

455th meeting of the Accounts Commission for Scotland
Thursday 7 March 2019, 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 12 to 14 in private (* see note).
4. **Minutes of meeting of 7 February 2019**
5. **Minutes of meeting of Financial Audit and Assurance Committee of 21 February 2019.**
6. **Minutes of meeting of Performance Audit Committee of 21 February 2019.**
7. **Update report by the Secretary to the Commission:** The Commission will consider a report by the Secretary to the Commission.
8. **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.
9. **Briefing: Public health:** The Commission will consider a report by the Director of Performance Audit and Best Value.
10. **Housing benefit performance audit:** The Commission will consider a report by the Director of Performance Audit and Best Value.
11. **Best Value Assurance Report: South Lanarkshire Council:** The Commission will consider a report by the Controller of Audit.

The following items are proposed to be considered in private:*

12. **Best Value Assurance Report: South Lanarkshire Council:** The Commission will consider the actions that it wishes to take.
13. **Briefing: drug and alcohol services:** The Commission will consider a report by the Director of Performance Audit and Best Value.
14. **Commission business matters:** The Commission will discuss matters of interest.

* It is proposed that items 12 to 14 be considered in private because:

- Item 12 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 13 is a briefing paper containing confidential policy matters for the Commission to consider.
- Item 14 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 7 February 2019	AC.2019.3.1
Agenda Item 5: Minutes of meeting of Financial Audit and Assurance Committee of 21 February 2019	AC.2019.3.2
Agenda Item 6: Minutes of meeting of Performance Audit Committee of 21 February 2019	AC.2019.3.3
Agenda Item 7: Report by Secretary to the Commission	AC.2019.3.4
Agenda Item 9: Report by Director of Performance Audit and Best Value	AC.2019.3.5
Agenda Item 10: Report by Director of Performance Audit and Best Value	AC.2019.3.6
Agenda Item 11: Report by Controller of Audit	AC.2019.3.7
Agenda Item 12: Report by the Controller of Audit	AC.2019.3.8
Agenda Item 13: Report by the Director of Performance Audit and Best Value	AC.2019.3.9

MEETING: 7 MARCH 2019

MINUTES OF PREVIOUS MEETING

Minutes of the 454th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 7 February 2019, at 10.15am

PRESENT: Graham Sharp (Chair)
Andrew Burns
Sophie Flemig
Sheila Gunn
Ronnie Hinds
Christine Lester
Stephen Moore
Sharon O'Connor
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Ruth Azzam, Audit Officer, PABV (Item 12)
Douglas Black, Audit Manager, PABV (Item 13)
Carol Calder, Senior Manager, PABV (Items 12 and 13)
Antony Clark, Audit Director, PABV (Item 13)
Ashleigh Madjitey, Senior Auditor, PABV (Item 12)
Paul O'Brien, Senior Manager, Professional Support (Item 9)
Mark Taylor, Audit Director, ASG (Item 8)
Mark Roberts, Senior Manager, PABV (Item 8)
Kathrine Sibbald, Audit Manager, PABV (Item 12)
Claire Sweeney, Audit Director, PABV (Item 12)
Peter Worsdale, Audit Manager, PABV and Accounts Commission (Item 10)
David Martin, Chair, Local Government Benchmarking Framework Board (Item 11)
Emily Lynch, Programme Manager, Improvement Service (Item 11)

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 10 January 2019
5. Audit Scotland Board update
6. Update report by the Secretary of the Commission
7. Update report by the Controller of Audit
8. Financial Devolution and European Union Withdrawal: six monthly update
9. Revised form of independent auditor's report for 2018/19
10. Work programme: consultation outputs
11. Local Government Benchmarking Framework: draft annual report 2017/18
12. Overview of Local Government in Scotland: draft report
13. How Councils work – Protecting public money: draft report
14. Commission business matters

1. Apologies for absence

It was noted that Andrew Cowie and Tim McKay had submitted their apologies for absence.

2. Declarations of interest

The following declarations of interest were made:

- Andrew Burns, in item 6, as a council tax payer in the City of Edinburgh area, and in item 10, as Chair of the Scottish Council for Voluntary Organisations.
- Ronnie Hinds, in item 11, as a former Chair of the Local Government Benchmarking Framework Board.
- Geraldine Wooley, in item 6, as a council tax payer in the City of Edinburgh area.

3. Decisions on taking business in private

It was agreed that items 12 to 14 be considered in private because:

- Item 12 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 13 proposes a draft audit report which the Commission is to consider in private before publishing.

No business was notified by members for item 14 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 10 January 2019

The minutes of the meeting of 10 January 2019 were approved as a correct record.

5. Audit Scotland Board Update

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

6. Update report by the Secretary to the 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 noted advice from the Secretary that Stephen Moore had spoken at a conference on 17 January organised by Social Work Scotland on developments since the publication of the Commission's performance audit on Social Work in September 2016.

Following discussion, the Commission noted 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. Financial Devolution and European Union Withdrawal: six monthly update

The Commission considered a report by the Audit Director, Audit Services and PABV providing an update on key developments surrounding financial devolution and constitutional change.

During discussion, the Commission:

- Noted advice from the Audit Director, in response to a query from Christine Lester, that awareness would be raised with auditors about the participation by the Crown Estate Scotland in community planning partnerships, and also discussed with the Auditor General in relation to her audit of Crown Estate Scotland.

Action: Audit Director, Audit Services and PABV

- Noted advice from the Audit Director, in response to a query from Andrew Burns, that all positions in the Scottish Exchequer Directorate had now been filled.

Following discussion, the Commission noted the report.

9. Revised form of independent auditor's reports for 2018/19

The Commission considered a report by the Associate Director of Audit Quality and Appointments, seeking agreement in principle to changes to the form of Independent Auditor's Reports in respect of local government bodies from 2018/19.

During discussion, the Commission noted advice from the Senior Manager, Professional Support, in response to a query from Ronnie Hinds, that it would be a reasonable expectation that reference to Aberdeen City Council's status as a public interest entity would be reported in the auditor's annual audit report for the Council.

Following discussion, the Commission:

- Agreed that a clear reference to the reporting of Best Value as part of wider scope responsibilities be made in the proposed revised Independent Auditor's Report.
- Agreed in principle with the proposed changes to the 2018/19 form of Independent Auditor's Report and noting that Audit Scotland's Professional Support team will now consult with auditors on the proposals.
- Noted that after this consultation exercise, the Commission will be invited to formally approve the form of Independent Auditor's Report at the April 2019 meeting.

10. Work programme: consultation outputs:

The Commission considered a report by the Secretary to the Commission, which set out the responses to the recent consultation on the refreshed work programme 2019/20 – 2023/24.

During discussion, the Commission:

- Agreed that financing and capital investment strategies for the schools estate be considered in the next refresh of the work programme.

Action: Director of PABV

- Agreed that councils be advised of the Commission's view of the importance of

including Local Government Benchmarking data in Best Value Assurance Reports alongside local data.

Action: Secretary

- Noted advice from the Secretary and Controller of Audit about the importance of the Commission's relationship with the Improvement Service in identifying and promoting good practice.
- Noted the need for further discussion by the Commission on:
 - service areas to be covered by the proposed series of local government specific performance audits in years 3 to 5 of the work programme
 - subject areas for future reports in the How Councils Work series.

Action: Secretary

Following discussion, the Commission:

- Approved the work programme subject to further liaison with the Auditor General for Scotland in relation to joint audit work.
- Agreed the proposed publication arrangements for the programme, as set out in the report.

Actions: Secretary and Director of PABV

11. Local Government Benchmarking Framework: draft annual report 2017/18

The Commission considered a report by the Secretary to the Commission introducing the Local Government Benchmarking Framework (LGBF) National Overview Report 2017/18.

The Chair welcomed David Martin, Chair of the LGBF Board, and Emily Lynch, Programme Manager, Improvement Service, who undertook a presentation setting out messages from the National Overview Report and progress against the LGBF Board's strategic objectives.

During discussion, the Commission:

- Noted advice from the LGBF representatives, in response to queries from Commission members:
 - On progress being made in relation to developing the reporting of outcomes by partnership and place.
 - On reporting evidence of robust use of LGBF data by councils and professional associations.
 - On progress with improving the customer satisfaction data used by councils
 - On progress with reporting outcomes for children, including in relation to child protection, in particular noting the forthcoming thematic LGBF report in this regard and the LGBF's Board's desire for continued dialogue with the Commission in this regard.
 - That the Board would consider how the carer perspective features in its work.

- Agreed to note the Commission's continued interest in these areas.

Following discussion, the Commission:

- Noted the Local Government Benchmarking Framework (LGBF) National Overview Report 2017/18.
- Agreed to consider the implications of the report for its Local Government Overview report.
- Agreed the importance of continued dialogue with the Board and support for the project.

The Chair then thanked David Martin and Emily Lynch for attending the meeting.

12. Overview of Local Government in Scotland: draft report (in private)

The Commission considered a report by the Director of PABV proposing the draft local government overview 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.
- Approve the publication and promotion arrangements for the report.

Actions: Director of PABV and Secretary

13. How Councils work – Protecting public money: draft report (in private)

The Commission considered a report by the Director of PABV seeking approval of the draft report *How Councils Work – Safeguarding public money*, and of proposed arrangements for publication and promotion of the report.

Following 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, Tim McKay and Stephen Moore.
- To approve the publication and promotion arrangements for the report, including managing any risks around the relative closeness of the proposed publication dates for this report and the local government overview report.

Actions: Director of PABV and Secretary

14. Commission business matters

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

MEETING: 7 MARCH 2019

MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF 21 FEBRUARY 2019

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 21 February 2019, at 10.00am.

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

COMMISSION MEMBERS

ALSO PRESENT: Christine Lester

IN ATTENDANCE:

Paul Reilly, Secretary to the Commission
 Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV) (Item 4)
 Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Item 7)
 John Cornett, Audit Director, Audit Services (Item 4)
 Fiona Kordiak, Director of Audit Services (Items 9 and 10)
 Anne MacDonald, Senior Audit Manager, Audit Services (Item 4)
 Paul O'Brien, Senior Manager, Professional Support (Item 8)
 Owen Smith, Senior Manager, AQA (Item 7)

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 22 November 2018
4. Current issues in councils
5. Intelligence from Ombudsman (six monthly review)
6. Risk management
7. Audit quality activity 2018/19: update
8. Loan fund repayments
9. Review of regulator/audit market study update
10. CIPFA financial management code
11. Any other business

1. Apologies for absence

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

2. Declarations of interest

The following declarations of interest were made:

- Sheila Gunn, in item 4, as a council tax payer in South Lanarkshire, in relation to references to South Lanarkshire Council, and in item 5, as Vice-Chair of the Wheatley Group, in relation to references to Glasgow City Building.
- Ronnie Hinds, in item 4, as a former Chief Executive of Fife Council, in relation to references to equal pay matters.
- Geraldine Wooley, in item 4, as a member of the Fife Valuation Appeal Committee, in relation to references to council tax and non-domestic rates.

3. Minutes of meeting of 22 November 2018

The minutes of the meeting of 22 November 2018 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom:

- In relation to item 4 (current issues in councils), advice from the Controller of Audit was noted that:
 - In relation to the second bullet point, that he had referred to the new chief officer structure in North Ayrshire Council in his Annual Assurance and Risks Report considered by the Commission at its January meeting.
 - In relation to the fifth bullet point, that he had reported in the 'current issues in councils' report on the 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.
- In relation to item 5, final bullet point (Committee engagement with auditors), advice from the Secretary was noted that he was discussing with the Committee Chair how to take forward engagement with auditors, to be further discussed at its next meeting.

Action: Secretary

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 noted advice from the Controller of Audit that:

- He would consider clarifying some of the wording in the 'local auditor response' column in the report.
- In response to a query from Sharon O'Connor, that risks around staff recruitment and capacity in councils continue to be a key area of monitoring for auditors.

- In response to a query from Ronnie Hinds, that matters around turnover of senior staff in integration joint boards would be part of a paper on health and social care to be considered by Commission members at their strategy seminar.
- In response to a query from Pauline Weetman, that he would clarify auditing arrangements around Shetland Leasing and Property Developments Ltd.
- In response to a query from Tim McKay, that he would provide further information on the South Lanarkshire Council transitional beds model pilot.
- In response to a query from Ronnie Hinds, that he would continue to monitor various matters around the Glasgow City Council equal pay settlement.

Actions: Director of PABV

Following discussion, the Committee:

- Noted the report.
- Agreed that the format of the report, including the additional appendices, was helpful for the Committee to develop its approach to monitoring risk, to be discussed later in the meeting.

5 Intelligence from Ombudsman (six monthly report)

The Committee considered a paper by the Secretary providing intelligence about councils from various sources including: correspondence to Audit Scotland, the Scottish Public Sector Ombudsman, the Commissioner for Ethical Standards in Public Life in Scotland, the Standards Commission for Scotland and the Scottish Information Commission.

Following discussion, the Committee:

- Agreed to continue its interest in the trend of a decreasing number of outcome decisions in relation to councils reached by the Commissioner for Ethical Standards in Public Life in Scotland.
- Noted the report.
- Agreed that the format of the report was helpful for the Committee to develop its approach to monitoring risk, to be discussed later in the meeting.

6. Risk management

The Committee considered a report by the Secretary proposing an approach to monitoring business and audit risk on behalf of the Commission.

During discussion, the Committee:

- Agreed that a higher level of reporting of business risk as proposed in the report be developed, incorporating a report to each quarterly meeting of the Committee, subject to grouping business risks in categories for analysis.
- Agreed that risk appetite be a core feature of the Commission's consideration of business risk, which will form part of discussion at the Commission's forthcoming Strategy Seminar.
- Agreed to note the depth, rigour and continuous updating of methods used by Audit Scotland in its development and application of audit risk monitoring.

- Noted that the Performance Audit Committee would also be considering this matter.

Action: Secretary

7. Audit quality activity 2018/19: Update

The Committee considered a report by the Associate Director, Audit Quality and Appointments (AQA), which summarised developments in relation to the work of the AQA team.

Following discussion, the Committee noted the report.

8. Loans fund repayments

The Committee considered a report by the Director of Audit Services advising of a significant risk identified by Audit Scotland in relation to councils' repayment of their loans fund advances.

During discussion, the Committee noted advice from the Director that she would update the Committee as appropriate on ongoing dialogue between Audit Scotland and councils, including any matters associated with reputational risk to audit or the Commission.

Action: Director of Audit Services

Following discussion, the Committee noted the report.

9. Review of regulator/audit market study update

The Committee considered a report by the Director of Audit Services providing an update on recent developments in the commercial audit sector that are of relevance to public audit in Scotland.

During discussion, the Committee agreed that future papers be reported to the Committee as appropriate on:

- Implications of the Competition and Markets Authority Review of the provision of statutory audit in the UK commercial sector on the Commission's audit procurement strategy.

Action: Associate Director, AQA and Secretary

- Implications of the review of the Financial Reporting Council carried out by Sir John Kingman on behalf of the Department for Business, Energy, and Industrial Strategy on the Commission's audit quality framework.

Action: Associate Director, AQA

- Implications of these developments on United Kingdom legislation and any effect on Scottish public audit.

Action: Director of Audit Services

Following discussion, the Committee noted the report.

10. CIPFA Financial management code

The Committee considered a report by the Director of Audit Services providing a briefing on the proposals by the Chartered Institute of Public Finance and Accountancy (CIPFA) to publish a Financial Management Code for local government and the associated development of a financial resilience index.

During discussion, the Committee agreed to respond to the planned consultation on the Financial Management Code, a further paper on which will be considered at a future meeting.

Action: Director of Audit Services

Following discussion, the Committee noted the report

11. Any other business

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

MEETING: 7 MARCH 2019

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 21 FEBRUARY 2019

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 21 February 2019, at 14.00.

PRESENT: Ronnie Hinds (Chair)
Alan Campbell
Andy Cowie
Christine Lester
Stephen Moore
Graham Sharp

COMMISSION MEMBERS
ALSO PRESENT: Sheila Gunn (Item 5)
Pauline Weetman

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) (Item 9)
Carol Calder, Senior Manager, PABV (Item 8)
Antony Clark, Audit Director, PABV (Item 4)
Graeme Greenhill, Senior Manager, PABV (Items 5 and 6)
Leigh Johnston, Senior Manager, PABV (Item 8)
Martin McLauchlan, Audit Manager, PABV (Item 5)
Jillian Matthew, Senior Manager, PABV (Item 8)
Owen Smith, Senior Manager, AQA (Item 9)
Claire Sweeney, Audit Director, PABV (Item 8)
Sally Thompson, Audit Manager, PABV (Item 6)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 22 November 2018
4.	Work programme update
5.	Performance audit: emerging messages- Revenue financing of assets
6.	Performance audit: scope – Scotland’s city region and growth deals
7.	Risk management
8.	Policy briefing: Health, care and communities
9.	Audit quality activity 2018/19: update
10.	Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Sophie Flemig.

2. Declarations of interest

The following declaration of interest was made:

- Ronnie Hinds, in items 5 and 6, as a non-executive director of the Scottish Government.

3. Minutes of meeting of 22 November 2018

The minutes of the meeting of 22 November 2018 were noted, having previously been approved as a correct record by the Commission.

4. 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.

During discussion, the Committee

- Noted an update from the Audit Director, PABV on publication and launch arrangement for the work programme.
- Agreed, in response to a query from Stephen Moore, that further consideration be given by the Committee to how criminal justice matters feature in the work programme, as part of the forthcoming policy briefing from the Justice, Education and Lifelong Learning policy cluster.

Action: Director of PABV

Following discussion, the Committee noted the report.

5. Performance audit: emerging messages – Revenue financing of assets

The Committee considered a report by the Director of PABV proposing the emerging messages for the performance audit, in conjunction with the Auditor General, *Revenue financing of assets: the Non-profit Distributing (NPD) and Hub models*.

Following discussion, the Committee agreed:

- To endorse the emerging messages, subject to a small number of revisions and other points to be addressed by the report team in conjunction with the report sponsors, Andy Cowie and Sheila Gunn.
- That a draft audit report be brought to the Commission meeting in May 2019, prior to publication in August 2019.
- The proposed publication and promotion strategy be considered at its meeting in May 2019.

Action: Director of PABV

6. Performance audit: scope – Scotland's city region and growth deals

The Committee considered a report by the Director of PABV proposing the approach to the performance audit, in conjunction with the Auditor General, on Scotland's city region and growth deals.

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, Andrew Burns and Pauline Weetman, the matters raised in discussion.

Action: Director of PABV

7. Risk management

The Committee considered a report by the Secretary proposing an approach to monitoring business and audit risk on behalf of the Commission.

During discussion, the Committee:

- Noted advice from the Secretary on the consideration of this matter by the Financial Audit and Assurance Committee.
- Agreed that the reporting of business risk as proposed in the report be developed, incorporating a report to each quarterly meeting of the Committee, subject to:
 - including an appropriate level of risk assessment and analysis in the reporting.
 - ensuring an appropriate definition of reputational risk.

Action: Secretary

8. Policy briefing: Health, care and communities

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

During discussion, the Committee agreed:

- To note advice from the Director on how the carer voice is reflected in policy cluster work.
- To note the Committee's interest in income deprivation.
- To note the Committee's interest in developing the audit approach to public sector leadership.
- To note that Commission members were welcome to attend meetings of Audit Scotland's Islands Forum.
- To include matters around community resilience in future briefings.
- That future briefings make stronger reference to Audit Scotland's public sector risk management framework.
- That the Director confirm the timescale for a paper for the Scottish Parliament's Public Audit and Post-legislative Scrutiny Committee to support their scrutiny of improving outcomes.

Actions: Director of PABV

Following discussion, the Committee noted the report.

9. Audit quality activity 2018/19: update

The Committee considered a report by the Associate Director, Audit Quality and Appointments (AQA) summarising developments in the work of the AQA team.

Following discussion, the Committee noted the report.

10. Any other business

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

MEETING: 7 MARCH 2019

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

Other business

6. On 20 February, the Chair and Secretary met Mary Pitcaithly, former chief executive of Falkirk Council, who is leading the ongoing strategic review of the Improvement Service. She advised that she was in the process of reporting strategic options to a Board consisting of COSLA and SOLACE representatives, and the Commission can expect further dialogue in this regard.
7. The Department for Digital, Culture, Media and Sport (DCMS), the lead UK Government department for data protection, has advised the Scottish Government that there may be a risk to data flows from the European Union / European Economic Area to the UK under a 'no deal Brexit'. Specifically, if the data held by an organisation is held or processed outwith the UK, a no deal Brexit would remove the legal basis for transferring that data back to the UK. In order therefore to ensure the continuity of public services across Scotland assuming the UK leaves the EU on 29 March 2019, the Scottish Government is participating in the DCMS lead data taskforce and conducting an exercise that assesses the risks for Scottish public bodies. I am therefore compiling

an information return to the Scottish Government in liaison with Martin Walker, Assistant Director, Corporate Performance and Risk, Audit Scotland. This work forms part of wider business risk management around EU departure overseen by Martin Walker, including liaison with me, on which I will update the Commission as appropriate.

