

452nd meeting of the Accounts Commission for Scotland
Thursday 6 December 2018, 10.15am
in the offices of Audit Scotland, 102 West Port, Edinburgh

Agenda

1. **Apologies for absence.**
 2. **Declarations of interest.**
 3. **Decisions on taking business in private:** The Commission will consider whether to take items 13 to 15 in private (* see note).
 4. **Minutes of meeting of 8 November 2018**
 5. **Minutes of meeting of Financial Audit and Assurance Committee of 22 November**
 6. **Minutes of meeting of Performance Audit Committee of 22 November**
 7. **Audit Scotland Board update:** The Commission will consider a verbal report by the Chair and Secretary to the Commission.
 8. **Update report by the Secretary to the Commission:** The Commission will consider a report by the Secretary to the Commission.
 9. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit providing an update on his recent activity.
 10. **Statutory performance information:** The Commission will consider a report by the Secretary to the Commission.
 11. **Briefing: The future of housing benefit performance audit:** The Commission will consider a report by the Director of Audit Services.
 12. **Rolling work programme annual refresh:** The Commission will consider a report by the Director of Performance Audit and Best Value.
- The following items are proposed to be considered in private: ****
13. **2018/19 audits - local government fees:** The Commission will consider a report by the Corporate Finance Manager.
 14. **Local government overview: emerging messages:** The Commission will consider a report by the Director of Performance Audit and Best Value.
 15. **Commission business matters:** The Commission will discuss matters of interest.

* It is proposed that items 13 to 15 be considered in private because:

- Item 13 reports on proposed fees for the local government audit, on which the Commission may wish to discuss confidential finance matters with the author.
- Item 14 is likely to include consideration of confidential policy matters.
- Item 15 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of meeting of 8 November 2018	AC.2018.11.1
Agenda Item 5: Minutes of meeting of Financial Audit and Assurance Committee of 22 November	AC.2018.11.2
Agenda Item 6: Minutes of meeting of Performance Audit Committee of 22 November	AC.2018.11.3
Agenda Item 7: Report by Secretary to the Commission	AC.2018.11.4
Agenda Item 8: Report by Secretary to the Commission	AC.2018.11.5
Agenda Item 10: Report by Secretary to the Commission	AC.2018.11.6
Agenda Item 11: Report by Director of Audit Services	AC.2018.11.7
Agenda Item 12: Report by Director of Performance Audit and Best Value	AC.2018.11.8
Agenda Item 13: Report by Corporate Finance Manager	AC.2018.11.9
Agenda Item 14: Report by Director of Performance Audit and Best Value	AC.2018.11.10

MEETING: 6 DECEMBER 2018

MINUTES OF PREVIOUS MEETING

Minutes of the 451st meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 8 November 2018, at 10.15am

PRESENT: Graham Sharp (Chair)
Andrew Burns
Alan Campbell
Andrew Cowie
Sharon O'Connor
Sophie Flemig
Sheila Gunn
Stephen Moore
Tim McKay
Ronnie Hinds
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
John Boyd, Senior Manager, Grant Thornton [Items 9 and 10]
Joanne Brown, Director, Public Sector Assurance, Grant Thornton [Items 9 and 10]
Brian Howarth, Audit Director, Audit Services [Item 11]
Ashleigh Madjitey, Senior Auditor, PABV [Item 11]
Tricia Meldrum, Senior Manager, PABV [Items 9 and 10]
Kathrine Sibbald, Audit Manager, PABV [Item 11]
Sally Thompson, Audit Manager, PABV [Items 9 and 10]

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 11 October 2018
5. Audit Scotland Board update
6. Update report by the Secretary to the Accounts Commission
7. Update report by the Controller of Audit
8. Statutory performance information: 2018 Direction
9. Best Value Assurance Report: Dumfries and Galloway
10. Best Value Assurance Report: Dumfries and Galloway
11. Local government in Scotland financial overview: draft report
12. Mid-Year strategy seminar: outputs and actions
13. Commission business matters

1. Apologies for absence

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

2. Declarations of interest

The following declaration of interest was made:

- Geraldine Wooley, in item 11, as a member of Fife Valuation Appeal Committee, in relation to references to non-domestic rates.

3. Decisions on taking business in private

It was agreed that items 10 to 12 be considered in private because:

- Item 10 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 council in question of its decision, which the Commission does before making the decision public.
- Item 11 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 12 is likely to include consideration of confidential policy matters.

No business was notified by members for item 13 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 13 September 2018

The minutes of the meeting of 11 October 2018 were approved as a correct record, subject to noting the inclusion of Stephen Moore in the list of those present.

5. Audit Scotland Board update

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

During discussion, the Commission agreed:

- That members be provided with a copy of the report considered by the Board on audit quality and reputational risk.
- That members be given access to online British Sign Language training.

Action: Secretary

6. Update report by the Secretary to the Accounts Commission

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

During discussion, the Commission:

- In response to a query from Alan Campbell about contractual dispute issues associated with the Aberdeen Western Peripheral Route, noted advice from the Director of PABV that managing capital projects would be a focus of the ongoing performance audit "Revenue financing of assets: the Non-profit distributing (NPD) and Hub models", the scope of which will be considered by the Performance Audit Committee at its next meeting on 22 November.
- In relation to paragraph 39 and in response to a query from Geraldine Wooley, noted advice from the Director of PABV that he would report further on how data on childhood poverty is collected.

- In relation to paragraph 42 and in relation to a query from Sophie Flemig, noted advice from the Director of PABV that matters around rent arrears and Universal Credit will be considered by the Commission in the context of its benefits administration work, to be considered at its December meeting.
- In relation to paragraph 64 and in response to a query from Stephen Moore, noted advice from the Director of PABV that information on the implications of the UK government's 2018 budget on the Scottish budget would be included in the briefing in this regard, to be considered by the Commission at its January meeting.
- In relation to paragraphs 64 and 82 and in response to a query from Tim McKay, agreed that further information be provided on the implications of the UK budget on English local authority funding.
- In relation to paragraph 79 and in response to a query from Alan Campbell, noted advice from the Director of PABV that housing strategy in Scotland would be considered as part of scoping and options for forthcoming performance audit work, to be considered by the Performance Audit Committee at its next meeting on 22 November.

Actions: Director of PABV

Following discussion, the Commission agreed to note the report.

7. Update report by the Controller of Audit

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

8. Statutory Performance Information: 2018 Direction

The Commission noted a report by the Secretary proposing a draft 2018 statutory performance information direction to act as a basis for consultation with stakeholders with a view to subsequent publication by the Commission.

During discussion, the Commission:

- Noted the outcome of the review of councils' progress against the requirements of the 2015 SPI Direction and of informal consultation with stakeholders as part of this review.
- Endorsed the overall finding of the review that:
 - Councils are responding well to the 2015 Direction and therefore there is a strong case for maintaining the strategy of the Commission that it uses its powers in the 1992 Act to continue to encourage sector-led improvement through a descriptive rather than prescriptive approach.
 - Councils all report, to varying degrees, performance information that can be compared over time and across different bodies, but nevertheless, there is significant variation in the degree to which councils are satisfying the requirements of the Direction.
- Agreed the terms of the proposed three-year Direction, to be applied first in the year ending 31 March 2020, as a basis of formal consultation with stakeholders.
- Agreed to consider the results of this consultation and a draft Direction at its December meeting, with a view to publishing the new Direction by the end of the year.
- Agreed to request the Scottish Government to expedite the refresh of current

9. Best Value Assurance Report: Dumfries and Galloway Council

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's Best Value Assurance Report for Dumfries and Galloway Council.

Following discussion, the Commission agreed to consider in private how to proceed.

10. Best Value Assurance Report: Dumfries and Council [in private]

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

Following discussion, the Commission agreed to make findings, to be published on 22 November 2018.

Action: Secretary

11. Local Government Financial Overview 2017/18: draft report [in private]

The Committee considered a report by the Director of PABV proposing the draft local government financial overview 2018, the process for finalising the report, and publication arrangements for the report.

During discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Graham Sharp and Ronnie Hinds.
- That the audit team agree the content of the supplement on pension fund accounts and governance and performance in 2017/18 in conjunction with the sponsors.

Actions: Director of PABV

- To approve the publication and promotion arrangements for the report.

Actions: Secretary and Director of PABV

12. Mid-year strategy seminar: outputs and actions

The Commission considered a report providing a summary of the proceedings of the recent mid-year strategy seminar and proposing a series of outputs and actions agreed at the event to be taken forward.

During discussion, the Commission:

- Agreed the series of actions set out in the report.
- Noted that the Secretary and Director of PABV / Controller of Audit will take forward the actions and report back as appropriate.

Action: Secretary and Director of PABV / Controller of Audit

13. Commission business matters

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

MEETING: 6 DECEMBER 2018

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE
 OF 22 NOVEMBER 2018**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of 102 West Port, Edinburgh on Thursday 22 November 2018, at 10.00am.

PRESENT: Pauline Weetman (Chair)
 Andrew Burns
 Sheila Gunn
 Ronnie Hinds
 Tim McKay
 Sharon O'Connor
 Graham Sharp
 Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
 Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
 Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Items 6 to 8)
 John Gilchrist, Manager, AQA (Items 6 and 7)
 Pat Kenny, Director, Deloitte (Item 5)
 David McConnell, Audit Director, Audit Services (Item 4)
 Anne MacDonald, Senior Audit Manager, Audit Services (Item 4)
 Paul O'Brien, Senior Manager, Professional Support (Item 9)
 Gordon Smail, Audit Director, Audit Services and PABV (Item 10)
 Owen Smith, Senior Manager, AQA (Items 6 and 7)
 Karlyn Watt, Senior Manager, Deloitte (Item 5)

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 27 September 2018
4. Current audit issues in councils
5. The auditor perspective: Deloitte
6. Audit quality: q1/q2 interim report
7. Audit quality developments
8. Auditing standards: Best Value and performance audits
9. Accounting and auditing update (six-monthly report)
10. Any other business

1. Apologies for absence

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

2. Declarations of interest

The following declaration of interest was made:

- Geraldine Wooley, in item 4, as a resident of Fife, in relation to references to devolved school management.

3. Minutes of meeting of 27 September 2018

The minutes of the meeting of 27 September 2018 were noted, having previously been approved as a correct record by the Commission.

4. Current audit issues in councils

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

During discussion, the Committee:

- In relation to paragraph 5 (Angus Council: management structure), and in response to a query from Geraldine Wooley, agreed that further information be provided on the Council's staff exit costs over the past two years.
- In relation to paragraph 9 (North Ayrshire Council: new chief officer structure), and in response to a query from Pauline Weetman, agreed to note advice from the Controller of Audit that he would include reference to the matter in his Annual Assurance and Risks Report to be considered by the Commission at its January meeting.
- In relation to paragraphs 13 to 16 (Angus, Argyll and Bute, and Clackmannanshire councils: financial statements audit), and in response to a query from Pauline Weetman, agreed that the Controller of Audit continue to monitor the impact of reduced council finance officer capacity on the conduct and cost of the financial statements audit, reporting to the Commission if appropriate.
- In relation to paragraph 34 (Dumfries and Galloway Council: waste management contract), and in response to a query from Ronnie Hinds, noted advice from the Controller of Audit that the matter was being considered as part of the current annual audit.
- Further to a query from Tim McKay, agreed that the Controller of Audit report back on a recent written ruling by the General Teaching Council for Scotland on the conduct of a former executive director of learning and leisure services of North Lanarkshire Council in relation to the false reporting of teacher numbers for 2014.
- Further to a query from Ronnie Hinds, agreed that the Controller of Audit continue to look at ways of reporting financial gaps in more consistently in Best Value Assurance Reports.

Actions: Controller of Audit

Following discussion, the Commission noted the report.

5 The auditor perspective: Deloitte

The Committee considered a paper by the Secretary introducing the latest in a series of presentations from auditors on the auditor perspective of audit work in the context of the first year's implementation of the new Code of Audit Practice and audit planning guidance.

The Chair welcomed Pat Kenny, Director, and Karlyn Watt, Public Sector Senior Manager, Deloitte, who undertook a presentation in this regard.

During discussion, the Committee agreed:

- To recommend to the Commission that the matters set out by Pat Kenny and Karlyn Watt be considered in its ongoing development of the approach to audit, including in relation to:
 - The scope for the auditor to undertake non-audit services for clients, and the risks associated with the practice and mitigation measures in place in this regard.
 - The experience of Deloitte in working with English councils and how this compares to their experience in Scotland, particularly in relation to:
 - council transformation
 - community engagement, particularly participatory budgeting
 - health and social care integration.
 - The production by Deloitte of an interim audit report on wider audit scope matters earlier in the annual audit reporting process.
 - The perspective gained by auditors across multiple audit appointments and its effect on auditor capacity.
- Agreed that the Chair give further consideration with the Secretary as to how to take forward further such engagement with auditors, with a view to further discussion at its next meeting.

Action: Secretary

Thereafter, the Chair thanked Pat Kenny and Karlyn Watt for their presentation.

6. Audit quality: q1/q2 interim report

The Committee considered a report by the Associate Director of Audit Quality and Appointments (AQA) presenting the results of work carried out by AQA in monitoring the quality of audit across all audit providers between April 2018 and September 2018.

During discussion, the Committee:

- Agreed that the Associate Director consider how to make clearer in future reports how recommendations are taken forward and progress reported back to the Commission.
- Agreed that future such reports contain more local government sector specific performance information.
- In relation to paragraph 21 (Significant audit risk analysis), agreed to note advice from the Associate Director and Controller of Audit that further

reporting of audit risk is made in the Controller's Annual Assurance and Risks Report, to be considered by the Commission at its January meeting.

- In relation to paragraph 28 (Materiality disclosures), and in response to a query from Pauline Weetman, noted advice from the Associate Director that she was considering how to report this matter in future reports, including the implications of the information on the work of AQA and the assurance to be gained by the Commission in this regard.
- In relation to paragraph 53 (inspection results), and in response to a query from Geraldine Wooley, noted advice from the Associate Director that comparative information on the performance of all audit providers – based upon compliance reviews undertaken independently by the Institute of Chartered Accountants of Scotland - will be reported in her q3/4 report, to be considered by the Committee at its April 2019 meeting.

Actions: Associate Director, AQA

Following discussion, the Committee endorsed the report and its conclusions, in particular endorsing the conclusion of the Associate Director, AQA that the quality of audit work is of high quality and requires only limited improvements.

7. Audit quality developments

The Committee considered a report by the Associate Director, AQA, summarising the developments in relation to the work of the AQA team.

During discussion, the Committee agreed:

- That the Associate Director consider a number of revisions to the draft audit quality investigation and escalation procedure raised by various members, including:
 - Clarity in relation to the description of the process for audit appointments.
 - Clarity in relation to stage 2 of the investigation and escalation process, particularly in relation to timescales and responsibilities.

Action: Associate Director, AQA

- To note advice from the Associate Director that she would report back to the Commission's committees on further work on the draft audit quality investigation and escalation procedure, including consultation with stakeholders.
- To note progress in relation to audit quality key performance indicators, and to note advice from the Associate Director that she would report back to the Commission's committees on further work on the indicators, including consultation with stakeholders.
- To note the timetable of reporting of AQA outputs to the Commission and its committees, to be further discussed and agreed between the Associate Director, AQA and the Commission Secretary.

*Action: Associate Director, AQA
and Commission Secretary*

- To otherwise note progress of the work of AQA.

8. Auditing standards: Best Value and performance audits

The Committee considered a report by the Directors, Audit Services and PABV advising of progress of development of audit approaches in relation to Best Value and performance audits, in line with outputs from quality review activity related to the 2017/18 audit.

During discussion, the Committee agreed:

- To note advice from the Directors on the reasoning behind a proposal to introduce a common set of standards across audit work, including the application of International Organisation of Supreme Audit Institutions (INTOSAI) standards to performance audit work.
- To note the view of the Associate Director, AQA that the proposal is appropriate to allow her to report on quality assurance to the Commission.
- In relation to the reporting of impact of performance audit, to note the role of audit sponsors in identifying with audit teams throughout the audit the desired impact of the audit work.
- In relation to auditing culture and leadership, agreed to note the desire of the Director of PABV to further discuss the matter with the Commission, in the context of future development of the audit.

Action: Director of PABV

- To endorse the proposal.

Action: Director of Audit Services and PABV

9. Accounting and auditing update (six-monthly report)

The Committee considered a report by the Director of Audit Services advising of recent accounting and auditing developments affecting the public sector, particularly local government in Scotland.

During discussion, the Committee:

- Noted advice from the Director that a discussion had taken place recently with the Competition and Markets Authority on the benefits of the Scottish public sector model, in which the Chair of the Commission participated.
- Noted advice from the Director that discussions were ongoing between the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority Scotland Accounts Advisory Committee (LASAAC) around the applicable date for the application of a new accounting standard (International Financial Reporting Standard 16), currently most likely to be from 1 April 2020.
- Agreed to congratulate Fiona Kordiak, Director of Audit Services, on her appointment as a member of the Audit and Assurance Council of the Financial Reporting Council.

Following discussion, the Commission noted the update.

10. Any other business: David McConnell

The Chair advised that this meeting would be the last meeting attended by David McConnell, Audit Director, who was retiring, having joined the Accounts Commission (and Audit Scotland thereafter) in 1985. The Chair conveyed the thanks

of the Commission to David for his long, conscientious and professional service, and wished him well for the future.

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

MEETING: 6 DECEMBER 2018

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 22 NOVEMBER 2018

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of held in the offices of 102 West Port, Edinburgh on Thursday 22 November 2018, at 14.00.

PRESENT: Ronnie Hinds (Chair)
Alan Campbell
Andy Cowie
Sophie Flemig
Stephen Moore
Graham Sharp

COMMISSION MEMBERS

ALSO PRESENT: Sheila Gunn [Item 5]
Tim McKay [Item 4]

IN ATTENDANCE:

Paul Reilly, Secretary to the Commission
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) [Items 10 to 12]
Douglas Black, Audit Manager, PABV [Item 5]
Carol Calder, Senior Manager, PABV [Items 5 and 6]
Antony Clark, Audit Director, PABV [Items 5, 7, 8, 9 and 12]
Gemma Diamond, Senior Manager, PABV [Item 9]
John Gilchrist, Manager, AQA [Items 10 and 11]
Graeme Greenhill, Senior Manager, PABV [Items 4 and 9]
Martin McLauchlan, Audit Manager, PABV [Item 4]
Tricia Meldrum, Senior Manager, PABV [Item 7]
Rebecca Smallwood, Senior Auditor, PABV [Item 7]
Owen Smith, Senior Manager, AQA [Items 10 and 11]
Rikki Young, Business Manager, PABV [Item 8]

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 27 September 2018
4.	How Councils Work: emerging messages - protecting public money
5.	Performance audit: scope - Revenue financing of assets: the non-profit distributing (NPD) and hub models
6.	Performance audit: options paper – Housing in Scotland
7.	Performance audit: impact report: Social Work in Scotland
8.	Work programme update
9.	Policy briefing: Public finances, investment and economic dev
10.	Audit quality: q1/q2 interim report
11.	Audit quality developments
12.	Auditing standards: Best Value and performance audits
13.	Any other business

1. Apologies for absence

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

2. Declarations of interest

The following declarations of interest were made:

- Ronnie Hinds, in item 5, as a non-executive Director of the Scottish Government.

3. Minutes of meeting of 23 September 2018

The minutes of the meeting of 27 September 2018 were noted, having previously been approved as a correct record by the Commission.

4. How Councils Work: emerging messages - protecting public money

The Committee considered a report by the Director of PABV proposing the emerging messages for the *How Councils Work* report on 'Managing risk through internal controls'.

Following discussion, the Committee:

- agreed the emerging messages, subject to the audit team addressing, in conjunction with the audit sponsors, Alan Campbell, Tim McKay and Stephen Moore, the issues raised in discussion.
- agreed to consider a draft report at its meeting in February 2019.

Actions: Director of PABV and Secretary to the Commission

5. Performance audit: scope - Revenue financing of assets: the non-profit distributing and hub models

The Committee considered a report by the Director of PABV proposing the approach to the performance audit, in conjunction with the Auditor General, on the use of the Non-profit distributing (NPD) and Hub models of financing public sector capital investment from revenue budgets.

Following discussion, the Committee approved the approach proposed in the report, including the proposed audit scope leaflet for publishing, subject to the audit team addressing, in conjunction with the audit sponsors, Andy Cowie and Sheila Gunn, the issues raised in discussion.

6. Performance audit: options paper – Housing in Scotland

The Committee considered a report by the Director of PABV setting out options for a series of two joint performance audits on housing in 2019/20 and 2021/22.

During discussion, the Committee:

- Agreed to recommend to the Commission, as part of its work programme refresh discussion at its December meeting, that performance audits on new affordable housing and on housing for an older population be programmed for years 2019/20 and 2021/22 respectively.
- Noted that the Director was also discussing such options with the Auditor General.
- Agreed to maintain an interest and watching brief on those other areas discussed in the report with a view to future performance audit work, namely:

- Homelessness, with a focus on use of temporary accommodation
 - Management of housing stock
 - Rent arrears
 - Energy efficiency
 - Fuel poverty.
- Agreed also to add to these areas of interest housing for vulnerable people including those with learning and physical disabilities.

Actions: Director of PABV and Secretary

7. Performance audit: impact report: Social Work in Scotland

The Committee considered a report by the Director of PABV proposing a report on the impact of the national performance audit 'Social Work in Scotland' which was published in September 2016.

During discussion, the Committee:

- approved the draft impact report, subject to the audit team addressing, in conjunction with the audit sponsor, Stephen Moore, the issues raised in discussion.
- approved publication arrangements, subject to further discussion between the Chair and Secretary about how to engage directly with councils on the report.
- agreed that the Commission participate in a proposed event by Social Work Scotland in January 2019 to promote the key messages and recommendations in the original audit report.

Actions: Director of PABV and Secretary

8. Work programme update

The Committee considered a report by the Director of PABV on progress with the range of performance audit work carried out on behalf of the Accounts Commission and Auditor General.

Following discussion, the Committee noted the updates in the report.

9. Policy briefing: Public finances, investment and economic development

The Committee considered a report by the Director of PABV introducing a briefing for the public finances, investment and economic development policy cluster.

During discussion, the Committee:

- Agreed that future such briefings report more clearly on local government specific risks current issues, including reference as appropriate to ongoing audit work.
- In relation to a query from Andy Cowie, noted advice from the Director on a proposed alternative output on cyber security, to feature as part of proposals for the work programme refresh being considered by the Commission at its December meeting.
- In relation to a query from Ronnie Hinds, noted advice from the Director that Scottish Fiscal Commission forecasts will feature in the proposed briefing to

the Commission on the Scottish budget, to be considered at its January meeting.

Actions: Director of PABV, Secretary to the Commission

Thereafter, the Committee noted the briefing.

