

# Annual report

2020/21



## Who we are

The Accounts Commission holds councils and other local government bodies in Scotland to account and helps them improve by reporting to the public on their performance. We operate impartially and independently of councils and of the Scottish Government.



We expect councils and other local government bodies to achieve the highest standards of governance and financial stewardship and fulfil their statutory [duty of Best Value](#) in how they use their resources and provide their services. Our work includes:

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

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

The current members of the Commission are listed on [page 26](#).

---

# Contents

---

Chair's foreword	4
Our year	6
Engaging with others	22
Ensuring quality in our work	24
Our members	26
2020/21 work programme	27
Appendix	29

---

# Chair's foreword

---

2020/21 has been a year like no other. This annual report provides an overview of the work of the Accounts Commission in the most challenging of times.

In August 2020 I took over as Interim Chair of the Accounts Commission following the early retirement of the previous Chair, Dr Graham Sharp. This happened while Scotland was in the midst of Covid-19 pandemic restrictions, and we were all working from home. In fact, the Accounts Commission has worked remotely since March 2020 and continues to do so at the time of the publication of this report – over 14 months.

Over the period covered by this report we have seen councils and other local government bodies adapt and repurpose their services to support their residents in many different ways, working with local partners with speed and flexibility. Our report looks back at our annual audit, Best Value and national performance audit work. Our auditors have continued to produce work to the highest professional standards, providing insight to councils to support improvement, share learning and prepare for the significant recovery that will be required in the coming months and years.

Very quickly after the emergence of the pandemic the Accounts Commission, along with the Auditor General for Scotland and Audit Scotland, agreed key principles to guide our work over the year. These principles are sound financial management, good governance, public accountability and transparency. Over that time, we quickly saw that inequalities were exacerbated by Covid-19. Whilst this was always part of our reporting, we have focused on this more during 2020/21 and will continue to do so in the future.

In recognition of the scale of the pandemic and how it has affected everyone, including Audit Scotland, we paused our work programme to reflect and reset. We have also listened to stakeholders and service providers and have carefully considered what our focus over the next few years should be. Key features of our future work will be to 'follow the pandemic pound', highlight inequalities and the importance of sustainable funding for public services, all with a clear focus on the impact of the pandemic on communities and individuals.

Over this last year, Audit Scotland has worked closely with the Accounts Commission to adapt to new remote ways of working, reflecting our ambitions to be flexible and agile in our approach to our work. The Commission has been very appreciative of their support. Our small Commission support team, which was enhanced with the creation of a dedicated Policy Manager, has worked tirelessly to ensure we continued to meet and report despite the challenging circumstances. They have also provided me with first class support, and I am very grateful to them.

What 2020/21 has shown all of us more clearly, perhaps more than ever before, is that we live in a world of significant uncertainty. With the recent Scottish Parliament election and forthcoming council elections, more change is to be expected.

I have been inspired over this last year by the speed and adaptability of public services to respond to the varied needs arising from the pandemic. Very often changes have been made that in the past may have taken years but happened in a matter of days and weeks. It will be important to build on this good work and learn from what didn't work well. The Accounts Commission's future reports will aim to support this recovery.

**Elma Murray, OBE**

Interim Chair of the Accounts Commission

# Our year

## Impact of Covid-19

2020 was the most challenging year we have faced but our annual audit work in councils and other local government bodies has continued to be the foundation for everything we do. Despite the restrictions put in place to manage Covid-19, all annual audits were published by the end of March 2021, as outlined in our [Progress report on page 27](#).

1. Below, we outline our range of [audit activities](#), and how each of these have been affected by Covid-19 this year.

Audit activities	Impact of Covid-19
<p><b>Annual audit reports</b> on the finances and performance of local government bodies. This work is at the core of how we provide assurance over the use of public money. It also covers wider aspects of governance, improvement and progress made by councils against their <a href="#">duty of Best Value</a>.</p> <p><b>Statutory reports:</b> We have powers to publish statutory reports on individual councils, to bring issues arising from the annual audit to public attention.</p>	<p>The deadlines for preparing public bodies' accounts for the 2019/20 year were extended. Most audits were completed within the revised deadlines, but the extensions have delayed planning work required for 2019/20 statutory reports. No matters arising required a statutory report during 2020/21.</p>
<p><b>Reporting on Best Value:</b> Our Best Value Assurance Reports (BVARs) report on how individual councils are fulfilling their statutory <a href="#">duty of Best Value</a>. We are currently in year four of a five-year programme of audits to report BVARs on each of Scotland's 32 councils. These reports look at how councils manage public resources, with a focus on improvement, to deliver the best possible outcomes for the public.</p> <p>Every year, through annual audit reports, auditors report on the progress councils have made against recommendations in the BVARs.</p>	<p>We have continued the programme of Best Value reporting. These audits have provided early indications of how councils are responding to the pandemic. The timetable for some Best Value reports was reviewed and the remaining seven reports planned for 2021 will now be published across 2021 and 2022.</p>

