work in this area established an inconsistent approach to accuracy checks in Scottish councils. This review would highlight this disparity and identify good practice with a view to recommending a standard approach to carrying out accuracy checks across Scotland, therefore providing councils with an opportunity to compare performance equitably.

Risks

- 17.** Recent performance audit work in this area has identified a lack of documented accuracy checks. There is a risk that councils have limited, or no documented information on work carried out in this area to allow for sufficient data analysis to draw firm conclusions, identify good practice, and make robust recommendations.

Conclusion

- 18.** This thematic review is not considered appropriate at this time but could be considered in the future following discussion with councils.

Option 3 - A review of housing benefit overpayments – 2018/19 - 2021/22

Background

- 19.** This theme was previously carried out in 2012 and a report '[Review of housing benefit overpayments 2008/09 to 2011/12](#)' was published in January 2013 which detailed recovery performance and highlighted areas of concern and good practice from previous performance audits.

Benefits

20. The data from the previous review can be used as a benchmark to compare performance over the ten-year period, and while some additional data will need to be collected from councils by way of a questionnaire, the core overpayment datasets are readily available from the DWP. Additionally, as we are in a cost-of-living crisis, and council budgets are reducing, the timing of the report has relevance, as councils need to ensure that the right amount of benefit is paid to the right person at the right time to minimise overpayments and potential hardship for customers, and that overpayments are rigorously recovered, where appropriate.

Risks

21. The additional information requested by questionnaire might not be consistent, or straightforward to obtain, as we know from previous performance audits that the recovery of benefit overpayments is not always under the direct control of the benefit service.

Conclusion

22. This thematic option would be the most appropriate at this time as the core datasets are available and have been validated by the DWP. It also provides an opportunity to benchmark performance over a ten-year period to determine if councils have improved recovery levels over time as caseloads have declined and services have been adapted to deliver other benefits. It would also be able to highlight good practice and make recommendations where appropriate.

Conclusion

23. For the next thematic report on HB performance audit, we are recommending Option 3 – A review of housing benefit overpayments. We will aim to bring a draft report on this theme to the Commission in Spring 2024.

24. The Commission is invited to:

- Note the HB performance audit work carried out.
- Agree the theme and appoint sponsors for the next thematic review as set out at paragraphs 19 to 22.

Statutory report: Equal Pay in Glasgow City Council

Controller of Audit

Item 6
Meeting date: 10 August 2023

Purpose

1. The purpose of this paper is to introduce, for the Commission's consideration, the Controller of Audit's statutory report on Glasgow City Council's (GCC) further progress on implementing a new equitable pay and grading structure and funding its equal pay liabilities since 1 April 2018. This statutory report has arisen from financial disclosures for equal pay in the councils 2021/22 financial statements and it follows up on an earlier Controller of Audit report on this subject, which was considered by the Commission in 2020.

Recommendations

2. The Commission is invited to:
 - Approve the statutory report
 - Decide how it wishes to proceed.

Background

3. The Controller of Audit published a statutory report in February 2020 that provided an [update on the equal pay settlement from the 2018/19 audit of Glasgow City Council](#). In its findings on that report the Commission asked the Controller of Audit to monitor progress in this area and update the Commission on any further significant developments in the future. Due to the scale of the financial liability for equal pay in the 2021/22 financial statements the Controller of Audit has prepared this update report on GCC's further progress on implementing a new equitable pay and grading structure and funding its equal pay liabilities for the Commission's consideration.

The Controller of Audit's report

4. The Controller of Audit's report draws attention to matters identified by the appointed auditor in his 2021/22 annual audit report on GCC. The auditor issued an unqualified opinion on the financial statements, but his report did highlight a significant audit finding relating to equal pay. The auditor is satisfied with the reasonableness of the equal pay accounting estimates and disclosures in the council's 2021/22 financial statements.
5. The report is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
6. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - the accounts of local authorities audited under the Act;

- any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
 - the performance by a local authority of their statutory duties in relation to best value and community planning.
7. A copy of the report was sent to GCC on 2 August by the Controller of Audit. The council has been advised that it is obliged to supply a copy to each member of the council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the GCC it is effectively in the public domain.