10. Audit quality: q1/q2 interim report

The Committee considered a report by the Associate Director of Audit Quality and Appointments (AQA) setting out the results of work carried out by AQA in monitoring the quality of audit across all audit providers between April 2018 and September 2018.

During discussion, the Committee noted that the Financial Audit and Assurance Committee had considered the report in depth at its meeting earlier in the day.

Following discussion, the Committee endorsed the report and its conclusions, in particular endorsing the conclusion of the Associate Director, AQA that the quality of audit work is of high quality and requires only limited improvements.

11. Audit quality developments

The Committee considered a report by the Associate Director, AQA, summarising the developments in relation to the work of the AQA team.

During discussion, the Committee agreed:

- To note advice from the Associate Director, in response to a query from Stephen Moore, that AQA have requested information from auditors on numbers of non-audit service requests that they have declined, to be reported to the Commission as part of quality assurance reporting.
- That the Associate Director consider a number of revisions to the draft audit quality investigation and escalation procedure raised by various members, including:
 - In relation to stage 1 of the procedure, recording of decisions and rationale behind decisions.
 - Clarity in relation to stage 2 of the investigation and escalation process, particularly in relation to timescales and responsibilities.
 - Clarity in relation to involvement of and communication with complainants or respondents.
 - Clarity in relation to the appeals procedure.

Action: Associate Director, AQA

- To note advice from the Associate Director that she would report back to the Commission's committees on further work on the draft audit quality investigation and escalation procedure, including consultation with stakeholders.
- To note progress in relation to audit quality key performance indicators, and to note advice from the Associate Director that she would report back to the Commission's committees on further work on the indicators, including consultation with stakeholders.

- To note the timetable of reporting of AQA outputs to the Commission and its committees, to be further discussed and agreed between the Associate Director, AQA and the Commission Secretary.

*Action: Associate Director, AQA
and Commission Secretary*

- To otherwise note progress of the work of AQA.

12. Auditing standards: Best Value and performance audits

The Committee considered a report by the Directors, Audit Services and PABV advising of progress of development of audit approaches in relation to Best Value and performance audits, in line with outputs from quality review activity related to the 2017/18 audit.

During discussion, the Committee agreed:

- To note advice from the Directors on the reasoning behind a proposal to introduce a common set of standards across audit work, including the application of International Organisation of Supreme Audit Institutions (INTOSAI) standards to performance audit work.
- To note the view of the Associate Director, AQA that the proposal is appropriate to allow her to report on quality assurance to the Commission.
- To endorse the proposal.

Action: Director of Audit Services and PABV

13. Any other business

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

MEETING: 6 DECEMBER 2018

REPORT BY: SECRETARY TO THE COMMISSION

AUDIT SCOTLAND BOARD UPDATE

Purpose

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

Background

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

Current Board business

7. This report provides the Commission with the latest available minutes from meeting of the Audit Scotland Board, in this case the meeting of 31 October 2018. They are attached in Appendix 1.
8. The most recent meeting of the Board was on 28 November 2018, but the minute of this meeting is not yet publicly available as it is yet to be ratified by the Board. This will be available after the next Board meeting on 29 January 2019 and considered by the Commission thereafter.

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

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

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

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

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

Conclusion

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

Paul Reilly
Secretary to the Commission
28 November 2018

Minutes



Wednesday 31 October 2018, 12.00pm

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

I Leitch (Chair)
C Gardner
G Sharp
H Logan
A Alexander

Apologies:

None

In attendance:

D McGiffen, Chief Operating Officer
M Walker, Assistant Director, Corporate Performance and Risk
G Greenhill, Senior Manager, Performance Audit and Best Value (item 9)
I Metcalfe, Corporate Performance Office (item 9)
A Devlin, Corporate Governance Manager (item 11)
S Dennis, Corporate Finance Manager (item 16)
J Webber, Senior Executive Assistant

1. Welcome and apologies

The Chair welcomed members and attendees to the meeting of the Audit Scotland Board, the agenda and papers for which had been published on Audit Scotland's website on Monday 29 October 2018.

The Chair welcomed Professor Alan Alexander, newly appointed member to his first meeting of the Board and formally proposed his appointment as Chair of the Remuneration and Human Resources Committee. The members welcomed the appointment.

2. Declarations of interest

There were no declarations of interest.

3. Decision on items to be taken in private

The members noted that items 16 and 17 would be taken in private to support the effective conduct of business as the information is intended for future publication.

4. Chair's report

Ian Leitch provided a verbal update on regular meetings with Diane McGiffen and Caroline Gardner on general business matters and meetings with the Scottish Commission for Public Audit.

The members welcomed the update.

5. Accountable Officer's report

Caroline advised there were a number of Section 22 reports scheduled to be considered by the Public Audit and Post Legislative Scrutiny Committee (PAPLS) and reflected on what has been a busy time for the audit teams. In particular, Caroline highlighted the publication of the NHS Overview report and advised that it would be considered by PAPLS in due course.

Caroline also invited the Board to note the forthcoming joint publication of the Health and Social Care integration report and the Audit Scotland Annual Planning Conference on 8 October 2018 at which she and Graham Sharp had spoken.

Caroline invited the Board to note forthcoming engagement events including the invitation for her to speak at the New Club Annual ladies dinner on 2 November 2018, speaking at the non executive directors event on the role of scrutinising government on 6 November 2018 and chairing the Fraser of Allander Institute event on 8 November 2018.

Caroline advised the Board of the recent nomination of Audit Scotland's Communications team for Best Integrated Campaign work on Early learning and child care from the Chartered Institute of Public Relations Scotland PRide awards. In addition, she advised that Audit Scotland had just launched the Best Companies survey for the tenth year and that graduate trainee recruitment campaign had commenced as well as campaigns to recruit a Communications Manager and Corporate Governance Manager following the retirement of both postholders.

Caroline advised of the forthcoming meeting of the UK Auditor Generals on 16 November 2018 in Dublin and invited members to note the inaugural meeting of the Performance Audit Forum on 1 November 2019 led by Fraser McKinlay.

The member welcomed the update.

6. Accounts Commission Chair's report

Graham Sharp invited the Board to note that the Accounts Commission meeting on 11 October 2018 had considered the West Lothian Best Value Audit Report with media coverage scheduled for today.

Graham invited members to note that the meeting on 8 November 2018 would consider the Dumfries and Galloway Best Value Audit Report, the draft Local Government Financial Overview report and receive a briefing on reducing child poverty before reviewing the performance indicators identified from the mid-year strategy and how they integrate with the Local Government framework.

Graham advised that he had attended a meeting with COSLA meeting on 11 October 2018 and the last of the Commission Connected events had taken place on 29 October 2018. He advised that the events had provided a valuable opportunity to engage with all 32 councils and the Commission will be looking to host every two years.

Graham invited members to note the reappointment of Stephen Moore to September 2022 and Ronnie Hind's extended term to September 2019 which will lead to the recruitment for a new deputy chair.

The Board welcomed the update.

7. Review of minutes

Board meeting, 28 September 2018

The Board considered the minutes of the meeting of 28 September 2018, which had been previously circulated, and agreed that these were an accurate record of the meeting, subject to inserting the word 'and' before 'considered annually by the Board' in the penultimate paragraph of item 14, Audit Quality and reputational risk.

8. Review of actions tracker

The Board noted the updates provided by the action tracker.

In relation to ASB79, the average cost per audit day for Performance Audit and Best Value group, Heather Logan asked whether there was anything from that discussion which the Board should be aware of. Graham Sharp advised the information provided at the meeting had provided him with clarification on the average cost per audit day in terms of gradings and charge-out rates and Heather agreed to discuss further with Martin Walker outwith the meeting.

On ASB85 Martin Walker advised Colin Pentland would be in contact directly with members regarding online access to the British Sign Language training.

9. Green Future Team – environment and sustainability annual report 2017/18

Graeme Greenhill, Senior Manager, and Ian Metcalfe, Corporate Performance Officer, joined the meeting.

Graeme Greenhill, Senior Manager, and Ian Metcalfe, Corporate Performance Officer introduced the Environment and sustainability annual report 2017/18, which had been previously circulated.

Graeme invited the Board to consider and approve the publication of the report. Graeme invited the Board to note Audit Scotland is on track to meet its 2019/20 target to reduce annual carbon emissions to no more than 292 tCO₂e. With less significant reductions likely from 2021 the refreshed membership of the Green Future Team will be looking to take forward a range of actions.

Heather Logan noted the reduction in air and road travel corresponded with an uplift in rail travel and asked how efficient this was for the organisation. Ian Metcalfe advised that colleagues considered the best travel option, any business impact and our carbon footprint and often train journeys were seen as the best option in order to work while travelling. In addition, Ian also advised members to note the engagement and activities planned to support Climate Week which included raising awareness and practical ways to support paperless meetings.

Alan Alexander advised of a number of drafting comments on the report which he agreed to share outwith the meeting. He asked whether utilities within the office buildings were included within rent and Diane confirmed they were and would take forward the suggestion that the landlords could be encouraged to explore options to reduce usage.

Following discussion, the Chair thanked the team for their work and the Board approved the publication of the report noting Audit Scotland are regarded as exemplars in reporting.

Graeme Greenhill, Senior Manager, and Ian Metcalfe, Corporate Performance Officer, left the meeting.

10. Review of Ethical Standards policy

Elaine Boyd, Associate Director and John Gilchrist, Manager, joined the meeting.

Elaine Boyd introduced the Review of Ethical Standards policy report, a copy of which had been previously circulated and invited the Board to consider and approve the updated Ethical Standards Policy on Application.

The Board welcomed the updating of the application to reflect the new roles and responsibilities, appreciating this is taken seriously by the Auditor General, the Accounts Commission and Audit Scotland as public sector providers.

Following discussion, the Board welcomed the report and approved the Ethical Standards Policy on Application.

Elaine Boyd, Associate Director and John Gilchrist, Manager, left the meeting.

11. Reviews of information management arrangements

Alex Devlin, Corporate Governance Manager, joined the meeting.

Alex Devlin, Corporate Governance Manager introduced the reviews of information management arrangements paper, which had been previously circulated.

Alex invited the Board to note the outcome of the self evaluation process in compliance with the Public Records (Scotland) Act 2011 (PRSA) and the process for the mystery shopper exercise undertaken in compliance with the Freedom of Information (Scotland) Act 2002 and the most recent ISO 27001 audit.

Following discussion, the Board welcomed the assurance provided.

Alex Devlin, Corporate Governance Manager, left the meeting.

12. 2019 Board and Committee meeting dates

Diane McGiffen, Chief Operating Officer, introduced the proposed Board and Committee schedule for 2019, which had been previously circulated.

The Board noted the proposed sequencing of meetings for 2019 and following discussion approved the schedule of meetings.

13. Any other business

There was no further business.

14. Review of meeting

The members agreed that business had been well considered and the Chair thanked everyone for their contribution.

15. Date of next meeting

It was noted that the next Audit Scotland Board meeting was scheduled for 10.15am on Wednesday 28 November 2018 in the offices of Audit Scotland, 102 West Port, Edinburgh.

Items taken in private

16. 2019/20 SCPA Budget proposal

Stuart Dennis, Corporate Finance Manager, joined the meeting.

Stuart Dennis, Corporate Finance Manager, introduced the 2019/20 SCPA Budget proposal report, which had been previously circulated.

Diane invited the Board to note that the early draft budget proposal highlighted some of the uncertainties around public sector pay, expanded resource requirements in relation to EU withdrawal and the impact of Brexit together with the potential for increased audit fees in coming years which may require further discussion.

The Chair asked about Audit Scotland's preparedness for Brexit and Diane advised that key audit issues have been incorporated into the updated Code of Audit Practice which was shared at the Annual Audit Planning conference held on 8 October 2018, and regularly features at meetings with Audit Partners and internal audit teams. As such, auditors are keeping in touch with leaders of public bodies to ensure they consider the range of potential impacts.

In terms of Audit Scotland's spend on Brexit, Diane advised work was underway to ensure there is flexibility in the scope of the audit work programme which will be agreed with the Auditor General and Accounts Commission. Caroline Gardner advised this will help support the increased expectation from audit providers. Heather Logan also highlighted that BDO, our internal auditors, are considering Audit Scotland's preparedness for Brexit as part of their internal audit work programme.

The Board discussed the report and welcomed the detailed consideration of the potential risks in an unpredictable landscape. The members considered a number of presentational aspects to the budget submission and following discussion, the Board approved the budget submission.

Diane invited the Board to note the budget proposal would be considered by the Scottish Commission for Public Audit on 12 December 2018.

Stuart Dennis, Corporate Finance Manager, left the meeting.

17. Discussion on proposals for Board development activity 2019

Diane McGiffen provided a summary of previous Board development discussions and noting members commitment for further development sessions sought their initial thoughts for an early 2019 session.

During discussion, the members agreed a number of development areas including preparedness for and responding to Brexit and with the devolution of new financial powers what that means for Scotland, audit and Audit Scotland in terms of budget and for staff, developing the Board's skill set and the capacity and skill set required to support the Auditor General and Accounts Commission in a continually challenging external operating environment.

Following discussion, Diane agreed to liaise with Judith Strange who facilitated the previous development sessions.

Action ASB86: Diane McGiffen to liaise with Judith Strange to take forward arrangements for an early 2019 Board development session. (November 2018)

Agenda

Wednesday 28 November, 10.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

1. Welcome and apologies
 2. Declarations of interest
 3. Decision on items to be taken in private For approval
-

Standing items

4. Chair's report – verbal update
 5. Accountable Officer's report – verbal update
 6. Accounts Commission Chair's report – verbal update
 7. Review of minutes:
 - Board meeting, 31 October 2018 For approval
 8. Review of action tracker For information
-

Strategy and planning

9. New financial powers and constitutional change update For information
 10. Digital Economy Act 2017 For information
-

Business performance

11. Q2 Financial performance report For information
 12. Q2 Corporate performance report For information
 13. Q2 Becoming world class improvement programme update For information
-

Governance

14. Annual review of corporate governance policies For approval
-

Conclusion

15. Any other business
16. Review of meeting
17. Date of next meeting: 29 January 2019

MEETING: 6 DECEMBER 2018

REPORT BY: SECRETARY TO THE ACCOUNTS COMMISSION

UPDATE REPORT

Introduction

1. The purpose of this report is to provide a regular update to the Commission on significant recent activity relating to local government, as well as issues of relevance or interest across the wider public sector.
2. The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. This report also complements the weekly briefing provided by Audit Scotland's Communication Team made available on the extranet site, which provides more detailed news coverage in certain areas.
3. The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business

Publications

4. On 1 November the Commission published its [Best Value Assurance Report: East Lothian Council](#). The key messages of the report were that there has been significant improvement in the council since the last Best Value report in 2007, with improvements made in governance, leadership, scrutiny and transparency in decision making, and that it generally performs well compared to other councils, although there is underperformance in education.
5. On 13 November the Accounts Commission published its [Housing Benefit Performance audit: annual update 2018](#). It reported during that 2017/18 78 per cent of risks identified by risk assessments in previous years had been either fully or partially addressed, compared with 80 per cent in 2016/17.
6. On 15 November the Accounts Commission and Auditor General published their report [Health and social care integration: update on progress](#). It found that some progress has been made to the delivery of health and social care services, but that Integration Authorities, councils and NHS boards need to show a stronger commitment to collaborative working to achieve the real long-term benefits of an integrated system. The report also found that long term integrated financial planning and stable and effective leadership were key elements in the success of health and social care integration.
7. On 22 November the Accounts Commission published its [Best Value Assurance Report: Dumfries and Galloway Council](#). The report found that there has been good progress in the council since the last Best Value report in 2009. The council's priorities have been maintained over five administrations and are reflected in council plans,

strategies and policies. The pace of improvement increased after 2014 and it must now increase again. Performance is mixed but indicators measuring services to the public have generally been maintained or improved.

8. Audit Scotland collects [media coverage](#) on all the reports published by the Accounts Commission. Audit Scotland also provides a weekly summary of the [key media stories regarding local government](#). Both are available through Audit Scotland SharePoint and on the Accounts Commission Members' Extranet.
9. The download statistics of the reports published over the last 12 months (as at 22 November) are set out in the **Appendix**.

Other business

10. Since the Commission meeting on 8 November the Controller of Audit made some adjustments to the figures in our [Best Value Assurance Report: Dumfries and Galloway Council](#). He reported to the Commission that the agreed savings measures in the council were £16.8 million and that the budget gap requiring new savings measures was £30.2 million. Final checks of the figures showed that these figures had been reported in error and the published version of the report recorded the correct figures, which are that the agreed savings measures in the council are £17.5 million and that the budget gap requiring new savings measures is £47.7 million. The mistake was due to a rounding error.
11. On 26 November Commission Members Graham Sharp, Andy Cowie, and Geraldine Wooley, along with Paul Reilly, Secretary and Gillian Woolman, Audit Director, met with East Lothian Council to discuss the Best Value Assurance Report of the Council which was published on 1 November. The council was represented by councillors Willie Innes, Leader of the Council and Cabinet Spokesperson for Community Planning, John McMillan, Provost and Cabinet Spokesperson for Economic Development and Tourism, Norman Hampshire, Cabinet Spokesperson for Environment, Shamin Akhtar, Cabinet Spokesperson for Education and Children's Services, Jim Goodfellow, Cabinet Spokesperson for Housing and Community Wellbeing, Stuart Currie, SNP Group Leader, and Jane Henderson, Conservative Group Leader; and officers Angela Leitch, Chief Executive, Alex McCrorie, Depute Chief Executive, Resources and People Services, Monica Patterson, Depute Chief Executive, Partnerships and Community Services, Jim Lamond, Head of Council Resources, Douglas Proudfoot, Head of Development, Paolo Vestri, Corporate Policy Manager, and Fiona Robertson, Director of Education.

Auditor General for Scotland

12. On 20 November the Auditor General published [The 2017/18 audit of the Scottish Police Authority](#). She reported that the audit of the Scottish Police Authority's (SPA) 2017/18 accounts confirmed that there had been improvements in areas such as governance arrangements, and that all board and committee papers were now publicly available. She also reported that there has been slow progress in developing workforce and estate strategies, which will restrict the SPA's ability to achieve long-term financial sustainability and deliver the strategic objectives set out in its Policing 2016 vision.

Audit Scotland

13. Director of Audit Services Fiona Kordiak has been appointed to the Financial Reporting Council's Audit and Assurance Council. [The Council advises the Financial Reporting Council Executive](#) on the development and maintenance of high quality,

effective and proportionate standards, guidance, statements of recommended practice (SORPS) and practice notes for audit and assurance work.

Issues affecting local government

Scottish Government

14. On 21 November the Scottish Government announced that it will [invest £1 billion in rebuilding and refurbishing schools](#). The new funding will be made available in 2021 when the current school building programme ends. It is expected to benefit around 50,000 pupils and will focus on delivering digitally enabled, low-carbon schools and campuses.

Scottish Parliament

15. On 30 October during a debate about digital inclusion, Scottish Conservative MSP Donald Cameron, Scottish National Party MSP Stewart Stevenson, and Scottish Labour MSP Colin Smyth all mentioned the Auditor General for Scotland's report [Superfast broadband: further progress update report](#).
16. On 1 November during First Ministers Questions, Scottish Conservative MP Jackson Carlaw raised the criticisms of the Scottish Government's efforts on the NHS referred to in the Auditor General for Scotland's report [NHS in Scotland 2018](#).
17. On 9 November the Scottish Parliament Information Centre (SPICe) published a briefing on [Local Government finance: the funding formula and local taxation income](#). The briefing lays out the primary sources of funding for local government in Scotland and has a focus on the sources of funding which contribute to the delivery of core services.
18. On 13 November Scottish Conservative MSP Michelle Ballantyne submitted a written question to ask the Scottish Government in light of [the Accounts Commission's Best Value Assurance Report: East Lothian](#), which suggests some areas of underperformance in education, what action it is taking to assist the local authority. On 23 November, the Cabinet Secretary for Education and Skills John Swinney responded that the role of the Scottish Government is to set national education policy and a national framework for improvement with will support a school and teacher-led system.
19. On 14 November the Scottish Parliament Information Centre (SPICe) published its [Labour market update: November 2018](#), which looks at the quarter from July-September 2018. It reported that the Scottish unemployment rate is lower than the UK overall, at 3.8 per cent compared to 4.1 per cent. The unemployment rate fell by 12,000 over the quarter, although the employment rate fell by 0.2 percentage points over the same period, and the number of people in employment fell by 6,000. 12,000 women left the workforce while 6,000 men entered the workforce.
20. On 22 November MSPs backed proposals to [give councils the opportunity to take control of local Scottish Crown Estate assets](#). [The Scottish Crown Estate Bill](#) gives opportunities for councils to take control of specific causes, although some will remain managed at a national level. An example of powers that may be devolved to councils is giving control of the surrounding seabed to island communities. (At its meeting in August, the Commission sought further information on proposals for the decision-making process around the management of Crown Estate assets. This is set out in the Bill as follows:
 - Crown Estate Scotland will be the manager of each asset until management is

devolved to a Scottish local authority, public body or community organisation. It is likely that the management of some assets will not be devolved, and they will continue to be managed at a national level.

- Applications from local authorities, public bodies or community organisations to manage local assets will be considered on a case-by-case basis, within the context of a national governance framework. (It is not clear from the Bill exactly who considers the individual applications)
- Scottish Ministers, through regulations, will have the power to transfer or delegate management of an asset (or part of it) to a local authority, public body or community organisation. They will also be able to transfer or delegate management back to Scottish Ministers or Crown Estate Scotland.)

Parliamentary Committee News

Local Government and Communities Committee

21. On 31 October, 7 November and 14 November the committee considered the Planning (Scotland) Bill at Stage 2. They agreed to an amendment to the Bill that would give councils the power to regulate short-term lets in their area through the planning system. Local government minister Kevin Stewart said he could not accept this amendment in its present form, but he was happy to work to enable the planning system to contribute to addressing the problems. The committee also agreed to an amendment that would give councils the power to buy land at existing use value rather than the inflated value caused by the prospect of development.
22. On 31 October 7 November and 21 November the committee further considered its approach to the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill at stage 1, agreed witnesses for its evidence sessions, and took evidence from a range of stakeholders.
23. On 31 October the committee considered and agreed a draft letter to the Scottish Government on its Pre-Budget Scrutiny. The committee also considered the negative instrument, The Private Landlord Registration (Information and Fees) (Scotland) Amendment Regulations 2018 and agreed to make no recommendation in relation to the instrument.
24. On 21 November the committee chose Scottish Labour MSP Alex Rowley as its Deputy Convener. The committee also considered the public petition PE1686 by Sean Clerkin on the Homelessness crisis in Scotland and agreed to write to the Scottish Government to seek its views on issues raised in the petition; and considered the negative instrument, The Glasgow City Council Area and North Lanarkshire Council Area (Cardowan by Stepps) Boundaries Amendment Order 2018 and agreed to make no recommendation in relation to the instrument. Negative instruments are usually signed by a Minister before they are laid before the Parliament, and they come into force generally 28 days after being laid.