Audit Scotland

8. On 22nd February, Audit Scotland jointly hosted a round table with the Improvement Service. The event was attended by a number of council heads of planning, COSLA, SOLACE, Scottish Government, Royal Town Planning Institute and the Key Agencies Group (a range of public bodies who convene to discuss development planning matters). The meeting covered planning's role in improved physical and mental health, improved connectivity and the capacity for inclusive growth. This was discussed within a context of budget reductions; policy change; and the low profile of planning; and how these things inhibit planning's ability to maximise its potential in 'place-making'. The findings from the session will inform a deeper understanding of issues in the service behind headline performance indicator results, for consideration in work programme development and overview reporting.

Issues affecting local government

Scottish Government

9. On 4 February the Scottish Government published its report [Health and Social Care Integration: progress review](#). The report includes an overview of the findings from the Auditor General and Accounts Commission's joint report on [Health and social care integration](#), and recognises that there are challenges to be addressed to deliver health and social care integration.
10. On 13 February the Scottish Government published its report on the [State of the Economy](#), which summarises recent developments in the global, UK and Scottish economies and provides an analysis of the performance of, and outlook for, the Scottish economy. Amongst its findings were that current independent forecasts for the Scottish economy are positive for 2019 with growth estimated at between one and 1.5 per cent, but that EU withdrawal makes this highly uncertain.

Scottish Parliament

11. On 24 January the Scottish Parliament Information Centre (SPICe) published its briefing [Immigration Policy – the countdown to Brexit](#), which provides an overview of the main decisions, proposals and reactions relating to the UK's post-Brexit immigration system since the referendum to leave the European Union in 2016.
12. On 19 February SPICe published its [Labour Market Update: February 2019](#), which reported that in Scotland the unemployment rate fell over the quarter October – December 2018 to a record low of 3.5 per cent with employment increasing by 0.6 per cent to 75.5 per cent.
13. On 31 January the Finance Secretary, Derek Mackay, [presented the first stage of the Budget Bill to MSPs](#). In return for concessions on council funding and environmental measures the Greens agreed to back the SNP budget through all three stages. Changes announced in the budget included: an extra £90m funding for councils this year and a consultation with a view to giving councils the power to introduce a tourist tax; an amendment to the Transport Bill currently going through parliament to allow councils to bring in a workplace parking levy, with the exception of hospitals and other

NHS buildings; and that councils will be able to raise council tax by 4.79 per cent rather than the current three per cent. The finance secretary also committed to cross-party talks with a view to developing a replacement for council tax, although any change agreed on would not be brought in until after the 2021 Scottish Parliament election.

14. During a [debate on the Budget on 31 January](#), Scottish Labour SMP Jenny Marra made reference to the Auditor General's concerns about the financial sustainability of the NHS, and Scottish Labour MSP Neil Findlay made reference to the Accounts Commission's finding that local government budgets have fallen at a faster rate than funding to Scottish Government.

Parliamentary Committee News

Local Government and Communities Committee

15. On 29 January the committee published its [Stage 1 report on the Fuel Poverty \(Target, Definition and Strategy\) \(Scotland\) Bill](#). The committee called for a separate target to focus on people who spend more than 20 per cent of their income on fuel, which it described as 'extreme fuel poverty'.
16. On 30 January the committee:
 - Took evidence from a range of stakeholders on the [Scottish Housing Regulator Annual Report and Accounts 2017-18](#).
 - Took evidence on the Housing (Scotland) Act 2006 (Supplemental Provision) Order 2019 [draft] and the Housing (Scotland) Act 2006 (Modification of the Repairing Standard) Regulations 2019 [draft] from stakeholders including Kevin Stewart, minister for local government, housing and planning, who moved that both acts be approved. The motion was agreed to.
 - Considered the petition PE1686 by Sean Clerkin, on Homelessness crisis in Scotland. The committee agreed to close the petition, under Rule 15.7 of Standing Orders, on the basis that the evidence received did not support the action called for in the petition.
 - Considered evidence in private heard earlier in the meeting relating to the Scottish Housing Regulator Annual Report and Accounts 2017-18 and agreed to write to the Scottish Housing Regulator in relation to issues raised during the evidence session.
17. On 6 February the committee took evidence on the [Commissioner for Ethical Standards in Public Life in Scotland Annual Report and Accounts 2017-18](#) from Bill Thomson, Commissioner for Ethical Standards in Public Life in Scotland. Following wide ranging discussion, the committee agreed to write to COSLA in relation to issues raised during the meeting.
18. On 20 February the committee took evidence in a roundtable format from a range of stakeholders on staff absenteeism in local authorities, and considered in private the evidence heard earlier in the meeting and agreed to write to Glasgow City Council, COSLA, SOLACE Scotland and the Improvement Service on issues raised during the meeting. The clerk of the committee previously advised me that given that this line of enquiry being pursued by the committee is likely to be limited in scope and timescale, there is no need for input from the Accounts Commission at this point, but this would

be given further consideration if required.

Public Audit and Post Legislative Scrutiny Committee

19. On 24 January the committee:

- Took evidence from a range of stakeholders on the Section 22 report – [The 2017/18 audit of Community Justice Scotland](#).¹ The committee later took evidence on the report in private from Caroline Gardner, Auditor General for Scotland, and Mark Roberts, Senior Manager, Audit Scotland. The committee agreed to defer consideration of its next steps until it had received certain information from the Scottish Government.
- Took evidence from a range of stakeholders on Major Capital Projects. The committee later took evidence in private from Caroline Gardner, Auditor General for Scotland, and Graeme Greenhill, Senior Manager, Audit Scotland,
- Agreed its further approach to its post-legislative scrutiny of the Control of Dogs (Scotland) Act 2010.

Finance and Constitution Committee

20. On 23 January the committee agreed its report on the Scottish Government's Budget 2019-20.

Other Committees

21. On 4 February the [Social Security Committee announced that it has launched an inquiry into Social Security Support for Housing](#). The remit of the inquiry is to explore how social security support for housing costs is impacted by welfare reform, with a particular focus on the local housing allowance and Universal Credit housing costs. The committee will consider how both reserved and devolved social security policy can address issues arising for tenants and landlords, particularly in the private rented sector. The committee issued a call for written views on 5 February. The closing date for submissions is 18 March 2019. I am currently liaising with Audit Scotland colleagues to consider whether a Commission response to the inquiry is appropriate and will update members accordingly.

Improvement Service

22. In January the Improvement Service announced that the [Roads Collaboration Programme](#) will be welcoming the second cohort of aspiring road service managers to the Routes to Leadership course, commencing in March 2019. The course explores current and future issues affecting local government and offers guidance in preparation for future leadership in the roads service.

23. On 6 February the Improvement Service published its [Local Government Benchmarking Framework: National Benchmarking Overview Report 2017-18](#). The report found that total revenue funding for councils has fallen by 8.3 per cent over the eight-year period from 2010/11 to 2017/18, although spend stabilised somewhat in the most recent year. It also found that service performance over this period has been maintained well, with improving trends in measurable performance across services,

¹ The Auditor General for Scotland (AGS) reports to the Public Audit Committee under Section 22 of the Public Finance and Accountability Act on the accounts of Scotland's public bodies (excluding local government).

although there is indicative evidence across some services that performance improvement is slowing down for the first time since 2010/11. The report also noted that public satisfaction with council services is continuing to fall. The Commission met with representatives of the Improvement Service and discussed the report at its meeting on 7 February.

By-elections results

24. There have been no by-elections since my previous report.

Other Scottish local government news

25. On 29 January the City of Edinburgh Council announced that it has [completed its work to develop and agree a Transient Visitor Levy \(TVL\) scheme for Edinburgh](#). The council will recommend its proposal to Ministers and MSPs for consideration. If given this power, the Council would become the first in the UK to introduce such a scheme.
26. On 31 January the [Place-based Climate Action Plan \(P-CAN\) announced that Edinburgh has been chosen as one of three UK cities to join a network of new and extended city commissions](#) aimed at driving action on climate change at a local level. P-CAN will help the UK meet its climate commitments through establishing local climate commissions to support action in UK cities through a partnership of private, public and third sector organisations.
27. On 31 January Glasgow City Council announced that it will become the first city in Scotland to trial an initiative aimed at [preventing single-use cups ending up either as litter or as landfill](#). The project is known as the 'Cup Movement' and will aim to collect and recycle as many hot and cold drinks cups as possible in the city.
28. On 31 January the UK government announced that it will [invest £100 million in the Ayrshire Growth Deal](#). This takes the total of UK government investment in the Growth Deals Programme to more than £1.2 billion across Scotland.
29. On 15 February the Scottish Government announced that [communities in the Highlands and Islands have been awarded more than two million to find new ways to improve people's lives and services](#). The funding will benefit 22 community and third-sector groups who will use the investment to deliver innovative and long-lasting projects which tackle inequality, poverty and support inclusion in the local community. The funding will be delivered through the Aspiring Communities Fund and is supported through the European Social Fund.

Other policy news

30. On 8 February the Scottish Public Health Observatory published its report [Recent adverse mortality trends in Scotland](#). The report found that death rates for the poorest areas have begun to rise as a result of growing health inequalities. The death rate in the most deprived areas has increased by one per cent since 2012.
31. On 21 February Labour MSP Anas Sarwar spoke at the Black and minority ethnic (BAME) into Leadership conference on the [underrepresentation of BAME workers within Scotland's public sector](#). The percentage of non-white employees is below one per cent in 21 local areas. Mr Sarwar called for a full audit of senior, managerial or leadership roles across the public sector.
32. On 22 February the Office for National Statistics released figures on [Avoidable mortality in the UK: 2017](#). It found that Scotland has the highest rate of avoidable

deaths among infants and children in the UK, which is the first time the rate has been higher in Scotland than in Northern Ireland. The statistics look at deaths from violence, accidents and birth defects linked with toxins such as smoking and alcohol. Scotland had an avoidable mortality for the 0-19 age group of 19 per 100,000 population, compared to 9.6 in England, 10.3 in Wales, and 18.1 in Northern Ireland.

33. On 26 February, the Fair Work Convention published a [report](#) on the social care sector which calls for urgent interventions by policy makers, commissioners and leaders in the social care sector to improve the quality of work and employment for the 200,000 strong workforce in Scotland. The report makes five recommendations including for the Scottish Government to support the creation of a new sector body that establishes minimum standards for fair work terms and conditions and to reform social care commissioning.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO)

34. [The SPSO's Newsletter - February](#) 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 September meeting).

Commissioner for Ethical Standards in Public Life in Scotland

35. The Commissioner has made no decisions on complaints or members of devolved bodies since by last report.

Standards Commission for Scotland

36. On 14 February the Standards Commission for Scotland published its [Survey of members of devolved public bodies: detailed analysis of responses](#), which found that 'disrespectful conduct' is more widespread in local health boards and Integrated Joint Boards than in other types of public bodies. The report also showed that over 40 per cent of board members would be reluctant to make a complaint.
37. On 20 February the [independent councillor Brian Boyd, who serves Angus Council was sanctioned for disrespectful conduct](#) by the Standards Commission at a public hearing held in Forfar on 20 February 2019. It was found that he had signed a petition for the removal of a chaplain of a high school in the Council area which included a false allegation about how the chaplain had treated his daughter. The panel concluded that the comment amounted to a personal attack on the member of the public. The panel therefore judged that the respondent failed to observe the rules of good conduct by behaving in a respectful manner towards the complainer, in breach of the Councillor's Code of Conduct.

Care Inspectorate

38. On 22 January the Care Inspectorate published [The joint strategic inspection of services for children and young people: Review of findings from the inspection programme 2012-17](#). It reviews the effectiveness of the delivery of services by community planning partnerships in Scotland to meet the needs of children and young people, including those identified as most vulnerable. The review is based on evidence

gathered by the Care Inspectorate and partner scrutiny boards throughout the joint inspection processes carried out between 2012 and 2017.

Education Scotland

39. On 31 January Education Scotland launched a [new professional learning programme designed to meet the needs of headteachers of primary schools with Early Learning and Childcare \(ELC\) facilities](#). The programme was developed as part of the Scottish Government's Quality Action Plan to protect and strengthen the quality of ELC and as part of the enhanced professional learning offer for school leaders.
40. On 19 February Education Scotland published [Inspection of local authorities: How well is Renfrewshire Council improving learning, raising attainment and closing the poverty-related attainment gap?](#) The report announced Renfrewshire Council as the first local authority in Scotland to be rated 'excellent' for its progress in improving learning, raising attainment and narrowing the poverty-related attainment gap as part of the Scottish Attainment Challenge. The report found significant year-on-year improvements in listening, talking, reading, writing and numeracy, with the attainment gap closing across all measures.

UK Parliament

General

41. On 25 January Members of the Lords, including a president of the Local Government Association and a former leader of Sheffield Council, [debated the ability of local authorities across the UK to deliver essential services to their communities](#). The debate was proposed by Lord Scriven (Liberal Democrat), councillor and former leader of Sheffield City Council.

Housing, Communities and Local Government Committee

42. On 21 January the committee held a one-off session on the [Ministry for Housing, Communities and Local Government's Annual Report and Accounts \(MHCLG\)](#). The session examined the performance of MHCLG in the financial year 2017-18 and touched on a range of issues within the Department's remit. As part of this, the committee investigated the adequacy of the local government financial settlement in enabling local authorities to meet the challenges they face.
43. On 11 February the committee held the first session of [its inquiry into funding of local authorities' children's services](#). The session took evidence from a range of stakeholders and examined the pressures on local authorities' children's services, including the causes of increasing demand for child protection services. It investigated variations in spending levels across local authorities and the effectiveness of different strategies for addressing need, in particular the impact of early intervention. The committee also examined the role of private and third sector providers in providing children's services and the quality of care and outcomes.

Public Accounts Committee

44. On 23 January the committee took evidence from HM Chief Inspector about the [Government's responses to the committee's recommendations on Ofsted's inspections of schools](#), as part of its progress review inquiry into Ofsted's inspection of schools. Members used the hearing to explore the major risks to the quality of education and school effectiveness that HM Chief Inspector outlined in a letter she sent to the committee in October 2018.

45. On 28 January the committee took evidence from a range of stakeholders as part of its inquiry into [Auditing local government / incorporating local government and NHS](#). This inquiry looks into the finances of local bodies such as councils and NHS bodies from the local rather than the national audit perspective.

Other Committees

46. On 29 January the Economic Affairs Committee heard from a range of stakeholders on whether the social care market in England is competitive. This forms part of the committee's [inquiry into social care funding in England](#).

Other UK Audit Bodies

National Audit Office

47. On 18 January the NAO published its report [NHS financial sustainability](#). The report found that growth in waiting lists, increasing waiting times, and the existence of substantial deficits in some parts of the system, suggest that the NHS is not currently sustainable.
48. On 12 February the NAO published [National Audit Office Strategy: our strategy 2019-20 to 2021-22](#), which sets out how the NAO will meet new challenges and maximise support to Parliament by holding government to account and improving public services, and the resources needed to do this.

Wales Audit Office

49. On 17 January the WAO published [Internal audit arrangements at town and community councils in Wales](#). It reported that over the past 10 years, there have been several cases of community councils suffering losses to the public purse due to significant failures in financial management and governance, and that in some instances this has been due to fraud and theft.
50. On 12 February the WAO published its [Discussion paper: Six themes to help make scrutiny 'fit for the future'](#). The paper identifies six key areas which councils can consider in order to improve the efficiency and effectiveness of their scrutiny functions. These are:
- Clarifying roles and responsibilities
 - Improving public engagement in scrutiny
 - Reflecting on the rigour with which they prioritise and then plan scrutiny activity to improve its impact
 - Responding to current and future challenges
 - Evaluating the effectiveness of scrutiny
 - Considering the implications of the above themes for councils' and partnership governance arrangements.
51. On 19 February the WAO published [Preparations in Wales for a 'no deal' Brexit](#), which sets out the Auditor General's early views on the evidence that has been gathered, together with some key messages for public bodies, to help with their preparations for the UK's withdrawal from the EU. It finds that planning for a 'no-deal' withdrawal is being taken seriously across Wales, but that the picture varies across the country.

Other general – UK

52. At its meeting on 23 January the [Local Government Association \(LGA\) Leadership Board acknowledged the financial challenges it faces](#). The LGA expects that the Improvement and Development Agency grant that it receives from the Ministry of Housing, Communities and Local Government will fall by 16 per cent between 2017/18 and 2022/23. The LGA also has large pension scheme deficits and will have to use reserves to cover spending in 2019/20.
53. On 24 January the Campaign to Protect Rural England conducted analysis on [data published by the Ministry of Housing, Communities and Local Government](#) and reported that there are [173,584 families on the waiting list for social housing in rural councils](#). In the last year, 1,336 homes for social rent were built in those councils' areas.
54. On 24 January the UK government announced that it was opening the [11th tranche of Loan Funding to support the development of Business Improvement Districts](#). Business Improvement Districts are business-led partnerships which are created voluntarily to deliver additional local services and upgrade the local environment for the benefit of business. Each successful applicant can receive up to £50,000 to help set up a Business Improvement District.
55. On 28 January the UK think tank Centre for Cities published its annual [Cities outlook report](#). It found that cities were disproportionately affected by austerity cuts in Britain, with an average cut in funding per head of £386 since 2010 compared to £172 in other areas.
56. On 31 January the [Ministry of Housing, Communities and Local Government published updated homelessness statistics](#). The figures indicate that 4,677 were rough sleeping in England in 2018, which is a two per cent decrease on 2017 but a 165 per cent increase since 2010, when the figures were first recorded.
57. On 31 January the transport secretary Chris Grayling announced that the government will be giving [£23 million funding to develop new technology that can stop potholes from forming](#). The money will help research and trial new surface materials or pothole repair techniques.
58. On 31 January the [Local Government and Social Care Ombudsman urged councils to check their parking policies](#) after a motorist complained that Kent County Council could not help him when he was issued with a penalty charge by a contractor at one of its county parks. The Ombudsman found that the council wrongly thought it could make the penalty charge under the Protection of Freedoms Act 2012, designed for private land, because the charge was being enforced by a private contractor.
59. On 31 January [NHS Digital announced that more than one million pounds is being made available for local authorities to develop digital social care projects through Social Care Digital Innovation Programme \(SCDIP\) funding](#). Ten authorities will receive up to £30,000 to design a digital solution to address a specific issue with their service, with eight receiving up to a further £90,000 to support its implementation. The funding will run over two years.
60. On 5 February the London Fire Brigade produced a report which showed that [one in three care homes in London were found to have serious fire safety failures](#), including inadequate or poorly maintained fire doors. The report also found that there was widespread confusion about fire evacuation strategies, and that fire risk assessments were being carried out by people without the proper skills or experience.

61. On 6 February the [Arvato UK Outsourcing Index 2018](#) was published, which found that local government signed outsourcing contracts worth £176 million in 2018, compared to £258 million in the previous year. Overall, public sector outsourcing was at its highest rate for three years.
62. On 6 February the [Chartered Institute of Housing released analysis showing that over 165,000 local authority and housing association homes for social rent were lost between 2012 and 2018](#). Although there has been some construction of social rent housing during this period, the numbers have continued to fall because of right to buy sales and properties being converted to affordable rent or demolished.
63. On 11 February Labour MP Liam Byrne released analysis from a Freedom of Information request which found that there were [39,000 more hospital admissions due to alcohol in 2018 compared to 2009](#), which represents an increase of 13 per cent. He indicated that at the same time as this rise, 58 per cent of councils report cutting budgets for drug and alcohol treatment services over the last year and 68 per cent reported no budget increase. Local authorities project a further average two per cent cut in drug and alcohol services over the next year.
64. On 12 February the UK think tank The Smith Institute published a report "[Spending fairly, Spending well](#)" concluding that a radical overhaul of public service audit is needed to give the public confidence over how its money is spent. The report called for the creation of two new government bodies and more responsibilities given to the National Audit Office to improve public audit.
65. On 12 February the charity HFT, which provides services for people with learning disabilities, [published a report](#) that found that the number of social care providers handing back contracts to councils in England more than doubled in the last year. The research found that 59 per cent of providers had been forced to close down some parts of their organisation or hand back contracts to local authorities as a way to deal with cost pressures. 68 per cent said they thought they would have to do the same in the near future.
66. On 14 February the UK Government announced that it will invest [£3 million to be spent in 16 boroughs, towns and cities across England to encourage more people to get involved in local issues](#). Ten organisations will receive a share of £2.3 million to devise programmes that enable people to take action on the issues they care about, while a further £770,000 will be invested in six areas to establish schemes that make it easier for people and businesses to invest in their communities.
67. On 17 February the minister for Housing, Communities, and Local Government [James Brokenshire announced that over £13 million in funding will be provided to councils to be spent on parks and green spaces](#). £9.7 million will go to local leaders and communities resources to better maintain, protect and increase their recreational spaces, while £2.75 million will be made available for the pocket parks plus programme to support communities to take the lead in transforming their neglected and derelict spaces.
68. On 21 February the Local Government Association (LGA) reported that the amount of [money spent by councils on providing care and support for unaccompanied children seeking asylum has almost doubled in four years](#). The number of asylum-seeking children and young people in care in England under 18 rose from 2,760 in 2014/15 to 4,480 in 2017/18. Councils spent more than £152 million on unaccompanied asylum-seeking children in 2017/18, which is an increase of 95 per cent on the £77 million spent in 2014/15.