Procedure

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

Conclusion

12. The Commission is invited to:
- consider the Controller of Audit's statutory report on equal pay within Glasgow City Council; and
 - decide in private how it wishes to proceed.

The 2021/22 audit of Glasgow City Council

Update on equal pay arrangements

ACCOUNTS COMMISSION 

Prepared by the Controller of Audit

August 2023

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Introduction

Background

1. Glasgow City Council introduced its current Job Evaluation Scheme (JES) in 2006 to harmonise pay and employment terms and conditions and eliminate pay inequality. Glasgow was one of only three Scottish councils not to follow the Scottish Joint Council (SJC) national job evaluation scheme, adopting a more bespoke solution called the Workforce Pay and Benefits Review (WBPR) system. It has received many equal pay claims from employees relating to the validity and operation of the WBPR scheme. These claims were progressed through employment tribunals and the courts. In 2017, the Court of Session made two separate rulings against the council, in relation to the validity of its JES and its pay protection arrangements. In January 2018, in response to the Court of Session rulings, the council decided to address outstanding equal pay claims and its JES.
2. In 2019, the council settled more than 15,000 historic equal pay claims at a cost of £505 million. It funded this through the sale and leaseback of 11 council properties.
3. In February 2020, following the conclusion of the external audit of the 2018/19 financial statements, the Accounts Commission and Controller of Audit issued a [Section 102 Report](#) on Glasgow City Council's (the council) equal pay arrangements. This report provided an update on the progress the council had made in funding and settling its historical and future equal pay obligations since the publication of the [Best Value Assurance Report](#) on Glasgow City Council in August 2018.
4. The Commission noted that the council had successfully delivered this challenging and complicated project within a relatively short period of time. Key to this were the governance and management arrangements that the council put in place around the project. The auditor concluded that they were satisfied with the reasonableness of the equal pay accounting estimates and disclosures in the council's 2018/19 Financial Statements. The equal pay settlement reflected claimants up to 1 April 2018.
5. The Section 102 report highlighted that there were approximately 150 equal pay settlements still outstanding that related to claims that had been difficult to finalise and approximately 480 claimants with existing equal pay claims, but whose representatives had not signed up to the settlement deal. As such, the equal pay settlement proposal did not fully extinguish the council's equal pay liability. There also remained a potential ongoing risk of further equal pay claims from 1 April 2018 up to the point at which the council implements a new pay and grading structure.

6. The external auditor has continued to monitor the impact of the equal pay funding arrangements and potential future equal pay liabilities as part of the annual audit. Following the 2021/22 external audit, I draw the Commission's attention, under s102(1) of the Local Government (Scotland Act) 1973, to the council's progress on implementing a new equitable pay and grading structure and funding its equal pay liabilities since 1 April 2018. In particular, this report provides an update on the issues highlighted in the February 2020 Section 102 report and auditor's 2021/22 annual audit report, as well as wider developments within the council associated with resolving equal pay.

June 2023 and is in the process of settling these claims up to October 2023. The claims which will be settled under these two MOUs include the additional 480 claimants that were not being settled in 2019 and which we reported in the previous Section 102 report in February 2020. The council is also funding these settlements through its previous and current sale and leaseback arrangements.

10. The MoUs set out wider agreed principles that allow the council to mitigate and manage its ongoing equal pay risks during the period in which it aims to implement its new pay and grading system, including an agreement that no further equal pay claims will be pursued before 2027.

11. The council has provided £260 million in its 2021/22 financial statements for settling equal pay claims of the main claimant group. It plans to begin paying settlements to individual claimants from July 2023.

New pay and grading structure

12. Central to the council delivering equality in pay is replacing its current pay and grading structure with one that is equal pay compliant. The council had initially aimed to implement a new equal pay compliant pay and grading system by April 2021. However, implementation has been delayed, primarily because of Covid-19. The Covid-19 lockdown had a significant impact on the council's timescales, as it resulted in resources having to be reprioritised to more pressing pandemic-related work, required the council to adopt different ways of working, particularly in relation to evaluating jobs, and hindered the ability of relevant parties to continue ongoing negotiations. Having reviewed the impact of Covid-19, the council reset its ambition to implement a new pay and grading system with effect from October 2023. As outlined below, the implementation date continues to be reviewed and revised.