Public Audit and Post Legislative Scrutiny Committee

25. On 25 October the committee took evidence on the [Auditor General's report Superfast broadband for Scotland – Further progress update](#). The committee took evidence from Director of Performance Audit and Best Value Fraser McKinlay, Senior Manager Graeme Greenhill, Audit Manager Morag Campsie, and Senior Auditor Ashleigh Madjitey. The committee also took evidence from Auditor General Caroline Gardner, Assistant Director Stephen Boyle, and Senior Audit Manager Tom Reid on the [2017/18 audit of the Scottish Public Pensions Agency – Management of PS Pensions project](#).

26. On 1 November, the committee announced that Scottish Labour MSP Anas Sarwar will replace Scottish Labour MSP Iain Gray subject to parliamentary approval.
27. On 1 November the committee agreed its approach to its post-legislative scrutiny of the Control of Dogs (Scotland) Act 2010 and considered its approach to the future scrutiny of the joint report by the Auditor General Caroline Gardner and the Accounts Commission on [Children and young people's mental health](#). The committee agreed to take oral evidence from a selection of stakeholders, the Scottish Government and COSLA at a future meeting. The committee also took evidence from:
 - Auditor General Caroline Gardner, Senior Manager Leigh Johnston, Grant Thornton UK LLP Director Joanne Brown, and Deloitte LLP Director Pat Kenny, on the Section 22 reports the 2017/18 audit of [NHS Ayrshire and Arran](#) and the [2017/18 audit of NHS Highland](#). The committee agreed to defer its future scrutiny of these reports until it has taken evidence on the Auditor General's report [NHS in Scotland 2018](#).
 - Auditor General Caroline Gardner, Assistant Director Stephen Boyle, and Senior Audit Manager Michael Oliphant on the 2017/18 audit of the [Scottish Government Consolidated Accounts](#). The committee agreed to write to the Permanent Secretary on issues raised during the discussion and invite her to give oral evidence at a future meeting.
28. On 15 November the committee took evidence from Auditor General Caroline Gardner, Audit Director Claire Sweeney, Senior Manager Leigh Johnston, and Audit Manager Kirsty Whyte on the Section 23 report – [NHS in Scotland 2018](#). The committee also agreed to publish a written submission and to write to the Scottish Police Authority in relation to the 2016/17 audit of the Authority; agreed its approach to its scrutiny of major capital projects; and agreed a draft letter to the Scottish Government in relation to [Superfast broadband in Scotland: Further progress update](#). The committee agreed to invite the Scottish Information Commissioner to give evidence to inform its approach to post-legislative scrutiny of the Freedom of Information (Scotland) Act 2002.

Finance and Constitution Committee

29. On 24 October the committee took evidence from a range of stakeholders in a roundtable format on Common UK Frameworks. The committee also agreed its Trade Bill Legislative Consent Memorandum Draft report in private.
30. On 31 October the committee agreed a draft report on its pre-budget scrutiny 2019/20 and made arrangements for its publication. The report notes that there is strong [evidence of a demographic risk to the future size of the Scottish budget](#) and argues that this risk raises questions about whether the Scottish Government has sufficient policy levers to address the risk, and whether the Fiscal Framework sufficiently recognises the demographic divergence between Scotland and the rest of the UK.
31. On 14 November the committee took evidence from a range of stakeholders on the Transport (Scotland) Bill Financial memorandum and agreed to write to the lead committee on the evidence received. The committee also took evidence on the Budget (Scotland) Act 2018 Amendment Regulations 2018 [draft] from Minister for Public Finance and Digital Economy Kate Forbes, and Head of Finance Co-ordination, Scottish Government, Scott Mackay.

Other committees

32. On 7 November the Public Petitions Committee launched an [inquiry into mental health support for young people](#). This is in response to the [public petition PE1627](#) submitted

by Annette McKenzie, which referred to consent for mental health treatment for people under 18 years of age.

33. On 12 November the Rural Economy and Connectivity Committee launched [a call for views of the South of Scotland Enterprise Bill](#), which will create an enterprise agency to encourage economic development in the Dumfries and Galloway and Scottish Borders council areas. The committee seeks views from businesses and from people living and working in the area. The committee will hold a number of events as part of its call for views. The call for written views will close on 7 January 2019.
34. On 12 November the Health and Sport Committee published a report on [Preventative action and public health](#), which found the health service to be too reliant on tackling existing health problems rather than preventing health problems from happening. The report did also highlight some positive examples demonstrating how well preventative policies can work, for example work being done at NHS Highland to reduce the number of falls.
35. On 15 November the Education and Skills Committee [launched an inquiry into why the Scottish Government decided to adopt its version of standardised assessments](#), whether assessments can improve the education outcomes for Scotland's young people, and what the alternatives are. The deadline for written submissions is 12 December.

Public Policy News

36. On 9 November Cabinet Secretary John Swinney announced that the [Scottish Government will accept in full](#) the recommendations of the [LGBTI inclusive education report](#). This decision was confirmed in a statement to Parliament that local authorities will be provided with guidance on inclusive education. Existing statutory guidance on sex education will be reviewed and updated, and Education Scotland will produce specific benchmarks in collaboration with schools and will also work with the Scottish Qualifications Authority to ensure LGBTI material is embedded throughout the curriculum.

Improvement Service

37. On 30 October the Improvement Service announced that the government has [approved funding to increase the number of money advice workers in GP practices](#). The money will be used to help eight local authorities increase the number of workers who are delivering money and welfare advice in GP practices and primary care settings. The aim of the initiative is to make a significant contribution towards mitigating the impact of welfare reform and supporting access to benefits administered by Scotland's Social Security Agency.
38. In November the Improvement Service announced that its Change Management Team has developed a range of [free training for councils to help improve their change management skills and capacity](#). The training offered includes: Basic and advanced customer journey mapping and Benefits realisation management training. The team has also delivered workshops on data, particularly focusing on its importance when identifying how to improve customers' experiences.

COSLA

39. On 5 November COSLA launched a briefing document, [Fair funding for essential services 2019/20](#). The document highlighted the impact of funding cuts to council services in recent years, noting that rising demand means that councils need £549

million more core funding to deliver the same services in the future, and argued that councils have no options left for making savings. The document also requested an end to the three per cent cap on council tax increases and argued that councils should be given the right to introduce levies such as tourist taxes.

By-elections results

40. On 25 October [Scottish Labour Party candidate Geraldine Woods](#) was elected to serve as an elected member in Ward 11 Coatbridge South of North Lanarkshire Council, following a by-election. The result was a Scottish Labour hold.

Other Scottish local government news

41. On 31 October the Fair Funding for Our Kids campaign published a [report on the delivery of free childcare in Scotland](#). The report found that 70 per cent of all free childcare places for three to five-year-olds were offered in council nurseries and that 68 per cent of those places only offered half-day care. The report also found that less than three per cent of all nursery places in Scotland offered full-day care all year round. The group found that further work was needed in the sector to ensure that all families were supported.
42. On 1 November the headteacher recruitment working group, which consists of government, professional groups and unions, recommended a number of actions to [support existing headteachers as well as helping other teachers move into leadership roles](#). The actions are in response to findings from a recent report from the group that found there were 151 more primary schools with shared headteachers in 2017 than there were in 2010.
43. On 7 November the Mental Health Foundation Scotland released statistics showing that [37 per cent of Scottish men report experiencing suicidal thoughts as a result of feeling stressed](#). Uncertainty over jobs and employment and money worries were cited as the main causes of stress. 31 per cent of men also reported that they had started drinking alcohol or had increased their consumption to deal with stress. The findings come from a survey taken of 486 men.
44. On 8 November the Fraser of Allander Institute published [Scotland's Budget Report 2018](#), which provides an analysis of the Scottish fiscal environment and outlook. In considering the economic outlook, the report found that Scottish growth has moved ahead of growth in the UK in recent months, but that growth remains low by historical standards. It also found that employment rates and conditions have improved and that uncertainty about withdrawal from the European Union is having a strong impact on economic outlook. In terms of the budget settlement, it found that the budget will be lower in real terms in 2018/19 than it was in 2010, which means that NHS funding is likely to comprise nearly 50 per cent of all public spending in the next decade.
45. On 8 November council employee members of the [Unison Union in Scotland voted 79 per cent in favour of rejecting the three per cent pay offer](#) that was made to all local government staff earning up to £80,000. 67 per cent of members also voted to take industrial action. As a result of the vote, Unison is now beginning the process for strike action.
46. On 19 November Unison Scotland published its report [Tipping point: a UNISON survey of environmental health staff](#). The report used Freedom of Information requests to local authorities as well as a Scotland-wide survey of UNISON members working within environmental services departments to understand the impact of austerity in this service area. The report found that 95 per cent of respondents reported cuts or severe cuts to services in the past five years; 90 per cent reported a higher workload

compared with five years ago; and that there are five per cent fewer environmental health officers and around 21 per cent less people in other roles in teams compared to 2012/13.

47. On 20 November members of the [EIS teachers' union rejected a final pay offer from Scottish Government and COSLA](#). Ninety-eight per cent of those who voted rejected the three per cent pay increase offered. Teachers are asking for a ten per cent pay rise and may now ballot for strike action.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO)

48. [The SPSO's Newsletter - November](#) outlines investigation reports, recent SPSO news and highlights emerging issues. More information on the SPSO's work, including detailed investigations and decision reports, is available on the [Our findings](#) webpage. The Commission's Financial Audit and Assurance Committee will consider more detailed intelligence from the SPSO on a six-monthly basis (next at its March meeting).

Commissioner for Ethical Standards in Public Life in Scotland

49. On 31 October the Commission released its [annual report and accounts for 2017/18](#), as laid before the Scottish Parliament.
50. The Commissioner has made no decisions on complaints or members of devolved bodies since my last report.

Standards Commission for Scotland

51. On 19 November the Liberal Democrat councillor [Richard Moore, who serves the Arbroath West and Letham ward of Angus council, was suspended](#) for a period of three months after being found to have behaved in a disrespectful manner towards female councillors and officers at a briefing event on 11 October 2017. The Panel noted that Councillor Moore proffered an apology and had further advised that he had amended his behaviour in light of the concerns raised. However, the Panel found that he had been disrespectful towards fellow councillors and officers in four separate incidents and was concerned that Councillor Moore did not appear to understand the impact of his behaviour on others.

Care Inspectorate

52. On 9 November the Care Inspectorate produced a [booklet which sets out the Care Inspectorate's Improvement Strategy](#), the role of the improvement support team and key improvement messages for providers, services, staff, people using the service and their families and carers. The aim is for the booklet to help with making improvements and enable people to test out changes using its Model for Improvement.
53. On 9 November Healthcare Improvement Scotland and the Care Inspectorate published a joint inspection on [The effectiveness of strategic planning in the Clackmannanshire and Stirling Partnership](#). The report found evidence that the partnership has a focus on transformational change and improvement and that this links to the strategic plan, although this is happening later than in other partnerships. The report also found that the partnership's performance against national outcome measures across a number of social care indicators Clackmannanshire and Stirling has consistently performed either at or above the Scotland average.

54. On 19 November the Competition and Markets Authority (CMA) announced it is providing advice so that care homes [understand their responsibilities under consumer law](#). The advice is being published as part of the CMA's ongoing consumer protection work into residential care homes and nursing homes for the over-65s.

UK Parliament

General

55. On 7 November Communities secretary James Brokenshire announced the launch of the government's [Open Doors project, which will link landlords with vacant retail units to community groups offering vital services](#) to young and old. This is part of the Secretary's vision to tackle social problems linked to declining occupancy rates of properties on high streets. There are currently over 27,000 vacant properties in English town centres.
56. On 13 November the UK Government published a report on [The European Union \(Withdrawal\) Act and Common Frameworks](#), which stated that there is currently no need to use section 12 regulations. Section 12 of the Act removes the current requirements in each of the devolution statutes that the devolved legislatures can only legislate in ways that are compatible with EU law, and replaces those requirements with powers for the UK Government to apply, by regulations, a temporary freeze on devolved competence in specified areas.
57. On 25 November the UK government released its policy paper, [Withdrawal Agreement and Political Declaration on the future relationship between the UK and the EU as endorsed by leaders at a special meeting of the European Council on 25 November 2018](#), after UK prime minister Theresa May and European Union leaders agreed to a framework for the future relationship between the European Union and the UK.
58. On 28 November, the UK Government published [a series of documents](#) relating to its Brexit Withdrawal Agreement with the EU. It includes [a summary of the deal, a command paper](#), an assessment of the proposed [future UK-EU security partnership](#) and [a long term economic analysis](#) of the deal itself and alternative options including a no-deal Brexit (as well as a [technical reference paper](#) for the analysis). The proposals in the agreement were estimated to lead to "moderately lower economic growth" of 3.9% for the UK compared to remaining in the EU on current terms. The economic analysis also includes results for UK regions and the devolved nations. It was found that Scotland would see a "sizeable reduction" in its economy in a no-deal scenario and that the value of Scotland's trade would be 8% better off as a result of the agreement compared to no-deal.

Communities and Local Government Committee

59. On 6 November the committee announced the [launch of an inquiry into funding and provision of local authorities' children's services](#). The inquiry will investigate what impact public spending has had on the provision of care services, and the approaches local authorities have taken in addressing funding constraints. It will consider how financial support for children's services can be made more sustainable in the short and long term and examine the potential for innovative approaches to the design and delivery of services.

Scottish Affairs Committee

60. On 16 November the committee announced that it is conducting an [inquiry into the relationship between the UK and Scottish governments](#) with an evidence session focussing on mechanisms for managing intergovernmental relations and the impact of

withdrawal from the European Union. The committee will question leading constitutional and intergovernmental affairs academics on the effectiveness of current mechanisms for managing intergovernmental relations and the impact of withdrawal on relations between Scotland and the UK, in particular the dispute about the repatriation of powers after withdrawal takes place.

Public Accounts Committee

61. On 26 October the committee published a report on [Universal Credit](#). The report found that the introduction of Universal Credit is causing unacceptable hardship and difficulties for many of the claimants it was designed to help. It also found that the Department for Work and Pensions had persistently dismissed evidence that Universal Credit is causing hardship for claimants and additional burdens for local organisations and refuses to measure certain measures.
62. On 20 November the committee published the list of the subjects for which it will hold inquiries in the coming months, including:
 - Driving value in public spending
 - Clinical commissioning groups
 - Capita's contracts with the MoD.

Other UK Audit Bodies

National Audit Office

63. In November the NAO published a visualisation of the [financial sustainability of local authorities in 2018](#). The visualisations describe changes in local authorities' financial circumstances from 2010/11-2016/17, and can be used to explore broad trends identified in the report [Financial sustainability of local authorities 2018](#), to give a more detailed understanding of the experiences of individual local authorities.

Wales Audit Office

64. On 12 November the WAO published its report [Local Government services to rural communities](#). The report concluded that reductions in public spending, socio-economic change, poor infrastructure and ongoing challenges of service delivery are adversely affecting rural communities. The report also found that councils needed to think and act differently to deal with spending cuts and other challenges.
65. On 14 November the WAO published its report [Waste Management in Wales: Municipal Recycling](#). The report found that the Welsh Government and councils in Wales are collaborating more, which is helping to make recycling methods in Wales more consistent and is encouraging more people to take part.
66. On 20 November the WAO published its report on [Brexit and the Rural Development Programme in Wales](#). The report looks at how the Welsh Government has been managing the risks and opportunities posed by European Union withdrawal on the Rural Development Programme.

Other general – UK

67. On 25 October the Office for National Statistics [published data from the Department for Education Characteristics of children in need 2017/18](#), which showed that the number of children in England who were referred and assessed as in need of the support of social services increased from over 380 thousand in 2017 to 405 thousand

in 2018. The data also showed that the number of children who were the subject of a child protection plan continued to follow the upward trend of recent years.

68. On 26 October Housing Minister Heather Wheeler MP announced that the ministry is to conduct a [review to determine whether health and safety standards for rental accommodation remain fit for purpose](#). The current situation, where councils are required to ensure rental properties in their area meet important safety standards using the Housing Health and Safety Rating System hasn't been updated in over 12 years.
69. On 30 October as part of his [budget announcement](#) the chancellor Philip Hammond announced several plans that affect local government:
 - Providing local authority highway maintenance budgets with an additional £420 million to repair potholes, repair damaged roads, and invest in keeping bridges open and safe
 - Providing an additional £1.7 billion to Universal Credit funding in part to fund extra help to move from existing benefits to Universal Credit
 - Providing an additional £650 million to local authorities in England for social care funding
 - Lifting the cap of the amount of money that local authorities are able to borrow to build housing in England
 - Providing an additional £400 million in funding to schools
 - A reduction in business rates for small retail businesses for two years from April 2019.
70. In response to the budget announcements, the Local Government Association issued a statement saying that [the funding 'falls short' of what councils need](#) to fund local services.
71. On 30 October researchers at Bath Spa University published the 2018 edition of the [UK Social Workers: Working Conditions and Wellbeing report](#), which found that working conditions had got worse on almost all indicators since the survey was first carried out in 2017. The study found that working conditions contributing to stress and ill-health are worse than those for 90-95 per cent of other UK employees. Around 60 per cent said they were planning on leaving their jobs in the next 15 months compared to 52 per cent in the previous year, and that nearly 40 per cent were looking to leave the profession entirely.
72. In November the Health Foundation published its [Briefing on The nation's health as an asset](#), which found that people in the most deprived areas suffer from multiple conditions ten years earlier than those from better off regions. It also found that nearly one in four people in England have two or more health conditions, and that this number is expected to grow.
73. On 1 November think tank Demos and accountancy firm PwC published their latest [Good Growth for Cities index](#). The index looks at UK cities' growth since the financial crisis, by measuring indicators such as improving skills levels and new business formation and found that the average city has improved its score significantly over the last ten years. Aberdeen and Edinburgh both show strong growth over the period, while growth in Glasgow is weaker but is still positive.
74. On 1 November the District Councils' Network (DCN) published the results of a survey which found that [rising levels of homelessness need to be reflected in local government funding reforms](#). More than half of district councils reported an increase in

requests for help dealing with the issue in the first six months of new housing legislation, which places a duty on councils to assess the housing and support needs of every client who is homeless or threatened with homelessness and provide them with a Personalised Housing Plan. The DCN chairman Councillor John Fuller called for additional funding to support this increased demand on services.

75. On 1 November Secretary of State James Brokenshire announced that a [new county-wide unitary council will be established in Buckinghamshire](#). The new council will replace the county council and four districts, and it is expected that the new arrangements will be simpler and provide better value to Buckinghamshire communities.
76. On 2 November councillors at Bath and North East Somerset council were consider a report at a full council meeting, [Thriving in uncertain times: our offer to become a self-sufficient local authority](#). The report recommends that the council makes a series of requests to central government for new powers, which include the power to introduce a tourism tax, fees for listed building applications and a levy on short-term lets.
77. On 5 November the Care Quality Commission warned that [one of the largest home care providers in England, Allied Healthcare, could enter insolvency](#) by the end of the month. If this happened it would affect 84 local authorities which have contracted the company to provide care in their areas. Allied Healthcare announced in April that it was applying for a Company Voluntary Arrangement to restructure its debts.
78. On 6 November the 2018 Councillor Achievement Awards, organised by the think tank Local Government Information Unit (LGIU), took place. [Councillor Roger Lawrence of the City of Wolverhampton Council has been named leader of the year](#) for his 'consistently strong leadership' in implementing a long-term vision for Wolverhampton, and also for his work setting up the West Midlands Combined Authority. [Other awards categories were:](#) community champions, health and care, finance and transformation, place-shaping and environment, technology and digital and young councillor of the year. The winners were selected from 200 nominations from councils across England.
79. On 8 November the Yorkshire Purchasing Organisation announced that it has set up a £250 million [framework for councils to find and buy the latest equipment and services from entrepreneurial suppliers designed for social services](#). It includes a range of technology enabled care solutions which help elderly and other vulnerable people who need support. Local authorities will be able to buy equipment and services through the online 'dynamic purchasing system' which will provide access to suppliers who have signed up.
80. On 13 November the Office for Standards in Education, Children's Services and skills (Ofsted) published its findings from a focused visit to Northamptonshire local authority children's services, which found that [children referred to the service are not consistently or effectively assessed, supported or protected](#), and that this situation is getting worse. The findings also showed that services had considerably declined since the last inspection conducted two years ago, before the council implemented severe budget cuts in 2018 in response to its difficulty in agreeing a balanced budget. The government is sending in a specialist commissioner to help to identify and address the problems.
81. On 15 November the Local Government Association (LGA) published its [Local area SEND report](#), which found that English councils are facing a funding gap of £536 million to provide support for children with special educational needs and disabilities (SEND). The LGA reported that councils have overspent their budgets for children with SEND for the last four years.

82. On 16 November Professor Philip Alston, United Nations Special Rapporteur on extreme poverty and human rights published a [Statement on his visit to the United Kingdom](#). He observed that a fifth of the population live in poverty, and that various charitable groups, parliamentary committees and independent authorities have drawn attention to the decline in the standard of living of the poorest over the last few years. He also concluded that some of the greatest problems had been caused by the values and ethos of austerity, which have led to the development of programmes such as Universal Credit.
83. On 19 November the Country Land and Business Association (CLA) produced its report [Sustainable villages – making communities fit for the future](#). The report found that 2,000 villages in England are being prevented from allowing new affordable homes to be built because they are classified as ‘unsustainable’ due to their lack of amenities such as a pub or primary school. The report criticised the criteria used, noting that consideration was not given to digital connectivity such as access to broadband, and also claimed that the regulations are being manipulated by some communities to ensure that new developments are not built within their villages. The report also noted that the failure to provide new housing would result in less families being able to live in rural communities.
84. On 19 November the Royal Automobile Club (RAC) published its report [Local Authority parking operations revenue outturn for England 2017/18](#), which found that English councils have increased their income from parking increase by 32 per cent since 2013/14. Total income from on and off-street parking was £1.66 billion in 2017/18. Expenditure was £793 million, and the surplus profit was £867 million, which compared to £658 million in 2013/14.
85. On 22 November the Children’s Commissioner for England Anne Longfield published new analysis by her office looking at the [provision of children’s mental health services in England](#). The briefing found that Child and Adolescent Mental Health Services (CAMHS) are improving in most areas in the country, yet progress in most areas remains slow. It also found a large gap between what services are available to children and the services that they need.
86. On 22 November homelessness charity Shelter UK and Shelter Scotland published analysis showing that the number of [people registered as homeless in Britain has risen for the third consecutive year to nearly 320,000](#). In the last year in Scotland, around 43,000 people became homeless and homelessness applications rose for the first time in nine years.