69. On 29 February the UK Government published [Implications for Business and Trade of a No Deal Exit on 29 March 2019](#), an analysis based on its previously published long term analysis of the impact of a no deal scenario that implicitly assumes a smooth, orderly transition to World Trade Organisation rules. This estimates that the UK economy would be 6.3-9% smaller in the long term in a no deal scenario (after around 15 years) than it otherwise would have been when compared with today's arrangements, assuming no action is taken. There would also be significant variation across the UK (Wales -8.1%, Scotland -8.0%, Northern Ireland -9.1% and the North East of England -10.5%). The report sets out a number of areas where the impact on trade, businesses and individuals would be particularly significant.

Conclusion

70. The Commission is invited to:
- a) consider and note this report
 - b) note the verbal update to the information in paragraph 21.

Paul Reilly
Secretary to the Accounts Commission
27 February 2019

APPENDIX: Accounts Commission reports in past 12 months - downloads

Report	Date	Report downlds	Podcast downlds
Social Work in Scotland – Impact report	5 Dec 2018	436 (+104)	n/a
Local government in Scotland – Financial overview 2017/18	28 Nov 2018	1655 (+287)	52
Local government in Scotland – Financial overview 2017/18 - Supplement	28 Nov 2018	218 (+59)	n/a
Dumfries & Galloway Council BV Assurance Rpt	22 Nov 2018	812 (+128)	*
Health and social care integration: update on progress	15 Nov 2018	6019 (+955)	214 (+34)
East Lothian Council Best Value Assurance Report	1 Nov 2018	945 (+123)	71 (*)
Children and young people’s mental health	13 Sep 2018	4699 (+445)	180 (*)
Community Planning – an update – Impact report	24 Aug 2018	671 (+51)	n/a
Glasgow City Council Best Value Assurance Report	23 Aug 2018	1495 (+106)	71 (*)
West Dunbartonshire Council Best Value Assurance Report	28 Jun 2018	1171 (+84)	*
Maintaining Scotland’s roads: a follow-up report – Impact report	27 Jun 2018	791 (+52)	n/a
Accounts Commn annual report 2017/18	7 Jun 2018	560 (+<30)	n/a
Accounts Commn engagement strategy and plan 2018/19	7 Jun 2018	498 (+35)	n/a
Accounts Commn Strategy and annual action plan 2018-23	7 Jun 2018	634 (+47)	n/a
Accounts Commn engagement plan 2017/18 progress	7 Jun 2018	47 (+<30)	n/a
Best Value Assurance Report: East Ayrshire Council	29 May 2018	1803 (+113)	104 (*)
Best Value Assurance Report: Fife Council	24 May 2018	2034 (+89)	48 (*)
Councils’ use of ALEOs	17 May 2018	1895 (+88)	*
Local government in Scotland: Challenges and performance 2018	5 Apr 2018	5887 (+301)	95 (*)
Local government in Scotland: Challenges and performance 2018 - Supplement	5 Apr 2018	201 (+<30)	n/a
National Scrutiny Plan 2018/19	4 Apr 2018	989 (+46)	*
Statutory report on Edinburgh schools (Edinburgh City Council)	3 Apr 2018	1183 (+<30)	137 (*)
Statutory report on significant fraud in Dundee City Cncl	22 Mar 2018	1545 (+<30)	119 (*)

Key:

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

MEETING: 7 MARCH 2019

REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE

BRIEFING: PUBLIC HEALTH REFORM IN SCOTLAND

Purpose

1. This paper introduces the attached briefing on Public Health Reform in Scotland.
2. The arrangements for public health in Scotland are changing. Over the last century public health in Scotland has improved. There have been long term increases in average life expectancy in Scotland and considerable improvements in the overall health of the population. Despite these improvements, the Scottish population still faces significant health challenges
3. To tackle these challenges, Scottish Government and COSLA set up a partnership to deliver Public Health Reform (PHR). To deliver the vision for PHR, the Scottish Government and COSLA have committed to:
 - agreeing public health priorities for Scotland that are important public health concerns
 - establishing a new national public health body for Scotland bringing together expertise from NHS Health Scotland, Health Protection Scotland, and Information Services Division
 - supporting different ways of working to develop a whole system approach to improve health and reduce health inequalities
4. The attached briefing provides an update on the progress being made in delivering these commitments.

Conclusion

5. The Commission is asked to consider and agree the briefing paper

Fraser McKinlay
Director of Performance Audit and Best Value
26 February 2019

Public Health Reform in Scotland

Briefing



Prepared for the Accounts Commission and Auditor General for Scotland

March 2019

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

Contents

Introduction	4
Public Health Reform	4
Governance arrangements	5
Public health priorities	6
Developing a whole system approach	7
Public Health Scotland	8
Commissions	9
Implications for the auditor appointment process	12
Finances	10
PHR priorities for 2019	11
Next steps	12
Appendix 1: Governance arrangements	13
Appendix 2: Public health data	14
Appendix 3: Useful links	16

Introduction

1. The arrangements for public health in Scotland are changing and this paper gives an update on these changes.
2. Over the last century public health in Scotland has improved. There have been long term increases in average life expectancy in Scotland and considerable improvements in the overall health of the population. Despite these improvements, there are significant health challenges that the Scottish population faces, some of which include:
 - poor relative overall health status compared with other Western European countries
 - stalling and one of the lowest life expectancies in Western Europe and the lowest of all UK countries
 - an ageing population
 - enduring health inequalities
 - deprivation and poverty
 - changes in the pattern of disease, for example, the increasing prevalence of diabetes and diseases of the circulatory system
 - increasing pressures on health and social care services
 - effects of current key issues such as obesity, mental health problems, alcohol and substance misuse.

Public Health Reform

3. To tackle these challenges, Scottish Government and COSLA set up a partnership to deliver Public Health Reform (PHR) with a strong focus on:
 - tackling the socio-economic causes of poor health outcomes
 - supporting a shift towards preventing ill health in the planning and delivery of public services.
4. The PHR was initiated following the publication of several key reports:
 - The [Commission on the Future Delivery of Public Services 2011](#). The Christie Commission, calling for greater partnership working, integration and focus on prevention across public services
 - The [Public Health Review 2015](#). It made recommendations to strengthen leadership for the public's health and refocus the public health function in Scotland. The key messages included: the importance of both national and local perspectives and the need for greater coordination between these; the need for greater visibility and a clearer identity for the public health function; the need to increase impact in partnership areas including IJBs and CPPs
 - The [Health and Social Care Delivery Plan 2016](#). It set out the actions Scottish Government and COSLA will lead to deliver the recommendations from the Public Health Review, including setting new national public health priorities and establishing a single

public health body. The programme's aim is to further enhance health and social care services, so people can live longer, healthier lives at home or in a homely setting.

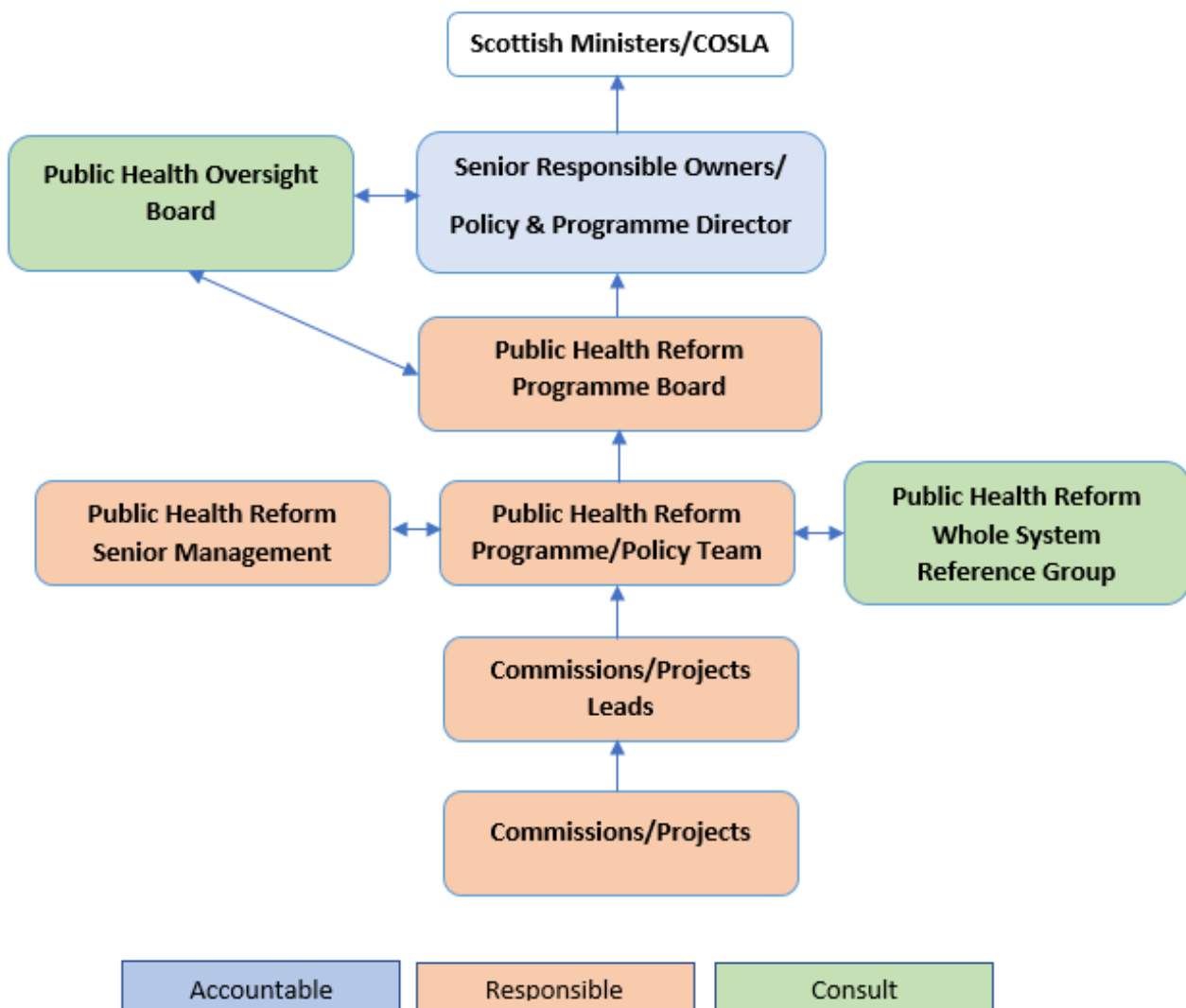
5. All the reports recognised that Scotland's health challenges go beyond the remit of the NHS and a wider and more coordinated approach involving a wide range of organisations and the public to tackling them is necessary. The main domains of public health are:
 - health improvement – enabling people and communities to improve their health and wellbeing by addressing the wider determinants of health
 - health protection – preventing and responding to contagious or infectious diseases and environmental hazards, and promoting resilience to future risks
 - health and care services – maximising the quality of health and care services for the population.
6. To deliver the vision for PHR, the Scottish Government and COSLA have committed to:
 - agreeing public health priorities for Scotland that are important public health concerns
 - establishing a new national public health body for Scotland bringing together expertise from NHS Health Scotland, Health Protection Scotland, and Information Services Division
 - supporting different ways of working to develop a whole system approach to improve health and reduce health inequalities.
7. The vision for the PHR Programme is “a Scotland where everybody thrives” and the mission is “To lead, drive, support and enable a public health system fit for the challenges of the 21st century”. The reform has been founded on the following principles:
 - reducing inequalities through a whole system approach
 - collaboration and engagement
 - prevention and early intervention
 - empowering people and communities
 - fairness, equity, and equality
 - intelligence, evidence, and innovation.

Governance arrangements

8. Exhibit 1 shows governance arrangements for the reform programme which is supported by two boards, the Public Health Oversight Board and the Public Health Programme Board. The remit, membership, and frequency of meetings of the two Boards are set out in the table in Appendix 1.

Exhibit 1

Public Health Reform Programme Governance Arrangements



Source: Public Health Reform Programme Board papers; Audit Scotland

Public health priorities

9. The Scottish Government published the new [Public Health Priorities for Scotland](#) in June 2018:
 - A Scotland where we live in vibrant, healthy and safe places and communities (the theme of Place and Community)
 - A Scotland where we flourish in our early years (Early Years)
 - A Scotland where we have good mental wellbeing (Mental Health and Wellbeing)
 - A Scotland where we reduce the use of and harm from alcohol, tobacco and other drugs (Tobacco/Alcohol/Other Drugs)

-
- A Scotland where we have a sustainable, inclusive economy with equality of outcomes for all (Poverty & Social Exclusion including Inequality)
 - A Scotland where we eat well, have a healthy weight and are physically active (Diet & Physical Activity).
10. The public health priorities were co-produced through engaging with representatives from:
 - the wider public health community and workforce
 - the NHS
 - local government (including COSLA and SOLACE)
 - community planning
 - the third sector
 - NGOs
 - Health and Social Care Partnerships / Integrated Joint Boards
 - health improvement specialists
 - Scottish Government.
 11. Engagement activities to develop the priorities included a series of events involving several hundred people from across the public and third sectors. Feedback was collected and reviewed by public health experts. The process was managed by the Public Health Oversight Board and supported by both an advisory and an expert group.
 12. When the priorities were launched the Scottish Government stated that “*the priorities connect strongly to, and will help accelerate, wider work and include local strategic planning and partnership activity; the refreshed National Performance Framework and related National Outcomes...*”
 13. The impact of the new priorities will be measured over the next decade using new measures which are currently in development. The indicators are expected to change after the first five years.

Developing a whole system approach

14. The public health priorities apply to [the whole system](#) not just to health providers and they mark a shift away from the medical paradigm to a more collective approach. The whole system approach relies on partners from across the whole public sector and beyond working together. For example, Community Planning and Health and Social Care Partnerships will increasingly work with public health teams and communities to realise the reform aims by developing local solutions to local public health challenges.
15. A Whole System Reference Group was established with the aim to define how a step change across the system will be achieved.

16. On 24 January 2019 the Public Health Oversight Board convened a workshop of key stakeholders to consider how to enable whole system working. The purpose of the event was to:

- develop a consensus and shared understanding of the challenge and ambition for the wider system to work together to improve health and wellbeing
- identify the key changes that are needed in the wider system and prioritise the key areas of focus and collaborative action to enable whole system working
- secure leadership and commitment from stakeholders to work collaboratively to deliver the shared ambition for the whole system.

17. The themes that emerged from this workshop highlight the importance of:

- working beyond organisations
- focusing on outcomes, particularly from a long-term perspective
- measuring success by developing a more streamlined and collaborative performance culture
- collaboration between organisations and communities
- place and community as a locus
- nurturing the collaborative, cross-sector leadership and behaviours required to challenge and transform organisational cultures and norms
- innovation in policy and practice, going beyond innovation in technology and data.

Public Health Scotland

18. The new public health body, Public Health Scotland (PHS), will become fully operational from December 2019. It will bring together the current capacity from NHS Health Scotland (NHS HS) and the Public Health Intelligence (PHI) sections of NHS National Services Scotland (NHS NSS).

19. It is estimated that there will be approximately 1,100 members of staff within PHS. Most staff employed by NHS HS, and by PHI within NHS NSS will transfer. Under the new approach, the role of public health directors will change, as they will be spending more time engaging with the public.

20. PHS will be accountable to Scottish Government and COSLA and will support, enable and provide challenge to the whole system of partners in the public, private and third sector. The principles for PHS are:

- provide strong public health leadership
- be intelligence and evidence led
- have a key role in enabling and supporting the delivery the national priorities at a local level
- have leadership roles in relation to:
 - public health research

-
- innovation
 - the public health workforce.

21. In August 2018, the Scottish Government received formal confirmation from Scottish Ministers and COSLA leaders that PHS will be established as a Special Health Board. The rationale for this decision is:
- a Special Health Board approach would enable new leadership to be recruited and appointed more quickly, and would allow the body to be established earlier
 - the approach significantly reduced risks in relation to staff terms and conditions, which was a concern for staff, and in relation to information governance
 - the design principles, particularly around accountability to Local Government, could be achieved effectively through non-legislative means via a Memorandum of Understanding.
22. The Scottish Government are in the process of creating the legal basis for PHS as well as identifying new functions for the new body. The Board Chair will be in place by spring 2019 and the Chief Executive in post by the summer of 2019. Board members will also be appointed around the same time as the Chief Executive.

Commissions and development projects

23. The Scottish Government PHR Team has set up collaborative pieces of work, called Commissions, which will describe the functions of the new body and inform the development of PHS. There are eight commissions and each of these commissions is jointly owned by two or more organisations and includes national and local representatives. The aim for those leading the commissions is to demonstrate the needs of stakeholders across the whole system and develop solutions for closer collaboration. In addition to refocusing national leadership, the commissions have been created to focus PHS on providing the data and intelligence required at a local level.
24. As at February 2019, the following commissions have been completed:
- Improving Health: what do we need PHS to do to support the achievement of a step change in Scotland's health status and a reduction in health inequalities?
 - Protecting Health: what do we need PHS to do to support an ongoing high quality, resilient and efficient health protection service for Scotland? Its purpose is to commission National Services Scotland and the Scottish Directors of Public Health Group to describe and produce options for delivering a Health Protection domain at a national level in PHS.
 - Improving Services/Health Care Public Health (HCPH): what do we need PHS to do to support effective HCPH input to the design and delivery of care services across Scotland to maximise their population benefits and their contribution to reducing health inequalities?
 - Underpinning Data and Intelligence: what do we need PHS to do to provide the best possible public health intelligence to inform and shape public health activities across Scotland?

-
25. The commissions which are still to be completed include:
- Leadership for Public Health Research, Innovation & Applied Evidence Commission – its purpose is to commission Scottish Public Health Network to co-ordinate work for a public health research, innovation and applied evidence function at national level within PHS
 - Leadership for Public Health Workforce Development Commission
 - Organisational Development Commission
 - Specialist Public Health Workforce Commission.
26. Alongside the commissions a range of [development projects](#) have been set up in order to deliver the functions and support transition to the new public health body, including: accommodation; branding and identity; corporate IT; corporate services; data Science and innovation; governance and accountability; human resources; and legislation.

Finances

27. PHS will be responsible for functions that are currently funded by baseline budget of around £40m and significant in-year funding of £20m (subject to demand). There will be start-up costs associated with establishing PHS and its Board. These are being met by the Scottish Government which has budgeted £1.5 million for the 2018/19 Reform Programme costs. Costs for 2019/20 are currently being finalised.
28. In December 2018 the Scottish Government published the [Scottish Draft Budget 2019-20](#) which references public health priorities as shaping the planned public health actions for 2019. These include:
- creating PHS to lead progress against the public health priorities
 - supporting key strategies on preventing and treating tobacco, alcohol and drug harm
 - progressing action to address adverse childhood experiences
 - improving collaborative working between public services to improve health outcomes for people in contact with the justice system
 - consulting on restricting the promotion and marketing of targeted food and drink high in fat, sugar or salt
 - providing practical support to SMEs (small and medium enterprises) to help them reformulate their products, making them healthier.
29. The Scottish Government has set out the following (Exhibit 2) investment plan for public health areas in the most recent Draft Budget 2019-20:

Exhibit 2

Planned public health spending in Scotland 2019-20

Planned spending	Public health area
£42m	Weight management services for people with, or at risk of, Type 2 diabetes
£20m	Alcohol and drug treatment
£0.3m	Support for children and families affected by Foetal Alcohol Spectrum Disorder (FASD)
£1.2m	Walking groups in Scotland

Source: Scottish Draft Budget 2019-20; Audit Scotland

30. In addition, the Scottish Government will:

- increase its investment in improving maternity services by funding implementation of the Best Start review recommendations
- continue to deliver a Baby Box offering essential items for a child's first weeks to the families of all new-born babies in Scotland
- establish a National Hub for the Prevention of Child Deaths
- establish Best Start Foods which will provide support for low income families to access a healthy diet
- publish a 10-year Children and Adolescent Health and Wellbeing Action Plan, focusing on both the physical health and wider wellbeing of children and young people.

PHR priorities for 2019

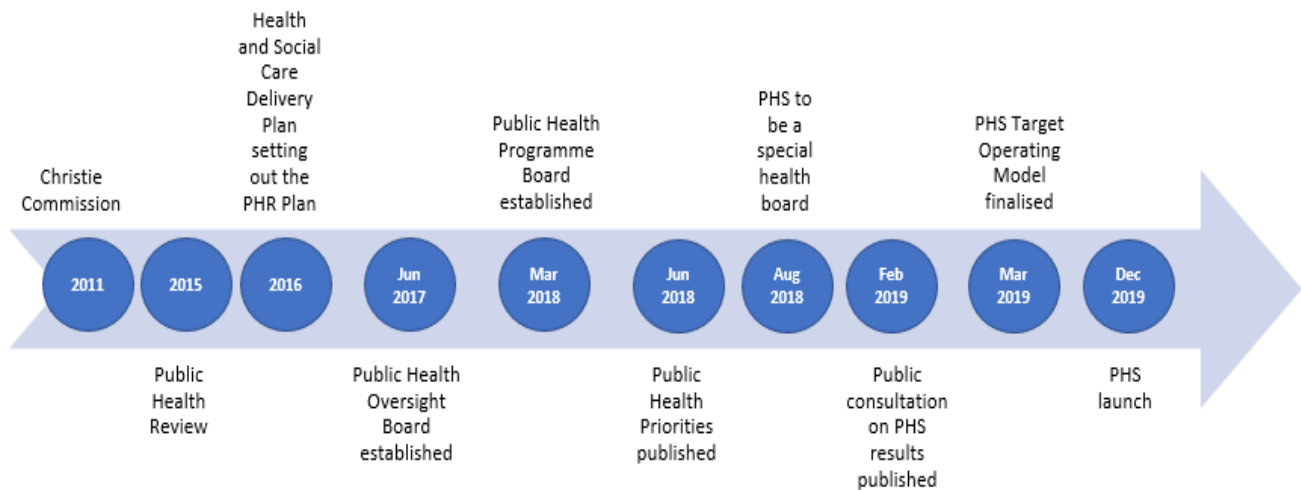
31. The PHR Programme and Oversight Boards have continued their regular meetings and the following priorities have been set out for 2019:

- The Programme Board will bring the outputs of the Commissions together to begin the process of describing what PHS will be and how it will work
- The Programme Board will develop the Target Operating Model (TOM) setting out how PHS will work, how it will be structured, what things it will do itself and what things it will commission others to do for it, how it will relate to and support the wider system, and how it will be governed; the TOM will be finalised by the end of March 2019
- The Scottish Government will undertake a consultation on the legislation that will need to be introduced to establish PHS. The consultation will set out how the new body might operate, its role and its governance
- The commission looking at the wider specialist public health workforce started work in December 2018. It involves a wide range of professionals from across and beyond the professional public health workforce. The recommendations from the commission will be implemented later in 2019.