13. A pay and grading structure project (the PGS project) has been formed to implement the new pay and grading structure. The project is complex, with a range of inter-dependencies, including the completion of a comprehensive job evaluation exercise, PGS design, financial modelling, gender pay gap analysis and significant payroll revision. The project comprises HR, Legal, Finance, and Technical Workstreams, with participation from trade unions. It forms part of the council's wider governance structure around its equal pay programme, as shown in [Exhibit 2](#) below.

14. The new pay and grading system is to be informed by a comprehensive job evaluation exercise that evaluates jobs using the Scottish Joint Council's (SJC) latest Job Evaluation Scheme (the 3rd Edition), in line with many other Scottish local authorities.

15. In implementing the SJC job evaluation scheme, the council is striving to consistently adopt best practice, learning from its own experiences and those of other local authorities. It appointed an independent SJC job evaluation expert to assist in the project from the outset. It has also adopted a partnership approach with trades unions. For example, it has included local trades union officials within its job evaluation teams and has been transparent in opening up access to its job evaluation webpages, where developments are reported, to unions and to employees. The council has also provided unconscious bias training for

its job evaluation analysts to ensure that jobs are evaluated as fairly as possible.

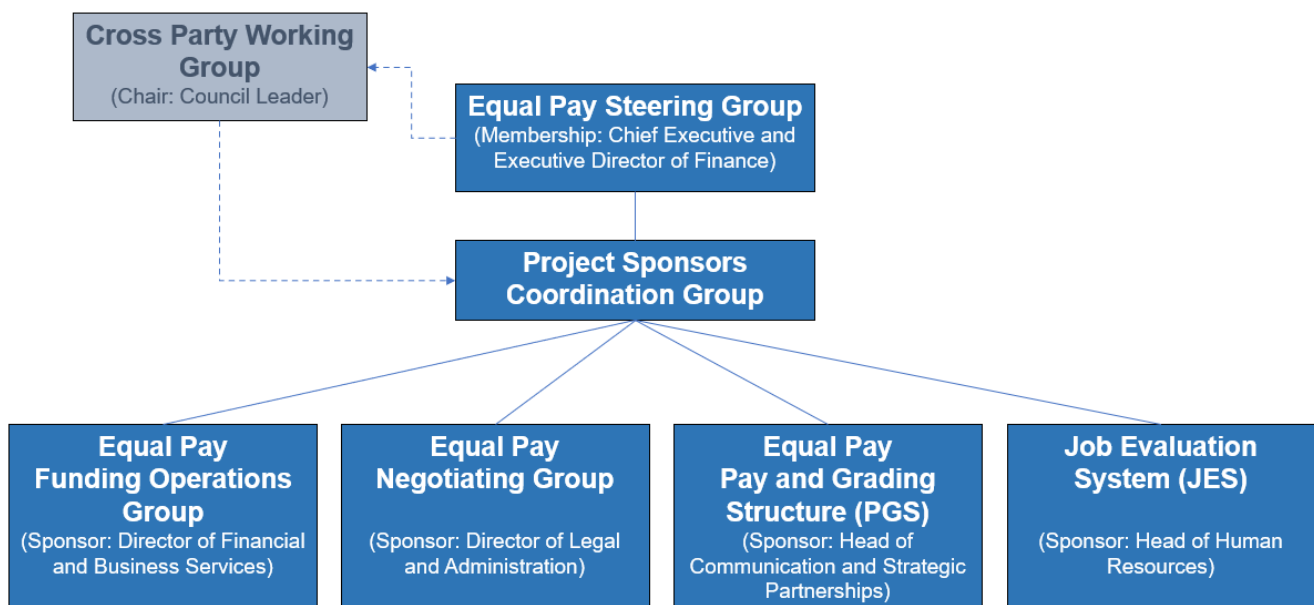
16. Once the council has implemented its new pay and grading structure it is preparing for a level of appropriate backdating of pay, depending on the results of job evaluation and the pay and grading structure for the period between October 2023 and implementation. Any changes to role gradings and pay levels and the cost of backdating pay will have potential implications for future affordability. The council aims to implement its new pay and grading structure within the constraints of its available resources. The council will consider options once the scale of the budgetary impact is known. This could involve additional savings in future years' budgets.