Audit activities	Impact of Covid-19
<p><b>Local government overview reports</b> summarise our assessment of local government and the main issues affecting it. <i>The Local government in Scotland: Financial overview</i> focuses on finance; and the <i>Local government in Scotland: Overview</i> focuses on service provision.</p>	<p>The timeline of this work was adjusted to reflect the altered annual audit timelines. A key feature of this work is considering how public bodies are responding to Covid-19.</p>
<p><b>Performance audits</b> on significant national topics to examine the quality, efficiency and effectiveness of services and the use of resources across local government. These can be reported jointly with the Auditor General for Scotland where there are areas of common interest such as health and social care.</p> <p><b>Briefing papers</b> on issues affecting local government to update the public and stakeholders and to set out the Commission's position on its intended audit response.</p> <p><b>Impact reports</b> are published around 18 months after a performance audit to summarise its impact.</p>	<p>During 2020, we paused and reframed our programme of performance audits, briefing papers and impact reports. This was in part in order to understand the emerging impact of Covid-19, what new work is required and how existing planned work needed to be reshaped. This was also to avoid placing additional scrutiny burdens on public bodies at a time when they were addressing the significant impact of Covid-19 on public services.</p>
<p><b>How councils work</b> reports share good practice identified through audit work, to help councils improve.</p>	<p>No <i>How councils work</i> reports were planned for publication in 2020/21.</p>

## Reporting on councils



This year we have continued our overview reporting on local government, on Best Value in local government and on our strategic audit priorities.

### Local government overview reports

**2.** We published our [Local government in Scotland: Overview 2020](#) in June 2020. This report was prepared before the escalation of the Covid-19 pandemic and was covered in our [Annual Report 2019/20](#). The next overview report will be published at the end of May 2021.

**3.** We published our [Local government in Scotland: Financial overview 2019/20](#) in January 2021. Our report found that the pandemic has had an extreme impact on public services and finances, further deepening the challenges for local government. The financial cost of Covid-19 on councils in 2020/21 is estimated to be £767 million, with just over half due to lost income. The Scottish Government announced additional funding and financial flexibilities for councils to mitigate the impact of the pandemic, but it is unclear whether this will cover all cost pressures faced by councils in 2020/21 and beyond.

**4.** More councils added to their usable revenue reserves than in previous years. In 2019/20 there was a real-terms increase in Scottish Government funding, primarily to meet the Scottish Government's policy of expanding early learning and childcare provision. While there was a significant increase in capital funding between 2017/18 and 2019/20, in 2020/21 it decreased by 30 per cent in real terms.



**5.** 2020/21 also saw a large shift in the way that public services and communities worked together to support those most in need. Many communities and individuals stepped in to provide much needed local services and were empowered and encouraged to do so by councils, Integration Joint Boards (IJBs) and their partners.

**6.** Our report highlights the vital role of IJBs in supporting communities, particularly during the pandemic. In 2019/20 many IJBs needed additional funding from councils and health boards to break even. There also continued to be high turnover in leadership, alongside the financial pressures and increasing demand.

## **Progress with our strategic audit priorities**

**7.** Each year the Commission reviews the priorities it asks auditors to report on through their work in councils. [Exhibit 1 \(page 10\)](#) sets out these priorities and summarises the progress councils have made against them in 2020/21. Overall, audit work is providing good coverage of the Commission's strategic audit priorities (SAPs) in councils.

**8.** For the 2021/22 annual audits, we have not asked auditors to report specifically on the SAPs. This is to recognise the continued pressures on auditors, in light of Covid-19. A new Code of Audit Practice, which is due to be published in June 2021, will come into effect from April 2022. Instead of reporting on SAPs, the new code will incorporate a more flexible approach to identifying audit priorities on an annual basis.

**Exhibit 1****2020/21 progress with the Accounts Commission's strategic audit priorities (SAPs)****SAP 1 Clear priorities with a focus on outcomes, supported by effective leadership and long-term planning**

- The quality of councils' strategies and plans that support the delivery of the vision vary.
- Most of the 2020 BVARs report that it is difficult to demonstrate progress against strategic objectives.
- Many councils have made changes to their management teams and there continues to be significant change to IJBs' leadership. This can be a catalyst for improvement but can also present some risks.
- Most councils are making good progress towards their statutory equality responsibilities. Reports highlight some good examples of councils' work to address inequalities in their communities.
- Councils have made good progress on medium term planning however most councils will need to rework their medium- and longer-term financial plans in light of Covid-19.

**SAP 2 The strategic appraisal of options to re-shape services in line with priorities. This should consider good practice, innovation and collaborative working with partners**

- Councils need to be more systematic in appraising options for service redesign.
- Covid-19 has delayed some transformation work, and this has increased financial pressures and future service development. It has also led to re-assessment of transformation plans and presented some new opportunities for transformation.
- The use of digital technology, to support changes to service delivery and councils' governance arrangements, has accelerated at a greater pace than many councils had planned for.
- There is evidence of strong partnership working across Scotland.
- Some community planning partnerships are successfully delivering improved outcomes.
- Councils continue to work well with partners to develop and deliver city region and growth deals.
- IJBs face significant financial challenges and more needs to be done to accelerate service redesign.

**SAP 3 Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future**

- Good training programmes on a range of topics are provided for elected members but attendance could improve.
- Councils are developing organisation-wide workforce plans, but Covid-19 has had a significant impact on workforce planning.
- Councils are engaging with staff, but response rates are low.

## SAP 4 Empowering local communities and involving them in the design and delivery of local services and planning for their local area



- There is evidence of councils engaging well with their communities but there is scope for more involvement in working together in the development of policies and services.
- There is evidence of progress against the [Community Empowerment \(Scotland\) 2015 Act](#) but more needs to be done to deliver on the full ambitions of the Act.