Conclusion

87. The Commission is invited to consider and note this report.

Paul Reilly
Secretary to the Accounts Commission
28 November 2018

APPENDIX:**Accounts Commission reports in past 12 months - downloads**

Report	Date	Report downloads	Podcast downloads
Health and social care integration: update on progress	15 November 2018	1708 (+1708)	74 (+74)
East Lothian Council Best Value Assurance Report	1 November 2018	489 (+489)	40 (+40)
Children and young people's mental health	13 September 2018	2623 (+571)	144 (+<30)
Community Planning – an update – Impact report	24 August 2018	415 (+101)	n/a
Glasgow City Council Best Value Assurance Report	23 August 2018	1031 (+130)	71 (+<30)
West Dunbartonshire Council Best Value Assurance Report	28 June 2018	845 (+88)	<30 (+<30)
Maintaining Scotland's roads: a follow-up report – Impact report	27 June 2018	534 (+129)	n/a
Accounts Commission annual report 2017/18	7 June 2018	490 (+29)	n/a
Accounts Commission engagement strategy and plan 2018/19	7 June 2018	346 (+38)	n/a
Accounts Commission Strategy and annual action plan 20018-23	7 June 2018	439 (+49)	n/a
Accounts Commission engagement plan 2017/18 progress	7 June 2018	47 (+<30)	n/a
Best Value Assurance Report: East Ayrshire Council	29 May 2018	1340 (+111)	84 (+<30)
Best Value Assurance Report: Fife Council	24 May 2018	1649 (+105)	48 (+<30)
Councils' use of ALEOs	17 May 2018	1543 (+99)	<30 (+<30)
Local government in Scotland: Challenges and performance 2018	5 April 2018	4518 (+277)	95 (+<30)
Local government in Scotland: Challenges and performance 2018 - Supplement	5 April 2018	201 (+<30)	n/a
National Scrutiny Plan 2018/19	4 April 2018	771 (+51)	*
Statutory report on Edinburgh schools (Edinburgh City Council)	3 April 2018	1098 (+28)	137 (+<30)
Statutory report on significant fraud in Dundee City Council	22 Mar 2018	1420 (+48)	119 (+<30)
Early learning and childcare	15 Feb 2018	5624 (+646)	305 (+<30)
Early learning and childcare - supplement	15 Feb 2018	(+38)	n/a
Falkirk Council Best Value follow-up audit 2017	1 Feb 2018	1957 (+51)	149 (+<30)
Best Value Assurance Report: Clackmannanshire Council	25 Jan 2018	2213 (+78)	<30 (+<30)

Report	Date	Report downloads	Podcast downloads
Best Value Assurance Report: Orkney Islands Council	14 Dec 2017	1337 (+37)	*
Local government in Scotland: Financial overview 2017	28 Nov 2017	4090 (+141)	38 (+<30)
Local government in Scotland: Financial overview 2017 – Supplement 1	28 Nov 2017	42 (+<30)	n/a
Local government in Scotland: Financial overview 2017 – Supplement 2	28 Nov 2017	470 (+30)	n/a
Local government in Scotland: Financial overview 2017 – Supplement 3	28 Nov 2017	265 (+30)	n/a
Local government in Scotland: Financial overview 2017 – Supplement 4	28 Nov 2017	76 (+<30)	n/a
Best Value Assurance Report: West Lothian Council	23 Nov 2017	1398 (+29)	94 (+<30)

Key:

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

MEETING: 6 DECEMBER 2018

REPORT BY: SECRETARY TO THE ACCOUNTS COMMISSION

STATUTORY PERFORMANCE INFORMATION: DRAFT 2018 DIRECTION

Purpose

1. This report proposes a draft 2018 statutory performance information Direction to act as a basis for consultation with stakeholders with a view to subsequent publication by the Commission in by the end of 2018.

Background

2. The Accounts Commission the power to direct (as it thinks fit) relevant bodies to publish such information relating to their activities in any financial year or other specified period as will, in the Commission’s opinion, “facilitate the making of appropriate comparisons (by reference to the criteria of cost, economy, efficiency and effectiveness and of securing Best Value in accordance with section 1 of the Local Government in Scotland Act 2003) between:
 - i. the standards of performance achieved by different relevant bodies in that financial year or other period; and
 - ii. the standards of performance achieved by such bodies in different financial years or, as the case may be, other periods.”¹
3. Such information is also to facilitate the drawing of conclusions about the discharge of those bodies’ functions under the Community Empowerment (Scotland) Act 2015 (in essence, carrying out community planning for the “improvement in the achievement of outcomes”).
4. In recent years, the Commission has developed a strategy that the local government community should take greater ownership of the public performance reporting and performance benchmarking agenda. To this end, the Commission has endorsed and supported the development of the SOLACE and COSLA-led local government performance benchmarking framework (LGBF) project. This also reflects a commitment on behalf of the Commission to supporting sector-led improvement. It is consistent with the Crerar principle that the primary responsibility for demonstrating [effective] performance should rest with service providers, based on robust performance management and outcome-focused self-assessment².
5. In 2015, the Commission published a three-year Direction to councils in line with this strategy. The Commission used the Direction to reflect its expectations in relation to public performance reporting under the new Best Value audit approach, and another to ensure continued council reporting of the LGBF.

¹ Local Government Act 1992: Section 1(1)(a)

² The Crerar Review: the report of the independent review of regulation, audit, inspection and complaints handling of public services in Scotland, Scottish Government, 2007.

Review of progress

6. At its last meeting, the Commission considered my report proposing a draft 2018 statutory performance information direction to act as a basis for consultation with stakeholders with a view to subsequent publication by the Commission.
7. The proposal is based upon a 2018 review of councils' progress against the requirements of the 2015 Direction. A summary of this review is thus:
 - Councils are responding well to the 2015 Direction and therefore there is a strong case for maintaining the strategy of the Commission that it uses its powers in the 1992 Act to continue to encourage sector-led improvement through a descriptive rather than prescriptive approach.
 - Councils all report, to varying degrees, performance information that can be compared over time and across different bodies.
 - Nevertheless, there is significant variation in the degree to which councils are satisfying the requirements of the Direction.
 - There is scope for the Direction to be clearer about how councils can:
 - Set out, and report on progress against, outcomes agreed with partners and communities.
 - Report the performance of services for which they have prime responsibility.
 - Report progress against their Best Value duty.
 - In its new approach to auditing Best Value, the Commission has placed emphasis on the self-awareness of a council; in other words, how the council evaluates itself. It may therefore be appropriate to give self-evaluation more prominence in the Direction.
8. At its meeting, the Commission:
 - Noted the outcome of the review of councils' progress against the requirements of the 2015 SPI Direction and of informal consultation with stakeholders as part of this review.
 - Endorsed the overall finding of the review that:
 - Councils are responding well to the 2015 Direction and therefore there is a strong case for maintaining the strategy of the Commission that it uses its powers in the 1992 Act to continue to encourage sector-led improvement through a descriptive rather than prescriptive approach.
 - Councils all report, to varying degrees, performance information that can be compared over time and across different bodies, but nevertheless, there is significant variation in the degree to which councils are satisfying the requirements of the Direction.
 - Agreed the terms of the proposed three-year Direction, to be applied first in the year ending 31 March 2020, as a basis of formal consultation with stakeholders.
 - Agreed to consider the results of this consultation and a draft Direction at its December meeting, with a view to publishing the new Direction by the end of the year.
 - Agreed to request the Scottish Government to expedite the refresh of current Best Value statutory guidance.

Consultation

9. The Commission is required by statute to consult with “such associations of relevant bodies and such other persons as it sees fit” before giving a direction which imposes a new requirement on any relevant body.³ It is for the Commission to determine which associations and bodies it wishes to consult and the manner in which it will undertake any consultation activity.
10. The Chair of the Commission wrote to COSLA, SOLACE and all chief executives on 9 November 2018 (the letter is in **Appendix 1**). The Secretary also met with representatives of the Scottish Performance Management Forum on 9 November.
11. At the time of writing this report, responses are still being received. So far, there has been a positive response to the terms of the proposed Direction. I will update members verbally on further responses received.

Proposed Direction

12. The proposed Direction is in **Appendix 2**. It reflects comments of members at the previous meeting of the Commission, as well as views expressed by respondents to the consultation. In particular, the foreword to the Direction has been used to concisely set out the Commission’s strategic intentions in using its power to this end.

Conclusion

13. The Commission is asked to consider the attached SPI Direction, for publication by the end of 2018.

Paul Reilly
Secretary to the Commission
29 November 2018

³ Local Government Act 1992: Section 2 (3)

Name
Chief Executive
Council
Address 1
Address 2
Address 3
Address 4

9 November 2018

Dear name

Statutory performance information: 2018 Direction

I write to seek your views on the proposed Direction to be issued by the Accounts Commission which sets out its requirements on councils to report their performance to their citizens and communities.

The Commission has a power (under the Local Government Act 1992) to direct councils to publish such information relating to their activities which will, in the Commission's opinion, "facilitate the making of appropriate comparisons between:

- iii. the standards of performance achieved by different relevant bodies in (a) financial year or other period; and
- iv. the standards of performance achieved by such bodies in different financial years or, as the case may be, other periods."

Such information should also allow conclusions to be drawn about the discharge of functions under the Community Empowerment (Scotland) Act 2015 (in essence, carrying out community planning for the "improvement in the achievement of outcomes").

While this power pre-dates its powers in relation to Best Value, the Commission has in recent years used the power to emphasise what it sees as the prime importance of councils reporting performance to their citizens and communities. The Commission's current approach is used to complement and add value to its powers of auditing Best Value, particularly in relation to public performance reporting.

In recent years, the Commission has taken more of a descriptive rather than prescriptive approach in directing councils what to publish. This is to encourage councils themselves to improve such reporting. We also want to continue our support of the Local Government Benchmarking Framework (LGBF) project by asking councils to make use of benchmarking information in reporting to the public.

At its meeting yesterday, the Commission approved the attached draft Direction (see Appendix) as a basis of consultation with stakeholders (namely COSLA, SOLACE and councils themselves), as a proposal for publishing the Direction in December 2018, to cover the three years from financial year ending 31 March 2020. The Commission considered this report in public and can be found on the [Commission's website](#).

This follows our review of councils' response to the previous Direction published by the Commission in 2015. In summary, the review found that councils have responded well to the Direction (albeit with variation between councils), thereby presenting a strong case for maintaining the Commission's strategy of encouraging sector-led improvement..

The proposed Direction has a similar overall shape to its predecessor, but enhanced to make more of a distinction for the public in the council:

- Setting out, and report on progress against, outcomes agreed with partners and communities.
- Reporting the performance of services for which they have prime responsibility.
- Reporting progress against their Best Value duty (including their own assessment of this progress and those of others like the Commission and independent auditors) and how they intend to improve.

The Commission will also use the Direction to underline its continued encouragement for the further development of the LGBF project, the progress of which we have been pleased to note. The Commission is of the firm view that benchmarking is a core part of councils' ability to gauge their performance and report this performance to the public.

You may wish to note that in bringing together this proposal, we already have had some informal dialogue with SOLACE, the LGBF Board and the Scottish Performance Management Forum.

I would be grateful to hear your views by **Monday 3 December**. If desired, then please feel free to liaise with the Secretary to the Commission, Paul Reilly (email: preilly@audit-scotland.gov.uk or phone 0131-625-1809 (direct dial)).

I look forward to hearing from you.

Yours sincerely



Graham Sharp
Chair

APPENDIX 2

PROPOSED SPI DIRECTION 2018

The Publication of Information (Standards of Performance) Direction 2018

Local Government Act 1992

Statutory Performance Indicators

December 2018

FOREWORD

The Accounts Commission has a statutory responsibility and power to define the performance information that councils must publish for performance comparison and benchmarking purposes.

While this responsibility pre-dates its responsibilities in relation to Best Value, the Commission has in recent years used the power to emphasise what it sees as the prime importance of councils reporting performance to their citizens and communities. The Commission therefore uses its Direction to complement and add value to its powers of auditing Best Value, particularly in relation to public performance reporting.

Comparative performance information can help the public gauge better the performance of their council. It also forms the basis of a council being able to identify how it can shape and improve its services. Both of these aspects together encourage a richer relationship between a council and its citizens and communities.

In recent years, the Commission has used its power to encourage councils themselves to improve such reporting. In expecting councils to make use of benchmarking information in reporting to the public, we also continue our interest in the further development of the Local Government Benchmarking Framework (LGBF) project.

In agreeing this Direction, we have reviewed councils' response to the previous Direction which we published in 2015. In summary, we found that councils have responded well to the Direction (albeit with variation between councils), thereby presenting a strong case for maintaining the Commission's strategy of encouraging sector-led improvement.

This Direction has a similar overall shape to its predecessor, but enhanced to make more of a distinction for the public in the council:

- Setting out, and report on progress against, outcomes agreed with partners and communities.
- Reporting the performance of services for which they have prime responsibility.
- Reporting progress against their Best Value duty (including their own assessment of this progress and those of others like the Commission and independent auditors) and how they intend to improve.

Although this is a three-year Direction the Commission will continue to engage with the LGBF Board and monitor the ongoing development of the LGBF. We will also use our powers in auditing Best Value – based on an integrated approach with our other audit powers – to assess councils' reporting of performance.

The Commission hopes our new approach will be welcomed and responded to positively by councils and their partners.

Graham Sharp
Chair of the Accounts Commission for Scotland
December 2018

LOCAL GOVERNMENT ACT 1992

THE PUBLICATION OF INFORMATION

(STANDARDS OF PERFORMANCE) DIRECTION 2018

1. This Direction is given by the Accounts Commission for Scotland (“the Commission”) under section 1(1)(a) of the Local Government Act 1992, which requires the Commission to direct relevant bodies to publish such information relating to their activities in any financial year or other specified period as will, in the Commission’s opinion:

“facilitate the making of appropriate comparisons (by reference to the criteria of cost, economy, efficiency and effectiveness and of securing best value in accordance with section 1 of the Local Government in Scotland Act 2003) between –

i. the standards of performance achieved by different relevant bodies in that financial year or other period; and

ii. the standards of performance achieved by such bodies in different financial years or, as the case may be, other periods”

2. This Direction is given to all local authorities, as defined by the Local Government (Scotland) Act 1973, and amended by the Local Government etc. (Scotland) Act 1994.

3. Each of the bodies referred to in paragraph 2 shall, in accordance with section 13 of the Local Government in Scotland Act 2003 and associated regulations and guidance from Scottish Ministers, publish the information specified in the schedule to this Direction for all those activities which are carried out by the body

4. The periods for which the information in the schedule must be published are the financial years ending 31st March 2020, 2021 and 2022.

5. In the schedule, the term ‘Best Value’ shall be interpreted in accordance with the definition and requirements of Part 1 of the Local Government in Scotland Act 2003.

Schedule

Each council will report a range of information in the following areas:

Statutory Performance Indicator 1: Improving local services and local outcomes

- Its performance in improving local public services, both provided by itself and in conjunction with its partners and communities.
- Progress against the desired outcomes agreed with its partners and communities.

The Commission expects the council to report such information to allow comparison (i) over time and (ii) with other similar bodies. The Commission expects in particular the council to report on information drawn from the Local Government Benchmarking Framework and from other benchmarking activities.

Statutory Performance Indicator 2: Demonstrating Best Value

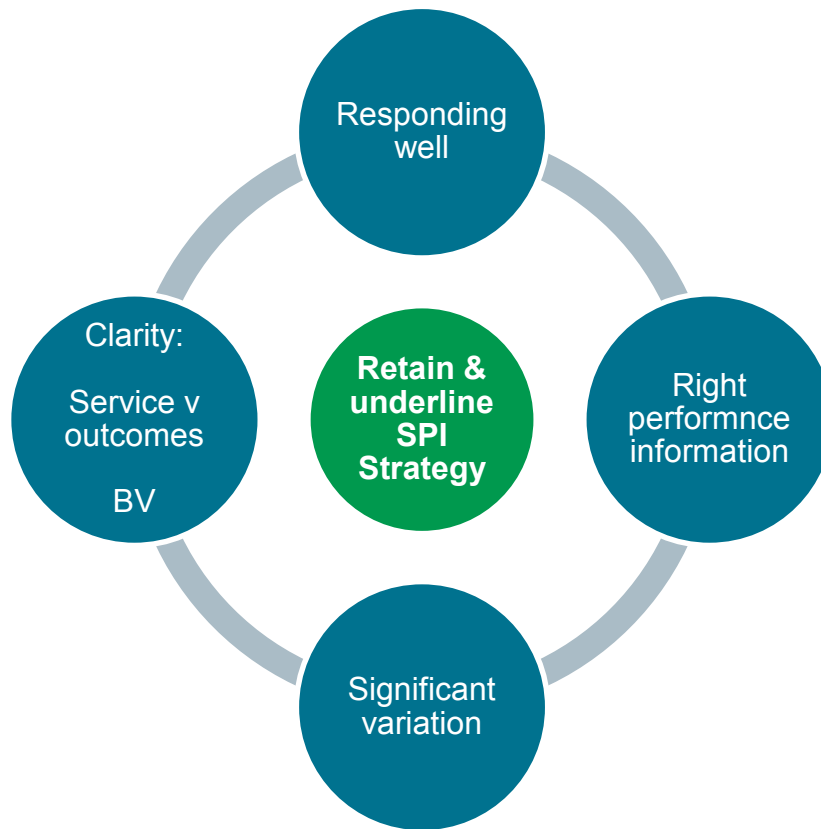
- Its assessment of how it is performing against its duty of Best Value, and how it plans to improve against this assessment.
- Audit assessments of its performance against its Best Value duty, and how it has responded to these assessments.
- In particular, how it (in conjunction with its partners as appropriate) has engaged with and responded to its diverse communities.

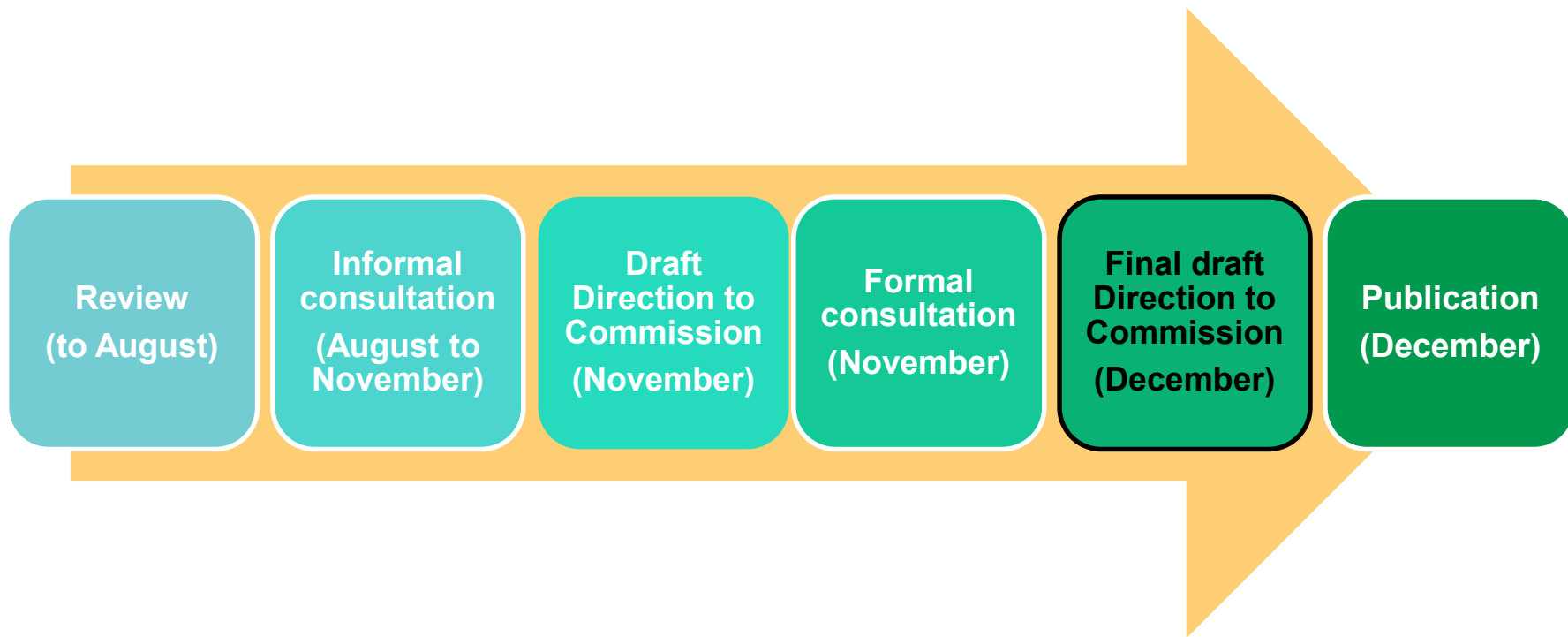
In satisfying the requirements set out in this schedule, the Commission expects the council to take cognisance of current statutory guidance on Best Value requirements in relation to public performance reporting, and in particular to ensure:

- Balance in reporting areas of improvement that have been achieved and not achieved.
- As much timeousness and currency as is practical.

SPI Direction 2018: Consultation

Paul Reilly
Secretary to the Accounts Commission
6 December 2018





Respondents

Aberdeen	Aberdeenshire	Dumfries & Galloway	Dundee City	East Ayrshire
East Renfrewshire	Eilean Siar	Fife	Midlothian	Orkney Islands
South Lanarkshire	Stirling	West Dunbarton	SOLACE	SPMF



All respondents support proposal



Three-year period



Description v prescription



Outcomes



Prominence of self-assessment and Best Value



Three-year period



Description v prescription



Balanced reporting



Benchmarking: beyond LGBF



Clarity: SPI1 & 2



SPIs needed?



Partners: ALEOs



PPR across year



Elected members




Communities

 Attribution & accountability

 Other benchmarking

 SPIs?

 SPI1/2 linkages

 Timeousness v LGBF

 LGBF

 Self-assessment in BV

 Definition of improvement

 BV statutory guidance

 IJBs

SPI Direction 2018: Consultation

Paul Reilly
Secretary to the Accounts Commission
6 December 2018

MEETING: 6 DECEMBER 2018

REPORT BY: DIRECTOR OF AUDIT SERVICES

BRIEFING: THE FUTURE OF HOUSING BENEFIT PERFORMANCE AUDIT

Purpose

1. This paper provides proposals for changing the approach to housing benefit performance audit.

Background

2. The Accounts Commission has responsibility for inspecting housing benefits services in Scotland. It agreed to this role from 2008, following a request from the Department of Work and Pensions (DWP). This replaced the work of the Benefit Fraud Inspectorate in Scottish Councils when it was wound up at that time. The Commission discharges this responsibility through a programme of housing benefit performance audit work conducted by Audit Scotland working with the auditors of individual councils.
3. Section 105A of the Local Government Scotland Act 1973 enables the UK Secretary of State to request the Commission to conduct audit work designed to improve economy, efficiency, effectiveness and quality of performance in the discharge by local authorities of functions relating to the administration of housing benefit (which is reserved). The arrangements for the work are set out in a Memorandum of Understanding between Audit Scotland and the DWP, which is reviewed annually.
4. When the benefit performance audit work transferred to the Commission, a sum of money was transferred within the Scottish block grant to pay for this work. The block grant funding has then been distributed to councils in Scotland as part of the formula for the annual revenue support grant. Audit Scotland then recovers its costs from councils through audit fees.
5. In the changing context of social security and welfare reform in Scotland the Commission, in September 2017, expressed a wish to establish a higher profile around benefit auditing and to consider a more strategic approach. In March 2018, we presented a [briefing](#) (item 11) to the Commission that set out the changing social security landscape at UK and Scotland level, and strategic audit issues for the Commission to consider.
6. In April 2018 we established our social security audit team, which brings together audit work on the new agency and existing work on housing benefit. In September 2018 when presenting the [annual report](#) on the housing benefit performance audit work we indicated to the Commission that we would bring forward a paper setting out proposals for how the performance audit of housing benefit could change to take account of the changing landscape. This paper sets out more detailed proposals for the Commission to consider.