32. Exhibit 3 shows the timeline of key milestones in the PHR:

Exhibit 3

Public Health Reform Timeline



Source: Audit Scotland

The auditor appointment process

33. The Auditor General will appoint an auditor once PHS is established.

Next steps

34. The progress of the PHR will be monitored by the Health, Care and Communities cluster which will provide further updates to the Auditor General for Scotland, the Accounts Commission, and auditors.

Appendix 1: Governance arrangements

	Public Health Oversight Board	Public Health Programme Board
Remit	Provides assurance to Scottish Ministers and Local Government Leaders on the effective and timely delivery of the three Health and Social Care Delivery Plan actions on PHR, specifically: develop public health priorities, establish the new public health body, and strengthen local partnership working for public health	Responsible for ensuring the PHR programme and its constituent projects achieve the required outcomes; it oversees the delivery of the PHR programme, reporting to Scottish Ministers and COSLA leaders on related outcomes, benefits and risks; it also reports to the Public Health Oversight Board
Membership	Representatives from Scottish Government, COSLA, NHS National Services Scotland, Faculty of PHS, Scottish Directors of Public Health, NHS Chief Executives, Scottish Community Development Centre, Society of Local Authority Chief Executives, Healthcare Improvement Scotland, Integration Joint Boards Chief Officers, Improvement Service, Community Planning Network, NHS Health Scotland, Voluntary Health Scotland, Glasgow Centre for Population Health, Scottish Association of Mental Health, Public Health England, Public Health Wales	Representatives from Scottish Government, COSLA, IJB Chief Officers, NHS National Services Scotland, Trade Unions' Representative, Improvement Service, SOLACE, NHS Health Scotland, Food Standards Scotland, Scottish Community Development Centre, Community Planning, Scottish Faculty of Public Health, Directors' of Public Health, NHS Education for Scotland
Meetings	Has met quarterly (6 times) since 2017	Has met monthly (11 times) since March 2018

Appendix 2: Public health data

The most recent public health data show:

- In 2018, the average life expectancy at birth across Scotland was 81 years for females and 77 years for males. People are now living longer than ever before, but Scotland now has one of the lowest life expectancies in Western Europe and the lowest of all UK countries
- At the population level, there are marked differences between the most and least deprived areas in terms of how long people can expect to live in good health. This can be a difference of up to 28 years for men and 25 years for women

The [Scottish Health Survey 2017](#) (published in September 2018) presents, among others, the following findings:

- General health
 - 73% of adults described their health as 'good' or 'very good'
 - 45% of adults and 17% of children aged 0-15 have a long-term condition
- Mental wellbeing
 - Mental wellbeing was significantly lower in the most deprived areas
 - In 2014-2017, prevalence of two or more depressive symptoms was much higher in the most deprived areas than in the least deprived areas (20% compared to 5%) as was prevalence of two or more symptoms of anxiety (17% compared to 7%)
 - The percentage of adults who describe their job as very/extremely stressful has remained stable (16% in 2017)
 - Mental wellbeing was lowest among those who described their jobs as very/extremely stressful
- Dental health
 - 73% of adults visited a dentist less than a year ago
 - People living in least deprived areas are more likely to have 20+ natural teeth, than those living in the most deprived (86% and 65% respectively)
- Alcohol
 - 24% of adults drank at harmful or hazardous levels, down from 34% in 2003
 - The proportion of adults saying they did not drink alcohol increased from 11% in 2003 to 17% in 2017, the highest level in the time series
 - Levels of hazardous/harmful drinking in 2017 were higher for men (33%) than for women (16%)
 - In 2017, male drinkers drank an average of 8.0 units on their heaviest drinking day and the average was 5.3 units for women; a significant fall for women from 2016 (6.1 units)

-
- The percentage of men drinking more than four units on their heaviest drinking day declined from 2003 to 2017 (45% to 37%). Similarly, the percentage of women drinking more than three units on their heaviest drinking day declined (37% in 2003 to 29% in 2017)
 - The percentage of men drinking more than eight units and women drinking more than six units on their heaviest drinking day also declined (24% in 2003 compared with 17% in 2017), with a significant fall since 2016 (from 20% to 17%)
 - Smoking
 - 18% of adults smoked in 2017, down from 21% in 2016 and 28% in 2003
 - Smoking prevalence was highest among adults aged 25-34 (24%) and lowest among those aged 75 and over (6%) in 2017
 - Prevalence of smoking varied by area deprivation level: 27% in the most deprived areas and 9% in the least deprived areas
 - The gap between smoking prevalence in different areas of deprivation has narrowed but rates remain around 3 times higher in the most deprived areas
 - The proportion of non-smoking adults exposed to second-hand smoke (based on detectable salivary cotinine), has fallen: 85% in 2006 and 24% in 2016/17
 - In 2017, current e-cigarettes use among adults was 7%, the same level as in 2015 and 2016 and a significant increase from 5% since 2014
 - Diet
 - 24% of adults met the 5-a-day recommendation, the highest proportion since 2003
 - 8% of adults experienced food insecurity in 2017 (as defined by being worried during the past 12 months that they would run out of food due to lack of money or resources)
 - Physical Activity
 - Two thirds of adults (65%) met the guidelines for Moderate or Vigorous Physical Activity (MVPA) in 2017, a slight increase since 2012 (62%)
 - Obesity
 - In 2017 two thirds (65%) of adults were overweight, including 29% who were obese. This has remained stable since 2008 (fluctuating between 64% and 65%)
 - Prevalence of children at risk of obesity in 2017 was 13%, with levels showing a steady decline since 2014 (16-17% between 2003 and 2014), this is largely due to the decline in prevalence among boys from 20% in 2012 to 12% in 2017.

Appendix 3: Useful links

- Public Health Reform Scotland: <https://publichealthreform.scot/>
- The Scottish Public Health Observatory: <https://www.scotpho.org.uk/>
- Scottish Public Health Network: <https://www.scotphn.net/>
- NHS Health Scotland, Public Health Reform: <http://www.healthscotland.scot/our-organisation/our-context-public-health-in-scotland/public-health-overview>
- Glasgow Centre for Population Health: <https://www.gcph.co.uk/>

MEETING: 7 MARCH 2019

REPORT BY: DIRECTOR OF AUDIT SERVICES

BRIEFING: THE FUTURE OF HOUSING BENEFIT PERFORMANCE AUDIT

Purpose

1. This paper provides final 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 December 2018, we brought a [paper](#) (item 11) to the Commission outlining proposals for a new approach. The Commission were supportive of the change in approach. The paper set out that the team would discuss the new approach with DWP and bring a paper to the Commission in March 2019 for a final decision.
7. The paper outlines the positive discussion with DWP on the new approach and the proposed plan for the first year.

Housing benefit performance audit

8. In our December paper to the Commission we set out how the work will change. We will change the balance between reports on the risks at individual councils to more cross-cutting thematic reviews that look at risks across councils. With this approach we will continue to use data to risk assess all councils, refreshing the assessment each quarter. We will make the following changes:
 - 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.

Discussion with DWP

9. The team had a positive discussion with DWP about the proposed changes. The DWP were supportive of the new approach and agreed that it would add value. They recognised the changes to the benefits landscape in Scotland and considered it appropriate that we adapt our audit approach to ensure that we maximise the value it adds.
10. The current memorandum of understanding is sufficiently broad and strategic to accommodate the change in approach. We have agreed with the DWP that we will review this to see if minor changes would be helpful. The next review date is June 2019 and we will work with DWP to review it at that stage.

Proposed programme of work for 2019/20

11. At the December Commission meeting we presented several potential themes for the thematic studies: overpayments, resourcing models, customer service, accuracy, use of Automated Transfers to Local Authority Systems (ATLAS). The Commission expressed support for these themes and suggested that we balance those of a financial nature (e.g. overpayments) with those of a broader scope (e.g. resourcing models).
12. We proposed a phased approach for 2019/20, with two thematic reviews and two reviews of individual councils. This will allow us to assess the resource and timing requirements for different thematic reviews, as well as supporting new team members to undertake audit work.
13. We will continue to report our work annually to the Commission. This will bring together the main themes and findings from our programme of audit work.

14. We set out below our proposed plan for 2019/20:

Exhibit 1: Audit plan for 2019/20

Theme	Potential audit questions
Quarter 1 April - June	<ul style="list-style-type: none">• Communication to councils• Plan and develop methodology for Overpayments thematic• Start fieldwork for Overpayments thematic• Annual report for 2018/19 audit work presented to Commission
Quarter 2 July - September	<ul style="list-style-type: none">• Overpayments thematic report finalised• Audit work on individual council
Quarter 3 October – December	<ul style="list-style-type: none">• Plan and undertake fieldwork for Resourcing models thematic• Resourcing models thematic report finalised• Programme development work for future themes
Quarter 4 January - March	<ul style="list-style-type: none">• Audit work on an individual council• Programme development work for future themes• Proposed audit plan for 2020/21 presented to the Commission

Recommendation

15. The Commission is asked to agree the proposed new approach to housing benefit performance audit, including the proposed programme of work for 2019/20.

Fiona Kordiak
Director of Audit Services
22 February 2019

MEETING: 7 MARCH 2019

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: SOUTH LANARKSHIRE COUNCIL

Purpose

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Report for South Lanarkshire Council.

Background

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide more regular assurance to the public about how councils are performing in relation to their Best Value statutory duties. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report on each council at least once during the five-year audit appointment and by Best Value being reported in annual audit reports.
3. The attached BVAR (Appendix 1) is on South Lanarkshire Council. This is the first BVAR on the council and reports on the progress made by the council since previous Best Value reports. The Controller of Audit reported to the Accounts Commission on the council in January 2009. The Commission's findings were published in February 2009 and are set out in Appendix 2.

The Controller of Audit report

4. The BVAR is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
5. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - the accounts of local authorities audited under the Act;
 - any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
 - the performance by a local authority of their statutory duties in relation to best value and community planning.
6. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.
7. The report concludes with a series of recommendations proposed by the Controller of Audit which are to be part of the Commission's considerations.

Procedure

8. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:

- direct the Controller of Audit to carry out further investigations
 - hold a hearing
 - state its findings.
9. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
10. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.
11. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

Conclusion

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

Paul Reilly
Secretary to the Commission
26 February 2019

APPENDIX 1: BEST VALUE ASSURANCE REPORT: SOUTH LANARKSHIRE COUNCIL

See separate paper.

APPENDIX 2: AUDIT OF BEST VALUE AND COMMUNITY PLANNING: SOUTH LANARKSHIRE COUNCIL, FEBRUARY 2009: COMMISSION FINDINGS

1. The Commission accepts this report on the performance of South Lanarkshire Council's statutory duty to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.
2. The Commission is pleased to accept the conclusions of the report that South Lanarkshire is a council that performs very well, that benefits from strong leadership and clear direction and that displays many of the characteristics of best value. We welcome the council's clear strategic direction and clear priorities, the strong performance of services and the high customer satisfaction. We note that the council has many elements of a culture of effective continuous improvement and provides leadership on community planning, with many examples of partnership working showing positive results.
3. Given the strong performance of the council in many areas the lack of scrutiny taking place in public is surprising and disappointing. For example, the arrangements for an audit committee fall well short of established best practice. Openness and transparency are cornerstones of good governance and the council needs to review and amend its arrangements to accord with best practice. The council also needs to review and determine the role it wants area committees to fulfil as this is currently unclear. We also note with concern the extent to which vacancies in senior posts have been filled by internal appointment. All recruitment to senior posts should be open to external competition in order to be able to demonstrate that the best candidate has been appointed.
4. The Commission considers that South Lanarkshire Council is well placed to enhance its current good performance by addressing the issues highlighted in the best value report as needing to improve. We look forward to receiving from the council an improvement plan with measurable and achievable outcomes.

South Lanarkshire Council

Best Value Assurance Report



Prepared for the Accounts Commission by the Controller of Audit
March 2019

The Accounts Commission

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

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

Our work includes:

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

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

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

Contents

Key facts	4
Audit approach	5
Key messages	7
Part 1 Does the council have clear strategic direction?	8
Part 2 How well is the council performing?	13
Part 3 Is the council using its resources effectively?	21
Part 4 Is the council working well with its partners?	30
Part 5 Is the council demonstrating continuous improvement?	37
Recommendations	43
Appendix 1 Best Value audit timeline	44

Key facts



700
square
miles

Area

318,000

Population

11,900

Workforce

(number of full-time
equivalent employees)

64

Elected members

24 Scottish National Party
17 Scottish Labour
14 Conservative and
Unionist
8 Independent
1 Scottish Liberal Democrat

25,000

Council houses

£684
million

2018/19
revenue budget¹

£78
million

2018/19
capital budget²

£79
million

Budget gap
2019–22

1. Revenue budget covers day-to-day costs like wages.

2. Capital budget covers the cost of major projects such as schools and roads.

Audit approach

1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the Annual Audit Report. The Controller of Audit will also present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first assurance report on South Lanarkshire Council. The findings from the previous [Best Value report on the council in 2009](#) are summarised in Part 5. The council's recent history and Best Value audit timeline is outlined in [Appendix 1](#).

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

3. Our work covers many Best Value characteristics in the statutory guidance but does not cover them all. Our audit approach is proportionate and risk-based, that is, it reflects the context, risks and performance of the individual council. It also draws on the information from audit and scrutiny work we have carried out in previous years. Our [2017/18 Annual Audit Report](#) was the starting point. In keeping with this approach, we conducted some initial work to identify risks and council initiatives to build into the scope of our audit. This included:

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

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

Exhibit 1

Key areas of focus for our audit



The council's vision and strategic direction, including how well the leadership of the council works together to deliver priorities that reflect the needs of the community.



The effectiveness of the governance, decision-making and scrutiny arrangements.



An overall assessment of outcomes and performance and the reporting of these, including the council's public performance reporting.



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



How the council delivers services through partnership and collaborative working, including progress with health and social care integration.



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



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

Source: Audit Scotland

4. We carried out the detailed work for this report in October and November 2018.

We:

- interviewed elected members, senior officers, representatives from trade unions and a sample of the council's partners, such as the police service, the fire service and the third sector
- observed council, committee and partnership meetings
- reviewed documents and analysed data, including Local Government Benchmarking Framework (LGBF) data
- held focus groups with staff and the public.

5. Our analysis of the LGBF data reflects the 2016/17 results published by the Improvement Service in April 2018. Following recent publication of the 2017/18 LGBF data we confirmed that this shows a broadly consistent level of performance to our analysis in this report.

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

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

Key messages

- 1.** South Lanarkshire Council performs well and since the last Best Value report in 2009 has demonstrated a steady pace of improvement. The council has a comprehensive and structured approach to continuous improvement. There is evidence that service redesign and capital investment are improving outcomes for citizens and resulting in efficiencies that will help ensure financial sustainability.
- 2.** The council benefits from effective leadership and clear strategic direction. Officers and councillors work well together in the interests of the residents of South Lanarkshire.
- 3.** The council demonstrates improved performance in many services but there are other areas where improvement is still required. Service satisfaction survey results from service users differ from those from national household surveys and the reasons for this need to be understood and addressed.
- 4.** The council acknowledges that it needs to review the number and quality of its targets and how it measures progress towards achieving these. This will allow it to provide elected members with a clearer picture of performance against its strategic objectives.
- 5.** The council works well with a range of public-sector, business and academic partners to improve outcomes for citizens. Partners have a shared vision but the links between the Council's Connect Plan and Community Plan could be clearer. The Community Planning Partnership Board needs to take a more active role in driving partnership working.
- 6.** The council needs to improve how it uses community engagement to shape services. It has recently established a Community Participation and Empowerment Team to review its approach to community participation and engagement.
- 7.** The council understands its responsibilities under the Community Empowerment Act, and there is a history of transferring assets to community groups. But the council and its partners have been slow to progress elements of this Act, including the preparation of locality plans.
- 8.** The council demonstrates sound financial management. It has a strong track record of delivering large scale capital projects on time and on budget. The council has a good process in place for long-term financial planning. Future financial plans are challenging but the council is well placed to address projected funding gaps.

Part 1

Does the council have clear strategic direction?



The council has effective leadership and clear strategic direction. Officers and councillors work well together in the interests of residents of South Lanarkshire.

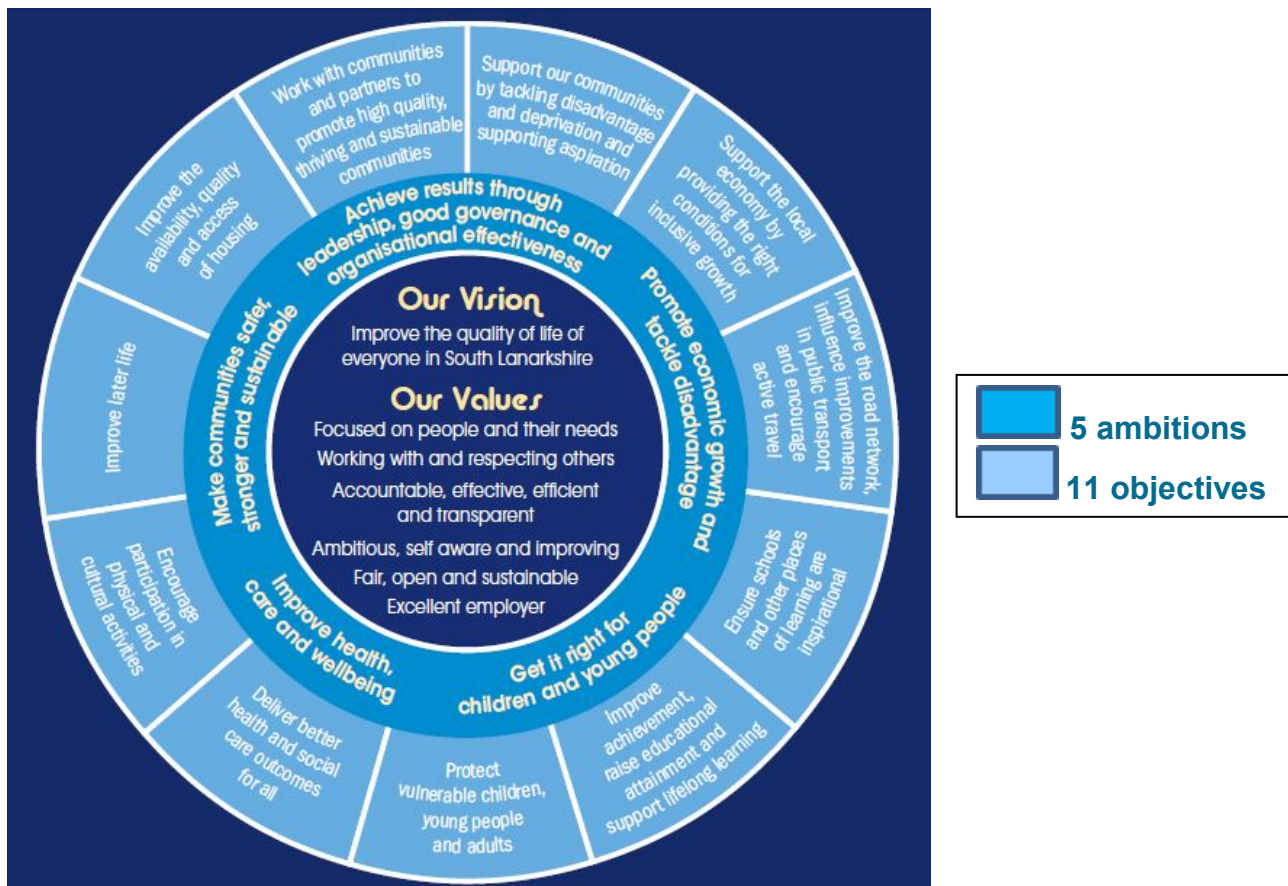
The local context

- 8.** South Lanarkshire is the 11th-largest council area in Scotland. Its area, some 700 square miles, covers the upper reaches of the River Clyde as far as Glasgow and extends into the Southern Uplands. It borders Dumfries and Galloway, East Ayrshire, East Renfrewshire, Glasgow, North Lanarkshire, West Lothian and Scottish Borders Council areas.
- 9.** As at June 2017, the population of South Lanarkshire was 318,170, making it the fifth-largest local authority in Scotland. The population is mainly concentrated in the towns of the urban north, the largest of which are East Kilbride, Hamilton, Rutherglen and Cambuslang. The remainder of the area has a dispersed settlement pattern with several large market towns and many small villages often located around historic mining and quarrying areas. Eighty-nine of the 431 data zones (population units) across South Lanarkshire are among the 20 per cent most-deprived data zones in Scotland.
- 10.** Much of the area is rural with a significant proportion of the land area given over to agriculture. The urban north was historically reliant on traditional and heavy industries, in common with the neighbouring Glasgow City and North Lanarkshire Councils. Now the main employment sectors are the public sector (including health and education), retail, manufacturing and construction.
- 11.** The council's population is expected to increase by around 2.4 per cent over the next ten years. This compares to the Scotland-wide projection of a 3.2 per cent increase. In common with other councils, the age profile is expected to be increasingly skewed towards those over 65. The proportion of South Lanarkshire residents aged over 65 is expected to increase by around 10,000, to 22.4 per cent of the population, over the next ten years.
- 12.** As at June 2017, South Lanarkshire had 145,182 households. This number is projected to increase by 6.1 per cent, to 152,891, by 2026. The council provides just under 25,000 dwellings.
- 13.** Scottish Government figures show that 74.7 per cent of the population aged 16-64 years were in employment in 2016. This compares with 74.3 per cent for Scotland as a whole. In 2016, around 22 per cent of the working population was employed in the public sector, slightly below the median Scottish figure.
- 14.** In the urban north of South Lanarkshire, transport links, including the motorway network, are very good, with the cities of Glasgow and Edinburgh within easy travelling distance. Due to the rurality of the south, residents have more difficulty in accessing transport and services than those in the urban north.