## SAP 5 Reporting councils' performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes



- A small number of councils use self-evaluation effectively to drive improvements, but more systematic self-evaluation is required in many councils.
- While there has been improvement in performance reporting, it will be increasingly important to ensure that performance reporting remains focussed on key priorities. At the same time this needs to assess both the qualitative and quantitative impact of Covid-19 on council/service performance.
- 25 councils met the requirements of the 2018 [Statutory Performance Information](#) (SPI) direction. Auditors reported that performance reporting arrangements were good in 11 councils, while in 14 councils they recommended improvements.

Source: Annual Assurance and Risks report, Controller of Audit. Considered at the Commission's meeting in March 2021.

## Best Value Assurance Reports (BVARs) in individual councils

**9.** Councils have a duty to demonstrate Best Value in how they deliver services, use public money, and improve how they do things. The Commission receives from the Controller of Audit a BVAR on every council as part of a five-year cycle to review councils' progress. We meet in public to consider these reports and then decide what action to take.

**10.** This year's BVAR findings highlight the importance of a clear strategic direction combined with sound financial management and strong leadership. The recurring theme is a need to better engage with communities, particularly those affected by inequalities and poverty exacerbated by Covid-19. Headline messages from this year's BVARs are highlighted in [Exhibit 2 \(page 12\)](#).

## Exhibit 2

### Best Value Assurance Reports



#### [Argyll and Bute Council](#) (May 2020)

The council has made progress in improving relationships between elected members and between officers and elected members. Sound financial planning and budgeting allowed it to achieve financial balance in the short term. Substantial transformation work is required along with a long-term financial plan. The council needs to improve its performance management and reporting and further develop its approach to community engagement and empowerment.



#### [North Ayrshire Council](#) (June 2020)

The council has made significant progress by setting a clear strategic direction and vision, supported through a collaborative approach between elected members, officers, and communities. While demonstrating good practice across many services, the council should focus on improving performance in education and self-directed support. The council needs to fully develop its workforce plan and monitoring arrangements for its transformation agenda.



#### [Moray Council](#) (August 2020)

The council hasn't made sustained improvement since the Best Value audit in 2006. There are early signs of improvement, but the council needs to increase the pace of change and ensure that committed leadership, and a medium- to long-term financial strategy are in place. The council needs to review and improve its decision-making and governance structures, performance reporting, service satisfaction levels, and workforce capacity. Underperformance in educational attainment is a significant issue. We have requested a follow-up report by the Controller of Audit no later than February 2022 on the progress made by the council.



#### [Dundee City Council](#) (September 2020)

The council has made good progress since 2010. It has strong leadership and has demonstrated a good level of self-awareness, service improvement, and sound financial management. The council has successfully delivered capital investment projects, but it needs to better demonstrate the social impact of these projects on tackling ongoing inequality and poverty in the city. It also needs to put in place workforce plans for all services.



#### [Aberdeenshire Council](#) (October 2020)

The council has delivered good outcomes for communities and demonstrated good customer satisfaction with council services. It has sound financial management and planning in place, a commendable approach to carbon budgeting and estate rationalisation, and strong partnership working arrangements. The pace of change has been slow. The council needs clearer priorities, to better demonstrate its continuous improvement, and further develop its workforce management strategy. It also needs to improve planning in local

areas and continue to improve community engagement, particularly for those most affected by Covid-19.



#### [City of Edinburgh Council](#) (November 2020)

The council has made mixed progress since the 2016 Best Value audit. While services continue to perform relatively well, the council needs to better articulate its ambitious vision and clarify its priorities. The council has demonstrated good financial management, but it needs to develop a long-term financial plan along with an effective workforce plan. The pace of change in community planning and empowerment, continuous improvement and public reporting has been slow. The council needs to address increasing inequality and poverty exacerbated by Covid-19.

---

## Progress against the first 19 BVARs






**11.** Our annual audit work in councils and other local government bodies lies at the core of our work. The annual audit provides assurance about the probity of local government accounts, but also goes beyond the accounts. It considers wider aspects including governance, financial management and, in the case of councils, progress with the duty of Best Value.







**12.** Our aim is that our long-standing Best Value audit work in councils helps drive improvement. In every council, auditors report progress against our previous BVAR recommendations through annual audit work. [Exhibit 3 \(page 14\)](#) summarises the progress made in those councils subject to BVARs in previous years. The remaining seven BVARs will be published across 2021 and 2022.

**13.** While some auditors have deferred comprehensive reviews of progress due to Covid-19, generally auditors found that councils are responding well to our findings and to the recommendations. In time, we expect councils to be able to demonstrate the benefits of the actions being taken through their performance reporting.