17. The council will only extinguish its equal pay liability by implementing an equal pay compliant pay and grading structure and ensuring that any pay protection arrangements under the new system are equal pay compliant.

Equal Pay governance arrangements

18. As shown in [Exhibit 2](#), the council has established comprehensive governance arrangements for taking forward its programme of work on equal pay. These arrangements cover its equal pay funding strategy, its negotiations with claimants' representatives and communications around equal pay as well as the implementation of its JES and new pay and grading system.

Exhibit 2 Equal pay programme governance structure



The equal pay cross party working group (a subgroup of the council's Workforce Board) provides political oversight of the PGS project. Elected members on this group are provided with regular (monthly) verbal briefings on progress in relation to equal pay claim negotiations, the pay and grading structure, funding and communications.

19. Each of the council's four constituent equal pay projects within its overall programme are chaired by either the project sponsor or a lead officer within the project. Meetings vary from twice weekly to fortnightly dependent on operational need. The project sponsors for each project meet collectively with programme and project managers through the Project Sponsor's Coordination Group. This allows them to discuss dependencies, risks and issues which face each of the projects and provide a level of tactical coordination.

20. The Equal Pay Steering Group (equivalent to the council's previous Equal Pay Board as referred to in the February 2020 Section 102 report) then provides a more strategic forum for project sponsors, relevant project leads and other officers to provide a steer on how key issues, risks and dependencies may be managed, mitigated and/or resolved as appropriate. The Chief Executive and Executive Director of Finance in their role as the Equal Pay Steering Group, also have authority to make decisions within specific delegations from the City Administration Committee.

21. The council's equal pay steering group receives regular monthly reports from its subgroups highlighting progress and risks to the pay and grading project. Reports to the steering group have highlighted that timescales for completing the job evaluation process and implementing the new pay and grading system continue to be affected by the scale and complexity of the PGS project and the council's continuing commitment to seek agreement through collective consultation with Trade Unions.

22. In May 2023, a report to the equal pay steering group highlighted a significant risk to achieving the council's latest deadline of April 2024 to fully complete the job evaluation process. This risk is based on discussions with Trades Unions on the scale of benchmark jobs to be evaluated, including evaluating around 2,000 identified unique jobs. The council is currently working through a job evaluation recovery plan to allow it to implement its new pay and grading structure during financial year 2024/25. The recovery plan is based around a range of steps to expedite job evaluation activity and resolve issues blocking the level of progress required. These include group interviews and job questionnaires where appropriate.

23. The council has established an equal pay cross party working group (a subgroup of its Workforce Board) to provide political oversight of the PGS project. Elected members on this group are provided with regular verbal briefings (at least four weekly) on progress in relation to equal pay claim negotiations, the pay and grading structure, funding and communications.

24. Outside of these governance arrangements, decisions around equal pay are made as and when required by the council and its City Administration Committee (CAC).

Funding and financial accounting of the equal pay arrangement

25. Since March 2022, the council has been developing a new funding strategy to settle its equal pay liability since April 2018, based on raising finance from generating capital receipts, as it did previously in 2019. It examined several potential assets from which it could generate capital receipts along with