The council has a clear vision, and this is reflected in budget and operational decisions

15. In December 2017, the council refreshed its strategic plan 'Connect 2017–2022' ([Exhibit 2](#)). The plan sets out the council's vision – 'to improve the quality of life of everyone in South Lanarkshire' – and the six values that are considered fundamental to the way the council operates. The refreshed plan also redefines the council's five key ambitions, which are underpinned by the 11 objectives embedded in resource directorate and service plans and reflected in budget and operational decisions.

Exhibit 2 Connect 2017–2022



Source: South Lanarkshire Council

16. The Connect Plan was informed by PESTLE (Political, Economic, Social, Technological, Legislative, Environmental) analysis of the major influences on services and communities. It aims to address the needs of growing communities in South Lanarkshire, across both urban and rural settings.

17. The council carried out a consultation on the proposed Connect objectives through a survey promoted on its website and *The Reporter* (an annual publication produced by the council and delivered to all households, providing residents with information on services and service developments). However, the response to the survey was disappointing, with 297 responses received and only six surveys completed by those aged 18–24 and 15 by over-65s. The council accept that they need to improve the consistency and quality of consultation ([Part 5](#)).

The council and its partners have a shared vision but the links between their plans could be clearer

18. The council leads the South Lanarkshire Community Planning Partnership (CPP). The CPP published its Local Outcomes Improvement Plan (LOIP), called Community Plan 2017–2027, setting out its vision and objectives.

19. The overarching objective of the plan is ‘tackling deprivation, poverty, and inequality’. It is a broad objective consistent with the council’s wide-ranging vision ‘to improve the quality of life for everyone in South Lanarkshire’. Four of the five ambitions set out in the Connect Plan overlap with the Community Plan’s groups for targeted activity. These four ambitions focus on children and young people, promoting economic growth and tackling disadvantage, improving health and wellbeing, and community safety.

20. While the Community Plan’s overall objective and the vision of the Connect Plan are not mutually exclusive, it is not immediately obvious how they are connected and what their common focus is. For example, activities under the Community Plan specifically target children and young people, whereas the Connect Plan’s vision refers to all residents in the council area. To increase the impact, the links between the two plans need to be clearer with a sharper focus on the key areas of activity. The Connect Plan should also concentrate more on involving the community in decision-making through community engagement.

The council’s Corporate Management Team provides effective leadership

21. The 2009 Best Value report criticised the council for not advertising senior vacancies externally to allow open competition for posts. All the current Corporate Management Team (CMT) have been appointed since that time and all posts were subject to external competition.

22. CMT members were consistent in the way they interpreted and explained the council’s vision and strategic priorities and those of the CPP. Heads of service were also able to demonstrate how service plans were designed with the council’s objectives in mind.

23. Elected members and staff were positive about the CMT. Members acknowledged the fiscal challenges facing the council but, across all political groups, were balanced in their assessment of the council’s performance, both past and present. Members were also confident in the leadership provided by the CMT and found executive directors to be well informed, responsive and accessible.

24. Focus groups comprising middle managers and other staff were similarly supportive of the CMT’s approach. These groups were generally engaged in their roles and enthusiastic about service delivery. However, some staff felt that the CMT are not as visible to front-line staff as they would like. The council should ensure that existing good practice is shared across all resource directorates.

25. The CMT demonstrates the skills and expertise to deliver the council’s strategic objectives and is supported by effective heads of service who have a good understanding of how their service contributes to the strategic objectives.

Officers and councillors from all parties work well together

26. Since the council’s formation in 1996 the administration had been formed by the Scottish Labour Party. The May 2017 local government elections did not return any party with an overall majority and the Scottish National Party formed a minority administration. Therefore, members and officers have had to adapt to a new way of working.

27. Over the past year there has been a number of defections from the main groups, for various reasons, to an ‘independent’ group. This group is now large

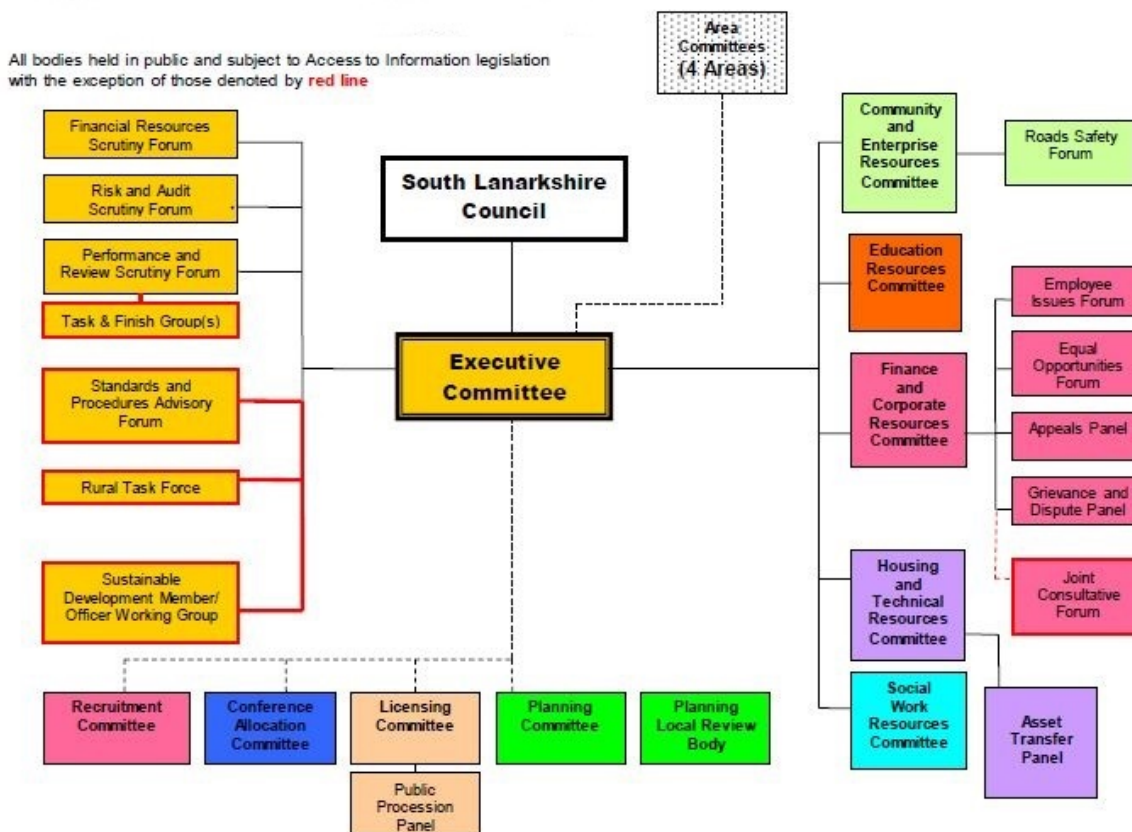
enough to influence decisions. Notwithstanding the political differences between the various groups, our discussions with members and officers suggest that there is a good degree of cooperation and consensus between members on the vision and objectives of the council. There is also consensus on how to apply resources to achieve these objectives.

The decision-making structure of the council operates effectively but the powers delegated to the Executive Committee are being reviewed

28. The decision-making structure of the council was approved at the first meeting of the new council in May 2017 (Exhibit 3) and was largely unchanged from that operating under the previous administration. All committees and forums report to the council through the Executive Committee. Discussions with members across the groups led to a consensus view that the structure was appropriate for the council's needs.

29. The Executive Committee of the council consists of 28 members, which represents the political balance of the council. Non-administration parties are represented by 17 members. However, some members have expressed concern about the extent of executive decision-making powers delegated to this committee. This concern principally relates to the approval of savings packages by the committee, independently of the council agreeing the annual budget and council tax. The leader of the council has agreed to a review of the powers delegated to the committee and we support this review.

**Exhibit 3
South Lanarkshire Council decision-making structure approved after the May 2017 elections**



Source: Report to South Lanarkshire Council (May 2017): Establishment of council's decision-making arrangements and procedures

Elected members need to improve the public scrutiny of key decisions, performance and financial reports

30. The scrutiny arrangements approved after the May 2017 elections were as follows:

- Five resource directorate committees are chaired by SNP councillors. Each committee is responsible for deciding on resource-specific issues relating to the services within that resource directorate, including finance.
- The Financial Resources Scrutiny Forum (chaired by a Scottish Labour Party councillor) is responsible for scrutinising the council's revenue budgets, the capital programme and trading services.
- The Performance and Review Scrutiny Forum (chaired by the council leader, SNP) is responsible for overseeing the council's approach to Best Value and performance.
- The Risk and Audit Scrutiny Forum (chaired by a Scottish Conservative and Unionist councillor).

31. At a meeting in June 2018, the council approved the reconstitution of the Risk and Audit Scrutiny Forum as a formal committee of the council. This change was made in response to a recommendation in the external auditor's 2016/17 Annual Audit Report. The Risk and Audit Scrutiny Committee has now been delegated decision-making powers, including the power to approve the internal audit strategy and annual plan, the annual governance statement and annual accounts. This committee is also responsible for liaising with and considering reports from the external auditors. At the same meeting, the council approved the establishment of the Petitions Committee. The stated intention of this committee is to improve the ability of local communities/residents to engage with the council.

32. Our discussions with members and observations of public meetings indicate that an element of scrutiny and challenge happens outwith committees on a less formal basis. Members need to ensure that all key decisions are seen to be subject to an appropriate level of challenge and scrutiny at public meetings. This includes sufficient discussion and scrutiny of performance and financial reports.

Elected members have a responsibility to take advantage of the training opportunities provided

33. It has been nearly two years since the 2017 local government elections, which saw 35 newly elected members. Members must now review their personal training and development needs to ensure that they have the skills required to effectively fulfil their roles. They should consider the 2016 report [**How councils work: Role and working relationships in councils – Are you still getting it right?**](#). This report stresses the importance of training and development for helping councillors to acquire the skills and tools they need to carry out their complex and evolving roles.

34. Corporate Services has assembled a comprehensive training and development programme for members. This was informed by an analysis of training needs conducted with the leaders of each political group, and feedback from elected members. Members have a responsibility to take advantage of the training opportunities provided; however, training sessions are sometimes poorly attended. It is important that members understand the financial and other information presented in reports to committees and are equipped with the knowledge and skills needed to scrutinise and challenge effectively. Members should, with the assistance of the personnel service, review their personal training and development needs and agree a plan to ensure that they have the skills required to effectively fulfil their scrutiny and challenge roles.

Part 2

How well is the council performing?



The council demonstrates improved performance in many services but there are other areas where improvement is still required. Service satisfaction survey results from service users differ from those from national household surveys and the reasons for this need to be understood and addressed.

The delivery of the Connect objectives is embedded in the activity of all resource directorates

35. Each of the council's five resource directorates are required to produce an annual resource plan. These plans provide an overview of the resource directorate's main areas of activity, summarise service achievements in the previous year, and set out plans for maintaining and improving services in the year ahead.

36. The resource plans link to the 11 Connect objectives by identifying which objectives are relevant to each resource directorate and what actions are being taken to achieve them ([Exhibit 4](#)). A range of resource measures and corporate measures have been developed to enable progress and delivery to be monitored.

Exhibit 4

Summary of 2017/18 resource plan objectives, actions and measures

Resource directorate	Objectives	Actions	Resource measures	Corporate measures
Community and Enterprise	7	59	154	74
Education	7	81	179	33
Finance and Corporate	1	60	165	44
Housing and Technical	7	45	104	32
Social Work	5	65	112	31
Total	N/A	310	714	214

Note: 214 corporate measures were originally identified in the 2017/18 resource plans. However, following an internal peer review some revisions were made to the corporate measures identified and 219 are now reported to the Executive Committee.

Source: South Lanarkshire Council's 2017/18 resource plans

37. The five resource plans prepared for 2017/18 identified the Connect objectives relevant to each resource directorate and actions required to contribute towards achieving the objectives.

The council is reviewing internal reporting measures to provide elected members with a clearer picture of performance against the Connect objectives

38. The council manages and reports performance using a system called IMPROVe. IMPROVe uses a traffic light system to show the status of each performance measure. The system is used to track progress against the objectives set out in the Connect Plan and the actions identified within the individual resource plans.

39. Performance against resource measures is reported to the appropriate resource committee and performance against corporate measures is reported to the Executive Committee. Progress reports submitted to the Executive Committee include a summary of performance against measures for each Connect objective, along with details of the main achievements for that objective.

40. The progress report for quarter four of 2017/18 reported on 219 measures to the Executive Committee. Of these, 91 per cent were marked as green, suggesting that they were on track to achieve target performance levels. However, the 2017/18 Annual Audit Report, published in September 2018, found that:

- It was not always clear how targets or timescales had been met.
- Many of the targets set were lower than the performance level achieved in previous years.

41. The external auditor concluded that this limited the usefulness of the progress reports in demonstrating performance and how the council is delivering continuous improvement.

42. In response, the council acknowledged the need to review the number and quality of measures and targets included in IMPROVe and is carrying out a review. This review will coincide with the mid-term review of the council plan, objectives and next steps due to be taken in 2019. A revised approach is expected to be fully implemented for the 2019/20 reporting year.

The council has improved how it reports its performance to the public, and further development is planned

43. The council has recently improved its approach to public performance reporting. In 2017/18, it introduced 'spotlights' performance pages on its website, designed to give the public an overview of council performance ([Exhibit 5](#)). This is an improvement from its lengthy annual performance reports, which consisted mainly of text.

44. Spotlights use infographics to present information on the council's performance, making it more accessible for the public. However, further development is required to ensure that the information provided is consistently of high quality. All infographics should include sufficient information to clearly show whether targets have been met, and whether performance is improving or deteriorating.

45. The infographics show performance against certain measures for each of the council's 11 strategic objectives. Further improvement is planned to allow users to easily access detailed information for each infographic. This should include trend information and supporting data to provide a complete and balanced picture.

46. The council provides more detailed information about service performance to supplement the spotlights pages on its website, but this information is not yet directly linked to the infographics. The information presented in the [public performance reports](#) section of the website includes details of performance over the last three years and comparisons with Scottish averages where applicable. The

information reported in these pages provides a comprehensive picture of service performance.

Exhibit 5

Examples of annual performance spotlights infographics for a sample of Connect objectives

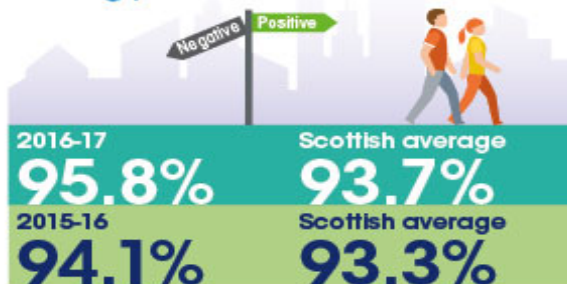
Welfare guardianship visits completed on time:



Repairs completed



School leavers entering positive destinations:



Attendances at outdoor recreation and country parks:



Source: South Lanarkshire Council website: [Annual performance spotlights](#) pages

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

47. The [Local Government Benchmarking Framework](#) (LGBF) brings together a wide range of information about how all Scottish councils perform in delivering services, including cost of services and residents satisfaction. The framework also enables the council to compare its performance against the Scottish average and other councils. The final 2016/17 LGBF data published by the Improvement Service in April 2018 has been used for the analysis in this report.

48. In September 2018, the council published its annual report on its performance against LGBF indicators ([Exhibit 6](#)). The report includes whether performance against these indicators has improved or declined since the previous year. It also includes a comparison of the council's performance with the Scottish average. It explains what may have accounted for the improvements or deterioration in performance and sets out what actions are required for improvement where needed. For instance, it sets out actions that could be taken to address the increases in sickness absence levels and school exclusion rates.

49. The council's review of LGBF data includes a comparison of its performance with the Scottish average but not a comparison of performance against its LGBF family groups. These are groups of councils facing similar challenges based on population density and deprivation.

Exhibit 6

South Lanarkshire Council's analysis of 2016/17 LGBF results

KEY:		Number of indicators	
		2015/2016	2016/2017
↑	improving performance in SLC	31 (47%)	38 (52%)
↓	declining performance in SLC	31 (47%)	28 (38%)
↔	No change in performance in SLC	3 (5%)	2 (3%)
N/A	Info not available	1 (1%)	5 (7%)
<hr/>			
✓	SLC results better than Scottish average	37 (56%)	39 (53%)
X	SLC results worse than Scottish average	27 (41%)	27 (37%)
↔	SLC results same as Scottish average	2 (3%)	2 (3%)
N/A	Info not available	0	5 (7%)

Source: Performance and Review Scrutiny Forum (September 2018)

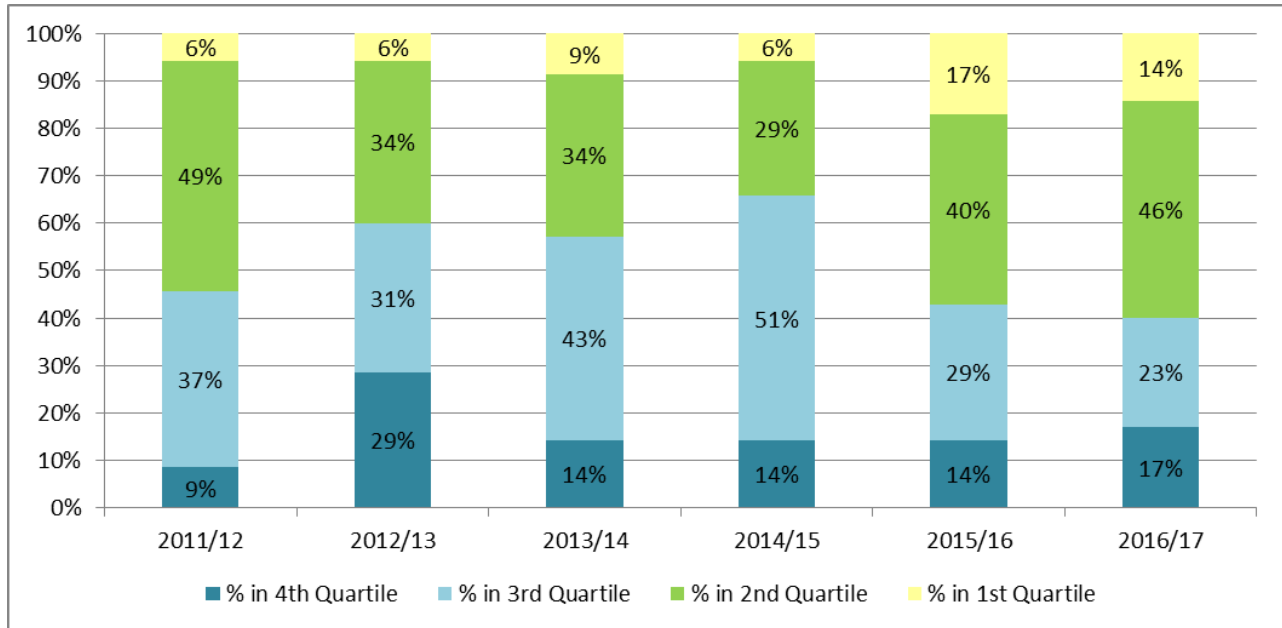
Performance since 2011/12 has fluctuated but there have been considerable improvements in the last two years

50. Exhibit 7 shows an audit analysis of the council's performance relative to all other Scottish councils. Although there are over 70 performance indicators in the LGBF, this analysis is based upon 35 single-year, mainly outcomes-based, indicators that were reported on, as part of the LGBF, every year within the six-year period shown in Exhibit 7. Where a council failed to supply data for one of the 35 indicators we have excluded this council from our analysis, so reported totals may not equal 100 per cent.