## Exhibit 3

### Progress against the first 19 BVARs

Council Date of BVAR	Progress reported in 2019/20 <u>annual audit reports (AARs)</u>
<b>Inverclyde Council</b> June 2017 	<p>Six of the ten BVAR improvement actions are complete, two are on-track and two are delayed. The two delayed actions relate to progress with City Deals projects and progress against supporting community empowerment to the level that the Act requires.</p>
<b>Renfrewshire Council</b> August 2017 	<p>The council has an appropriate and effective Best Value framework in place. The council continues to make positive progress addressing the recommendations contained in the BVAR.</p>
<b>East Renfrewshire Council</b> November 2017 	<p>Due to Covid-19, follow up work on the BVAR recommendations has been postponed to the 2020/21 audit. As reported in the 2018/19 AAR, improvements have been made to asset management arrangements, the monitoring and reporting of the council's transformation projects and the framework for integrated strategic planning. The 2018/19 AAR also noted that further work was required by the council in relation to its Accommodation Strategy and Corporate Landlord approach, together with the ongoing development of some equality processes.</p>
<b>West Lothian Council</b> November 2017 	<p>Very limited follow up work on the BVAR recommendations is required. As reported in the 2017/18 AAR, the council had a structured approach to tracking and reporting progress against the BVAR recommendations and by June 2018 essentially all actions had been completed. Elements of the recommendations will require ongoing work, reflecting longer term commitments, but the key actions required to respond have been delivered.</p>
<b>Orkney Islands Council</b> December 2017 	<p>Overall, the council is progressing a number of activities in response to the BVAR recommendations. In several areas, as progress against recommendations has been made, additional actions have been identified and work on these areas is ongoing. Progress against the BVAR recommendations will be reviewed again during the 2020/21 audit.</p>

Council Date of BVAR	Progress reported in 2019/20 <u>annual audit reports (AARs)</u>
<b>East Ayrshire Council</b> May 2018 	Good progress has been made in implementing the agreed actions arising from the 2018 BVAR. The council has robust arrangements in place to secure Best Value and has a clear understanding of areas which require further development.
<b>Fife Council</b> May 2018 	In general, the council has been slow to fully implement the recommendations set out in the 2018 BVAR. One action is now complete, and all other recommendations are progressing. Going forward, the council needs to ensure it has sufficient management resources to deliver planned changes and support improvement in outcomes.
<b>West Dunbartonshire Council</b> June 2018 	The council continues to make positive progress and all five BVAR recommendations have been implemented. This includes developing workforce plans and cross-party working (which were both completed in 2018/19). In 2019/20 the council has reduced capital slippage and sickness absence and has published its Community Empowerment Strategy and Action Plan.
<b>Glasgow City Council</b> August 2018 	Overall, the council has made good progress in addressing the recommendations made in the 2018 BVAR, reporting completion of five of the seven actions. Work to strengthen third party relationships is ongoing, and the council still faces significant challenges around meeting its statutory duties in relation to homelessness and temporary accommodation.
<b>Dumfries and Galloway Council</b> November 2018 	The council continues to make progress in implementing the findings from the 2018 BVAR. Overall, the council has sufficient arrangements in place to secure Best Value. The council continues to refine its performance management arrangements and there are opportunities to enhance these going forward. The council demonstrates a clear strategic focus and continues to transform its services and ways of working to deliver these within the resources available. The 2020/21 annual audit will continue to consider the extent to which the BVAR recommendations are embedded at the council.
<b>East Lothian Council</b> November 2018 	Deadlines for some of the council's improvement actions are being reviewed in light of reprioritisation as a result of Covid-19. Performance is now more clearly reported against the council's strategic priorities and the council has streamlined its performance measures into a council 'top 50'. The council could further improve how it reports progress against its improvement activity. The council has adopted an Education Service Improvement Plan.

Council Date of BVAR	Progress reported in 2019/20 <u>annual audit reports (AARs)</u>
<p><b>South Lanarkshire Council</b></p> <p>March 2019</p> 	<p>Progress has been made against all ten recommendations in the BVAR. The most recent update provided to the Performance and Review Scrutiny Forum was in February 2021. Understandably, progress and reporting have been affected by Covid-19 although there are clear signs that things are moving forward, for example, on Community Planning and locality plans. Auditors will continue to monitor progress against the recommendations as part of the 2020/21 audit.</p>
<p><b>Stirling Council</b></p> <p>April 2019</p> 	<p>The council is making positive progress against the BVAR recommendations. It has developed a more robust approach to monitoring Local Government Benchmarking Framework indicators, has undertaken a resident's survey, developed locality plans and has revised its reporting structures for the Community Planning Partnership and Arms-Length External Organisations. The council is still in the early stages of implementing the new approach to self-evaluation.</p>
<p><b>North Lanarkshire Council</b></p> <p>May 2019</p> 	<p>The council has made good progress against four of the seven recommendations. It has revised its strategies and policies and has developed locality planning. Performance management arrangements have improved, but Covid-19 has adversely impacted public performance reporting and its self-evaluation programme.</p>
<p><b>Clackmannanshire Council</b></p> <p>(June 2019 progress report)</p> 	<p>The council has made further progress in implementing the changes required to improve its finances and services. The council has developed a workforce plan and agreed the second phase of its organisational redesign plan in August 2019. There is broad support for the proposed transformation programme. During 2019/20, the council established relationships with a wide range of partners. Audit work in 2020/21 will continue to assess progress against the BVAR recommendations.</p>
<p><b>Midlothian Council</b></p> <p>July 2019</p> 	<p>The council considered a six-monthly update on the BVAR Improvement Plan in November 2020. At that stage, the majority of key actions were reported as complete, including the processes to support a Medium-Term Financial Strategy. A comprehensive review of progress against the BVAR recommendations is planned for June 2021.</p>