Outline

7. The paper outlines the proposed change in balance between reviews of individual councils and thematic reviews of cross-cutting risks, and how work across the wider

range of Commission outputs could complement this work. This would enable a move toward a more strategic approach. The proposals are presented for the Commission to consider and to enable future Background

Approach to housing benefit performance audit

8. The main objective of the benefit performance audit is to help councils improve their benefit service, but it also holds councils to account for any performance concerns. Per the memorandum of understanding with DWP, Audit Scotland's role is as follows:

The HB audit work is carried out in two phases. The first risk assessment phase consists of a rolling risk assessment of all HB services in Scotland. Risks to the continuous improvement of services are identified and authorities are given the opportunity to address these risks themselves. Risk assessment reports and local authorities' response to them are copied to the DWP for information. Second phase focused audits are only carried out if local authorities are unable or unwilling to reduce these risks to an acceptable level.

9. We risk assess all councils every Autumn, and then update this assessment every quarter. The assessment is based on a range of factors including the DWP's most recent published speed of processing performance statistics. Currently we use this overall risk assessment to select councils for a more individual in-depth risk assessment visit and report. In 2017/18 we completed five risk assessment visits to individual councils, which were summarised in the [annual report](#) presented to the Commission in September 2018. We did not undertake any focussed audits.

Changes to the strategic context

10. In March 2018, our [briefing paper](#) to the Commission set out the structural changes to the social security landscape in Scotland and the implications for local authorities. This includes the roll-out of Universal Credit (UC), declining housing benefit expenditure, and the devolution of some social security powers.
11. The continued rollout of UC Full Service (FS) will result in reduced HB caseloads in councils as fewer new HB claims are received. Working age claimants will start to move to UCFS with councils typically retaining claimants of pension age, some complex cases, and contribution-based Jobseekers and Employment and Support Allowance claimants. The annual report highlighted that between April 2013 and February 2018 the number of claims had decreased by 15 per cent.
12. The population remaining on housing benefit will also have different characteristics to the current population. The majority of claimants will be of pension age, and complex cases. This changes the risk profile and resulting activity of housing benefit departments.
13. The Social Security (Scotland) Act received Royal Assent in June 2018. The Scottish Government is continuing to plan and implement the devolved powers on a phased approach. It is yet to take decisions on and set out plans in a number of important areas which may have implications for local authorities. This includes how it intends to deliver on its commitment to provide a local presence as part of the new social security agency, which became operational in September 2018. In December 2017, the Scottish Government and COSLA signed a delivery agreement setting out guiding principles with the aim of ensuring social security services are delivered in a consistent way across Scotland.
14. The structural changes to the social security landscape, both at UK and Scottish level, are presenting significant implications for councils. In this context the Commission

expressed a wish to establish a higher profile around benefit auditing and to potentially move towards a more strategic approach.

A more strategic approach to benefit auditing

15. Housing benefit performance audit work is one part of a wide range of work that can look at the social security landscape. This includes annual audit and best value audit work at councils and the certification of HB subsidy claims, the annual audit of Social Security Scotland undertaken on behalf of the AGS, the performance audit programme, and strategic scrutiny with our partner inspectorates.

Housing benefit performance audit

16. For the housing benefit performance audit work we propose changing the balance between reports on the risks at individual councils to more cross-cutting thematic reviews that look at risks across councils. We have been producing risk assessments reports on individual councils for ten years and our reports often highlight similar issues across councils. In those ten years we have only required to produce one focussed audit when a council did not adequately respond to the initial risk assessment. Changing the approach would enable the Commission to continue to ensure maximum value from the work undertaken and to support continuous improvement.
17. With this approach we would continue to use data to risk assess all councils, refreshing the assessment each quarter. We propose the following changes:
 - To take a more risk-based and proportionate approach to how we investigate changes in council performance. This would involve starting with enquiry, collecting more data or relevant documents, discussions with the council, or continued monitoring. A full risk assessment visit and report on the council would only be completed as required. This would potentially reduce the number of individual risk assessment reports.
 - Findings and risks raised through the risk assessment process would be shared with local auditors to inform their audit work and reporting, and we would report on the main issues and trends in the annual housing benefit performance audit report.
 - We would review common issues and undertake thematic reviews of the risks arising across councils. This would allow us to compare different models and identify good practice. These would replace some of the previous council risk assessment reports.
 - To explore other data sources including the council's own performance data to supplement the official DWP statistics. This would allow for more real-time reporting and wider monitoring of performance.
18. We have considered the themes and risks arising in the environment and through our recent audits and would propose the following thematic studies as areas to consider:

Exhibit 1: Potential thematic studies and audit questions

Theme	Potential audit questions
Overpayments	<ul style="list-style-type: none"> • How do methods to recover debt vary between councils, and how do councils determine the appropriateness of their approach? • How effectively are councils using the DWP's debt recovery service? • What are the main underlying reasons for increases, or decreases in overpayment levels?
Resourcing models	<ul style="list-style-type: none"> • What different models (e.g. specialists or generalists, use of agency staff, use of corporate debt recovery services) are used across councils and how effectively are decisions made about the model to use? • What impact do different models have on staff morale, turnover, overtime and sickness absence? • How effectively is training delivered across councils as job roles change?
Customer Service	<ul style="list-style-type: none"> • How well have councils reviewed the ease of application and accessibility of services? • What different options are available to claimants for assistance with and applying for housing benefit, e.g. online, phone, home visit? • How well do councils refer or signpost claimants to other relevant support?
Accuracy	<ul style="list-style-type: none"> • How effective are council methods for reviewing accuracy? • How do methods differ between councils, are there good examples of accuracy checking policy/procedures? • How effectively do councils deal with errors, and use the learning for training etc?
Use of Automated Transfers to Local Authority Systems (ATLAS)	<ul style="list-style-type: none"> • How does the use of ATLAS vary between councils, what are the reasons for this? (ATLAS enables the automatic delivery of information directly into council systems from the DWP. This automatically notifies the council of changes to claimant details or benefit entitlement.) • Are there any correlations between the use of ATLAS and staffing levels?

Wider performance audit work

19. Through the thematic work we would be able to gather intelligence on how councils are dealing with wider areas of welfare reform, including the provision of advice to citizens, how councils are organising to deliver benefit and welfare services, and budgetary pressures. Also, as the local delivery models for the new Social Security Scotland agency become clearer over the next couple of years, the team can share knowledge of the potential implications of these models for councils.

20. This would enable us to include welfare reform and benefit issues in the Commission's annual overview report and also to propose wider issues for inclusion in future years of the performance audit rolling work programme for the Commission. This would have the potential to increase the strategic commentary of the Commission on wider issues of welfare and benefits.

Moving to the new approach

21. We would propose a managed move to the new approach, that would allow us to build expertise in the wider team and assess organisational implications as developments in the social security landscape continue. Therefore in 2019/20 we would propose undertaking two thematic studies alongside 2-3 individual risk assessment reports on councils.
22. The change in balance between individual councils' risk assessments and thematic risk reviews will also need to be discussed with DWP to ensure that it fulfils the requirements of the MoU.

Recommendation

23. The Commission is asked to
 - endorse Audit Scotland making preparations to move to a new approach
 - note that the team will bring forward a final report on the proposed approach for approval in the first quarter of 2019/20 after discussion with DWP.

Fiona Kordiak
Director of Audit Services
26 November 2018

MEETING: 6 DECEMBER 2018**REPORT BY: SECRETARY TO THE COMMISSION****ROLLING WORK PROGRAMME: ANNUAL REFRESH**

Introduction

1. The purpose of this report is to introduce Audit Scotland's proposals for the annual refresh of the Commission's five-year rolling work programme.

Background

2. The Commission's Strategy sets out that the Commission will maintain a five-year rolling programme of work. This programme covers all aspects of the work done on the Commission's behalf by Audit Scotland beyond the financial audit, and thus covers overview reporting, shared risk assessment and scrutiny planning, Best Value Assurance Reports, performance audits, statutory reporting, the *How Councils Work* series, impact reporting, and outputs from programme development activity. The programme is published jointly with the Auditor General. The programme is refreshed on an annual basis, setting out detailed work for the first two years and an indication of likely areas of work for the subsequent three years.
3. The current work programme is set out in Appendix 1.

Commission Strategy

4. The Commission's Strategy states that its work programme will reflect the following:
 - Ensuring that our overview reporting provides an assessment of the performance of local government that informs discussion and debate about the issues that it faces.
 - Taking forward our new approach to the annual audit and auditing Best Value to clearly set out the Best Value expectations of councils and report on councils' delivery of key public services and their use of public money.
 - Ensuring that our national performance audit work appropriately covers the key areas of public policy and is facilitating improvement in those areas.
 - Ensuring that our work follows the public pound by reporting upon the range of approaches that are used by councils in delivering services and improving communities.
 - In conjunction with our scrutiny partners, continuing to coordinate the audit, inspection and regulation of local government in Scotland.
 - Better reflecting the interests of the citizen, service user and communities in our work, including Best Value auditing, in performance audits and in our joint work with our scrutiny partners.
 - Promoting good practice and innovation in our work and making more effective use of data and analysis in our reports.
5. The Commission's Strategy also sets out a set of strategic audit priorities on which it will use its approach to auditing Best Value to assess how councils are progressing, thus:

- Having clear priorities with a focus on outcomes, supported by effective long-term planning. Demonstrating the effective appraisal of options for changing how services are delivered in line with their priorities.
 - Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future.
 - Empowering local communities and involving them in the design and delivery of local services and planning for their local area.
 - Reporting the council's performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes.
6. While these strategic audit priorities feature mainly in the new integrated approach to the financial audit and auditing Best Value, Audit Scotland is also mindful of these in the rest of its programme development work on behalf of the Commission.
7. The Commission reviews its Strategy at its annual strategy seminar (which will next take place in March 2019). Part of this review is to consider if the outputs that it seeks from its work programme need to be revised. Another part of the review is to focus on the strategic audit priorities and consider if these are to be refreshed and taken forward in financial audit, Best Value and other audit work.
8. Meantime, at the Commission's mid-year strategy seminar, held in September 2018, members agreed a number of themes and positions on Commission reporting. As these positions are taken forward, they will help shape the work programme in future years, although they have also been considered as part of the current work programme refresh proposals:
- In discussing the Commission's role in improvement, it was felt that *How Councils Work* and other improvement / information outputs (such as briefing papers and infographics) are seen as valuable, but not necessarily as core audit work. Members agreed to consider further the future role for such outputs. Meantime, such outputs do feature in the current proposals in Appendix 2.
 - In discussion, members agreed in general a desire for more promotion of our published work. Members agreed that promotion (including member involvement in such promotion) should be an important area of focus between audit teams and audit sponsors on each performance audit, with promotion strategies and proposals for mediums being developed throughout the life of the audit.
 - Members agreed that the default position be adopted that every performance audit be considered for follow-up audit work, and that such a position be reviewed routinely as part of managing the work programme, such as through cluster briefings, work programme refresh exercise or on considering impact reports of previous audits.
 - Members also noted the need for further consideration of the approach to Best Value auditing beyond the current five-year schedule. This will be done further at its next Strategy Seminar in March 2019. This will, of course, have implications for other parts of the work programme.

Proposals

9. Audit Scotland is proposing a refresh of the work programme as set out in Appendix 2.
10. The proposals have been subject to initial high-level discussion between Audit Scotland officials, the Commission Chair and Deputy Chair and the Auditor General.

11. The Commission has in recent years encouraged different features in the direction and development of its work programme. The programme reflects flexibility and responsiveness, thus including significant amounts of work done jointly with the Auditor General. It has an increasingly wide range of outputs beyond performance audits arising from programme development work, such as briefings and other activities. Audits are of varying size depending on the policy area covered. Audit outputs are also increasingly varied with different ways of presenting messages from reports. Promotion of audit work is also becoming increasingly creative and varied.

Commission areas of interest

12. As the attached paper identifies, Audit Scotland addresses the Commission's strategy in its refresh proposals. The proposals also address areas of interest that the Commission has identified in its work since publishing the current work programme.
13. The table below sets out areas of interest identified by the Commission over the past year. These areas were either notified to the Commission as part of our consultation with stakeholders on last year's programme refresh proposals (done in January and reported to the Commission in March), or by the Commission itself in its work over the year.

Issue	Audit Scotland proposal
<p>Teacher workforce planning</p> <p>Raised in stakeholder consultation – council was advised that we would consider this proposal as part of the 2018 work programme refresh.</p>	<p>The programme currently includes a joint performance audit of teacher workforce planning. Having considered our approach to audit work in this area we propose a smaller more focused output/briefing that considers the future demands on the teaching workforce and offer comparison with our ongoing work looking at the NHS workforce. This work would build on the Educational outcomes audit of 2019/20 and bring together data analysis in a clear and concise way (see page 9 of Appendix 2)</p>
<p>Asset rationalisation (i.e. in context of service transformation)</p> <p>Raised in stakeholder consultation – council was advised that we would consider this proposal as part of the 2018 work programme refresh.</p>	<p>It is proposed that the performance audit of Community empowerment / assets be removed from the programme. (see page 7 of Appendix 2). In its place, a briefing paper is proposed on why community empowerment is important and on our proposed approach to independent scrutiny and supporting improvement in this area. This briefing paper will be used to inform our approach to embedding consideration of key Community Empowerment-related issues (e.g. place-based planning, prevention, asset transfer) across our work (annual audit, Best Value, performance audits and overview reporting) (see page 13 of Appendix 2).</p>
<p>Empowerment, consultation and engagement</p> <p>Raised in stakeholder consultation – council was subsequently advised that Audit Scotland is already considering the impact of participatory budgeting and local improvement planning as part of our ongoing programme development work on community empowerment. Nevertheless, we would consider the council's proposal as part of the 2018 work programme refresh.</p>	<p>As above.</p>

Issue	Audit Scotland proposal
<p>Integrated children’s services Raised in stakeholder consultation (from SOLACE) – subsequently advised that the suggestion that integrated national thematic work would be considered as part of the 2018 work programme refresh.</p>	<p>It is proposed to change the ordering of the two performance audits planned for 2020/21 and 2021/22 that will look at outcomes for younger people. The proposal is for the Outcomes for children with additional support needs to report in 2020/21, with the Outcomes for looked after children and young people to now follow in 2021/22 (see page 9 of Appendix 2).</p>
<p>Cyber security Raised in stakeholder consultation - Council was subsequently advised of the Commission’s continuing interest in this regard; and that this issue will be considered in the context of the scope for the proposed performance audit on <i>Digital progress in local government</i>; and that this area will be considered in the 2018/19 work programme refresh’.</p>	<p>The work programme proposals include an output on cybersecurity. This would be an output targeted at audit committees to help them scrutinise the cyber security activity (see page 13 of Appendix 2).</p>
<p>Commercialism / entrepreneurship Raised in stakeholder consultation - Council was subsequently advised that this area will be considered in the 2018/19 work programme refresh’.</p>	<p>It is proposed that this issue be considered by the Housing, Care and Communities policy cluster as a potential topic for inclusion in the Commission’s programme of local government specific audits (see page 10 of Appendix 2).</p>
<p>Climate change and energy Raised in stakeholder consultation - Council was subsequently advised that this area will be considered in the 2018/19 work programme refresh’.</p>	<p>An option is proposed for an audit (joint with the Auditor General) of either flood risk management waste management (see page 28 of Appendix 2). There is also an Auditor General performance audit on the Climate Change Plan currently scheduled for 2023/24.</p>
<p>Homelessness and vulnerable people Commission agreed at its February 2018 meeting to consider this as part of the 2018 work programme refresh.</p>	<p>It is proposed to have a performance audit on affordable housing in 2019/20. The audit will consider what progress has been made against the national new build target, and how has this supported the policy objectives of reducing homelessness and increasing access to affordable housing for those most in need (see page 26 of Appendix 2).</p> <p>The Performance Audit Committee at its September meeting agreed to maintain an interest and watching brief on the following areas, with a view to future performance audit work.</p> <ul style="list-style-type: none"> • Homelessness, with a focus on use of temporary accommodation, • Housing for vulnerable people including those with learning and physical disabilities.
<p>Local authorities’ social security responsibilities Commission agreed at its March 2018 meeting to consider this as part of the 2018 work programme refresh.</p>	<p>At its December meeting the Commission is considering proposals relating to housing benefit performance audit, and the longer-term audit of social security related issues across local authorities.</p> <p>It is proposed to have a series of five Auditor General performance audits across the five-year work programme (see page 26 of Appendix 2).</p>

Issue	Audit Scotland proposal
<p>UK and Scottish response to the Grenfell Tower tragedy</p> <p>Commission agreed at its September 2018 meeting to consider this as part of the 2018 work programme refresh.</p>	<p>At the September meeting, the Director of Performance Audit and Best Value advised that he would further consider matters associated with emergency response in relation to the Commission's joint scrutiny work with its scrutiny partners.</p> <p>The work programme refresh proposals include provision for a series of three Commission performance audits from 2021/22 on core local government services. Potential topics include emergency response and resilience (see page 10 of Appendix 2).</p>
<p>Matters in relation to personal debt and any link with Universal Credit</p> <p>Commission agreed at its October 2018 meeting to consider this as part of the 2018 work programme refresh.</p>	<p>At this meeting, the Commission is considering proposals relating to housing benefit performance audit, and the longer-term audit of social security related issues across local authorities.</p>
<p>Housing</p> <p>The Performance Audit Committee at its September meeting considered a paper on options for performance audit and related work in this regard. The Committee:</p> <ul style="list-style-type: none"> • Agreed to recommend to the Commission, as part of its work programme refresh discussion at its December meeting, that performance audits on new affordable housing and on housing for an older population be programmed for years 2019/20 and 2021/22 respectively. • Agreed to maintain an interest and watching brief on those other areas discussed in the report with a view to future performance audit work, namely: <ul style="list-style-type: none"> ○ Homelessness, with a focus on use of temporary accommodation ○ Management of housing stock ○ Rent arrears ○ Energy efficiency ○ Fuel poverty. <p>Agreed also to add to these areas of interest housing for vulnerable people including those with learning and physical disabilities.</p>	<p>This proposal is included in the work programme refresh proposals (see page 9 of Appendix 2).</p> <p>The other policy areas will feature in cluster work, including briefings to the Performance Audit Committee.</p>

14. It is important for the Commission to assure itself at today's meeting, in agreeing proposals for the refresh of the work programme, that these and indeed any other policy areas of interest are covered appropriately either by performance audits, other outputs from programme development work, or by ongoing monitoring through policy cluster work.

How councils work

15. At its meeting in March 2018, in considering the outcome of its consultation with councils on the work programme, the Commission considered specifically the *How Councils Work* (HCW) series. It agreed to the scheduling of a HCW in 2018/19 and to defer proposed scheduling of

a further HCW report in 2019/20 until it considers the refresh of the work programme for 2019/20.

16. Previously, in its consultation on the work programme in January 2018, the Commission sought views on the HCW series. Nine chief executives and SOLACE (out of 23 respondents) offered positive views of the series, and there were no adverse views). Specifically, the following subject areas were suggested:
 - Delivering sustainable transformational change
 - Considering needs of new councillors
 - Data management
 - Empowerment, consultation and engagement
 - City deals
 - Reporting on outcomes
 - Performance management
 - Internal audit and scrutiny.
17. In addition, one chief executive suggested wider use of good practice and innovative media in the series.
18. At its meeting on 12 April, the Commission considered options for a HCW report. It agreed to proceed with a report on managing risks through internal control, combined with principles of effective scrutiny. The Performance Audit Committee considered at its meeting on 22 September the emerging messages from this work.
19. At the Commission mid-year strategy seminar in September, discussion on the HCW series indicated varying views about the desirability of maintaining the series. The balance of views indicated a desire to continue the series, but that the matter remain under review. It was agreed:
 - That opportunity cost is an important consideration in continuing the series.
 - That the matter be discussed further with CoSLA in the context of the ongoing review of the Improvement Service.
 - That meantime, the Commission consider - as part of its work programme refresh exercise in December - whether it continues its commitment to a further HCW report in the next year of the work programme, and if so, to consider – with suggestions from Audit Scotland – suitable subjects in this regard.
20. The review of the Improvement Service is still in early stages so there has yet to be any discussion with CoSLA in this regard.
21. In recent discussions between the Chair, Deputy Chair and Auditor General, it was agreed to propose to the Commission not to programme a HCW report next year, but to continue a commitment to the series in future years. This is reflected in the proposals in Appendix 2.

Equalities, diversity and human rights considerations

22. Appendix 2 (paragraphs 34 onwards) sets out the equality, diversity and human rights considerations of Audit Scotland in its programme development work on behalf of the Commission. As part of this, Audit Scotland will undertake an Equality Impact Assessment on the refreshed work programme once it has been agreed by the AGS and the Accounts Commission. This will then be considered by Audit Scotland's Diversity and Equality Steering Group (DESG) and once approved published on Audit Scotland's website.

Consultation

23. The Commission is obliged by statute to consult with stakeholders before undertaking any of its performance audit work (specifically ‘such associations of local authorities or other bodies whose accounts are required to be audited’ and ‘(appropriate) associations of employees’).¹ It is therefore proposed that the Commission consults immediately on the draft work programme with CoSLA, SOLACE and trade unions Unison, Unite and GMB (these are the three members of the Scottish Joint Council, which represents local government employees).
24. I will report back to the Commission on the outcome of the consultation.








Conclusion

25. The Commission is invited to:
- Consider the attached draft work programme as proposed by Audit Scotland, including detailed proposals for 2019/20 and 2020/21 (including specifically a proposal not to programme a HCW report next year, but to continue a commitment to the series in future years).
 - Use its proposals as a basis for consultation with stakeholders, subject to discussion between the Chair and Auditor General for Scotland.
 - Note that the activities around the equalities, diversity and human rights implications of the work programme.
 - Approve the proposed consultation arrangements.
 - Note that I will report back on the outcome of the consultation.