51. Of the indicators included in the analysis, the council's relative performance improved between 2011/12 and 2016/17. Performance fluctuated in the period between 2011/12 and 2014/15 but there have been considerable improvements in the last two years. Many improvements in local outcomes have been achieved through long-term initiatives, linked to the capital programme, so should be sustainable in the future.

Exhibit 7

South Lanarkshire Council's LGBF performance relative to other Scottish councils, 2011/12 to 2016/17



Note: Measuring council performance involves considering how all councils are performing, from lowest to highest for each indicator. From this, it is possible to see how one council compares with all other councils. Relative performance against other councils is divided into four equal bands, or quartiles. The first quartile contains the best-performing councils for that indicator and the fourth quartile contains the poorest-performing councils.

Source: Audit Scotland and Local Government Benchmarking Framework, Improvement Service, 2016/17 (published in April 2018)

52. As part of the audit analysis the council's performance was compared with its LGBF family groups. This showed that its performance was in line with its performance against the Scottish average.

The council demonstrates improved performance in many services but there are other areas where improvement is still required

53. Areas of generally strong performance include corporate assets and economic development. Specifically, the council was ranked second in Scotland for:

- the proportion of operational buildings that are suitable for their current use
- the percentage of unemployed people supported back into work through council-funded employability programmes.

54. Education has been a long-standing priority for the council and is an area in which it has made significant investment over a number of years. The council is performing well in LGBF indicators relating to education. [Exhibit 8](#) shows that there has been a trend for year-on-year improvements in performance against several key indicators. In addition:

- Education attainment has improved since 2011/12. LGBF indicators at [Exhibit 8](#) are all in the top two quartiles of Scottish performance.
- There was an improvement in the proportion of 16 to 19-year-olds participating in learning, training or work. This was in line with the Scottish average of 91 per cent in 2016/17.
- However, the rate of school exclusions was 28 per 1,000 pupils in 2016/17. This is slightly higher than the Scottish average of 27 per 1,000.

Foundation apprenticeships

The council was recently successful in a bid to deliver foundation apprenticeships as a lead provider. The ambition is to increase the number of local pupils involved in the programme from 44 to 250.

Source: [Skills Development Scotland](#)

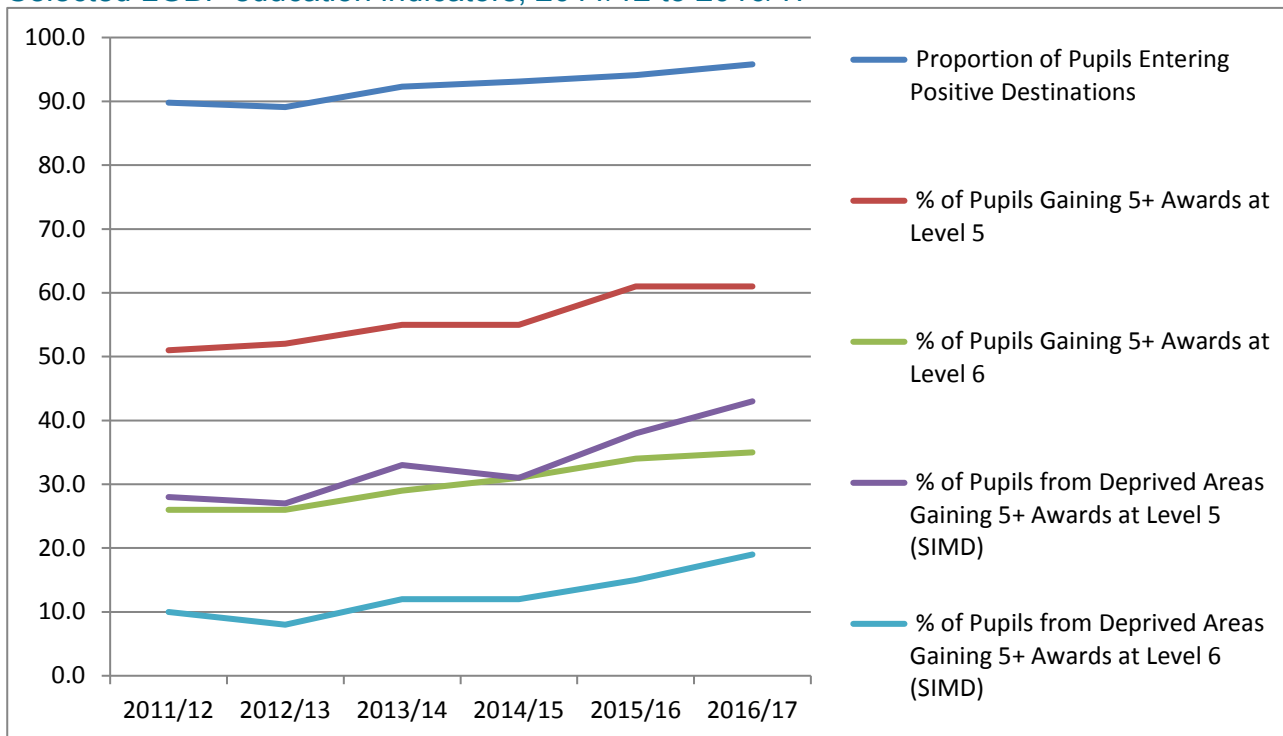
Nurture School Award

In 2018, Trinity High School in Rutherglen became the first secondary school in the UK to win the National UK Nurturing School Award in recognition of the high quality of support offered to students.

Source: [UK Parliament website](#)

Exhibit 8

Selected LGBF education indicators, 2011/12 to 2016/17



Source: Local Government Benchmarking Framework, Improvement Service 2018

55. One area where the council's performance is in the bottom quartile is the length of time taken to complete non-emergency repairs to council dwellings. This represents a deliberate policy by the council, following consultation with tenants, to set a local target of 30 days to complete non-urgent repairs. The rationale behind the policy is to drive efficiency through concentrating resources on specific geographical areas on a rotation basis. Officers have also advised that the policy has improved the quality through a higher proportion of "right first time" jobs further improving the efficiency and effectiveness of the service.

56. The council's level of self-directed support spending and child protection re-registrations during 2016/17 both placed the council in the bottom quartile. As part of the council's response to the LGBF 2016/17 results, it highlighted these areas of poor performance and identified improvement actions.

The council is in the bottom two quartiles for eight of the nine service satisfaction indicators

57. The LGBF includes indicators that assess residents' satisfaction with council services. These are based on results from national surveys. LGBF data shows that the council is in the bottom half of all councils in Scotland for eight of the nine satisfaction indicators ([Exhibit 9](#)). The reasons for these results should be understood and addressed.

58. The council carries out its own customer satisfaction surveys with service users, and the results from those surveys show higher satisfaction rates. However, the council accepts that there should be a wider focus, beyond service users, that considers views from other residents who may not currently be using those services, to provide meaningful data to help shape future services.

Exhibit 9

South Lanarkshire Council's performance against LGBF service satisfaction indicators

Indicator	Satisfaction level (%)	Ranking out of 32 Scottish local authorities	Range of performance across local authorities (%)
Adults satisfied with local schools	75.7	22nd	62.7-94.7
Adults satisfied with social care or social work services	39.3	30th	36.3-72.7
Adults looked after at home satisfied that the care they receive has an impact on their quality of life	81.0	27th	77.0-92.4
Adults satisfied with libraries	69.3	29th	54.7-94.0
Adults satisfied with parks and open spaces	79.0	29th	75.3-92.7
Adults satisfied with museums and galleries	70.0	16th	46.3-93.3
Adults satisfied with leisure facilities	72.3	23rd	48.7-93.3
Adults satisfied with refuse collection	83.0	22nd	66.3-93.0
Adults satisfied with street cleaning	72.3	20th	59.7-84.7

Note: Satisfaction levels are based on average responses to Scottish Household Surveys for 2014 to 2017 except for adults satisfied with social care or social work services and adults looked after at home satisfied that the care they receive has a positive impact on their quality of life. This information was taken from the Scottish Health and Care Experience Survey for 2013–2016 and 2015–16, respectively.

Source: Local Government Benchmarking Framework, Improvement Service 2018

The council's next staff survey should be carried out and the results used to drive improvement

59. The council undertake two-yearly staff surveys. The last survey was completed in 2016 and generated a response rate of 34.8 per cent. The results did not highlight any areas of widespread dissatisfaction among staff but did identify areas that need attention, including employee communication, management style, policy and procedures, and job and career development. In response to the results of the survey, each resource directorate developed an action plan to address the corporate issues and any other areas of improvement in its services.

60. A staff survey was due to be completed in 2018 but has not yet been undertaken. It is expected to be carried out early in 2019. Specific attention should be given to staff engagement, which was highlighted by staff focus groups as an area of concern.

The council and its partners have made progress towards achieving the objectives of the Local Outcome Improvement Plan

61. The Community Plan (LOIP) 2017–2027 is underpinned by partnership improvement plans (PIPs), which contain detailed action plans and performance measures for each of the CPP's key thematic areas that contributes to the overarching objective of 'tackling deprivation, poverty, and inequality'. The performance measures include 82 statistical measures to track how activities are affecting progress towards achieving outcomes.

62. In October 2018, the CPP reported that performance against 45 of the statistical measures was on target, nine had a minor shortfall against target and seven had a major shortfall against target (statistics were not yet available for 21

measures). Performance was improving quickest against the 'Health and Care' and 'Sustainable Economic Growth' measures, but progress was slower against the 'Community Safety' and 'Getting It Right for South Lanarkshire's Children' measures.

63. It is too early to make any overall assessment of delivery against the overarching objective, but initial performance reporting suggests that progress is being made by the council and its partners in improving local outcomes. As reported above, the link between the Connect Plan and the Community Plan could be clearer.

The Care Inspectorate's most recent joint inspection reports highlight some areas of good performance but also areas for improvement

64. In 2015, the Care Inspectorate published a joint inspection report on services for children and young people. It found that the lives of many children and young people growing up in South Lanarkshire were improving because of the services delivered to them by the council and its community partners.

65. It highlighted that services were supporting most children effectively and providing them with a positive start in life. However, it also found that life chances of some of the most vulnerable children and young people were not improving sufficiently well. Across nine quality indicators, one was assessed as very good, four were assessed as good and four were assessed as adequate. The Care Inspectorate recommended areas for improvement and is monitoring progress.

66. The Care Inspectorate published a joint inspection report on services for older people in 2016. It found that most older people achieved positive personal outcomes and were generally content about the care and support they received.

67. The Health and Social Care Partnership was performing well in some areas, such as improving the balance of care, with older people being supported to remain at home. However, it found that improvements were needed in some areas; for instance, action should be taken to decrease rates of emergency admissions and reduce levels of delayed discharge. Of nine quality indicators, three were assessed as good and six were assessed as adequate. The Care Inspectorate made several recommendations for improvement, and progress is being monitored by the Care Inspectorate link inspector in partnership with Healthcare Improvement Scotland.

68. Following this joint inspection report, levels of delayed discharge continued to increase up to October 2017. There was a significant decrease in delayed discharges between October 2017 and March 2018. Through the rest of 2018, there was an increasing trend of delayed discharges, but levels remained largely lower than those seen in 2017. Levels of emergency admissions remained high, however, management has advised that the number of bed days associated with these admissions has reduced.

Part 3

Is the council using its resources effectively?



The council demonstrates sound financial management. It has a strong track record of delivering large scale capital projects on time and on budget. The council has a good process in place for long-term financial planning. Future financial plans are challenging but the council is well placed to address projected funding gaps.

The council has a well-established budget-setting process that supports elected members in scrutinising savings plans

69. The development of the annual revenue budget includes consultation with the public, staff, unions and elected members. A session is held for all elected members in November each year to advise them of the proposed budget and savings package for the coming year. Elected members can then scrutinise budget proposals and make amendments until the approval of the final budget in February.

70. The budget proposals, including the detailed savings package, are also published on the council's website in November each year. Comments and suggestions are invited from members of the public via a dedicated email address, savings@southlanarkshire.gov.uk. Published proposals do not attract many responses from the public. However, there is some evidence that comments received in previous years have resulted in changes being made to council proposals.

71. To ensure that elected members from all political parties are provided with the same information, a central record is maintained of all queries and officer responses arising during the budget-setting process. Elected members from all political groups were positive about the budget-setting process and the support provided by officers.

72. In February 2018, the new council approved a revenue budget of £684.5 million. The 2018/19 budget was based on a 3 per cent increase in council tax and included savings of £15.2 million. The approved budget included funds for several new initiatives including school holiday clubs and breakfast clubs.

73. The budget-setting process works well and supports elected members in agreeing the budget. There is a clear focus during the budget-setting process on how resources can be best used to contribute towards the 11 corporate objectives.

The council's financial management is effective, but it needs to ensure that all budgets accurately reflect anticipated activity

74. In February 2017, the council approved a revenue budget of £673.3 million for 2017/18, which was an increase of £5.5 million on the base budget set for 2016/17. A package of savings, totalling £35.0 million, was incorporated into the budget.

75. The council has a history of delivering services within budget and reported an underspend for 2017/18 of £28.0 million (4.2 per cent), over and above the delivery of the approved savings. Underspends have also been reported against the revenue budget in recent years, which have resulted in the general fund balance

Scotland Excel PCIP assessment

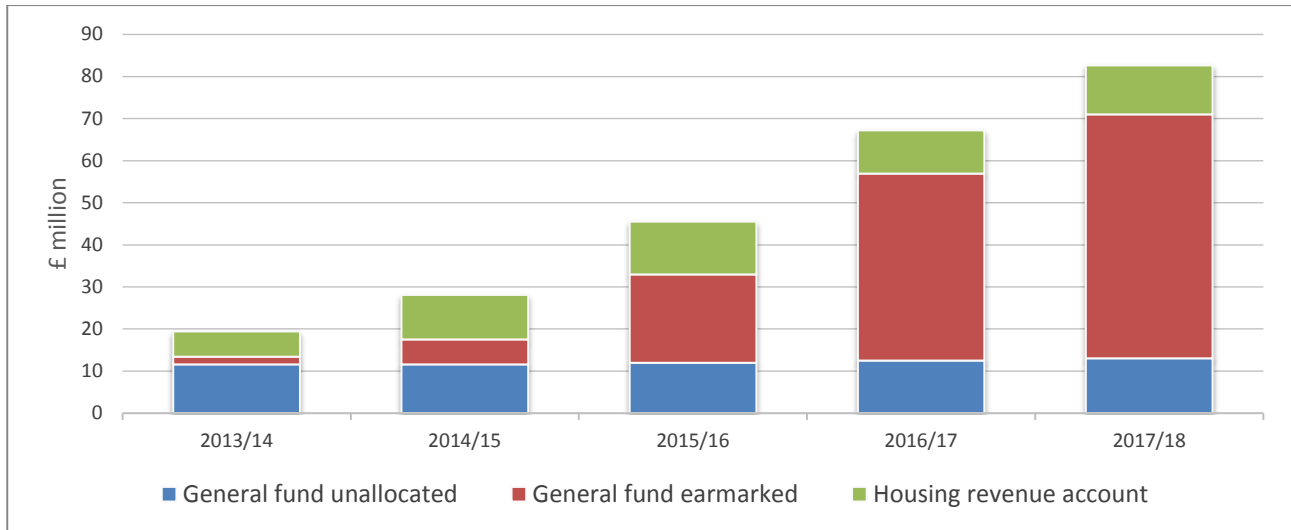
The council's Procurement and Commercial Improvement Programme (PCIP) assessment was carried out in September 2018. The council's score increased from 71 per cent (in 2016) to 78 per cent and therefore remained in the top performance band F1.

Source: South Lanarkshire Council

increasing from £19.4 million at 31 March 2014 to £82.7 million at 31 March 2018 ([Exhibit 10](#)).

Exhibit 10

Analysis of general fund over last five years



Source: South Lanarkshire Council Annual Accounts 2013/14 to 2017/18

76. The external auditor reported in the 2017/18 Annual Audit Report that the most significant elements making up the underspends each year were higher than the budgeted council tax income, and lower than the budgeted loan charge payments. The council has reviewed these budgets for 2018/19 to more accurately reflect anticipated activity. It has also improved budget-monitoring reports to provide elected members with an earlier indication of the projected annual outturn.

The council has adequate levels of reserves to respond to unexpected events

77. The council's reserves strategy was included within the Revenue Budget Strategy – 2018/2019 which was approved by the Executive Committee in June 2017. It states that the council should 'consider allocating surplus funds to augment the Uncommitted General Fund levels marginally per annum when possible, with a view to increasing the reserve to approximately £13.5m over time (2% of revenue budget)'. At 31 March 2018, the uncommitted general fund balance was £13.0 million ([Exhibit 11](#)).

Exhibit 11

Usable reserves

Reserve	31 March 2017 £ million	31 March 2018 £ million
General fund unallocated	12.5	13.0
General fund earmarked	44.4	58.0
Housing revenue account balance	10.3	11.6
Repair and renewal fund	5.9	7.2
Capital fund	21.6	18.2
Insurance fund	3.3	4.5
Total usable reserves	98.0	112.6

Source: South Lanarkshire Council 2017/18 Annual Accounts

78. During 2017/18, the overall level of usable reserves held by the council increased by £14.6 million to £112.6 million ([Exhibit 11](#)). This level of usable reserves is similar to comparable councils.

79. The financial position is currently sustainable and will remain so in the foreseeable future. The council has an adequate level of reserves, is containing its expenditure within annual budgets and has credible medium-term financial plans in place.

The council should review its approach to earmarking the general fund balance

80. A significant proportion, £37.0 million (64 per cent), of the £58.0 million 'earmarked' general fund balance is allocated for 'use in future budget strategies' to reduce the need for savings between 2018/19 and 2020/21. In the 2017/18 Annual Audit Report, the external auditor reported that it was not clear whether all the earmarked elements of the general fund related to known or predicted expenditure. There is a risk that amounts have been earmarked that could be released to the uncommitted reserves to be used for Connect priorities. The council should review its approach to earmarking and reassign any amounts for which there is no clearly identifiable specific commitment to general reserves.

The council has a good process in place for long-term financial planning

81. The Accounts Commission's April 2018 [Local government in Scotland: performance and challenges 2017](#) review highlights the importance of medium to long-term financial planning given the continuing pressures that councils will face into the future. In this review, the Accounts Commission recommended that, for areas for which the level of Scottish Government funding is not known, councils should plan for a range of possible scenarios. By doing this, they would be prepared for various levels of funding.

82. Historically, the council's financial strategy has been delivered through a series of short-term financial plans and policies, typically having a span of one to three years. As part of its approval of the revenue budget strategy for 2018/19 in June 2017, the Executive Committee requested that a longer-term strategy be prepared.

83. The council's long-term financial strategy was approved at the August 2018 meeting of the Executive Committee. The strategy identifies budget pressures, future risks and uncertainties, and projects budget gaps to 2028/29. Given that

funding settlements are only made annually, it is difficult for the council to plan with absolute certainty. To address this, the strategy includes scenario planning and a risk assessment of the likely impact of any changes in assumptions.

84. The long-term financial strategy highlights that the council faces a challenging situation in the medium to long-term because of reduced funding in real terms, rising costs and an increase in demand, particularly for social care services. Taking all these factors into consideration, the council predicts that it could face funding gaps of up to £35 million (based on the worst-case scenario) in each year from 2022-23 to 2028-29. Such funding gaps would present challenges, but the council is well prepared to address them.

85. Management has advised that the financial strategy will evolve over time to ensure its full integration with the longer-term capital programme, asset management plan and treasury management strategy to support the delivery of the council's longer-term objectives. It will also be used to demonstrate the long-term impact of local and national policy decisions on council finances.

Management has restructured finance and personnel functions to provide better support for services

86. A recent service review resulted in the restructuring of the finance section as part of the introduction of an integrated finance model. This was done to foster a more coordinated approach to financial planning and budgeting across all resource directorates to support the delivery of council objectives as financial constraints become more pressing.

87. The personnel service was also subject to a service review and all personnel staff have been centralised in a single team. This has enabled a more coordinated and consistent approach to workforce planning and administration across all services.

The council's capital planning process prioritises projects that support the delivery of Connect objectives

88. The council has an overarching Corporate Asset Management Plan which focuses on what level of investment is required to address any service delivery issues. It also addresses the risks associated with non-investment in assets. This enables the council to prioritise those areas that contribute most directly to delivering the corporate objectives when developing the three-year rolling general fund capital programme.

89. The council approved a three-year general fund capital programme, covering 2017/18 to 2019/20, of £255.9 million in February 2017. The most significant elements of the programme, along with the main Connect objectives to which they contribute, are set out in [Exhibit 12](#).