Council Date of BVAR	Progress reported in 2019/20 <u>annual audit reports (AARs)</u>
<p><b>Perth and Kinross Council</b></p> <p>August 2019</p> 	<p>The council has developed a six-year financial plan and has improved public performance reporting (but due to resource constraints as a result of Covid-19, the council has been unable to deliver on progress as intended). The council is progressing its service redesign and improvement activity, as well as its community engagement and partnership working. The council could better articulate how the citizen budget consultation feedback was considered during the budget setting process.</p>
<p><b>Scottish Borders Council</b></p> <p>October 2019</p> 	<p>The council has identified 40 actions to address the seven BVAR recommendations. An update report in September 2020 noted good progress against many actions, but some actions have not been completed in line with agreed timescales, partly due to the pandemic.</p>
<p><b>Highland Council</b></p> <p>January 2020</p> 	<p>The council approved its BVAR Improvement Plan in March 2020. It has implemented some actions, including increasing its unearmarked general fund position and is starting to improve its corporate performance monitoring arrangements. It is too early to conclude whether the council can demonstrate it is achieving all aspects of Best Value. Covid-19 has adversely impacted the council's ability to plan. A comprehensive review of progress against BVAR recommendations is planned for 2020/21.</p>

Source: 2019/20 and 2018/19 Annual Audit Reports, and information provided by appointed auditors.

## Our national performance audits

Our performance audits look at issues affecting local government across Scotland.

**14.** This year we published four performance audits on housing benefit, digital progress in local government, affordable housing, and improving outcomes for young people through school education. The latter two reports were published jointly with the Auditor General for Scotland.

**15.** We promote messages from these reports widely to the public and relevant parties across the public sector. [Exhibit 4 \(page 18\)](#) summarises headline messages from our publications. We have put a spotlight on the [Digital progress in local government](#) report in [Exhibit 5 \(page 19\)](#).

## Exhibit 4

### An overview of our national performance audits in 2020/21

#### Affordable housing

April 2020



Good progress had been made towards the Scottish Government's ambitious target to deliver 50,000 new affordable homes by March 2021, but serious risks remain.

Risks include a lack of capacity in both construction and council planning services, uncertainty of future funding, and lack of access to suitable land.

#### Housing Benefit Performance audit: annual update 2020

December 2020



The value of outstanding overpayments in Scotland had increased by 20 per cent between 2015/16 and 2018/19, to £152 million.

The continued rollout of Universal Credit impacted on councils' recovery options.

In response to Covid-19, the Department for Work and Pensions implemented emergency measures and policy changes.

#### Digital progress in local government

January 2021



Councils are at different stages of digital transformation.

The pace of change has increased as digital technologies have played a vital role in the response to Covid-19.

Clear vision and leadership, with workforce and community engagement, are essential for realising the benefits of digital transformation.

#### Improving outcomes for young people through school education

March 2021



Progress on closing the poverty-related attainment gap between the most and least deprived school pupils has been limited.

There are large variations in local authority performance, with evidence of worsening performance on some indicators in some councils.

More evidence and better data are needed to understand educational achievement beyond exams.

## Exhibit 5

### Spotlight on Digital progress in local government



The Accounts Commission published the [Digital progress in local government](#) report in January 2021. The report aims to help councils improve and make progress with digital transformation. It sets out the key characteristics of a digital council: digital leadership; user focused; digital workforce; collaborative; data and technology enabled, and innovation.

The report explores how well councils are putting in place the building blocks to becoming a digital council and provides examples that demonstrate how some councils are transforming their services. For example, councils that are making progress have a vision for digital transformation that goes beyond technology to focus on people and outcomes.

The report also examines how councils have used digital technology to respond to the impact of Covid-19 and what can be learned from this. While the pace of change has increased as digital technologies have played a vital role in the public sector's response to Covid-19, it has also heightened the awareness of digital exclusion.

Covid-19 has encouraged a culture of innovation that councils need to further develop as they move into a phase of renewal. The common barriers to progress identified in the report are: organisational and cultural silos; a lack of digital and data skills at all levels, including elected members; risk aversion; legacy systems; digital exclusion and a lack of national leadership.

The Commission is clear that the current work of the Scottish Government and the Convention of Scottish Local Authorities (COSLA) to refresh the national digital strategy provides an opportunity to drive digital transformation across all of Scotland's 32 councils. Andrew Cowie, member of the Accounts Commission said:

---

**“Now is the time for clear and decisive strategic planning with the refresh of Scotland's national digital strategy. It is an opportunity that has to be seized to ensure there is a vision for digital transformation across all councils, with shared priorities, skills and knowledge.**

**Councils have worked hard to increase the pace at which digital technology has been introduced due to Covid-19, enabling many vital services to continue. Now all councils must focus on putting all citizens at the heart of digital service design, empowering communities to thrive, not just survive.”**

---

We have created a [Good practice guide](#) to highlight things that leadership teams, senior officers and elected members should consider putting in place to help them progress. A [Checklist](#) for elected members is also available to help them scrutinise and challenge digital progress in their

council. These are based on the characteristics of a digital council from our [Digital progress in local government](#) report and also links to illustrative examples in our [digital e-hub](#).

The refreshed digital strategy for Scotland – ‘*A Changing Nation: How Scotland will thrive in a digital world*’ outlines ‘Principles of a digital nation’ which are based on the characteristics set out in our report. We will monitor further progress with digital transformation in local government through future impact and follow-up reports.

---

## Other reporting

**16.** In June 2020, we published an [impact report](#) on our 2017 report [Equal pay in Scottish councils](#). While we praised councils for their progress in settling equal pay claims, we expect councils to maintain their focus on unresolved cases.