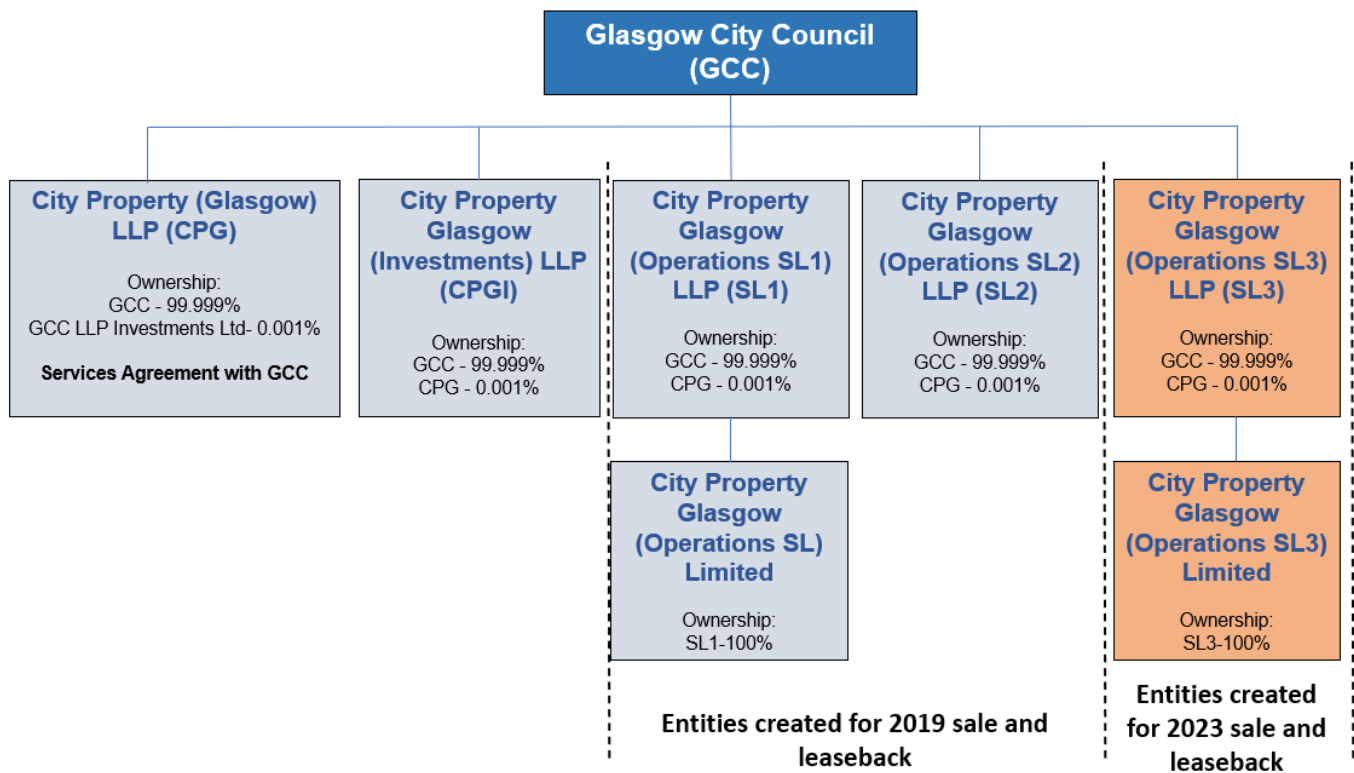
potential funders. Options and risks were frequently discussed by the council's Equal Pay Steering Group before arriving at its preferred solutions.

26. In September 2022, the council's City Administration Committee (CAC) approved the funding strategy for settling its equal pay claims. This strategy involves the council generating capital receipts from selling and leasing back six council properties via a council subsidiary and an external funding provider ([Exhibit 3](#)).

Exhibit 3

Sale and leaseback structure

Glasgow City Council has established two new legal entities— a new limited liability partnership and limited company - for the purpose of the latest sale and leaseback arrangement.



Source: Glasgow City Council

27. The council sought to raise the funding required by encouraging bids from the three existing funders it used for the sale and leaseback arrangement in 2019. It initially received two funding proposals, which it fully evaluated. One funder subsequently withdrew from the process, leaving Assured Guaranty UK Limited as the council's selected funder to provide the financial capital. To achieve separation from its existing loan arrangements and to meet the requirements of the funding agreement with Assured Guaranty UK, the council was required to establish two new legal entities - City Property Glasgow (Operations SL3) LLP and City Property Glasgow (Operations SL3) Limited. City Property Glasgow (Operations SL3) LLP follows the same structure and governance as the existing City Property LLPs and is 99.9999% owned by the

council and 0.001% owned by City Property (Glasgow) LLP. Shares in the subsidiary limited company will be owned by SL3 LLP.

28. The council considered a range of cultural and sporting venues, primary schools and care homes for sale and lease back to raise capital. It has taken independent advice in relation to the value of the properties and annual lease rentals. The six properties to be included in this sale and leaseback arrangement are listed in [Appendix 1](#). All operational activity carried out at these six properties will continue as normal and will not be affected by the sale and leaseback arrangements.

29. In February 2023, City Property Glasgow (Operations SL3) LLP purchased six property assets from the council at a cost of £210 million and leased them back over a period of 32 years. The annual rent payable to City Property by the council for these six properties is expected to be £11.7 million plus annual inflation. This takes the council's total annual rent payable to City Property for all 17 properties to £32.1 million plus annual inflation. This must be met from the council's available annual revenue resources.

30. The council has been in discussion with Scottish Government around the accounting treatment of equal pay provision. Scottish Government issued a [Local government finance circular 2/2023 - accounting guidance: accounting for equal pay](#), which allows the council to defer the charge of the equal pay provision in the 2021/22 financial statements. The deferred charge will be removed when the equal pay payments are made or the provision is reduced. The external auditor is satisfied with the reasonableness of the equal pay accounting estimates and disclosures in the council's 2021/22 financial statements.

Conclusion

32. The council's delivery of its challenging and complicated pay and grading project has been delayed. Delivery has not unexpectedly been impacted by the Covid-19 pandemic and the scale and complexity of the exercise, for which the council has sought to engage with claimant representatives and trade unions throughout to ensure a robust solution is put in place. Delays in implementing an equal pay compliant pay and grading system risks continuing inequality for groups of Glasgow City Council's employees and increases the risk to the council of future equal pay claims. However, the council has put in place governance arrangements and adopted an approach to implementing its new pay and grading system to mitigate these risks.

33. I am satisfied that the council has put effective arrangements in place to manage its equal pay programme in line with its revised planned timescales and minimise the risk of any further delays in implementing its new pay and grading system. These include appropriate governance arrangements that coordinate individual aspects of the programme and include elected members, effective risk identification and management process and adopting a partnership approach to working with claimants' representatives.

34. Having recently reached an agreement with claimants' representatives, the council is now settling existing equal pay claims that have accrued since April 2018. To settle its current equal pay liability, the council has generated £210 million through the sale and leaseback of additional council properties. It will need to meet the ongoing annual costs of this over the life of the leases, as well as any additional costs from implementing its new pay and grading system from its available future resources.

35. The auditor has concluded that they are satisfied with the reasonableness of the equal pay accounting estimates and disclosures in the council's 2021/22 Financial Statements.

36. EY has been appointed as the council's external auditor for a period of five years, starting from financial year 2022/23. As Controller of Audit, I will discuss with EY how it will continue to monitor and report on developments on the council's equal pay programme through its annual audit work at the council.

Appendix 1

Since 2019, the council has entered into sale and leaseback contracts of 17 of its properties.

37. In 2023, Glasgow City Council entered into sale and leaseback contracts with City Property for the six properties listed below:

Asset	Type
Kelvingrove Art Gallery	Cultural / sporting venue
Kelvin Hall	Cultural / sporting venue
Gallery of Modern Art	Cultural / sporting venue
City Chambers	Cultural / sporting venue
Sighthill School Campus	Primary school
Gowanbank School Campus	Primary school

38. The 11 properties previously included in the sale and leaseback agreement in 2019 are listed below:

Asset	Type
SEC Armadillo	Cultural / sporting venue
City Halls	Cultural / sporting venue
Glasgow Museums Resource Centre	Cultural / sporting venue
Emirates Arena	Cultural / sporting venue
Scotstoun Leisure Centre	Cultural / sporting venue
Bellahouston Leisure Centre	Cultural / sporting venue
Riverside Museum	Cultural / sporting venue
Tollcross International Swimming Centre	Cultural / sporting venue
Glasgow Royal Concert Hall	Cultural / sporting venue
Gorbals Leisure Centre	Cultural / sporting venue
Toryglen Football Centre	Cultural / sporting venue

The 2021/22 audit of Glasgow City Council

Update on equal pay arrangements

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