Exhibit 12

Highest value projects in the 2017/18 to 2019/20 general fund capital programme

Project	Value £ million	Connect objective(s)
Glasgow City Region City Deal roads projects	72.9	Improve the road network, influence improvements in public transport and encourage active travel
Primary schools modernisation	44.4	Ensure schools and other places of learning are inspirational
Glasgow City Region City Deal community growth area projects	36.0	Support the local economy by providing the right conditions for inclusive growth
Roads investment plan	29.5	Improve the road network, influence improvements in public transport and encourage active travel
Social work residential care facilities	17.6	Deliver better health and social care outcomes for all
Street lighting improvement	11.4	Improve the road network, influence improvements in public transport and encourage active travel

Source: *Capital Programme 2017/2018 to 2019/2020*, report to South Lanarkshire Council (February 2017)

90. The council approved housing capital programmes of £36.2 million for 2017/18 and £44.9 million for 2018/19. These prioritised projects contributed most directly to the Connect objective to improve the availability and quality of and access to housing. These included new-build housing projects as part of the council's Strategic Housing Investment Plan commitment to deliver 1,552 new homes by 2022. Up to the end of 2018, 375 new homes had been completed with a further 176 in construction.

The council has a strong track record of delivering large scale capital programmes on time and on budget

91. Over the last 20 years, the council has made significant capital investment to improve its asset base, support the delivery of its corporate priorities and boost the local economy. This has included investments in its school estate ([Case study 1](#)), existing and new housing stock, the roads infrastructure and social work care facilities. These capital programmes have been funded by, for instance, borrowing, general and specific capital grants (including City Deal funding), capital receipts and developer contributions.

Case study 1

The council has replaced the entire primary school estate with modern accommodation

In 2004, the council commenced its Schools Modernisation Programme with the intention to replace the entire school estate with modern accommodation 'fit for learning in the 21st century'. This included the modernisation (refurbishment and new building) of 129 primary schools at a cost of £869 million, in line with budget.

As at March 2018, 126 of these schools had been completed. All were completed and opened by the planned date. The remaining schools will open during the 2018/19 academic year to complete the programme. The modernised schools have been widely welcomed by head teachers, teachers and parents as 'providing a vibrant and stimulating education environment' for primary age children.

The successful completion of the Schools Modernisation Programme is a key element in the delivery of a range of Connect objectives including aspirations to 'ensure schools and other places of learning are inspirational' and 'improve achievement, raise educational attainment and support lifelong learning'.

Source: South Lanarkshire Council

92. The council has successfully delivered projects totalling almost £1.5 billion (95 per cent of approved programmes) over the last ten years ([Exhibit 13](#)). There has been no significant slippage or overspends on major capital projects.

93. The council's successful management and delivery of capital projects has had a direct impact on the lives of citizens and has played a significant role in improving the economic wellbeing of the area.

94. Because of its extensive capital programmes, the council has the fourth-highest borrowing of any Scottish local authority, £913 million at 31 March 2018. This is largely in line with other local authorities of a similar size.

Exhibit 13

Delivery of capital programmes over last ten years

	General fund capital programme			Housing capital programme		
	Budget £ million	Delivery £ million	Delivery %	Budget £ million	Delivery £ million	Delivery %
2008/09	119.2	114.4	96	38.5	38.5	100
2009/10	150.2	134.8	90	40.4	39.6	98
2010/11	128.5	122.0	95	42.0	40.6	97
2011/12	120.1	118.1	98	40.9	37.1	91
2012/13	116.0	114.9	99	55.3	50.8	92
2013/14	127.8	125.3	98	39.6	41.8	106
2014/15	109.5	98.1	90	38.5	37.1	96
2015/16	102.3	95.7	93	40.1	42.1	105
2016/17	83.3	80.1	96	38.8	43.9	113
2017/18	78.2	55.5	71	40.6	36.9	91
Last ten years	1,135.3	1,058.9	93	414.8	408.5	98

Note: The three years when the council delivered more than 100 per cent of the approved annual housing capital programme relate to the acceleration of work in-year because of the availability of resources (staff and finances) to complete additional work.

Source: South Lanarkshire Council general fund and housing capital outturn reports 2008/09 to 2017/18

The council has taken advantage of City Deal funding to bring forward capital projects

95. The Glasgow City Region City Deal was the first in Scotland and involves eight councils working together to deliver infrastructure, innovation and employment projects to improve their economic performance. Launched in August 2014, the £1.1 billion deal includes £500 million from the UK and Scottish Governments over a 20-year period, plus £130 million from the eight councils. It is estimated that the deal will attract an estimated £3.3 billion of private-sector investment, create 29,000 permanent jobs and increase gross value added – that is, the value of all the goods and services that the region produces without taxes or subsidies – by £2.2 billion per year.

96. The availability of City Deal funding has enabled South Lanarkshire Council to bring forward the following capital projects:

- **Community Growth Areas: a £62 million scheme to deliver a number of education, transport and community infrastructure projects**
The strategic business case for the Community Growth Areas (CGAs) project was approved by the City Deal Cabinet Office on 18 August 2015, with the outline business case being approved on 15 December 2015. The CGAs project has been separated into four areas: Newton, Hamilton, Larkhall and East Kilbride. Within each area, several subprojects are being carried out within the overall CGAs budget allocation.
- **Cathkin Relief Road: building of a new £21 million single-carriageway road**
This road is now complete, and it opened to traffic on 24 February 2017. The focus is now on the delivery of the remaining complementary works.
- **Stewartfield Way: a £63 million upgrade to dual both carriageways and improve traffic flow**
The strategic business case was approved by the City Deal Cabinet Office on 18 August 2015. A paper was presented to the City Deal Chief Executive's Group to update it on the project's progress. The paper confirmed that the cumulative assessment exercise is now complete, which will help to determine future transport needs for the area. The main infrastructure works are expected to commence in summer 2023, with completion anticipated in spring 2025.
- **Greenhills Road: a £23 million project to dual two sections of the road and to improve junctions and bus infrastructure**
The outline business case for the project was approved by the City Deal Cabinet Office on 18 October 2016. The full business case has now been submitted to the Project Management Office for review and submission to Cabinet for approval.

97. These projects are being funded by the City Deal capital grant (86 per cent) and council contributions (14 per cent). The City Deal capital grant is expected to be received in instalments over a period of up to 30 years.

98. Up to the end of 2017/18, the council had spent £23.0 million on these projects and had received a grant allocation of £21.8 million (accounting for 95 per cent of spending to date). This is above the 86 per cent level of funding due from the City Deal and reflects both the availability of funding and the good progress made by South Lanarkshire Council in the early years of the programme in comparison with other member authorities. The overall level of City Deal funding received by the council will reflect the originally approved amounts, but the early receipt of this money has reduced the council's borrowing costs.

The council has a comprehensive and coordinated approach to workforce planning

99. Staff numbers have reduced, from 13,493 (full-time equivalent (FTE)) at the time of the last Best Value review in 2009 to 11,852 (FTE) by June 2018. This reduction was due to a combination of the merger and centralisation of departments and job roles, and the use of technology to streamline working practices. The council has reduced staff numbers through redeployment and staff turnover and has not used a large-scale voluntary early release scheme.

100. The council has a comprehensive and coordinated approach to workforce planning, which includes an organisation-wide, three-year workforce plan. The plan details how workforce planning relates to the council's priority objectives and includes a profile of the current workforce to support succession planning, that is, arrangements for replacing key employees when they leave arrangements. This profile includes information on age, gender, disability, ethnicity and turnover. The plan also identifies workforce-related challenges facing the council and the steps, actions and framework required to create a modern, sustainable workforce.

101. The strategic workforce plan is delivered through three-year resource directorate workforce plans with profiling for each service area. Each resource directorate used the corporate workforce planning template to produce their own plans. The plans were prepared in line with the council's workforce planning toolkit, which reflects the Chartered Institute of Personnel Development's national guidance.

102. The plans set out the efficiency savings required, findings from service reviews, implications for the workforce and the approach to succession planning. Each resource directorate workforce plan sets out priority areas for action in relation to workforce numbers, required skills and new working practices. These plans include timescales and consider budget implications for the proposed actions.

103. The workforce plans are further supported by the council's learning and development strategy and learning and development plans for each resource directorate. In addition, learning and development boards have been formed within all resource directorates. These boards focus on the key workforce and employee development issues for each directorate including workforce planning.

The council has well-developed redeployment and succession planning arrangements that support the service review programme

104. The management of any reductions in staff numbers is key to the successful delivery of actions set out in resource directorate workforce plans. The council's collective agreement with trade unions sets out that the council will look to redeploy all displaced staff through its Switch 2 redeployment programme or through staff turnover, such as retiral, or the backfilling of vacant positions.

105. Switch 2 was developed to match at-risk staff with suitable roles to prevent competition between staff for the same role. A long lead time for any staff reductions enables employees to apply for suitable posts within the council as they become available. This approach has several benefits. For example, it means that individuals whose posts are no longer required are not negatively affected by failing to secure a remaining post. Furthermore, it means that managers get new staff who have chosen to work within their teams.

106. This approach has proved to be successful for redeploying staff and preventing competition among staff and Trade unions have been positive about the approach adopted.

107. Another key aspect of the council's arrangements for workforce management is its succession planning to alleviate the impact of future workforce pressures. In

recent years, this has involved over-recruiting and early recruitment in areas with an ageing workforce or other emerging staff pressures. Examples include:

- Health and safety team – early recruitment of two additional staff to be trained, including on-the-job training from experienced colleagues, so that the additional staff members are ready to succeed existing staff when they retire.
- Roads team – targeted recruitment to reduce the average age and improve the gender balance of the existing workforce.
- Early years workers – appointment of additional staff on permanent contracts in preparation for the impact of the full roll-out of the initiative to increase the number of funded early learning and childcare hours from 600 to 1,140 per year.
- Homecare workers – systematic over-recruitment of homecare workers to counteract the national issue of high staff turnover in homecare roles.

108. Recently there has been significant pressure on recruitment. The council have therefore prioritised recruitment campaigns for service critical roles. This has impacted upon recruitment times for other posts and this was highlighted by some staff focus groups as an area of frustration. The situation is being closely monitored by the Executive Director of Finance and Corporate Services and reported to CMT meetings to ensure that these recruitment issues are resolved as a priority.

The council has shown a commitment to dealing with staff fairly and equitably

109. Some examples of the council's commitment to dealing with staff in a fair and equitable manner include:

- effective working relations and open communication with trade unions
- first local authority in Scotland to introduce a menopause policy
- running transgender awareness sessions for managers and head teachers to help them understand how they can better support trans staff and pupils
- use of a disability partnership to ensure that changes in services reflect the needs of disabled citizens and employees and do not exclude any groups.

The council is reviewing its service level agreement with South Lanarkshire Leisure and Cultural Trust

110. South Lanarkshire Leisure and Culture Ltd (SLLC) was formed on 1 April 2002 to manage the operation of sports and recreation facilities on behalf of South Lanarkshire Council. From 1 October 2010, the remit of SLLC was expanded to include the management of community and town halls, country parks, museums, libraries, outdoor resource bases and arts development.

111. During 2018, the council identified a need to review the terms of its service level agreement with South Lanarkshire Leisure and Culture Trust (SLLCT) to clarify its expectations of how SLLCT should prioritise leisure and cultural services. This was prompted by the increasing pressure on budgets and the year-on-year reductions in the funding available to SLLCT. The review is currently ongoing and will be concluded during 2019.

Equal pay

The council reached compensation agreements with almost 6,000 current and former employees who lodged equal pay claims. The total cost of compensation payments was over £80 million. The council was the first in Scotland to complete the process.

Source: [Accounts Commission Equal pay in Scottish Councils report \(September 2017\)](#)

Living wage

Since 2011, the council has been paying the real living wage, and achieved accreditation as a living wage employer in 2016. In November 2018 the council won the Living Wage Scotland Anchor Institution Award in recognition of its commitment to increasing the profile and take up of the real living wage across South Lanarkshire.

Source: [Living Wage Scotland website](#)

Part 4

Is the council working well with its partners?



The council works well with a range of public-sector, business and academic partners to improve outcomes for citizens. However, the Community Planning Partnership Board needs to take a more active role in driving partnership working.

The Community Planning Partnership Board needs to take a more active role in driving partnership working

112. The council works well with community planning partners but there is an opportunity to increase the impact of joint working. The 2009 Accounts Commission Best Value report on South Lanarkshire Council highlighted that partnership working was long established in South Lanarkshire and that there were many positive examples of joint working.

113. However, the report also recommended that the CPP could be strengthened by including a range of partners in addition to the main agencies. CPP membership has since been expanded, with other organisations and groups participating in joint working and thematic groups as appropriate. For example, South Lanarkshire Youth Council is a member of the Youth Partnership Group, and Victim Support South Lanarkshire is a member of the Community Safety Partnership.

114. The CPP Board set the joint vision and strategic objectives for the community planning partners in its Community Plan 2017–2027. Delivery of the CPP objectives is split between six thematic groups and three subgroups, as seen in the [Community Planning Partnership Structure](#).

115. Partners are enthusiastic and there are good examples of joint and collaborative working improving outcomes for citizens ([Exhibit 14](#)). However, the activities of the thematic groups should be better coordinated by the CPP Board to ensure that they contribute to achieving the Community Plan objectives. There is also a lack of clarity around the resourcing of community planning initiatives by the CPP, with little evidence of resource pooling, a requirement of the Community Empowerment Act.

116. While it is acknowledged that there are positive and effective relationships at group level, the CPP should build on these effective relationships and take a more active role in driving partnership working, monitoring outcomes and feeding back to groups.

CPP membership

- South Lanarkshire Council
- NHS Lanarkshire
- South Lanarkshire Health and Social Care Partnership
- Police Scotland
- Scottish Fire and Rescue Service
- Voluntary Action South Lanarkshire
- Scottish Enterprise
- Strathclyde Partnership for Transport
- Skills Development Scotland
- Lanarkshire Chambers of Commerce
- Cambuslang Business Group

Source: [South Lanarkshire Council website](#)

Exhibit 14

Examples of joint and collaborative working between community planning partners

Thematic subgroup	Project	Activity	Outcome
Community safety partnership	Home safety visits	The Scottish Fire and Rescue Service worked with the council's housing and social work teams to increase the number of home safety visits for vulnerable people.	The CPP reported that this contributed to a 40% reduction in the number of calls to emergency incidents.
Getting it right for South Lanarkshire's children partnership	ASPIRE youth employability programme	The council, Skills Development Scotland, local colleges, local training providers and other partners work together to support young people most at risk of leaving school without a job or entering further education or training programmes.	The success of this programme is reflected in improvements in the LGBF indicators for the number of pupils entering positive destinations and youth employment levels.
Health and social care partnership (HSCP)	Care home continence project	Teams in North and South Lanarkshire's HSCPs, NHS Lanarkshire and NHS National Services Scotland developed a pilot initiative to target the causes of incontinence. This is a known risk factor for skin damage, infection and falls in older people.	The pilot reported a reduction in falls by 65%, urinary infections were halved, and skin damage reduced by one-third. Work is now under way to implement the roll-out of the project across Lanarkshire.

Source: South Lanarkshire Community Planning Partnership and thematic subgroups

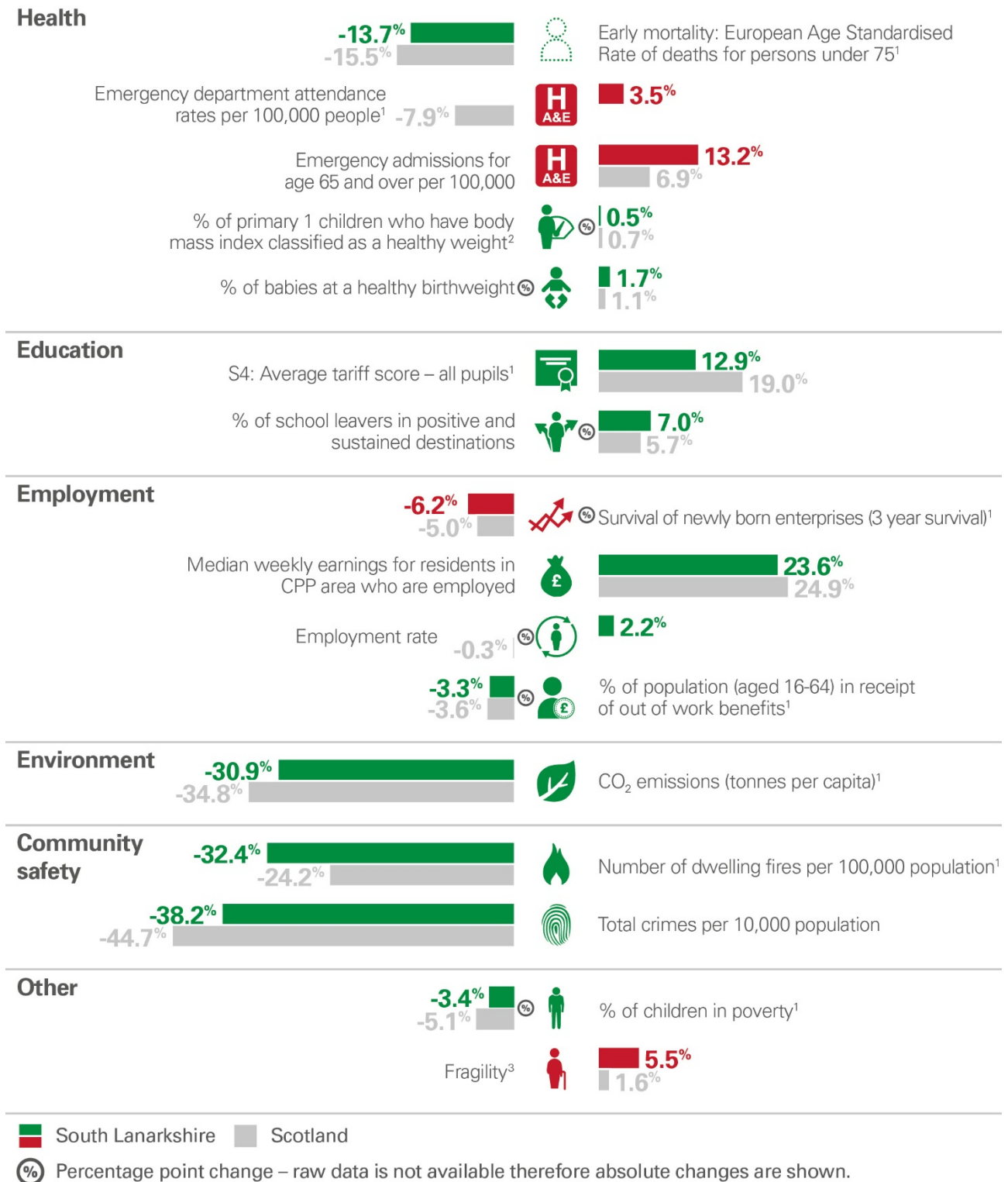
The council and its partners' performance against the Community Planning Outcomes Profile indicators is mixed

117. The South Lanarkshire CPP submits data to the Improvement Service's Community Planning Outcomes Profile (CPOP). The CPOP is a collection of measures designed to help assess whether residents' lives are improving.

118. South Lanarkshire's performance across the range of CPOP indicators has generally improved over the last ten years. However, performance over time compared with Scotland as a whole is mixed ([Exhibit 15](#)).

Exhibit 15

Change in performance for South Lanarkshire Community Planning outcomes between 2006/07 and 2016/17



South Lanarkshire Scotland

Percentage point change – raw data is not available therefore absolute changes are shown.

Notes:

1. Imputed and projected data has been calculated using different methodologies for different measures where raw data is not yet available.
2. Primary 1 BMI figures are based on a three-year rolling average.
3. Fragility is a weighted combination of three indicators: depopulation, rural depopulation and old age dependency ratio.

Source: Audit Scotland; and *Community Planning Outcomes Profile*, Improvement Service, 2016/17

The council and its partners have been slow to progress elements of the Community Empowerment Act

119. The Community Empowerment (Scotland) Act 2015 gives people more influence over how their council and its partners plan services. The council has been slow to progress the community engagement and locality planning aspects of the Act to support citizens shape local services.

120. Management has acknowledged that they need to improve the way in which they support communities to engage directly with the council. A dedicated Community Participation and Empowerment Team has recently been established to further develop participation of communities across South Lanarkshire.

121. The Act also requires that CPPs identify the areas within the council boundaries that have the poorest outcomes and publish 'locality plans' to improve outcomes for these communities. Statutory guidance required locality plans to be published by 1 October 2017. Although the council and its partners have identified nine priority areas that do less well, locality plans have not yet been produced.

122. The Act makes it easier for communities to take ownership of, or responsibility for, land and buildings through community asset transfers. South Lanarkshire has a history of transferring assets to community groups. Officers have a clear understanding of the council's obligations and responsibilities under the Act. There is also a clear process for assisting groups and assessing community benefits.

123. Since 2011, and prior to the Act, 14 applications for asset transfers had been received from various groups. There are currently a further nine applications in various stages of completion, including applications for the transfer of various properties to sports clubs, an outreach centre and an allotment group. The most recent transfer under the Act was an agreement to transfer a redundant property in Blantyre to the Blantyre Soccer Academy group.

The council is looking to extend its links with the third sector

124. The third sector is represented in the CPP by Voluntary Action South Lanarkshire (VASLan). The council is looking to extend its links with the third sector by involving other organisations. It is hoped that this will help the council to engage with hard-to-reach groups.

The council should review existing governance structures to ensure that they support community-based activity

125. The council has four area committees covering Cambuslang and Rutherglen, Clydesdale, East Kilbride and Hamilton. The 2009 Best Value report recommended that the council should 'determine the future role for area committees'. In response the council extended their role and remit so that they are now responsible for deciding on delegated matters, including local planning, community and other local grants. They also receive local performance reports, school inspection reports and other information related to their geographical areas.