**17.** In November 2020, the [Strategic Scrutiny Group](#) published a briefing on [Scrutiny responses to Covid-19](#). The report set out: the key areas of risk facing the sectors we scrutinise; how we have adapted our approaches to scrutiny in response to Covid-19; how we plan to capitalise on the advances made in our working practices and how we can build on the increased joint-working. The Interim Chair of the Accounts Commission, who is also chair of the Strategic Scrutiny Group, [blogged](#) about the report.

---

### Strategic Scrutiny Group

We convene the Strategic Scrutiny Group (SSG) to coordinate scrutiny of local government. The SSG comprises Scotland’s main local government scrutiny bodies and is chaired by the Accounts Commission.

---

**18.** This year, on behalf of the Accounts Commission and the Auditor General for Scotland, Audit Scotland published a series of briefing papers and guides for auditors on the impact and risks of Covid-19. [Exhibit 6 \(page 21\)](#) summarises the key messages from these publications.

**19.** In April 2021, together with Audit Scotland we reported on the progress we have made with mainstreaming equalities in our work in the [Mainstreaming equality and equality outcomes: progress report 2019–21](#). We also set out how we will build on our achievements over the next four years in the [Equality outcomes 2021–25](#) report.

## Exhibit 6

### Other Covid-19 relevant Audit Scotland outputs in 2020/21

Report	Summary
<a href="#">Covid-19: What it means for public audit in Scotland</a> May 2020	This briefing outlined Audit Scotland's plans for assessing the impact of Covid-19 on public bodies and reviewing the Scottish public sector's response to the pandemic. The key message was that the approach would be pragmatic, flexible and consistent.
<a href="#">Covid-19: How public audit in Scotland is responding</a> June 2020	This briefing provided more detail about the scope, timing and areas of focus for the Accounts Commission, Auditor General for Scotland and Audit Scotland.
<a href="#">Covid-19: Emerging fraud risks</a> July 2020	This report outlined the fraud risks facing public bodies during the pandemic. These include resource pressures, weakened governance, cybercrime, fraud in procurement, recruitment and payroll.
<a href="#">Covid-19: Guide for audit and risk committees</a> August 2020	This guide for audit and risk committees of public bodies across Scotland focused on the short-term challenges during the response phase of the pandemic.
<a href="#">Covid-19: Going concern in the public sector</a> December 2020	This guide set out how the concept of the 'going concern basis of accounting' applies in the public sector. The guide explained auditors' responsibilities and differentiated going concern from financial sustainability.
<a href="#">Covid-19: Balancing the budget in councils</a> December 2020	This guide covered the key features related to the requirement for councils to balance their budgets. It also set out what steps a council may take if it cannot balance its budget.
<a href="#">Covid-19: What it means for public audit in Scotland</a> January 2021	This briefing restated the principles and approach taken by the Accounts Commission, the Auditor General for Scotland and Audit Scotland following the reintroduction of significant Covid-19 related restrictions in Scotland. It provided an update on progress against the financial and performance audit programmes and outlined plans for assessing the pandemic's impact on public bodies and their subsequent response.

---

# Engaging with others

---



We are always looking at new ways to promote our work and involve the public, communities and our local government stakeholders in what we do.

## Reporting to and engaging with the public

**20.** We are trying to promote the messages in our reports more widely by using different formats, such as animations and newsletters. [Social media](#) is critical in getting these messages to a wider audience. Our [Strategy and annual action plan 2019–24](#) and [Engagement strategy and plan 2019–24](#) gives more information on how we promote our work.

**21.** Our [Progress report \(page 27\)](#) on the 2020/21 work programme summarises our main engagement activity over the year. We promoted our performance audits and public briefings through media releases, video blogs and animations. We also used supplementary checklists, key facts or technical exhibits to highlight our messages. All our BVARs this year had accompanying newsletters that were distributed to local media, community groups and third sector organisations.

**22.** The [Appendix \(page 29\)](#) summarises the statistics on report downloads from our website and social media engagement for all of our 2020/21 publications.

## Engaging with our other stakeholders

**23.** It is important that our work is informed by the experiences of our stakeholders. In 2020/21:

- we met with council leadership representatives after the publication of each BVAR to hear their views on the report and discuss how they will take our findings and recommendations forward
- we maintained regular dialogue with our main stakeholders including the Minister for Local Government, council leaders and chief executives, the Convention of Scottish Local Authorities (COSLA) and the Improvement Service
- our local government overview reports were considered by the Scottish Parliament's Local Government and Communities Committee, as part of its scrutiny of the Scottish budget
- we conducted roundtable conversations with 16 representatives from advocacy and funding bodies that operate across Scotland and are close to community issues. Following the roundtables, our Interim Chair noted the importance of the third sector and taking a citizen-focused approach to audit work
- we discussed our work with Audit Scotland's Equalities and Human Rights Advisory Group, which includes representatives from a range of diverse communities across Scotland.

## Coordinating local government scrutiny

**24.** We chair a Strategic Scrutiny Group (SSG) in our role to coordinate the scrutiny of local government ([paragraph 17](#)). This comprises Audit Scotland, the Care Inspectorate, Education Scotland, HM Fire Service Inspectorate, Healthcare Improvement Scotland, HM Inspectorate of Constabulary for Scotland, HM Inspectorate of Prisons for Scotland, Inspectorate of Prosecution in Scotland and the Scottish Housing Regulator.

**25.** This year, a local network of auditors and scrutiny partners met in every council area to identify audit risks and plan their scrutiny work.

## Reflecting stakeholder views in our work

**26.** Covid-19 has had a significant impact on our work and during the year we reviewed our priorities for 2021/22 onwards. During February and March 2021, we consulted with a range of stakeholders on our work programme. This included council chief executives, chief officers of IJBs, trades unions and third sector representatives. We also consulted with members of Audit Scotland's Equalities and Human Rights Advisory Group, community groups, and Audit Scotland's Community Empowerment Advisory Group (which includes representatives from scrutiny bodies, the voluntary sector, academia and organisations supporting local communities).

**27.** The Commission considered the consultation responses and revised work programme at its meeting in April 2021. The revised dynamic [work programme](#) that has been agreed jointly with the Auditor General for Scotland will be published in May 2021.

---

# Ensuring quality in our work

---

In assuring the public about the performance of councils, our work must be of high quality, independent and based on sound evidence.

**28.** All audit work undertaken on our behalf is subject to independent quality review. This involves both internal review and external review by the Institute of Chartered Accountants of Scotland (ICAS). A team, which is part of Audit Scotland but operates independently, reports to us on the quality of audit work delivered by Audit Scotland and by the private accountancy firms appointed to fulfil some of our annual audit work. Each year a report (*Quality of public audit in Scotland*) is published on the review outcomes. This is due to be published in June 2021.

**29.** All 2019/20 annual audit opinions were signed off by 10 March 2021. We are pleased with this significant achievement in what have been challenging circumstances for both public bodies and auditors.

**30.** Overall, the report assures us that the application of Audit Scotland's [Audit Quality Framework](#) (AQF) continues to identify good practice and improvement areas. The quality of audit work in Audit Scotland's Performance Audit and Best Value Group and in firms is good and improving. Improvement is required and planned in Audit Scotland's Audit Services Group, where financial audit work did not always meet the standard expected.

**31.** Key messages from the report include:

- There is a strong culture of support for performing high-quality audit across all auditors.
- All performance and Best Value audits reviewed in 2019/20 met expected quality standards, with limited concerns identified. This was the first year that performance audit methodology was aligned to comply with the International Organisation of Supreme Audit Institutions standards.
- One of the four Audit Scotland local government financial audits reviewed did not meet the standard expected. Audit Scotland has prepared an improvement plan in response to the findings. Root cause analysis work is being conducted and the findings from this analysis will be incorporated in the improvement plan where appropriate. We will regularly monitor progress against the improvement plan.
- Stakeholder satisfaction with the usefulness of annual audit reports and the provision of external audit services continues to improve.



- There is concern amongst audit staff that the time and resources available to deliver a high-quality audit is not sufficient. Audit providers are working to understand the reasons behind these concerns and to identify further actions to address the issue.

**32.** The Commission meets with council elected members and officers following publication of BVARs. We have received positive feedback from these meetings and have identified further ways to improve our approach, which are being considered for future BVARs.

**33.** We receive an Annual Assurance and Risks report from the Controller of Audit each year, in which he reviews the outputs of the annual audit in all local government bodies. This year the Commission endorsed the Controller's conclusion that audit work is providing good coverage of the Commission's SAPs in councils and that the increasingly integrated approach to auditing Best Value in councils is effective.

---

# Our members

---

The Accounts Commission members are appointed by Scottish ministers. The Commission meets monthly and its meetings are open to the public.

---

## Accounts Commission



**Elma Murray**

Interim Chair  
Term of office  
until  
31 July 2023



**Tim McKay**

Interim Deputy  
Chair  
Term of office  
until  
30 September  
2022



**Andrew Burns**

Term of office  
until  
31 July 2022



**Andrew Cowie**

Term of office  
until  
31 July 2022



**Sophie Flemig**

Term of office  
until  
30 September  
2023



**Sheila Gunn**

Term of office  
until  
30 September  
2023



**Christine  
Lester**

Term of office  
until  
31 December  
2022



**Stephen  
Moore**

Term of office  
until  
30 September  
2022



**Sharon  
O'Connor**

Term of office  
until  
30 September  
2022



**Pauline  
Weetman**

Term of office  
until  
30 November  
2021



**Geraldine  
Wooley**

Term of office  
until  
30 September  
2023

---

## Paul Reilly

Secretary to  
the Accounts  
Commission



# 2020/21 work programme

## Progress report

Here we report on our progress with our 2020/21 work programme, including publications and associated engagement activities.

Key to progress:







**Complete:** This action has been completed



**Complete and continuing:** While an action has been completed, it continues as part of further ongoing activity

Audit product	Publications	Progress and engagement
<a href="#">Annual audit reports</a> 	Published on our website for: <ul style="list-style-type: none"> <li>• 32 councils</li> <li>• 30 Integration Joint Boards</li> <li>• 11 pension funds</li> <li>• 31 joint boards and joint committees</li> </ul>	<b>Complete (March 2021)</b> Published on our website. Auditors have presented annual audit reports to each council.
<a href="#">Local government overview reports</a> 	<ul style="list-style-type: none"> <li>• Local government in Scotland: Overview 2020 (June 2020). This was not publicised widely due to Covid-19.</li> <li>• Local government in Scotland: Financial overview 2019/20 (January 2021)</li> <li>• Local government in Scotland: Overview 2021 (due to be published in May 2021)</li> </ul>	<b>Complete and continuing</b> Published on our website with: <ul style="list-style-type: none"> <li>• news release</li> <li>• video</li> <li>• key facts animation</li> <li>• key facts exhibit</li> <li>• interactive graphics</li> <li>• supplements and checklists.</li> </ul> Reports were also promoted on social media.

Audit product	Publications	Progress and engagement
<p><a href="#">Best Value Assurance Reports</a></p> 	<p>Published for six councils (with links to the newsletter for each)</p> <ul style="list-style-type: none"> <li>• <a href="#">Argyll and Bute Council</a></li> <li>• <a href="#">North Ayrshire Council</a></li> <li>• <a href="#">Moray Council</a></li> <li>• <a href="#">Dundee City Council</a></li> <li>• <a href="#">Aberdeenshire Council</a></li> <li>• <a href="#">City of Edinburgh Council</a></li> </ul>	<p><b>Complete</b></p> <p>Published on our website with:</p> <ul style="list-style-type: none"> <li>• news release</li> <li>• key facts exhibit</li> <li>• video highlights</li> <li>• newsletter issued to local community bodies.</li> </ul> <p>Reports were also promoted on social media.</p>
<p><a href="#">Performance audits and impact reports</a></p> 	<ul style="list-style-type: none"> <li>• <a href="#">Affordable housing</a> (April 2020). This was not publicised widely due to Covid-19</li> <li>• <a href="#">Equal pay in councils – impact report</a> (June 2020)</li> <li>• <a href="#">Housing Benefit Performance audit: annual update 2020</a> (December 2020)</li> <li>• <a href="#">Digital progress in local government</a> (January 2021)</li> <li>• <a href="#">Improving outcomes for young people through school education</a> (March 2021)</li> </ul>	<p><b>Complete</b></p> <p>Published on our website alongside other products, including:</p> <ul style="list-style-type: none"> <li>• news release</li> <li>• key facts</li> <li>• video animation</li> <li>• good practice guides.</li> </ul> <p>Reports were also promoted on social media.</p>
<p><a href="#">Covid-19 guides and briefings</a></p> 	<p><a href="#">Strategic Scrutiny Group: scrutiny responses to Covid-19</a> (November 2020)</p> <p>On behalf of the Accounts Commission and Auditor General for Scotland, Audit Scotland also published a series of briefing papers and guides for auditors and public bodies, including councils, on the impact and risks of Covid-19.</p>	<p><b>Complete and continuing</b></p> <p>The Strategic Scrutiny Group report was published on our website and accompanied by a <a href="#">blog</a> from the Interim Chair of the Accounts Commission and Strategic Scrutiny Group.</p>
<p><a href="#">Statutory reports</a></p> 	<p>No statutory reports were published in 2020/21.</p>	<p><b>Complete</b></p> <p>No matters arising required a statutory report during 2020/21.</p>

# Appendix

## 2020/21 report downloads and social media statistics

Key to shading	Report downloads	Social media views	Social media engagement
Lower	<500	<2,000	<2%
Medium	500–2,000	2,000–20,000	2–4%
Higher	>2,000	>20,000	>4%

Report	Publication date	Report downloads <sup>1</sup>	Social media views <sup>2</sup>	Social media engagement <sup>3</sup>
<a href="#">Affordable housing</a>	April 2020	3,089	No promotion – Covid-19	
<a href="#">Argyll and Bute Best Value Assurance Report</a>	May 2020	1,039	1,336	4.9%
<a href="#">North Ayrshire Best Value Assurance Report</a>	June 2020	1,077	9,314	3.2%
<a href="#">Local government in Scotland: Overview 2020</a>	June 2020	1,654	No promotion – Covid-19	
<a href="#">Accounts Commission annual report 2019/20</a>	July 2020	456 (531)	1,782	2.0%
<a href="#">Moray Best Value Assurance Report</a>	August 2020	1,402	3,060	2.8%
<a href="#">Dundee Best Value Assurance Report</a>	September 2020	947	5,605	3.4%
<a href="#">Aberdeenshire Best Value Assurance Report</a>	October 2020	735	3,686	3.2%
<a href="#">City of Edinburgh Best Value Assurance Report<sup>4</sup></a>	November 2020	1,080	35,331	1.8%
<a href="#">Strategic Scrutiny Group: scrutiny responses to Covid-19</a>	November 2020	740	5,757	3.5%

Report	Publication date	Report downloads <sup>1</sup>	Social media views <sup>2</sup>	Social media engagement <sup>3</sup>
<a href="#">Housing Benefit Performance audit: annual update 2020</a>	December 2020	190	No promotion	
<a href="#">Digital progress in local government</a>	January 2021	1,653	<b>23,168</b>	2.0%
<a href="#">Local government in Scotland: Financial overview 2019/20</a>	January 2021	1,321 (2,091)	<b>21,234</b>	1.8%
<a href="#">Improving outcomes for young people through school education</a>	March 2021	1,983	<b>45,156</b>	3.3%

Notes: All data as of early April 2021

1. Number for equivalent report in 2019/20 shown in brackets.

2. Across all social media platforms.

3. Figures represent the percentage of shares, likes or comments per person viewing the social media post.

4. 16,353 of the social media views for this report were from a paid advert on Facebook.

# Annual report

2020/21

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

[www.audit-scotland.gov.uk/accessibility](http://www.audit-scotland.gov.uk/accessibility) 

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk) 

[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

ISBN 978 1 913287 46 7