Paul Reilly
Secretary to the Accounts Commission
28 November 2018

¹ 1973 Local Government (Scotland) Act, section 97A(3).

APPENDIX 1: Current Accounts Commission work programme: 2018/19 and 2019/20

	2018/19	2019/20
	<ul style="list-style-type: none"> Local government financial overview Local government overview 	<ul style="list-style-type: none"> Local government financial overview Local government overview
	<p>Best Value assurance reports:</p> <ul style="list-style-type: none"> Dumfries and Galloway Council East Ayrshire Council East Lothian Council Fife Council Glasgow City Council West Dunbartonshire Council <p>BV assessments featured in annual audit reports in other 26 councils.</p>	<p>Best Value assurance reports:</p> <ul style="list-style-type: none"> Highland Council Midlothian Council North Lanarkshire Council Perth and Kinross Council Scottish Borders Council South Lanarkshire Council Stirling Council <p>BV assessments featured in annual audit reports in other 25 councils.</p>
	Managing risk through internal controls	We will be further reviewing our <i>How councils work</i> series.
	<ul style="list-style-type: none"> * Children and young people's mental health * Health and social care integration part 2 * Value for money of non-profit distributing models Arms-length external organisations (ALEOs) 	<ul style="list-style-type: none"> * Innovative financing – City Deals * Community assets * Educational outcomes * Waste management * Housing Digital progress in local government (reporting early 2020/21) ¹ Supporting economic growth: the role of local authorities (reporting early 2020/21) ¹
	National scrutiny plan	National scrutiny plan
	<ul style="list-style-type: none"> As appropriate 	<ul style="list-style-type: none"> As appropriate
	<ul style="list-style-type: none"> Community planning: a follow-up Roads maintenance Social work in Scotland 	<ul style="list-style-type: none"> Early learning and childcare impact and update Equal pay in Scottish councils Self-directed support follow-up

Key:

* Joint audits with the Auditor General.

¹ This audit will intentionally straddle two years.




Current longer-term audit programme, including joint work with the Auditor General (2018/19 to 2022/23)



Key:

* Joint audit with Auditor General for Scotland

Italics: audit by Auditor General for Scotland

¹ Impact report publication dates may change in response to significant policy developments that impact on audit recommendations and the final scheduling of the original audit work / report publication.

	2018/19	2019/20	2020/21 provisional	2021/22 provisional	2022/23 provisional
 <p>Overview reports</p>	<ul style="list-style-type: none"> Local government financial overview Local government overview <p>---</p> <ul style="list-style-type: none"> <i>NHS in Scotland</i> <i>Scotland's colleges</i> 	<ul style="list-style-type: none"> Local government financial overview Local government overview <p>---</p> <ul style="list-style-type: none"> <i>NHS in Scotland</i> <i>Scotland's colleges</i> 	<ul style="list-style-type: none"> Local government financial overview Local government overview <p>---</p> <ul style="list-style-type: none"> <i>NHS in Scotland</i> <i>Scotland's colleges</i> 	<ul style="list-style-type: none"> Local government financial overview Local government overview <p>---</p> <ul style="list-style-type: none"> <i>NHS in Scotland</i> <i>Scotland's colleges</i> 	<ul style="list-style-type: none"> Local government financial overview Local government overview <p>---</p> <ul style="list-style-type: none"> <i>NHS in Scotland</i> <i>Scotland's colleges</i>
 <p>Best Value reports</p>	<p>6 Best Value Assurance Reports (BVARs):</p> <ul style="list-style-type: none"> Dumfries and Galloway Council East Ayrshire Council East Lothian Council Fife Council Glasgow City Council West Dunbartonshire Council <p>Best Value assessments featured in the annual audit reports for the other 26 councils.</p>	<p>7 BVARs</p> <ul style="list-style-type: none"> Highland Council Midlothian Council North Lanarkshire Council Perth and Kinross Council Scottish Borders Council South Lanarkshire Council Stirling Council <p>Best Value assessments featured in the annual audit reports for the other 25 councils.</p>	<p>6 or 7 BVARs</p> <p>To be confirmed following the 2019/20 shared risk assessment process.</p> <p>Best Value assessments featured in the annual audit reports for the other councils.</p>	<p>6 or 7 BVARs</p> <p>To be confirmed following the 2020/21 shared risk assessment process.</p> <p>Best Value assessments featured in the annual audit reports for the other councils.</p>	<p>End of five-year audit appointment cycle.</p> <p>Next steps to be confirmed in 2021.</p>
 <p>How councils work reports</p>	<p>Managing risk through internal controls</p>	<p>We will be further reviewing our <i>How councils work</i> series.</p>			

	2018/19	2019/20	2020/21 provisional	2021/22 provisional	2022/23 provisional
	<ul style="list-style-type: none"> * Children and young people's mental health * Health & social care integration: part 2 * Value for money of non-profit distributing projects ALEOs (published 17 May 2018) <p>---</p> <ul style="list-style-type: none"> <i>New financial powers and constitutional change</i> <i>Forth replacement crossing</i> <i>NHS workforce 2 – community-based workforce</i> <i>Digital progress in central government and health (reporting early 19/20)</i> <i>Scottish Fire and Rescue Service</i> <i>Broadband</i> 	<ul style="list-style-type: none"> * Innovative Financing: City Deals * Community assets * Educational outcomes * Waste management * Housing <ul style="list-style-type: none"> Digital progress in local government (reporting early 2020/21) Supporting economic growth: the role of local authorities (reporting early 2020/21) <p>---</p> <ul style="list-style-type: none"> <i>New financial powers and constitutional change</i> <i>A9 dualling</i> <i>Skills planning and investment</i> <i>Higher education finances</i> 	<ul style="list-style-type: none"> * Flood risk management * Youth justice * Health & social care integration part 3 * Improving outcomes for looked after children * Teacher workforce planning * Public sector workforce skills planning post Brexit * Digital services (learning or justice) * Commonwealth Games legacy – six years on <p>---</p> <ul style="list-style-type: none"> <i>New financial powers and constitutional change</i> <i>Supporting economic growth: impact of enterprise and skills review</i> <i>NHS workforce 3</i> 	<ul style="list-style-type: none"> * Community justice * Innovative financing - City Deals 2 * Early learning and childcare series * Housing 2 * Community justice * Outcomes for children with additional support needs <p>---</p> <ul style="list-style-type: none"> <i>Social security</i> <i>New financial powers and constitutional change</i> <i>Development of Scotland's new agriculture and fishing policy post Brexit</i> <i>Progress against digital strategy – five years on</i> 	<ul style="list-style-type: none"> * Replacing structural funds * Mental health 3 * Progress in addressing child poverty * Digital progress across government (Joint) <p>---</p> <ul style="list-style-type: none"> <i>New financial powers and constitutional change</i>
	<ul style="list-style-type: none"> * Community planning: an update ¹ Roads maintenance Social work in Scotland <p>---</p> <ul style="list-style-type: none"> <i>The role of Scotland's Enterprise Agencies</i> <i>Efficiency of sheriff courts</i> <i>Higher education</i> <i>Modern apprenticeships</i> 	<ul style="list-style-type: none"> * Early learning and childcare Equal pay in Scottish Councils * Self-directed support follow-up <p>---</p> <ul style="list-style-type: none"> <i>NHS workforce planning: 1</i> <i>Transport Scotland's ferry services</i> 	<ul style="list-style-type: none"> ALEOs * Children and young people's mental health * Innovative financing: City Deals <p>---</p> <ul style="list-style-type: none"> <i>NHS workforce 2 – community-based workforce</i> <i>Forth replacement crossing</i> <i>Scottish Fire and Rescue Service</i> 	<ul style="list-style-type: none"> * Community assets * Educational outcomes * Housing: 1 * Value for money of non-profit distributing projects * Waste management <p>---</p> <ul style="list-style-type: none"> <i>Higher education finances</i> <i>Digital in central government and health</i> <i>Skills planning & investment</i> <i>A9 dualling</i> 	<ul style="list-style-type: none"> Digital in local government * Flood risk management * Improving outcomes for looked after children * Innovative financing – City Deals 2 Supporting economic growth – role of local authorities <p>---</p> <ul style="list-style-type: none"> <i>Youth justice</i>

APPENDIX 2: WORK PROGRAMME REFRESH PROPOSALS

(see attached Audit Scotland paper)

Auditor General for Scotland and Accounts Commission rolling work programme refresh: 2019/20 – 2023/24

Introduction: scope and structure of the report

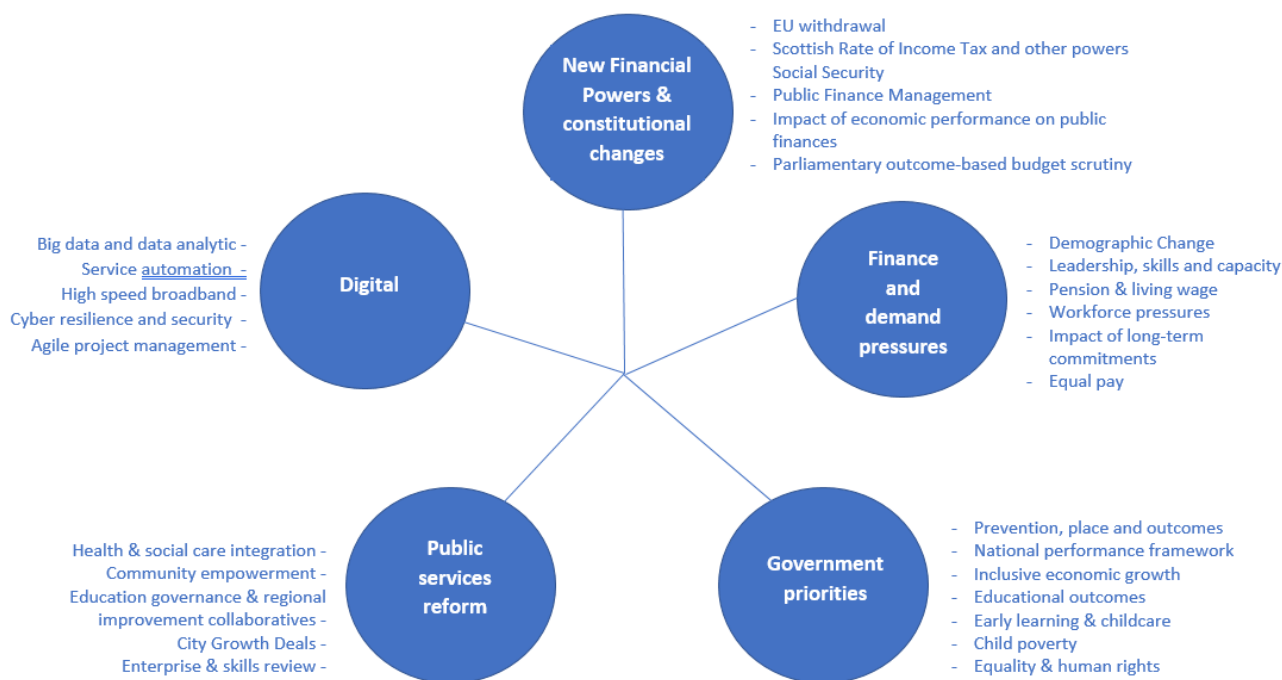
1. This paper sets out proposals for refreshing the Auditor General for Scotland (AGS) and Accounts Commission's five-year rolling work programme (2019/20 – 2023/24).
2. The paper is in five parts:
 - Part 1 – Strategic context
 - Part 2 – Our approach to programme development
 - Part 3 - Proposed changes to the 2019/20 – 2023/24 work programme
 - Part 4 – Work programme proposals for 2019/20 and 2020/21
 - Part 5 – Other issues (e.g. parliamentary engagement, equalities).

A series of appendices to the paper contain information on the range and balance of work undertaken for the AGS and Accounts Commission over the last five years, together with more detailed information on each of the proposed audits.

Part 1 – Strategic context

3. The world within which audit operates is changing rapidly. It is becoming increasingly uncertain and public services continue to face significant challenges. This is reflected in our public-sector audit risk register, the key aspects of which are set out in Exhibit 1 below.

Exhibit 1



Source: Audit Scotland

4. Our risk assessments and audit work are also identifying increased risks in several areas across the public sector. For example, we are seeing shortfalls in skills and capacity in 'front line', specialist and 'back office' functions including financial management, with workforce challenges in health and social care, education and digital services in particular. This is an important risk given the scale of the leadership and management challenge facing Scotland's public services.
5. The devolution of powers and responsibilities set out in the Scotland Acts of 2012 and 2016 and the accompanying fiscal framework, represent an unprecedented increase in the financial powers of the Scottish Parliament. By 2020, 52 per cent of the Scottish Budget will be raised directly in Scotland compared to just ten per cent in 2014/15. This means that the performance of the Scottish economy compared to the rest of the UK will have a greater influence on public finances than ever before, with implications for the Scottish Government, local authorities, national enterprise agencies, and all of the other bodies with whom they work.
6. In the coming years, over £2.9 billion of social security expenditure will be devolved to Scotland. The new social security agency will be responsible for payments to an estimated 1.4 million people each year once the agency is fully operational.
7. The outcome of the European Union (EU) referendum and the triggering of article 50 brings significant uncertainty. It remains unclear whether the EU withdrawal agreement negotiated between the European Union and the UK Government will receive the support of the Westminster Parliament. Whatever form of 'Brexit' takes place, 'hard', 'soft', or 'no deal' it is

likely that there will be wide-ranging consequences for funding streams, including the Common Agricultural Policy and funding for economic development.

8. The choices that are made to prioritise particular service areas (e.g. education, early years, health and justice) are increasingly important in the context of the long-term demand and financial pressures facing public services and the operation of Scotland's new financial powers. The Scottish Government's new five-year medium-term financial strategy sets out its key policy priorities and approach to supporting Scotland's economy. This document needs to inform parliamentary budget scrutiny alongside consideration of existing financial and policy commitments.
9. Significant changes are also taking place in how public services are delivered including the integration of health and social care services and greater community empowerment. Implementing change is difficult and in recent years the AGS and the Accounts Commission have reported on several areas where public sector reform and change management has not gone well. This highlights the importance of effective public-sector leadership and scrutiny at both national and local level.
10. Because services are increasingly being provided in new and innovative ways, through public, private and third sector arrangements, the lines of responsibility and accountability are increasingly complex. This complexity and the reliance public service providers can have on third party service providers creates risks which need to be properly understood and managed effectively. In this context digital technology will continue to offer transformational opportunities and is central to service delivery. But, this means that the importance of digital and cyber security and resilience has never been higher.

Part 2 – Our approach to programme development

11. Our work programme proposals are designed to support the AGS and the Accounts Commission in ensuring independent, objective and authoritative public audit that continues to support a strong and effective system of financial accountability and transparency across the Scottish public sector. They reflect the AGS's key priorities, the Accounts Commission's strategic audit priorities and the audit priorities set out in Audit Scotland's corporate plan (2018-21).
12. The refresh proposals are informed by our monitoring of public sector audit risks and draw on the extensive external engagement and programme development activity undertaken by Audit Scotland's three policy cluster groups: Public finances, investment and economic development (PIE); Health, care and communities (HCC); and Justice, education and life-long learning (JELL). This work takes places throughout the year and is reported to the AGS and the Commission through six-monthly cluster policy and programme development briefings.
13. We will continue to monitor the key risks facing the public sector, using the routine cluster briefings that are given to the AGS and the Commission to highlight significant policy or performance-related developments which may require further investigation. We will use these discussions to consider what implications emerging issues or new development have for the content or timing of the wider work programme.
14. During 2018 we have continued to strengthen our approach to the development work that underpins the programme in several important areas:
 - engaging differently, and with a wider group of stakeholders, about issues that they think might usefully feature in our work programme - for example with children and young people, digital experts, and individuals with an interest in community empowerment

- improving how we use data to inform what, when, and where we audit, and also in its own right as a potential audit output
 - establishing an Islands Forum to help us ensure that we reflect specific issues of interest and concern to islands and rural communities in our work, including considering the specific audit implications of the Islands Act
 - taking a more strategic approach to programme development, which includes:
 - making space for the development work that is an essential prerequisite to us having a well-targeted, evidence-based programme of work
 - building flexibility and responsiveness into our approach so that we can respond quickly to any emerging issues or concerns raised by the AGS or Accounts Commission, delaying or reprioritising work as appropriate
 - embedding impact more effectively across our work by thinking more deeply about the impact we want to achieve through a specific piece of work. This includes being clearer about the timing and focus of our work and thinking more innovatively about outputs and new ways of working with stakeholders to share learning.
15. During 2019 we will continue to take forward a range of programme development activity (e.g. community empowerment, public financial management) to maintain oversight of significant policy developments and respond to emerging public sector audit risks. Some of this activity may lead to published programme development outputs.

Part 3 – Proposed changes to the 2019/20 – 2023/24 work programme

16. This paper focuses primarily on performance audit work but presents this in the wider context of the broader programme of audit work undertaken on behalf of the AGS and the Accounts Commission (e.g. overview reporting, statutory reporting, and Best Value audit work). All this work is underpinned by local financial audit work that takes place annually at all audited bodies.
17. The programme includes a mixture of one-off pieces of work (e.g. Community Justice, libraries and leisure services, regulatory services, improving outcomes for looked after children), longer-term audit programmes (e.g. new financial powers, health and social care integration, early learning and childcare), thematic work (e.g. digital, workforce planning), and audit activity to follow up on the impact of previously published audit reports.
18. Although our programme development work and risk assessment activity indicate that the work programme continues to reflect the main risks and challenges facing the public sector, there are changes proposed to the work programme 2019/20 to 2023/24. These changes of timing, scope or audit approach are designed to ensure that the work programme best reflects our current assessment of the strategic context and risks facing the public sector. These proposed changes and the rationales for them are set out in Exhibits 2 and 3 (pages 5-9).
19. The increasingly volatile and uncertain public-sector environment means that the work programme will need to adapt rapidly to new and emerging risks and issues. This may require changes to be made in-year to the programme. Proposed changes will be discussed and agreed with the AGS and Commission through cluster briefings and/or routine work programme updates to the AGS and the Commission’s performance audit committee.

Exhibit 2

Refreshed performance audit proposals 2019/20 – 2023/24 (AGS and Commission)

★ New

➔ Move

⊖ Change

✖ Remove


	2019/20	2020/21	2021/22 provisional	2022/23 provisional	2023/24 provisional
 <p>Performance audits</p>	<ul style="list-style-type: none"> ⊖ A9 Dualling (AGS) • Enabling digital government (AGS) • Higher education finances (AGS) ➔ NHS workforce 2: community-based workforce (AGS) (previously 18/19) • Skills – planning and investment (ASG) • Social Security (AGS) • City Deals (Joint) ✖ Community assets (joint) ⊖ Early learning and childcare (joint)- impact and follow up • EU withdrawal • Revenue financing of assets: the Non-profit distributing (NPD) and Hub models (Joint) 	<ul style="list-style-type: none"> • Social Security (AGS) • Commonwealth Games legacy (Joint) ⊖ Flood risk management OR Waste management (Joint) ➔ Outcomes for children with additional support needs (Joint) (was 21/22) ⊖ Teacher workforce planning (Joint) ★ Social care sustainability (Joint) • Digital progress in local government (AC) • Supporting economic growth: the role of local authorities (AC) 	<ul style="list-style-type: none"> • Development of Scotland's new agriculture and fishing policy (AGS) ➔ Fair access to higher education (AGS) (was 19/20) • Social Security (AGS) • City Deals 2 (Joint) • Community justice (Joint) • Digital services: learning or justice (Joint OR AGS) • Early learning and childcare series (Joint) ➔ Outcomes for looked after children and young people (joint)(was 20/21) • Workforce planning post-EU withdrawal (Joint) ★ Local government services (AC)* 	<ul style="list-style-type: none"> ★ Digital in health (AGS) • Social Security (AGS) ➔ Supporting economic growth: Enterprise and Skills Review (AGS) (was 20/21) ➔ Housing for an older population (Joint) (was 21/22) • Mental health (Joint) • Progress in addressing child poverty (Joint) • Replacing Structural Funds (Joint) ★ Strategic capital investment (Joint or AGS) ★ Local government services (AC)* 	<ul style="list-style-type: none"> ★ Climate change plan (AGS) ➔ Digital: progress against digital strategy (AGS) (was 21/22) ★ Public energy company (AGS) ★ Scottish investment bank (AGS) ★ Social Security (AGS) ★ Support to rail services (AGS) ➔ Health and social care 3 (Joint) (was 20/21) ★ Local government services (AC)*
	<ul style="list-style-type: none"> • Educational outcomes (Joint) (report early 20/21) • Affordable housing (Joint) (report early 20/21) 	<p>*programme of audits focusing on 'core' local government services (e.g. leisure, libraries, burials, regulatory services, community transport)</p>			

Exhibit 3

Rationale for the proposed changes to the work programme

Year	Proposed changes to the programme
19/20	<ul style="list-style-type: none"> • Remove: It is proposed that the performance audit of Community empowerment / assets be removed from the programme. <p>We are leading development work on behalf of the Strategic Scrutiny Group (SSG) which is exploring the implications of the community empowerment agenda for scrutiny bodies, communities, and councils and their partners. This work is being managed through a Community Empowerment Advisory Group which includes scrutiny partners, practitioners and experts in the field of community empowerment. Progress with this development work will be reported regularly to the AGS and Commission.</p> <p>One aspect of the work of this group is developing a shared understanding of how to approach scrutiny in this area, including how and when audit or inspection work on community empowerment might add best value. The work that has taken place to date raises important questions about the value to be obtained from specific performance audit work in this area at this time. It is proposed therefore to remove the performance audit from the programme and maintain our audit interest in this area through our involvement with scrutiny partners and the advisory group, and through ongoing programme development activity. Some of this development activity may lead to formal outputs for consideration by the AGS and Commission.</p> <p>This ongoing programme development activity will be informed by our ongoing focus on local implementation of the community empowerment agenda in the Commission's programme of Best Value audit reporting and overview reporting.</p> <p>Where appropriate, key issues linked to the community empowerment agenda (e.g. prevention and addressing the equality outcome gap) will also feature as themes in other relevant performance audits in the programme, such as Educational outcomes, and Fair access to higher education.</p> <ul style="list-style-type: none"> • Addition: It is proposed that there be provision within the work programme for focused performance audit work on EU withdrawal. The scope and scale of any performance audit work will be dependent on developments within this fast-moving area. Any performance audit work undertaken is likely to be joint work on behalf of the AGS and Accounts Commission. The implications of EU withdrawal and potential audit response will continue to be monitored by Audit Scotland's EU withdrawal team. • Revised timing: The AGS has agreed to revising the timing of the audit formerly referred to as Widening access from 2019/20 to 2021/22. This audit is now shown in the programme as Fair access to higher education. The revised timing of this audit reflects the significant amount of data and material that is now published by the Commissioner for Fair Access and the Scottish Funding Council; and the value to be obtained in providing an independent assessment of progress drawing on this information later in the work programme. The revised timing is closer to the halfway point in achieving the overall targets for widening access making it timely in advance of that major performance milestone. • Revised timing and offer as an option: It is proposed to revise the timing of the Waste Management performance audit to 2020/21 and offer as an 'either or' choice with the Flood risk management audit currently scheduled for that year. The revised timing reflects an uncertainty as to our delivery capacity for planned audit work in 2019/20. <p>Discussions with the AGS, and the Chair and Deputy Chair of the Commission indicates a preference for including the waste management audit over flood risk management. The Commission is asked to identify which of these two audits is its preferred option.</p>

Year	Proposed changes to the programme
	<ul style="list-style-type: none"> • Change of approach: The AGS performance audit of the A9 duelling programme is to be undertaken as part of the Transport Scotland annual audit and reported as part of the annual audit reporting process, rather than as a national performance audit. • Change of approach: The 2018 joint Early Learning and Childcare audit's recommendations were designed to inform implementation of the Scottish Government's 1,140 funded hours of early learning and childcare by August 2020. Waiting 18 months to prepare an impact report would be inappropriate, therefore a more flexible approach to impact reporting is being adopted for this audit, with interim performance audit work taking place in 2019/20 and a further formal impact report to be prepared following the 2021/22 audit on the effectiveness of implementation of the 2020 expansion programme. • Revised timing: There is one audit that was part of the 2018/19 work programme which will now be published in 2019/20: NHS workforce 2: community-based workforce (AGS) (planned publication early 2019. Revised August 2019). This change was to accommodate unforeseen resource changes within the audit team, and to allow consideration of the latest workforce data in Summer 2019. • Revised timing: There are two joint Auditor General and Accounts Commission performance audits where the majority of audit work will be undertaken during 2019/20, but where publication of the final audit report will fall into early 2020/21. These are the Educational outcomes and Affordable housing performance audits. The timing of audit work and reporting for these audits allows us to put in place audit teams with the right skills and experience to undertake these complex pieces of work. This is in line with our commitment to world class audit and reflects the requirements of international auditing standards.
20/21	<ul style="list-style-type: none"> • Addition: It is proposed that a new performance audit of Social care sustainability be included in 2020/21. The scope of the audit will be developed further during 2019/20, informed by the views of the Commission in considering the impact report for its 2016 report on Social work in Scotland audit. There are major risks around social care financing, governance and accountability. While we have reported on these in several previous reports we believe there to be a strong case for carrying out performance audit work looking at the risks in this area. With increasing pressure on council and health budgets, and complicated arrangements in health and social care, the audit work would likely explore: <ul style="list-style-type: none"> ○ how social care services are provided across Scotland at a high level ○ how much is being spent, how this has changed and future spending plans ○ what the main pressures and risks are, particularly in relation to financing and cost pressures ○ the level of medium to long-term planning for the provision of social care ○ outcomes for local populations. • Revised timing/presentation: The programme currently shows two Accounts Commission audits as 2019/20 audits reporting in early 2020/21. These audits are the Digital in local government and Supporting economic growth: the role of local authorities performance audits. It remains our intention to undertake most of the audit work for both audits during 2019/20 and to report early in 2020/21. The proposed change to show both audits as 2020/21 audits is presentational only. • Revised timing and additional output: It is proposed that the AGS performance audit Supporting economic growth: Enterprise and Skills Review be revised from 2020/21 to 2022/23. This reflects aspects of the enterprise and skills agenda being picked up through existing planned work, including the Skills: planning and investment performance audit, annual audit work in the relevant bodies, and ongoing programme development work. We will produce a 'key issues' paper in 2019/20 focusing on enterprise skills that will inform future audit work in this area. Should there be a requirement to undertake specific performance audit work earlier than 2023/24 this will be considered as part of future work programme refreshes.

Year	Proposed changes to the programme
	<ul style="list-style-type: none"> • Revised timing: It is proposed that the third Health and social care integration performance audit is moved from 2020/21 to 2023/24. The second of our reports on integration published on 15 November 2018. The third audit intends to look at the extent to which the planned benefits of integration have been realised. Moving this audit to 2023/24 allows sufficient time following integration and the 2018 report to allow the new arrangements to fully embed before making judgements on their effectiveness. Given the known challenges around this major programme of public service reform we will use our oversight of Integrated Joint Boards (IJBs) through the annual audit process and our ongoing engagement with national and regional stakeholders to monitor progress. We will consider reporting on progress in this area as part of future NHS and local government overview reports. If emerging intelligence indicates that progress is too slow, we will consider reporting sooner than 2023/24 as part of future work programme refreshes. Should specific concerns arise within individual IJBs then the Controller of Audit will report this to the Commission as appropriate. • Revised timing (swap): It is proposed to change the ordering of the two performance audits planned for 2020/21 and 2021/22 that will look at outcomes for younger people. The proposal is for the Outcomes for children with additional support needs to report in 2020/21, with the Outcomes for looked after children and young people to now follow in 2021/22. This will allow the latter audit to assess progress in implementing the findings and recommendations of the Independent Care Review, which has been ongoing since 2017. The final report arising from the review is expected in spring 2020, with the revised audit timing better aligned with this key milestone. • Adjustment to the work programme: The programme currently includes a joint performance audit of Teacher workforce planning. Having considered our approach to audit work in this area we propose a smaller more focused output/briefing that considers the future demands on the teaching workforce and offer comparison with our ongoing work looking at the NHS workforce. This work would build on the Educational outcomes audit of 2019/20 and bring together data analysis in a clear and concise way. • Revised timing and offer as an option: It is proposed to revise the timing of the Waste Management performance audit to 2020/21 and offer as an 'either or' choice with the Flood risk management audit currently scheduled for that year. See 2019/20. • Revised timing/presentation: The current programme includes a performance audit Digital services (learning or justice) in 2020/21 but reporting early 2021/22. The proposed change to programme to 2021/22 is presentational and better reflects our intended publication timing.
21/22	<ul style="list-style-type: none"> • Addition: We have included provision within the programme for an Accounts Commission performance audit in 2021/22 as the first in a series of audits on core local government services. The topic for this audit will be agreed with the Commission. Potential options include: emergency response and resilience; local government services (including non-protected) – libraries, leisure, money advice, registration, regulatory services, community transport; planning (including implementation of the new legislation); Inclusive economic growth. • Revised timing: The AGS and Commission (through its performance audit committee) considered options for a series of two joint performance audits on Housing. It is proposed that the second audit looking at Housing for an older population, be undertaken in 2021/22 and report in early 2022/23. This is a slight variation of the timescale agreed by the AGS and committee and will better align the second audit with the timescales for the first audit of affordable housing. • Revised timing: The programme contains an AGS performance audit Progress against Digital Strategy. As a response to the need to rebalance the overall work programme to accommodate changes in other years, and to allow sufficient time for preceding audit recommendations to be implemented, it is proposed that the audit timing be revised from 2021/22 to 2023/24.

Year	Proposed changes to the programme
	<ul style="list-style-type: none"> • Revised timing (swap): It is proposed to change the ordering of the two performance audits planned for 2020/21 and 2021/22 that will look at outcomes for younger people. The proposal is for the Outcomes for children with additional support needs to report in 2020/21, with the Outcomes for looked after children and young people to now follow in 2021/22. See 2020/21. • Revised timing: The AGS has agreed to revising the timing of the audit formerly referred to as Widening access from 2019/20 to 2021/22. This audit is now shown in the programme as Fair access to higher education. See 2019/20. • Revised timing/presentation: Digital services (learning or justice). See 2020/21.
22/23	<ul style="list-style-type: none"> • Addition: We have included provision within the programme for an Accounts Commission performance audit in 2022/23. This will be the second in a series of audits on core local government services. The topic for this audit will be agreed with the Commission. Potential options include: emergency response and resilience; local government services (including non-protected) – libraries, leisure, money advice, registration, regulatory services, community transport; planning (including implementation of the new legislation); Inclusive economic growth. • Addition: It is proposed that additional audits of Digital in health (AGS) and Strategic capital investment (Joint or AGS) be included in the programme in 2022/23. • Revised timing: It is proposed that the AGS performance audit Supporting economic growth: Enterprise and Skills Review be revised from 2020/21 to 2022/23. See 2020/21. • Revised timing: It is proposed that the Housing for an older population performance audit be revised from 2021/22 to 2022/23. See 2021/22.
23/24	<p>This year is the new year five of the rolling work programme. Audits within this year are indicative of areas where audit work may be undertaken but are subject to review and change.</p> <ul style="list-style-type: none"> • Addition: We have included provision within the programme for an Accounts Commission performance audit in 2021/22. This will be the third in a series of audits on core local government services. The topic for this audit will be agreed with the Commission. Potential options include: emergency response and resilience; local government services (including non-protected) – libraries, leisure, money advice, registration, regulatory services, community transport; planning (including implementation of the new legislation); Inclusive economic growth. • Revised timing: It is proposed that the third Health and social care integration performance audit is moved from 2020/21 to 2023/24. See 2020/21. • Revised timing: It is proposed that the AGS performance audit Progress against Digital Strategy be revised from 2021/22 to 2023/24. See 2021/22. • New additions to the programme: Potential new performance audits for 2023/24 are shown in Appendix 4.

Source: Audit Scotland

Part 4 – work programme proposals for 2019/20 and 2020/21

20. In preparing the work programme refresh proposals, in addition to our ongoing programme development work we have also considered the following topics which are of strategic significance to the AGS and Commission:
- **Best Value auditing** - for the purposes of this year's work programme refresh we have assumed that at the end of the current five-year audit appointment cycle the Commission will decide to adopt a more proportionate and risk-based approach to future local government Best Value auditing thereby freeing up resources that can be directed to performance audit work. On that basis we have made provision for a range of local government-specific performance audit work in the final three years of the work programme.
 - **New Financial Powers and constitutional change** - given the long-term strategic significance of Scotland's new financial powers we will continue to develop and implement a programme of work assessing and reporting on the implications of newly devolved economic and fiscal policy responsibilities on the Scottish Government, Scottish Parliament and bodies across the public sector (including councils). This will include work reflecting on fundamental changes in public financial management now needed, including the introduction of a Scottish Exchequer.
 - **Follow-up audit work** -. Impact reports inform our programme development activity as they provide an opportunity to consider whether further follow-up audit work would add value in the area in question. Follow-up audit work, policy and performance monitoring or programme development activity is included in the work programme where significant risks and issues remain in a previously audited area. For example, the forthcoming audits on *Educational outcomes (2019/20)*, *Higher Education Finances (2019/20)* and *Commonwealth games legacy (2021/22)* are all important topics on which the AGS and/or the Accounts Commission have reported in the past.
21. Appendix 1 summarises the number and range of audit outputs Audit Scotland published on behalf of the AGS and Accounts Commission over the period 2014/15 to 2018/19. Appendix 2 provides details of the audit outputs published during 2018/19.
22. This volume of activity has provided the AGS and Accounts Commission with a steady stream of published outputs that have had significant national and local impact and enabled the AGS to provide effective support to the Parliament's Public Audit and Post-Legislative Scrutiny committee (and several other Parliamentary committees).
23. The work programme proposals for 2019/20 and 2020/21) are based on a similar level of outputs and support from the Performance Audit and Best Value team. That is:
- 9 (2019/20) / 7 (2020/21) performance audits (6 AGS, 2 Commission, 8 joint)
 - 2 joint performance audits in 2019/20 but may report early 2020/21
 - 4 overview reports annually (2 x AGS, 2 x Commission)
 - 7 Best Value Assurance Reports annually (Commission)
 - 11 statutory reports annually (8 x AGS, 3 x Commission)¹
 - The National Scrutiny Plan (Commission)
 - Between 4-5 impact reports annually (AGS and Commission).

¹ Statutory reporting is reactive and responsive to emerging areas of concern and risk. Resources are earmarked within the resource plan to support this work in line with recent experience / cost.

Exhibit 4

Proposed work programme options 2019/20–2020/21

	2019/20	2020/21
Performance audits	<ul style="list-style-type: none"> Enabling digital government (AGS) Higher education finances (AGS) NHS workforce: community-based workforce (AGS) Skills: planning and investment (AGS) Social Security (AGS) City Deals (Joint) Early learning and childcare (Joint)* EU withdrawal (Joint)** NPD projects (Joint) <p>* Combined impact and early follow up report ** dependent on developments within this area</p>	<ul style="list-style-type: none"> Social Security (AGS) Commonwealth Games legacy (Joint) Flood risk management <u>or</u> waste management (Joint) Outcomes for children with additional support needs (Joint) Social care sustainability (Joint) Digital progress in local government (AC) Supporting economic growth: the role of local authorities (AC)
	<ul style="list-style-type: none"> Educational outcomes (Joint)* Affordable housing (Joint)* <p>*these audits are part of the 19/20 programme but may be published in early 20/21</p>	
Overview reports	<ul style="list-style-type: none"> NHS in Scotland (AGS) Colleges (AGS) Local government x2 (Commission) 	<ul style="list-style-type: none"> NHS in Scotland (AGS) Colleges (AGS) Local government x2 (Commission)
SRA	National scrutiny plan	National scrutiny plan
Best Value	7 x BVARs (Commission) <ul style="list-style-type: none"> Highland Council Midlothian Council North Lanarkshire Council Perth and Kinross Council South Lanarkshire Council Stirling Council 	7 x BVARs (Commission) – councils to be confirmed
Statutory reports	<ul style="list-style-type: none"> S22 (x8) (AGS) Section 102 (x3) (Commission) 	<ul style="list-style-type: none"> S22 (x8) (AGS) Section 102 (x3) (Commission)
How Councils Work (HCW)	It is assumed that no HCW audit will take place in 2019/20.	It is assumed that one HCW audit will take place in 2020/21. The Commission will consider potential HCW options for 2020/21 at the March Strategy Seminar and 2019 programme refresh
Impact reports	<ul style="list-style-type: none"> NHS workforce planning (AGS) Transport Scotland's ferry services (AGS) Self-directed support follow-up (Joint) Equal Pay in councils (AC) 	<ul style="list-style-type: none"> Forth replacement crossing (AGS) NHS Workforce 1 (AGS) Scottish fire and rescue follow-up (AGS) Children and young people's mental health (Joint) Councils' use of arms-length organisations (AC)

Source: Audit Scotland

Planned programme development activity

24. An important aspect of our ongoing programme development work involves the three policy clusters (HCC, JELL, PIE) briefing the AGS and the Accounts Commission throughout the year on significant policy or performance-related developments and emerging risks across the public sector. Those discussions are used to highlight issues which either require further investigation or which the AGS or the Accounts Commission would like to see considered as potential areas for audit work as part of future work programme refreshes.
25. Based on recent discussions with the AGS and the Accounts Commission we are proposing to undertake the following specific pieces of development work during 2019/20 and 2020/21 to help shape the longer-term work programme:
 - *Community Empowerment* – briefing paper for the AGS and Commission on why community empowerment is important and our proposed approach to independent scrutiny and supporting improvement in this area. This briefing paper will be used to inform our approach to embedding consideration of key Community Empowerment-related issues (e.g. place-based planning, prevention, asset transfer) across our work (annual audit, Best Value, performance audits and overview reporting).
 - *Cybersecurity (joint)* – This work will draw together intelligence gathered by local auditors as part of the 2017/18 financial audit. There are new formal arrangements for cybersecurity in force from April 2019 which will be included in the Scottish Public Finance Manual and will be a requirement within public bodies governance arrangements. Stakeholders have confirmed that a short output setting out information for audit committees and management would be welcomed.
 - *Drug and Alcohol briefing (joint)* - The Scottish Government's drugs strategy 'Road to Recovery' was published in 2008. The SG announced late last year that, due to the many shared underlying causes and similarities in treatment services, a new combined alcohol and drugs strategy would be published in 2018. We are proposing that a key issues and update paper be presented to the AGS and Commission in February 2019. Drawing upon available data and audit intelligence, it will provide a high-level update on progress in delivering drug and alcohol services, particularly in relation to the increase in drug related deaths. It will also consider good practice examples in Scotland and elsewhere.
 - *Enterprise and skills issues paper* – We will produce a 'key issues' paper focusing on enterprise and skills, setting out key issues flowing from the enterprise and skills review and the main opportunities, challenges and risks from an audit perspective. This would establish our interest at this stage and signpost future audit work and our approach in this important area.
 - *Leadership* – ongoing development work considering the importance of leadership in the context of reducing financial resources, increasing demands for services, more joint working and integrated service delivery, policy change and transformation of public services. While we highlight these issues in individual audits and overview reports there is an opportunity to undertake cross-sector work across broader public-sector leadership.
 - *Local economic development* – briefing paper for the Commission on the specific role of local authorities in supporting economic development growth and how this

sits alongside regional and national activity. This briefing paper will be used to inform the 2020/21 audit on *Supporting Economic Growth: the role of local authorities*.

- *Public financial management* – ongoing development work for the AGS will continue the implications of Scotland's new financial powers on the Scottish Parliament, Scottish Government and public bodies. This will include monitoring how key elements of new system operate (e.g. forecasting risk and performance, development and refinement of medium term financial plans, tax policy).
- *Teacher workforce planning (joint)* – This analysis will consider future demand for the teacher workforce, offering comparisons with our 2017 NHS workforce planning audit.

26. We will agree a schedule of reporting on programme development activity with the AGS and the Accounts Commission following approval of the programme refresh proposals.

Programme resourcing (including balance of audit work between AGS / Commission)

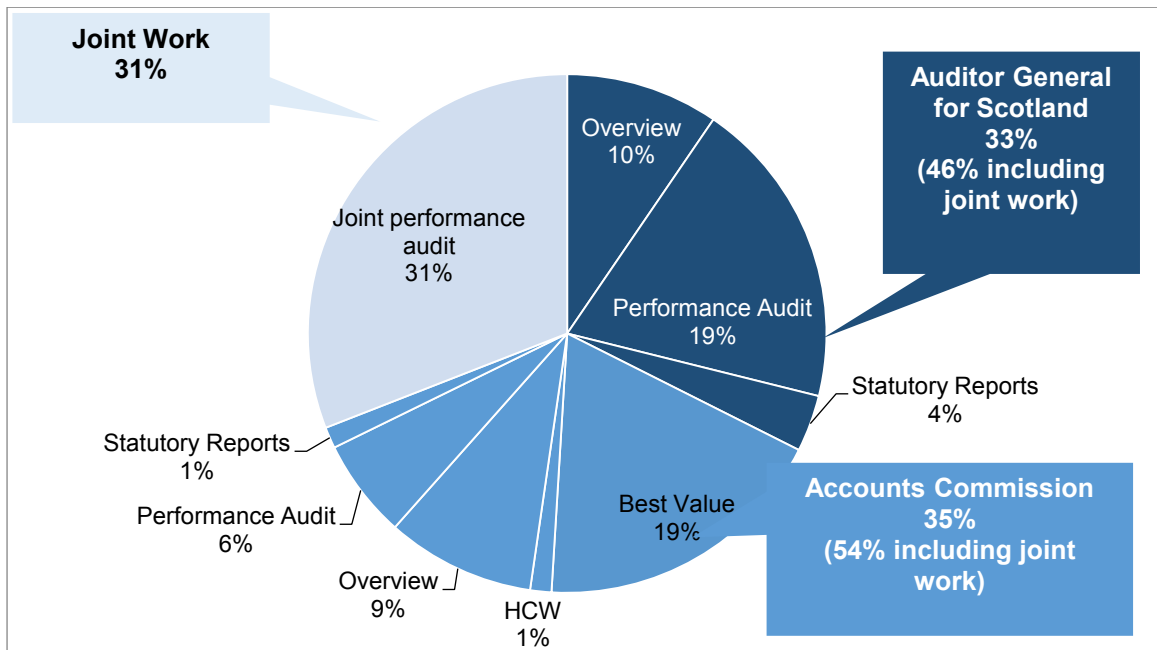
27. Our commitment to audit quality means that we need to ensure that we construct audit teams with the right skills and experience to undertake the various pieces of audit work contained within the work programme. This reflects our commitment to meeting international auditing standards² in our performance audit and wider scope work. With a complex work programme and finite resources this requires us to adopt an agile and flexible approach to programme management. This can have implications for the scheduling of particular pieces of work.

28. The proposed programme contains a balance of AGS only, Commission only and joint work. Exhibit 5 on page 14 shows how the indicative resources needed to deliver the work during 2019/20 and 2020/21 combined broadly reflect the overall balance of funding received by the AGS (47%) and the Commission (53%).

29. The allocation is based on indicative audit budgets, and for joint audits an initial assessment of the relative AGS/ Commission balance within the work e.g. 60:40. Appendix 3 sets out the respective resource allocation analysis between the AGS and Commission for 2019/20-2020/21

² International Standards of Supreme Audit Institutions (ISSAI) 3000 – Standards for Performance Auditing (requirement 63) and International Standards on Auditing (ISA) 300 (A8)

Exhibit 5 Proposed programme resource allocation split (days) 2019/20 and 2020/21 combined



Part 5 – Other issues

Parliamentary engagement

30. We have been implementing a more strategic approach to parliamentary engagement since the start of Session Five of the Scottish Parliament. The new arrangements are designed to ensure that the work programmes of the AGS and Accounts Commission are informed by, and avoid duplicating the work of, parliamentary committees. The arrangements aim to ensure that our work supports effective parliamentary scrutiny that makes a difference to public services and the way public money is used in Scotland.
31. Feedback from the parliament on our engagement work has been positive with evidence of much greater use of our audit work across parliamentary committees. Evidence of the impact of our engagement work includes increased use of our audit reports within subject committees, growing demand for background briefings on key issues of interest to committees, and significant amounts of less formal contacts from parliamentary staff seeking advice and intelligence from Audit Scotland on public sector performance or finance-related issues to inform inquiries or budget scrutiny activity. We are now also seeing more consistent use of the Commission's local government overview work by the Local Government and Communities Committee.
32. We are now in a strong position to support the Parliament in strengthening scrutiny of how well public finances are being used to deliver improved outcomes. This aspect of our engagement has assumed greater prominence since the Parliament accepted the recommendations of the Budget Process Review Group (BPRG).
33. The most recent phase of our parliamentary engagement has involved supporting committees in implementing the Parliament's new budget process. Early next year we will be conducting a joint 'lessons-learnt' session with committee clerks and Scottish Parliament Information Centre (SPICe) staff to review what has worked well and less well as part of this year's budget process to share good practice and refine approaches moving forward.

Equality and diversity

34. It is important that we consider our obligations under the Equality Act 2010 as part of the work programme refresh to ensure that equality issues are given appropriate prominence across the full range of our audit work.
35. Last year the AGS and Accounts Commission published several audit reports with a strong focus on the extent to which public bodies are addressing equalities, such as Equal pay and Self-directed support 2. During 2018 equality issues also featured as important themes in a number of performance audit reports: Fire and Rescue reform (gender-related impacts of the implementation of reform), Broadband follow-up (rural access and equity issues); and Children and young people's mental health (equity, access and equality-related performance data concerns).
36. Audit Scotland has also undertaken a wide range of equality and human rights related stakeholder engagement activity on behalf of the AGS and the Commission to help us embed equality and human rights concerns in our audit work and to gather views on potential topics for our future work programme. The focus of that stakeholder engagement work has been through Audit Scotland's Equality and Human Rights advisory group (EHRAG)³ which has met twice during 2018.
37. Feedback from EHRAG has helped us build equality and human rights considerations more effectively in to our audit work. For example:
 - The EHRAG recommended that the scope of the Children and young people's mental health (CYPMH) audit should look beyond statutory services to consider access to early intervention. The audit took this wider view of this service area and subsequently reported critically on a number of equality-related topics, including the current focus of CYPMH services, equity of access to services, and the range and level of performance and equality-related outcome data.
 - The EHRAG identified the need for the Broadband update audit to consider access from a rural perspective. The audit subsequently did this and reported critically on the Scottish Government's engagement and communication with rural communities and the performance of Community Broadband Scotland.
 - Our engagement with EHRAG has led to the Scottish Human Rights Commission working with the Social Security audit team to ensure that implications of the UN Right to Social Security are appropriately reflected in our audit work in this area.
38. EHRAG has also identified a number of broader equality and human right-related issues (e.g. the role of the refreshed National Performance Framework and the community empowerment agenda in promoting human rights, equality and human rights-based budget scrutiny; the impact of national and local budget changes on different groups or communities of interest (potentially including protected characteristic groups)). We will continue to engage with EHRAG on these issues during 2019.
39. As in previous years we will undertake an Equality Impact Assessment on the refreshed work programme once it has been agreed by the AGS and the Accounts Commission. This will then be considered by Audit Scotland's Diversity and Equality Steering Group (DESG) and once approved published on Audit Scotland's website.

³ This advisory group is made up of a range of expert organisations. These include: the Scottish Equality Network, Enable Scotland, Stonewall Scotland, Council of Ethnic Minority Voluntary Sector Organisations (CEMVO), Children 1st, Scottish Inter-Faith Council, Close the Gap, and Age Scotland.

Conclusion

40. The Commission is invited to:

- a) Approve the draft rolling five-year work programme refresh proposals, including the detailed proposals for 2019/20 and 2020/21, as a basis for consultation with stakeholders, subject to discussion between the Chair and Auditor General
- b) In doing so, identify its preference between Flood risk management and Waste management for inclusion as a performance audit in 2020/21.
- c) Note the activities around parliamentary engagement, and the equality and diversity implications of the work programme.
- d) Note that a schedule of reporting for programme development activity will be provided within programme update reporting to the performance audit committee.

Fraser McKinlay
Director of Performance Audit and Best Value
27 November 2018

Appendix 1: outputs published on behalf of AGS and Accounts Commission

Reports		Total
2018/19 (planned)	6 performance audits, 7 Best Value, 5* overview, 18 'other'	36 reports
2017/18	7 performance audits, 8 Best Value (6 BVAR, 2 follow up), 3* overview, 11 'other'	29 reports
2016/17	7 performance audits, 3 Best Value, 4 overviews, 1 How councils work, 8 'other' (briefings and statutory reporting)	23 reports
2015/16	7 performance audits, 6 Best Value, 3 overviews, 1 Community Planning, 1 How councils work, 9 'other'	27 reports
2014/15	6 performance audits, 4 Best Value, 6 Community Planning, 3 overviews, 5 'other'	24 reports
*the 2017/18 Local government overview: challenges and performance was published in April 2018		

Appendix 2: 2018/19 – published and planned

Month	Report
April	S102. The 2016/17 audit of the City of Edinburgh Council (Edinburgh Schools) Local government in Scotland overview: challenges and performance 2018 What is integration? A short guide to the integration of health and social care services in Scotland S22. The 2016/17 audit of Edinburgh College S22. The 2016/17 audit of New College Lanarkshire
May	Councils' use of arm's-length organisations East Ayrshire Council Best Value Assurance Report Fife Council Best Value Assurance Report Scottish Fire and Rescue Service: an update
June	Housing benefit annual update Scotland's colleges overview West Dunbartonshire Council Best Value Assurance Report
July	National Fraud Initiative in Scotland
August	Forth replacement crossing Glasgow City Council Best Value Assurance Report
September	Children and young people's mental health Superfast broadband for Scotland: an update S22: Scottish Government consolidated accounts
October	S22. NHS Ayrshire and Arran S22. NHS Highland S22. Scottish Public Pension Agency Key issues paper – Withdrawal from the European Union: key audit issues for the Scottish public sector Scotland's new financial powers: operation of the fiscal framework NHS in Scotland overview 2018
November	Dumfries and Galloway Council Best Value Assurance Report East Lothian Council Best Value Assurance Report Health and social care integration: update on progress Financial overview of local government in Scotland 2017/18 S22. Community Justice Scotland S22. Scottish Police Authority
December	S22. NHS Tayside S22. Scottish Social Services Council (planned)
January	No planned publications
February	No planned publications
March	Local government in Scotland overview: challenges and performance 2019 (planned) South Lanarkshire Council Best Value Assurance Report (planned) S22: Further Education (provisional x2)
Total = 36 outputs	17 Auditor General (provisional), 12 Accounts Commission, 3 Joint, 4 Other

Appendix 3: AGS and Accounts Commission indicative resource allocation (2019/20 – 2020/21) – Performance Audit and Best Value work

Auditor General for Scotland 2019/20 – 2020/21	Size	Indicative budget (£,000s)	Indicative budget (days)
NHS in Scotland x2	Overview	260	680
Scotland's colleges x2	Overview	160	400
Enabling digital government	Medium PA	150	350
Higher education finance	Medium PA	150	350
NHS workforce (2): community-based workforce	Medium PA	170	389
Skills – planning and investment	Large PA	175	400
Social Security 2019 and 2020	Medium PA	300	700
Statutory reports x 16	Varies	288	400
Total		1653	3669

Accounts Commission 2019/20 – 2020/21	Size	Indicative budget (£,000s)	Indicative budget (days)
Best Value Assurance Reports x 14	BVAR	910	2100
Local government in Scotland: financial overview x 2	Overview (small)	190	440
Local government in Scotland: performance and challenges x 2	Overview	280	610
Digital progress in local government	Medium PA	150	350
Supporting economic growth: role of local authorities	Medium PA	150	350
How Councils Work	HCW	80	150
Statutory reports x 6	Varies	108	150
Total		1868	4150

Joint work (split varies depending on topic) 2019/20–2020/21	Size	Indicative budget (£,000s)	Indicative budget (days)
City Deals	Medium PA	150	350
Commonwealth Games legacy	Small PA	125	300
Early learning and childcare	Small PA	125	300
Educational outcomes	Large PA	175	400
EU withdrawal (provisional)	Medium PA	150	350
Housing	Large PA	175	400
NPD	Medium PA	150	350
Outcomes for children with additional support needs	Medium PA	150	350
Social care sustainability	Medium PA	150	350
Flood risk management OR Waste management	Medium PA	150	350
Total		1500	3500

Overall total 2019/20 and 2020/21: £5,021,000 / 11319 days
AGS share including joint work: £2,430,500 / 5484 days (48% / 46%)
AC share including joint work: £2,590,500 / 5835 days (52% / 54%)

Appendix 4: Proposed revised longer-term audit programme (2019/20 to 2023/24)

	2019/20	2020/21	2021/22 provisional	2022/23 provisional	2023/24 provisional
Audits of Best Value	<p>7 BVARs (AC)</p> <ul style="list-style-type: none"> • Highland Council • Midlothian Council • North Lanarkshire Council • Perth and Kinross Council • Scottish Borders Council • South Lanarkshire Council • Stirling Council 	<p>7 BVARs (AC)</p> <p>To be confirmed following the 2019/20 SRA process</p>	<p>6 BVARs (AC)</p> <p>To be confirmed following the 2020/21 SRA process</p>	<p>End of five-year appointment cycle.</p> <p>To be confirmed following 2021/22 SRA process</p>	<p>New appointment cycle. Approach to Best Value audit in councils to be agreed.</p> <p>To be confirmed following 2022/23 SRA process</p>
How Councils Work	<ul style="list-style-type: none"> • No HCW planned 	<ul style="list-style-type: none"> • To be confirmed 	<ul style="list-style-type: none"> • To be confirmed 	<ul style="list-style-type: none"> • To be confirmed 	<ul style="list-style-type: none"> • To be confirmed
Overview reporting	<ul style="list-style-type: none"> • NHS in Scotland (AGS) • Scotland's colleges (AGS) • Local government financial overview (AC) • Local government overview (AC) 	<ul style="list-style-type: none"> • NHS in Scotland (AGS) • Scotland's colleges (AGS) • Local government financial overview (AC) • Local government overview (AC) 	<ul style="list-style-type: none"> • NHS in Scotland (AGS) • Scotland's colleges (AGS) • Local government financial overview (AC) • Local government overview (AC) 	<ul style="list-style-type: none"> • NHS in Scotland (AGS) • Scotland's colleges (AGS) • Local government financial overview (AC) • Local government overview (AC) 	<ul style="list-style-type: none"> • NHS in Scotland (AGS) • Scotland's colleges (AGS) • Local government financial overview (AC) • Local government overview (AC)

	2019/20	2020/21	2021/22 provisional	2022/23 provisional	2023/24 provisional
Performance audits	<ul style="list-style-type: none"> Enabling digital government (AGS) Higher education finances (AGS) NHS workforce 2: community-based workforce (AGS) Skills – planning and investment (ASG) Social Security (AGS) City Deals (Joint) Early learning and childcare (Joint) – impact and follow up Educational outcomes (Joint)* EU withdrawal Housing (Joint)* Revenue financing of assets: the Non-profit distributing (NPD) and Hub models (Joint) 	<ul style="list-style-type: none"> Social Security (AGS) Commonwealth Games legacy (Joint) Flood risk management OR Waste management (Joint) Outcomes for children with additional support needs (Joint) Social care sustainability (Joint) Digital progress in local government (AC) Supporting economic growth: the role of local authorities (AC) 	<ul style="list-style-type: none"> Development of Scotland's new agriculture and fishing policy (AGS) Fair access to higher education (AGS) Social Security (AGS) City Deals 2 (Joint) Community justice (Joint) Digital services: learning or justice (Joint OR AGS) Early learning and childcare series (Joint) Improving outcomes for looked after children and young people (Joint) Workforce planning post-EU withdrawal (Joint) Local government services (AC)** 	<ul style="list-style-type: none"> Digital in health (AGS) Social Security (AGS) Supporting economic growth: Enterprise and Skills Review (AGS) Housing for an older population (Joint) Mental health (Joint) Progress in addressing child poverty (Joint) Replacing Structural Funds (Joint) Strategic capital investment (Joint or AGS) Local government services (AC)** 	<ul style="list-style-type: none"> Climate change plan (AGS) Digital: progress against digital strategy (AGS) Public energy company (AGS) Scottish investment bank (AGS) Social Security (AGS) Support to rail services (AGS) Health and social care 3 (Joint) Local government services (AC)**
	<ul style="list-style-type: none"> Educational outcomes (Joint)* Affordable housing (Joint)* <p>*may report early 20/21</p>	<p>*programme of audits focusing on 'core' local government services (e.g. leisure, libraries, burials, regulatory services, community transport)</p>			

	2019/20	2020/21	2021/22 provisional	2022/23 provisional	2023/24 provisional
<p>Impact reports</p> <p><i>Note: impact report publication dates may change in response to significant policy developments that impact on audit recommendations and the final scheduling of the original audit work / report publication.</i></p>	<ul style="list-style-type: none"> NHS workforce planning (AGS) Transport Scotland's ferry services (AGS) Self-Directed Support follow up (Joint) Equal Pay in councils (AC) 	<ul style="list-style-type: none"> Forth replacement crossing (AGS) Scottish Fire and Rescue Service: an update (AGS) Superfast Broadband for Scotland (AGS) Children and young people's mental health (Joint) Councils' use of arms-length organisations (AC) 	<ul style="list-style-type: none"> Enabling digital government (AGS) Higher education finances (AGS) NHS workforce 2: community-based workforce (AGS) Skills – planning and investment (ASG) City Deals (Joint) EU withdrawal Revenue financing of assets: the Non-profit distributing (NPD) and Hub models (Joint) 	<ul style="list-style-type: none"> Commonwealth Games legacy (Joint) Educational Outcomes (Joint) Flood risk management OR Waste management (Joint) Housing (Joint) Outcomes for children with additional support needs (Joint) Social care sustainability (Joint) Digital progress in local government (AC) Supporting economic growth: the role of local authorities (AC) 	<ul style="list-style-type: none"> Development of Scotland's new agriculture and fishing policy (AGS) Fair access to higher education (AGS) City Deals 2 (Joint) Community justice (Joint) Digital services: learning or justice (Joint OR AGS) Early learning and childcare series (Joint) Improving outcomes for looked after children and young people (Joint) Workforce planning post-EU withdrawal (Joint) Accounts Commission performance audit (AC)

Appendix 5: Summary information on the proposed performance audits in 2019/20 and 2020/21

2019/20

Auditor General for Scotland	Joint Auditor General and Accounts Commission	Accounts Commission
<p>Enabling digital government This is the first in a series of audits looking at the progress the Scottish Government is making in enabling and building a digital government. The audit will provide an update on our previous reports, assessing the Scottish Government's progress in delivering against its digital ambitions across central government. This will include examining progress against its digital strategy, the impact of new assurance arrangements, and where possible, a comparison of the Scottish Government's approach and progress with other countries. It will provide a judgement on the strategic arrangements which will help inform future audit work on individual projects or aspects of digital government.</p> <p>Higher education finances Scottish Higher Education Institutions make an important contribution to the economy and wider society. Our 2016 report highlighted a number of financial and funding challenges for the sector. This audit will look at how the financial position of the sector has changed, three years on. It will include an assessment of the effectiveness of Scottish Government funding to the sector, and how well the Scottish Funding Council and the Scottish Government are working with Higher Education Institutions to plan for the future, in line with key national outcome priorities.</p>	<p>City Deals The Scottish Government considers City Region Deals as having a major role in driving the economy, boosting investment and innovation, and supporting inclusive economic growth. Around £2.4 billion has been committed in respect of the City Region Deals agreed to date, with most councils actively involved in their development. The audit will review progress to date, with particular emphasis on governance and programme management arrangements. A further City Deals performance audit is proposed for 2021/22 by which time projects associated with each City Deal should be underway.</p> <p>Early learning and childcare This is a follow-up of our 2018 report, and will provide an update on planning for the expansion in funded early learning and childcare to implement the Scottish Government's goal of delivering 1,140 funded hours by August 2020. The audit will consider several significant risks identified in the 2018 report through interim audit and impact reporting work in 19/20. It will be followed by a further audit in 2021/22 to assess how effectively the 2020 expansion has been implemented taking place in 2019/20.</p>	<p>Scoping and fieldwork for two Accounts Commission only performance audits will be undertaken in 2019/20, but the audit findings will be reported in early 2020/21:</p> <ul style="list-style-type: none"> • Digital progress in local government • Supporting economic growth: the role of local authorities <p>See 2020/21 for details of the planned focus of these two pieces of work.</p>

Auditor General for Scotland	Joint Auditor General and Accounts Commission	Accounts Commission
<p>NHS workforce 2: community-based workforce While a number of stakeholders are involved in workforce planning for the NHS, this audit will look primarily at the national approach to workforce planning. It will consider how effectively the Scottish Government is planning and developing the primary care clinical workforce to meet the current and future needs of the Scottish population. The audit will focus on GPs and wider multi-disciplinary teams (MDTs), as they are central to shifting the balance of care to community settings. It will not cover the wider social care workforce. It will look at current and future pressures facing the NHS workforce, as well as progress in implementing new ways of working.</p> <p>Skills – planning and investment Having the right skills available within the working age population, and equity of opportunity for learners are central to the Scottish Government’s priority of economic growth. This audit will look at how effectively the Scottish Government works with relevant stakeholders (including the Scottish Funding Council and Skills Development Scotland) to identify and develop the skills needed for the economy and wider society. The audit will assess the effectiveness of skills planning, and what progress has been made with changes proposed through the Enterprise and Skills Review.</p>	<p>Educational outcomes This audit will follow up on the Accounts Commission’s 2014 report. Since then the Scottish Government has identified improving educational outcomes and closing the poverty-related attainment gap as its top priority. It has committed an additional £750 million to improve outcomes over the lifetime of this Parliament. Since 2014 there has also been significant change within the education sector, including development of the Scottish Attainment Challenge and Pupil Equity Funding. The audit will look at trends in educational outcomes and spending across Scotland and assess the impact of actions by the Scottish Government and councils to improve outcomes. It will also follow up on progress against the recommendations in the 2014 report.</p> <p>EU withdrawal It is proposed that there be provision within the work programme for focused performance audit work on EU withdrawal. The scope and scale of any performance audit work will be dependent on developments within this fast-moving area. Any performance audit work undertaken is likely to be joint work on behalf of the Auditor General and Accounts Commission. The implications of EU withdrawal and potential audit response will continue to be monitored by Audit Scotland’s EU withdrawal team.</p>	

Auditor General for Scotland	Joint Auditor General and Accounts Commission	Accounts Commission
<p>Social Security The Scotland Act 2016 devolves 11 UK social security benefits to the Scottish Parliament, along with powers to top-up other existing benefits and to introduce new ones. With spending estimated to be around £3.3 billion every year once fully implemented, this represents about 15 per cent of overall current social security spending in Scotland. This audit will examine how effectively the Scottish Government is managing delivery of the devolved social security powers. We have published four audits to date on implementing the range of financial powers and responsibilities of the 2012 and 2016 Scotland Acts. Given the scale, complexity and financial impact of the social security powers, this audit will focus solely on these powers.</p>	<p>Affordable housing The Scottish Government's vision is to provide an affordable home for all by 2020, with four key targets for housing (covering homelessness, fuel poverty, energy efficiency and the quality of social housing). The government has also set targets for new homes for the current and previous parliamentary terms. Councils have a long-standing legal duty to assess and respond to housing need for their area. Council plans also need to consider people in the private sector in terms of housing need.</p> <p>Our 2013 report identified that a focus on numbers alone creates a risk that homes could be built where it is easy and most cost-effective, not where they are most needed. Since 2013 there have been changes to funding, for example the Scottish Government launched the Housing Infrastructure Fund in 2016 to help councils with the costs of supporting infrastructure such as roads and drainage</p> <p>The audit will consider what progress has been made against the national new build target, and how has this supported the policy objectives of reducing homelessness and increasing access to affordable housing for those most in need. It will consider local planning arrangements, variability between council areas, barriers to building enough homes in Scotland, and how the Scottish Government and councils are working together to address these barriers.</p>	

Auditor General for Scotland	Joint Auditor General and Accounts Commission	Accounts Commission
	<p>Revenue financing of assets: the Non-profit distributing (NPD) and Hub models</p> <p>The audit will assess whether the NPD and Hub models provide value for money, and how effectively they are contributing to the delivery of infrastructure investment across Scotland. The audit will seek to answer four key questions:</p> <ul style="list-style-type: none"> • Do the NPD/HubCo revenue models provide advantages compared to other ways of financing infrastructure (including previous methods such as PFI)? • How much use has been made of the NPD/HubCo models in Scotland and what are the long-term public sector financial commitments relating to all revenue financed infrastructure projects? • How well has the Scottish Government, Scottish Futures Trust and HubCos worked together to deliver value for money? • To what extent have individual projects been managed well and can they demonstrate they are value for money? 	

Auditor General for Scotland	Joint Auditor General and Accounts Commission	Accounts Commission
<p>Social Security This is the next in the series of performance audits of Scotland's new social security powers.</p>	<p>Commonwealth Games legacy This would be the fourth report on the 2014 Commonwealth Games and would focus on the delivery of the Scottish Government and Glasgow City Council legacy plans, six years after the games. The legacy was a key component of committing £425 million of public funds. Both the Government and Council developed an evaluation framework and intended to monitor progress regularly up to 2019. Producing an audit output in 2020/21 allows us to consider these evaluations and complete our reporting on the games.</p> <p>Flood risk management The Scottish Government identifies flood risk as one of the key negative consequences of climate change. The effects of flooding cause significant distress and disruption to people, communities and businesses across the country. The audit would seek to identify spend to date on flood mitigation and prevention measures and assess progress against flood risk management strategies and plans. It will seek to identify good practice and areas where further action is required.</p> <p>Or</p> <p>Waste management This audit would review councils' progress in reducing the amount of waste sent to landfill in the context of tighter targets and the Scottish Government's overall climate change</p>	<p>Digital progress in local government This audit will enable the Commission to focus on whether councils are making best use of digital technologies and methods to transform services and improve outcomes for citizens. This would include looking at the effectiveness of leadership and collaboration across councils.</p> <p>Supporting economic growth: the role of local authorities Building on our 2016 report on the role of the enterprise agencies in supporting economic growth, this audit will consider the issues and risks to other areas of the economic development landscape. This includes local economic development and regeneration activity in councils, and the role of the Business Gateway service. This is a topic which is of priority interest to the Commission. This will assume even greater significance due to the potential impact of Scotland's new financial powers on local government funding, and the increased emphasis that Scottish local authorities are placing on supporting economic growth as part of their efforts to create sustainable communities and address inequalities.</p>

Auditor General for Scotland	Joint Auditor General and Accounts Commission	Accounts Commission
	<p>objectives. It will compare performance and seek to identify good practice. The timing of audit work at this time corresponds with EU targets for 2020, and action to meet Scottish Government's 2025 targets.</p> <p>Outcomes for children with additional support needs This audit will build on the work undertaken as part of the Educational outcomes audit. Data shows a significant gap in attainment and 'positive destinations' between children with additional support needs and all children. This comes at a time where the number of children with additional needs is increasing but specialist support staff in schools decreasing. There is a risk that the current focus on addressing the poverty-related attainment gap sees the needs of ASN children missed. The audit will look across services and across the learner journey from early learning and childcare through to college / higher education / skills / employment.</p> <p>Social care sustainability There are major risks around social care financing, governance and accountability. While we have reported on these in a number of previous reports we believe there to be a strong case for carrying out performance audit work looking at the risks in this area. With increasing pressure on council and health budgets, and complicated arrangements in health and social care, the audit work would likely explore:</p>	

Auditor General for Scotland	Joint Auditor General and Accounts Commission	Accounts Commission
	<ul style="list-style-type: none"> ○ how social care services are provided across Scotland at a high-level ○ how much is being spent, how this has changed and future spending plans ○ what the main pressures and risks are, particularly in relation to financing and cost pressures ○ the level of medium to long-term planning for the provision of social care ○ outcomes for local populations 	