126. As part of the council's efforts to encourage communities to participate across South Lanarkshire, it should review existing governance structures to ensure that they support community-based activity. This should include consideration of whether these arrangements help to build community capacity and support people to be more active in their community. The review should include a consideration of whether further changes are required to the role and remit of area committees.

South Lanarkshire Council and NHS Lanarkshire have made good initial progress in health and social care integration

127. The South Lanarkshire Integration Joint Board (IJB) was established in September 2015. The IJB became fully operational on 1 April 2016 when it began

Nine priority areas identified by CPP

1. Rutherglen South
 2. Rutherglen Central and North
 3. Cambuslang West
 4. Cambuslang East
 5. Blantyre
 6. Hamilton North and East
 7. Hamilton West and Earnock
 8. Hamilton South
 9. Larkhall.
-

Source: [South Lanarkshire Community Planning Partnership website](#)

Welfare reform workshop

In November 2018, the council hosted an event for community planning partners and third sector representatives to discuss new ways of engaging with the most vulnerable members of society. It focused on how best to target those who currently do not engage with the council.

Source: [South Lanarkshire Council website](#)

its strategic oversight of the delivery of health and social care services for the residents of South Lanarkshire.

128. The IJB approved the 2016–2019 Strategic Commissioning Plan in March 2016. Because the plan was entering its final year, in March 2018 the IJB approved a refreshed plan for 2018/19. The plan identifies ten strategic priorities linked to the Scottish Government's nine health and wellbeing outcomes.

129. The IJB has made good initial progress and there are examples of changes to models of service delivery designed to improve outcomes for residents. These include the extension of palliative care services through an additional 12 inpatient beds being opened in Kilbryde Hospice, East Kilbride. In addition, funds have been redirected into community services such as homecare, district nursing and other community-based support services. There is also evidence of performance improvements in the following areas:

- unscheduled bed days are reducing year-on-year
- there has been a reduction in bed days lost as a result of delayed discharge
- the proportion of people spending the last six months of their lives in the community is increasing.

130. However, the IJB continues to face challenges including increasing levels of emergency admissions and unplanned hospital attendances.

131. In November 2018, the Auditor General and Accounts Commission issued the [***Health and social care integration: update on progress***](#) report. This report highlights that, while some improvements have been made to the delivery of health and social care services, IJBs, councils and NHS boards need to show a stronger commitment to collaborative working to achieve the real long-term benefits of an integrated system. The IJB should review the key messages in the report to ensure that they are well placed to take the next steps in delivering health and social care integration.

The council is replacing existing care homes with new care facilities to reduce the reliance on nursing and residential care

132. The council delivers certain elements of the IJB's Strategic Commissioning Plan (SCP) that relate to social care. The 2016–2019 SCP included a direction to the council to 'reduce reliance on nursing and residential care through the development of proposals to remodel a proportion of residential care beds to focus on transitional support and the "home for life" principle'.

133. In June 2018 the Social Work Resources committee approved plans for the first phase of the new model, which involves a new build care facility for the Hamilton/Blantyre locality. The new model will see four of the existing care homes replaced with three new facilities which will include intermediate care beds, respite beds and traditional residential care home beds.

134. The new facilities are designed to increase the opportunity for people to access different care approaches, e.g. the use of technology to retain independence for as long as possible. The intermediate care beds are intended to rehabilitate adults and older people and reduce the need for people to move into long term or permanent residential care. This is in line with the Scottish Government's 2020 vision to shift the balance of care so that more people are looked after in their own home or in a homely setting.

135. The council should closely monitor the impact of the new care facilities to assess the extent to which they are delivering the intended outcomes and shifting the balance of care.

The council is working with partners to boost economic growth

136. The council's involvement in the Glasgow City Region Deal ([Part 3](#)) has enabled it to take forward several roads' infrastructure, education, transport and community infrastructure projects. These projects are already delivering employment for local people and attracting private-sector investment in South Lanarkshire.

137. The council is a key member of the [Clyde Gateway partnership](#). This is a partnership between South Lanarkshire Council, Glasgow City Council and Scottish Enterprise, with funding from the Scottish Government. Its aim is to regenerate an area of 840 hectares in the east end of Glasgow and Rutherglen. The project started ten years ago and has resulted in the remediation of 245 hectares of contaminated land and 2,700 new homes being built, attracting 5,700 new jobs to the area and assisting 2,100 businesses.

138. At a focus group with members of the public, concerns were expressed about the current state of South Lanarkshire's town centres. In 2013, the Scottish Government commissioned a [national review of town centres](#). This set out key recommendations for re-energising Scotland's town centres.

139. The council has recently prepared a strategy and action plan for Hamilton town centre. This set out a range of initiatives aimed at meeting the challenges facing the town. Hamilton was selected as the first town centre for action because of the existing plans for the Almada Street site ([Case study 2](#)) and the City Deal Community Growth Area activity. The strategy was developed in consultation with local elected members and residents, and consultations generated over 5,000 comments. This consultative model for developing a strategy for town centre redevelopment will be rolled out to other locations across South Lanarkshire in coming years.

Case study 2

Working with the University of the West of Scotland

In 2016, the University of the West of Scotland (UWS) signalled its intention to vacate its existing campus in Almada Street in Hamilton. As it had been unable to find a suitable site within South Lanarkshire, UWS was considering moving outwith South Lanarkshire. The loss of UWS would have had a considerable impact on the local economy. Consequently, the council engaged with the UWS to help it find a suitable site in South Lanarkshire.

With the assistance of the council, the UWS identified a suitable site at Hamilton International Park for a new state-of-the-art campus. However, because of the leasing restrictions on the site, which prevented the landlord leasing the site directly to the UWS, it required support and intervention from the council to progress the proposal. The UWS moved into its new Lanarkshire Campus in September 2018 in time for the start of the 2018/19 academic year.

The council and the UWS have also formed a joint venture to maximise the financial potential from their unused sites at Almada Street in Hamilton. Combining the former UWS campus with an adjacent council site will significantly increase the sale value, and the council's planning committee have approved plans for the 'Hamilton Urban Village' development. This development is expected to generate significant capital receipts for the council and the UWS and enable redevelopment in this area of Hamilton.

Source: South Lanarkshire Council

The council is working with partners to support local businesses

140. The council has worked with the Federation of Small Businesses, through the CPP, in recent years to support local businesses across South Lanarkshire. It is now engaging with the newly re-established Lanarkshire Chamber of Commerce to develop effective relations to support the businesses it represents. This should include a focus on better support for local businesses to win public contracts and consulting with local businesses on proposed changes that affect them.

141. In November 2018, the council ran a 'Meet the "Real" Buyer (South Lanarkshire)' event. This provided an opportunity for local businesses to speak to staff involved in commissioning work for the council. This was focused on raising awareness among local business of the full range of activities that the council contracts out and was intended to encourage more local businesses to bid for work. The council is also the host authority for the Supplier Development Programme ([Case study 3](#)).

The council is the host authority for a range of shared service arrangements

142. South Lanarkshire Council hosts the Clyde Valley Learning and Development Partnership. The partnership brings together eight local authorities in the west of Scotland to establish and deliver several shared approaches to training, learning and development. Since it was set up 11 years ago, the partnership has delivered a range of benefits to member authorities. This includes sharing best practice across councils and financial savings through the provision of joint training events and accreditation.

Lanarkshire Business Week

The council run this with North Lanarkshire Council. It involves a variety of public and private-sector partners providing a programme of events, workshops and networking opportunities for start-up, growing and established businesses within the Lanarkshire area. The seventh Lanarkshire Business Week took place in 2018 with attendance from representatives from over 200 local businesses.

Source: [Choose Lanarkshire](#) website

Case study 3

The council hosts the Supplier Development Programme

South Lanarkshire Council hosts the Supplier Development Programme (SDP). This is a business support initiative providing training and information to help small and medium-sized local businesses to bid for public-sector contracts.

The SDP began as a partnership between local authorities in the west of Scotland. It developed over several years and now all 32 councils in Scotland are members. Other public-sector bodies that have joined include Forestry Commission Scotland, the Scottish Parliament, Caledonian MacBrayne and Scottish Enterprise.

The SDP team delivers and facilitates training events throughout Scotland and provides web-based training. They hold an annual 'Meet the Buyer' event at Murrayfield Stadium. The 2018 event was attended by 2,100 delegates; it was one of the biggest free events of its kind in Scotland. It offers businesses a unique opportunity to meet a wide range of Scottish and UK public bodies and business support agencies.

The SDP team offers support to public-sector buyers and business associations to ensure that suppliers have access to training to help them bid for and win business. For example, the team runs workshops on information security management, equalities and diversity, and environmental policies.

Source: South Lanarkshire Council

143. The council also works closely with North Lanarkshire Council and other public-sector partners through the Lanarkshire Business Gateway, Visit Lanarkshire and Choose Lanarkshire partnerships.

Part 5

Is the council demonstrating continuous improvement?



South Lanarkshire Council performs well and since the last Best Value report in 2009 has demonstrated a steady pace of improvement. The council has a comprehensive and structured approach to continuous improvement. There is evidence that service redesign and capital investment are improving outcomes for citizens and resulting in efficiencies that will help ensure financial sustainability.

The council needs to improve how it uses community engagement to shape services. It has recently established a Community Participation and Empowerment Team to review its approach to community participation and engagement, including improving the consistency and quality of consultations with residents.

The council has made steady progress since the last Best Value audit in improving service performance

144. The council was subject to an audit of Best Value and Community Planning in 2009. The Accounts Commission commented that 'South Lanarkshire is a council that performs very well, that benefits from strong leadership and clear direction and that displays many of the characteristics of best value.' The Commission also identified areas that the council should focus on to help it improve. [Exhibit 17](#) compares previous Best Value judgements with our findings from this review.

The council's Improvement Unit coordinate self-assessment and improvement activity

145. The previous Best Value report in 2009 recommended that the council 'review the continuous improvement activity taking place to ensure that it is being prioritised and coordinated effectively'. In response to this recommendation, the council established a dedicated Improvement Unit.

146. The Improvement Unit was established in 2009 and currently has four employees (3.8 FTE). The unit's activities are overseen by the Corporate Improvement Advisory Board (CIAB), a council-wide working group tasked with monitoring the improvement actions being taken forward within the individual resource directorates. These include:

- coordinating and reporting on the annual service programme
- reviewing IMPROVe performance measures and targets, and compiling IMPROVe performance reports

- reporting LGBF performance and coordinating the council's actions to address areas of poor or deteriorating performance
- public performance reporting
- responding to Audit Scotland and other national reports.

147. The results of the improvement activity are reported by the CIAB to the CMT and, through the Performance and Review Scrutiny Forum, to the Executive Committee.

The council uses a structured self-assessment and review programme to drive continuous improvement

148. The council uses the 'Empower' self-assessment model to identify areas for review. It is based on European Foundation for Quality Management and Public Service Improvement Framework principles.

149. The council initially began using Empower in 2011 and developed a three-year rolling programme for the first phase of service reviews, with all services, other than those subject to an external assessment, to be reviewed over a longer period. The second phase of Empower commenced in 2014 and was concluded in 2016 with the completion of the final service reviews.

150. A new approach to the delivery of Empower was adopted from 1 April 2016. This approach was designed to be proportionate and risk-based and intended to ensure that the service review programme targets areas of poor or deteriorating performance, where improvement is required. This replaced the 3-year rolling programme with a one-year targeted self-assessment programme. Alongside this the CMT oversees a programme of cross-cutting service reviews to examine key service areas and explore options for significant changes in how services are delivered.

151. These reviews involved consulting with employees from across the council, as well as representatives from trade unions, in a partnership approach to service redesign. The primary focus was on transformational change to improve service delivery rather than financial savings. However, the impact of these reviews in streamlining service delivery has also delivered significant savings over several years ([Exhibit 16](#)).

152. Other recent activity included reviews of waste services and the energy efficiency of council dwellings. Improvement activity is reported to the CMT and the Performance and Review Scrutiny Forum.

Exhibit 16

Service improvements and savings delivered through the council's review programme

Review	Details of review	Benefits delivered
Customer contact review	<p>In response to increased public demand for online services and a point of contact out with normal business hours, the council reviewed its existing customer contact arrangements.</p> <p>The review was informed by a report commissioned to an external consultant and by consultations with a range of stakeholders and customers on potential options. The review identified a range of changes required to implement the desired improvements to customer contact arrangements, which included initial investments in:</p> <ul style="list-style-type: none"> • procuring and implementing IT system integration software to facilitate the use of online forms • rolling out self-service web forms integrated to back office systems for many council service areas • integrating council forms to the national MyAccount citizen authentication service to improve the customer experience • procuring and implementing a council text messaging solution. 	<p>The council reported that these changes have been successful in improving customer services and are now delivering savings of around £1.2 million per annum through reduced staff, property and utilities costs.</p>
Property review	<p>The use of council property was reviewed to identify opportunities to ensure that the most effective and economical use was being made of the council's estate. This resulted in the leases for four properties being terminated and two council-owned sites being released for redevelopment for a new nursery and social housing.</p>	<p>These changes were implemented over a number of years and the council reported that they have reduced overall office accommodation by 9,200 square metres, with a reduction in overall property costs of over £2 million per annum.</p>
Homecare mobile/agile working review	<p>New digital technology was rolled out to social work to enable homecare staff to access and input real-time information on clients. This was intended to improve the accuracy of information available to social work staff and increase productivity by reducing paperwork and duplication of work when recording case details.</p>	<p>The council reported that the impact of these changes led to a wide range of benefits, including the more efficient utilisation of staff resources, increased data security of sensitive information and improvements in lone worker safety processes.</p>

Source: South Lanarkshire Council service review programme reports

The council is investing in digital technology to redesign and improve services

153. The council's 2017–2020 digital strategy sets out how new technologies can be used to support the council in fulfilling its vision to improve the quality of life for everyone in South Lanarkshire. The council has made progress against some of the key deliverables set out in this strategy including:

- introducing more flexible ways of working through laptops, tablets, phones, Wi-Fi investment, hot-desking and smaller office working
- introducing new digital channels for customer interaction, for example online web forms or the online MyAccount, which enables residents to check, for example, council tax balances and rent accounts.

154. The council has also engaged with the Digital Office for Scottish Local Government in its efforts to digitally transform services and identify areas for development. As part of this engagement, the council is co-leader on four projects: digital maturity, digital transformation capabilities, common platforms, and mobile and flexible working.

155. Our public focus group identified some concerns related to digital exclusion as more services move online. Research in this area has found that a significant proportion of people who cannot access digital services come from the most deprived and vulnerable groups (referred to as the 'seldom heard' in the council's Community Engagement Framework). Tackling this issue could be helpful in addressing the CPP's objective of 'tackling deprivation, poverty, and inequality'. The council's digital strategy makes no mention of the problem of digital exclusion. Although the council has some arrangements in place to address digital exclusion, there is no overarching strategy and corporate approach to tackling this issue. The council should prepare a digital inclusion strategy to complement its digital strategy.

Management has been proactive in responding to recent external audit recommendations

156. Over the past two years, the external auditor has made a number of recommendations relating to Best Value characteristics. These include recommendations to:

- improve the clarity of financial and budget reporting
- strengthen the power and status of the Audit Committee
- revise the format of public performance reporting to provide information in a more easily accessible format
- modernise the operation of charities and revise existing governance arrangements.

157. The council has been receptive to these recommendations and has been proactive in taking the agreed actions.

The council needs to improve how it uses community engagement to shape services

158. Open, effective and consistent engagement helps to inform good decision-making. The way in which the council facilitates community engagement has developed over time and in many instances reflect statutory requirements or regulatory expectations.

159. The council uses a citizens' panel to consult with members of the public. The Citizens' Panel is a joint venture between the council, NHS Lanarkshire, NHS Greater Glasgow and Clyde, Communities Scotland and the South Lanarkshire Community Safety Partnership. These organisations have formed a partnership to consult with residents of South Lanarkshire so that they can share research information and avoid overloading residents with surveys and consultation exercises.

160. The council has recognised that while current arrangements have some strengths there is a need to fundamentally revise its approach to community participation and engagement. This should include a focus on the different needs of rural and urban communities across South Lanarkshire.

161. Some good practice consultations were undertaken by the council and there is clear evidence that these exercises affected the approach adopted by the council. These included:

- Children Services consultation on realigning children's services: this involved around 17,000 children, young people and parents, and informed the development of the Children's Services Plan 2017–2020.
- Arrangements within the Housing and Technical resource directorate for consulting with tenants and residents: this recently received the 'Most Inspiring Scrutiny Group' award at the Tenants Information Services National Excellence Awards.
- A Social Work resource directorate consultation with key stakeholders: this was carried out as part of the development of the South Lanarkshire Local Autism Action Plan in response to the Scottish Strategy for Autism – Outcomes Approach (2015) and Revised Outcomes and Priorities 2018–2021.
- A Communities and Enterprise resource directorate consultation on a proposed park and ride strategy: this consisted of an online survey with 707 responses.

162. There is variability in the quality of consultations, including some instances where the timing of the consultation and the type of questions being asked limited the quality of the results. The council accepts that they need to improve the consistency of consultation quality and advised us that this is a key priority for the new Community Participation and Empowerment Team.

Exhibit 17

A comparison of Best Value judgements

Controller of Audit judgements in 2009 and 2019 show that South Lanarkshire Council has made progress but there are still areas that need to be improved

Controller of Audit judgement 2009	Controller of Audit judgement 2019	View
Good service performance is underpinned by high levels of customer satisfaction	The council demonstrates improved performance over a range of services. However, LGBF service satisfaction indicators highlight that the council is performing below the Scottish average for eight of the nine indicators. The council reports different results from its own customer satisfaction surveys.	Part 2
Elected members set clear priorities and direction, but could contribute more effectively in a range of areas	Leadership is effective and there is good collaborative working in the council, with the CMT setting a good example by working effectively together. Officers and elected members from all parties have constructive working relationships.	Part 1
Make scrutiny and decision-making more open and transparent by having scrutiny forums in public	Scrutiny forums have been held in public since September 2009. However, elected members need to ensure that all key decisions are subject to an appropriate level of challenge and scrutiny at public meetings. This includes the discussion and scrutiny of performance and financial reports.	Part 1
Improve community planning by: <ul style="list-style-type: none"> involving more partners reporting on more effective outcome measures 	<p>The council works well with partners and there are many good examples of effective partnership and collaborative working with partners beyond the main public-sector agencies. However, the CPP Board needs to play a greater role in driving partnership working and setting the strategic direction for the thematic subgroups.</p> <p>The LOIP 2017–2027 is underpinned by PIPs. These contain action plans and performance measures, to track how activities affect the progress towards achieving outcomes.</p>	Part 4
Develop a forward-looking workforce planning strategy	The council has a comprehensive and coordinated approach to workforce planning, including a three-year workforce plan and well-developed redeployment and succession planning arrangements.	Part 3
Fully implement the Community Engagement Framework	The council implemented a revised Community Engagement Framework in 2015. Our review identified examples of effective customer and stakeholder engagement. However, there were instances where the timing of consultation and the type of questions being asked limited the quality of the results. A priority of the new Community Participation and Empowerment Team is to improve the consistency of the quality of consultation.	Part 5
Improve the balance of public performance reporting	During 2017/18, the council introduced online ‘spotlights’ reports to improve the way in which it reports performance to the public. These use infographics to illustrate performance against the Connect objectives. Further improvements are also planned.	Part 2

Source: Audit Scotland

Recommendations



To increase the impact of the council's efforts in achieving its strategic objectives, links between the council plan (Connect Plan) and the LOIP (Community Plan) should be made clearer with a sharper focus on the key areas of activity. Locality plans should be prepared without further delay. ([Paragraph 20](#))

Management should carry out the staff survey and use the results to drive improvement and share existing good practice. ([Paragraph 24](#))

Elected members need to improve the public scrutiny of key decisions, performance and financial reports. ([Paragraph 32](#))

Members should, with the assistance of the personnel service, review their personal training and development needs and agree a plan to ensure that they have the skills required to effectively fulfil their scrutiny and challenge roles. ([Paragraph 34](#))

Management should ensure that the indicators used to measure performance provide meaningful information and are appropriate to the reporting level. ([Paragraph 42](#))

Management should review arrangements for assessing resident satisfaction, to ensure these are providing meaningful data to help shape future services. ([Paragraph 58](#))

The Community Planning Partnership Board should take a more active role in driving partnership working, monitoring outcomes and feeding back to thematic subgroups. ([Paragraph 116](#))

The council should review existing governance structures to ensure that they support community-based activity. ([Paragraph 126](#))

Management should formulate a digital inclusion strategy to complement the council's digital strategy. ([Paragraph 155](#))

Management should implement revised arrangements for community engagement to improve how it is used to shape services. Consistent and high-quality consultation across all services should be part of this. ([Paragraphs 160 and 162](#))

Appendix 1

Best Value audit timeline



February 2009 – The audit of Best Value and Community Planning

The Accounts Commission found that South Lanarkshire Council performed very well, benefited from strong leadership and clear direction, and displayed many of the characteristics of Best Value. It also found that the council was very well placed to enhance its current good performance by addressing the areas highlighted as needing improvement.

March 2019 – Best Value Assurance Report

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

South Lanarkshire Council

Best Value Assurance Report

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

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



Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk