

Supplementary information on the Aberdeen Best Value Report was provided after the meeting. This can be found at the **end of this pack**.

480th meeting of the Accounts Commission for Scotland

Thursday 10 June 2021, 9.30am
by video conference & public livestream

Agenda

1. **Apologies for absence**
2. **Declarations of interest**
3. **Order of business**

The Chair seeks approval of business, including proposing taking items 12 to 18 in private (* see note).

Business requiring decisions in public

4. **Minutes of meeting of 13 May 2021**
5. **Minutes of meetings of Commission committees of 27 May 2021**
6. **Audit Scotland Board update**
Report by the Secretary.
7. **Best Value Assurance Report: Aberdeen City Council**
Report by the Interim Controller of Audit.

Business for information in public

8. **Secretary's update report**
Report by the Secretary.
9. **Interim Chair's update report**
Report by the Interim Chair.
10. **Interim Controller of Audit report**
Report by the Interim Controller of Audit.

Any other public business

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

Business requiring decisions in private

12. **Best Value Assurance Report: Aberdeen City Council**
Report by the Interim Controller of Audit.
13. **Local government financial overview 2020/21: scope**
Report by the Interim Director of Performance Audit and Best Value.
14. **Accounts Commission Strategy**
Report by the Secretary.

15. **Best Value update**

Report by the Secretary.

16. **New audit appointments update**

Verbal update by Interim Chair.

17. **Commission meeting arrangements 2022**

Report by the Secretary.

Any other private business

18. **Any other private business**

The Interim Chair will advise if there is any other business to be considered by the Commission in private.

* It is proposed that items 12 to 18 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 appropriate council of its decisions, which the Commission does before making the decision public.
- Item 13 requires the Commission to discuss the scope of an overview report which may require consideration of confidential policy matters in advance of audit work and subsequent publication.
- Item 14 requires the Commission to consider a draft strategy document in advance of its publication, which may require consideration of confidential policy matters.
- Items 15 and 16 require the Commission to consider matters in relation to Best Value and new audit appointments process, which may require consideration of confidential commercial and contractual matters.
- Item 17 requires the Commission to consider meeting arrangements, which may include matters relating to the welfare or conditions of staff.
- Item 18 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Interim Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

MEETING: 10 JUNE 2021

MINUTES OF PREVIOUS MEETING

Minutes of the 479th meeting of the Accounts Commission held via online meeting on Thursday 13 May 2021, at 9.30am.

PRESENT: Elma Murray (Interim Chair)
Andrew Burns
Andrew Cowie
Sophie Flemig
Sheila Gunn
Christine Lester (joined from item 12)
Tim McKay
Stephen Moore
Sharon O'Connor
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Antony Clark, Interim Controller of Audit and Director of Performance Audit and Best Value (PABV)
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Items 10 and 14 to 18)
Lucy Carter, Policy Manager, Accounts Commission (Item 11)
Fiona Daley, Consultant, Audit Strategy (Item 17)
Stuart Dennis, Corporate Finance Manager (Item 18)
John Gilchrist, Manager, AQA (Items 10, 14, 15, 17 and 18)
Fiona Kordiak, Director of Audit Services (Item 10)
Kathrine Sibbald, Senior Manager, PABV (Item 16)
Owen Smith, Senior Manager, AQA (Items 10, 14, 15, 17 and 18)

Item Subject

1. Apologies for absence
2. Declarations of interest
3. Order of business
4. Minutes of meeting of 15 April 2021
5. Annual governance review
6. Secretary's update report
7. Interim Chair's update report
8. Controller of Audit's update report
9. Any other public business
10. Quality of public audit in Scotland: Draft report (in private)
11. Commission Annual Report: Draft (in private)
12. Best Value update (in private)
13. New audit appointments: Update by Interim Chair (in private)
14. New audit appointments: Principles for building audit portfolios (in private)
15. New audit appointments: Principles for identifying audits to retain in Audit Scotland (in private)
16. New audit appointments: Confidentiality (in private)
17. New audit appointments: Code of Audit Practice: Draft (in private)
18. New audit appointments: Procurement Strategy (in private)
19. Strategy Scrutiny Group update (in private)
20. Any other private business

1. Apologies for absence

It was noted that apologies for absence had been received from Christine Lester, for items 1 to 11.

2. Declarations of interest

The following declaration of interest was made:

- Tim McKay, in item 10, as Chair of the Audit Committee of the Scottish Legal Aid Board, as a body audited by Audit Scotland.

3. Order of business

It was agreed that items 10 to 20 be considered in private because:

- Item 10 requires the Commission to consider confidential policy matters.
- Item 11 proposes a draft report which the Commission is to consider before publishing.
- Items 12 to 18 require the Commission to consider confidential commercial and contractual matters.
- Item 19 presents an update on discussions with strategic scrutiny partners which may include confidential policy matters that the Commission would wish to discuss in private before proceeding.
- Item 20 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Interim Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

The Interim Chair advised that there was no business to be considered in private for item 20.

4. Minutes of meeting of 15 April 2021

The minutes of the meeting of 15 April 2021 were approved as a correct record.

Arising therefrom, the Commission:

- In relation to item 4, first bullet point, noted advice from the Secretary that he was liaising with the Communications Manager with a view to ensuring that accessible language, including in the promotion of reports such as the Annual Assurance and Risks Report, be a core part of a revised Commission communications strategy, which the Commission would be considering at a forthcoming meeting.
- In relation to item 5, second bullet point, noted advice from the Secretary that further information on the European Charter of Local Government (Incorporation) (Scotland) Bill would be included in a forthcoming Secretary update report to the Commission.
- In relation to item 9, third bullet point, noted advice from the Secretary that third sector engagement had featured in discussions by members at their recent strategy seminar and thus would be a core part of a revised Commission communications strategy.
- In relation to item 10, second bullet point, noted advice from the Secretary that person-centred approach in audit work and reporting featured in discussions by members at their recent strategy seminar and thus would be a core part of

a revised Commission communications strategy.

- In relation to item 10, final bullet point, noted advice from the Interim Director of PABV that the next refresh of the dynamic work programme would be considered by the Commission at its August meeting.
- In relation to item 11, third bullet point, noted advice from the Secretary, in response to a query from the Interim Chair, that he would share with members comments received from members on the content of the Local Government Benchmarking Framework (LGBF) National Overview Report, which he would also be sharing with the LGBF Board.

Action: Secretary

- In relation to items 13 and 14, the Interim Chair thanked Geraldine Wooley for her input into the finalising of the *Mainstreaming equalities: progress and Equality outcomes 2021-25* draft reports, which were published on 27 April.
- In relation to item 17, third bullet point, noted advice from the Secretary that parliamentary engagement featured in discussions by members at their recent strategy seminar and thus would be a core part of a revised Commission communications strategy and a parliamentary engagement strategy, which the Commission would be considering at a forthcoming meeting.

5. Annual governance review

The Commission considered a report by the Secretary on the conclusion of a review of the Commission's governance arrangements, including recommending actions and an approach to future such reviews.

Following discussion, the Commission:

- Endorsed the conclusion of the annual governance review.
- Agreed the recommendations as set out in the report, subject to:
 - Deferring a recommendation to the Strategic Scrutiny Group (SSG) on a review of strategic agreements between individual partners, pending further discussion by the SSG and considering with Audit Scotland the current suite of memoranda of understanding in place with all other organisations.
 - Retaining an option of further discussion by members on the operation of committees, to reflect a range of members' views in this regard in the member survey in advance of the recent strategy seminar.
- Agreed to such a review on an annual basis, subject to the Secretary updating members on any significant developments as required.

Action: Secretary

6. Secretary's update report (in private)

The Commission considered and noted 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.

The Commission noted advice from the Secretary that, in line with the approach agreed with Commission members, members had been given the opportunity to provide queries on his report in advance of the meeting, a response to which he would circulate to members.

During discussion, the Commission:

- In relation to Appendix 1, noted advice from the Secretary, in response to a query from Sheila Gunn, on the download figures for published reports, and noting in particular that information on impact of published reports would feature in the Commission's forthcoming consideration of a revised communications strategy.

Action: Secretary and Communications Manager

- In relation to paragraph 46, noted concern expressed by Stephen Moore on the extent of Covid-19 related deaths in Scottish care homes, and in particular the need for the Commission to monitor this matter as part of its dynamic work programme, particularly in its ongoing development of audit work on social care sustainability.
- In relation to paragraph 104, noted advice from the Secretary, in response to a query from Tim McKay, that:
 - A High Court ruling dismissing an attempt to allow council meetings in England to be held online past the expiry of existing Covid-19 legislation did not apply to Scotland.
 - A similar dispensation to Scottish councils is part of the Coronavirus (Scotland) Act 2020 which had been extended to 30 September 2021.

Following discussion, the Commission noted the report.

7. Interim Chair's update report

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

8. Controller of Audit's update report

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

During discussion, the Commission:

- Noted advice from the Interim Controller of Audit, in response to a query from Sheila Gunn, that accountability of Covid-19 funding received and distributed by councils formed a core part of risk-based and proportionate audit planning work for the current year.
- Noted advice from the Interim Controller of Audit, in response to a query from Geraldine Wooley, that the progress of early learning and childcare funding continued to be monitored, as part of planning for planned future performance audit work in this regard.

Following discussion, the Commission noted the report.

9. Any other public business

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

10. Quality of public audit in Scotland: Draft report (in private)

The Commission considered a report by the Associate Director, Audit Quality and

Appointments (AQA) introducing the draft *Quality of public audit in Scotland* (QPAS) annual report 2020/21 and a supplementary report provide further detail on the results included in the QPAS report.

During discussion, the Commission:

- Noted advice from the Interim Chair that she would liaise with the Auditor General on the Commission's interest in the Audit Scotland Annual Transparency Report.
Action: Interim Chair
- Noted advice from the Interim Chair that Audit Scotland Audit Committee was reviewing improvement actions proposed by Audit Scotland Audit Services Group in response to the QPAS annual report.
- Further in this regard, noted advice from the Director of Audit Services and the Associate Director, AQA, in response to points raised by various members, about the actions being proposed by Audit Services Group in response to the QPAS annual report.
- Further in this regard, noted advice from the Interim Chair that she would liaise with the Commission Secretary and the Director of Audit Services on arrangements for Commission oversight of this matter.
Action: Interim Chair and Secretary
- Noted, further to a point by Tim McKay and Pauline Weetman, its significant interest in the improvement plan for the audit of Dundee City Council, upon which the Associate Director, AQA would report further.
Action: Associate Director, AQA

Following discussion, the Commission:

- Agreed that members provide the Interim Chair and Secretary with any additional or detailed comments on the report.
- Noted the assurance provided by the quality assurance processes during 2020/21.
- Noted the areas for improvement, the action being taken by audit providers and a proposed AQA update on progress at a future meeting.
- Endorsed the *Quality of public audit in Scotland* annual report 2020/21.

11. Commission Annual Report: Draft (in private)

The Commission considered a report by the Secretary proposing the Commission's annual report for 2020/21 and associated publication arrangements.

Following discussion, the Commission approved the annual report and associated publication arrangements, subject to subject to the drafting team considering points raised in discussion.

Action: Secretary

12. Best Value update (in private)

The Commission considered a report by the Secretary providing an update on the work of the Best Value Working Group.

Following discussion, the Commission noted the report, including the latest conclusions of the Best Value Working Group.

13. New audit appointments: Update by Interim Chair (in private)

The Commission considered a report by the Interim Chair providing an update on the progress made with the New Audit Appointments project, and in particular the progress on discussions relating to affordability in procurement of audit services.

Following discussion, the Commission:

- Noted the report.
- In particular noted ongoing work on risks relating to affordability in procurement (including benchmarking of bids), which will be subject to further consideration by the Best Value Working Group and New Audit Appointments Steering Group, with the Commission kept apprised appropriately.

14. New audit appointments – Principles for building audit portfolios (in private)

The Commission considered a report by the Associate Director, AQA, proposing principles for building audit portfolios for the new audit appointments.

Following discussion, the Commission:

- Noted that the criteria for rotation and portfolio have been reviewed considering developments in remote auditing.
- Agreed the introduction of a new criterion to rotate audits to firms where an Audit Services Group appointed auditor has audited the body for two or more cycles.
- Agreed the proposed criteria, including relative weighting, as set out in the procurement strategy.

15. New audit appointments – Principles for identifying audits to retain in Audit Scotland (in private)

The Commission considered a report by the Associate Director, AQA, proposing the criteria for identifying public body audits which were to be reserved and carried out by Audit Scotland and for identifying bodies that should be audited by an audit firm.

During discussion, the Commission:

- Noted the Commission's interest in those local government bodies proposed for being reserved.
- Noted advice from John Gilchrist, on behalf of the Associate Director, that he would be seeking assurance from Audit Scotland on the skills and capability required for the audit of public interest entities.

Following discussion, the Commission:

- Agreed the criteria for reserved audits.
- Noted that in due course the Commission and the Auditor General will be asked to confirm the specific bodies to be reserved.

Action: Associate Director, AQA

16. New audit appointments – Confidentiality (in private)

The Commission considered a report by the Associate Director, AQA, setting out draft proposals for managing confidentiality as part of the development and implementation of the new audit appointments invitation to tender.

During discussion, the Commission noted advice from the Interim Chair and Secretary that legal advice obtained by the Commission in relation to the proposals for the evaluation of tenders, stated that the proposals are consistent with the Commission's statutory obligations, specifically section 97 (2AA and 2AB) of the Local Government (Scotland) Act 1973.

Following discussion, the Commission:

- Agreed that the Interim Chair and Deputy Chair be involved in stage 1 of the process (i.e. the preparation of the invitation to tender and associated documentation).

Action: Associate Director, AQA

- Agreed that the Interim Chair (or in her absence the Interim Deputy Chair) be involved in stage 2 of the process (i.e. evaluation of tenders, and principally acting as the Commission's representation on the interview panel).

Action: Associate Director, AQA

- Noted that the Best Value Working Group would further consider any implications arising from the legal advice obtained.

Action: Secretary

17. New audit appointments: Code of Audit Practice: Draft (in private)

The Commission considered a report by the Associate Director, AQA, seeking the Commission's approval of the draft Code of Audit Practice 2021.

Following discussion, the Commission:

- Noted the work on the draft Code of Audit Practice undertaken by the Best Value Working Group.
- Approved the draft joint Code of Audit Practice 2021.

Action: Associate Director, AQA

- Agreed to delegate to the Interim Chair approval of any final amendments proposed by the Commission or the Auditor General for Scotland through the New Audit Appointments Steering Group.

Action: Associate Director, AQA

18. New audit appointments: Procurement Strategy (in private)

The Commission considered a report by the Corporate Finance Manager proposing a draft Procurement Strategy.

During discussion, the Commission:

- Noted advice from the Interim Chair and Secretary that legal advice obtained by the Commission in relation to the Procurement Strategy noted that the Strategy can be owned by the Commission as its approach to the procurement exercise.

- Further in this regard, noted advice from the Interim Chair that she would discuss further with the Auditor General and Audit Scotland the implications of this on the overall branding of the Procurement Strategy.

Following discussion, the Commission:

- Agreed the Procurement Strategy, subject to appropriate changes as a result of the legal advice obtained by the Commission.

Action: Corporate Finance Manager

- In particular, in response to a point from Pauline Weetman, underlined its commitment to the use of a mixed market approach to the procurement of audit services.
- Noted that the Invitation to Tender (ITT) project team will construct ITT documentation to meet the objectives of the approved Procurement Strategy.
- Noted that the Best Value Working Group will give further consideration of matters arising from the Procurement Strategy as appropriate.

19. Strategy Scrutiny Group update (in private)

The Commission considered a report by the Audit Director, PABV, updating the Commission on the work of the Strategic Scrutiny Group and its plans for the remainder of 2021.

Following discussion, the Commission noted the report.

20. Any other private business

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

Close of meeting

The meeting closed at 2.40pm.

MEETING: 10 JUNE 2021

REPORT BY: SECRETARY TO THE COMMISSION

MINUTES OF MEETINGS OF COMMISSION COMMITTEES OF 27 MAY 2021

Introduction

1. This paper presents for the Commission's approval the draft minutes of the meetings of the Commission's two committees on 27 May 2021.
2. The Commission is also asked to consider approving the recommendations made by both committees to the Commission, as detailed below.

Background

3. The Commission normally approves for its interest the minutes of its committees. The recent review of committees considered their role and their reporting relationship to the Commission. In keeping with this, this report is a new way of presenting the minutes of the Commission's committees. It helps clarify where the committees seek the Commission's approval as appropriate on their conclusions.

Minutes and recommendations

Financial Audit and Assurance Committee

4. The draft minutes of the Financial Audit and Assurance Committee meeting are available in Appendix 1. The Commission is asked to approve these minutes and consider any matters arising.
5. The Committee agreed to make the following recommendations to the Commission:
 - In relation to item 6 (Accounting and auditing developments), the Committee agreed to recommend to the Commission that it delegate to the Interim Chair, Interim Deputy Chair and past FAA Committee Chair to agree the terms of a response to the consultation by the UK Secretary of State for Business, Energy and Industrial Strategy on improving the UK's audit, corporate reporting and corporate governance systems in the private sector.
 - In relation to item 7 (Risk assessment and implications for the work programme), the Committee agreed to recommend to the Commission that further thought be given to ensuring robustness of approach to engaging with the public.
6. The Commission is also asked to note that, in relation to item 4 (Current audit issues in councils), the Committee agreed not to recommend to the Commission to direct the Interim Controller of Audit on any matters arising.
7. The Commission is asked to consider these recommendations for approval.

Performance Audit Committee

8. The full minutes of the Performance Audit Committee meeting are available in Appendix 2. The Commission is asked to approve these minutes and consider any matters arising.

9. The Committee agreed to make the following recommendation to the Commission:

- In relation to item 6 (Risk assessment and implications for the work programme), the Committee agreed to recommend to the Commission that it develop a contingency planning exercise around capacity and responsiveness.

Conclusion

10. The Commission is asked to:

- a) Approve the attached minutes and consider any matters arising.
- b) Agree the recommendations in the minutes.
- c) Note any other updates provided at today's meeting.

Paul Reilly
Secretary to the Commission
1 June 2021

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE
COMMITTEE MEETING OF 27 MAY 2021**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held via online meeting on Thursday 27 May 2021 at 9.15am.

PRESENT: Tim McKay (Chair)
Andrew Burns
Sheila Gunn
Elma Murray
Sharon O'Connor
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Antony Clark, Interim Controller of Audit
Michelle Borland, Business Manager, Performance Audit and Best Value (PABV) (Item 7)
John Cornett, Audit Director, Audit Services (Item 4)
Anne MacDonald, Senior Audit Manager, Audit Services (Item 4)
Paul O'Brien, Senior Manager, PABV (Item 5)
Mark Roberts, Audit Director, PABV (Item 7)

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 25 February 2021
4. Current audit issues in councils
5. Intelligence report
6. Accounting and auditing developments
7. Risk assessment and implications for the work programme
8. Any other business

1. Apologies for absence

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

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 25 February 2021

The minutes of the meeting of 25 February 2021 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, advice from the Interim Controller of Audit was noted that monitoring continued of an ongoing investigation into allegations of bullying within East Dunbartonshire Health and Social Care Partnership (i.e. the Integration Joint Board), upon which further progress would be reported to the Committee as appropriate.

*Action: Interim Controller of Audit
and Director of Audit Services*

4. Current audit issues in councils

The Committee considered a report by the Interim Controller of Audit on emerging issues and recurring themes across local authorities in Scotland.

During discussion, the Committee:

- Agreed, further to queries from Pauline Weetman, Geraldine Wooley and Sheila Gunn, to maintain close monitoring of ongoing equal pay claims in Dundee City Council, with the Interim Controller of Audit and Director of Audit Services reporting to the Committee as appropriate.

Action: Interim Controller of Audit

- Agreed, further to a query from Pauline Weetman, to maintain close monitoring of the implementation of a new pay and grading system at Glasgow City Council, with the Interim Controller of Audit and Director of Audit Services reporting to the Committee as appropriate.

Action: Interim Controller of Audit

- Noted further in this regard the ongoing liaison between the appointed auditor and the Council.
- Noted advice from Anne MacDonald, on behalf of the Interim Controller of Audit, on auditor dialogue with councils around the administrative burden to councils of registered charities which fall within the scope of section 106 of the Local Government (Scotland) Act 1973

Action: Interim Controller of Audit

- Agreed, further to a query from Pauline Weetman, that more information be provided on the transfer of the social care finance function from the Inverclyde Council to Inverclyde Integration Joint Board.

Action: Interim Controller of Audit

- Noted advice from the Interim Controller of Audit, in response to a query from Geraldine Wooley, that he was liaising with auditors of the Scottish Government, in conjunction with the Auditor General, on the audit treatment of Scottish Government pandemic-related funding provided to councils.

- Noted advice from the Interim Controller of Audit, in response to a query from Sharon O'Connor, that council financial planning in relation to the resumption or enhancement of services as part of the recovery from the pandemic is an issue that appointed auditors would be considering as part of their annual audit work this year and that this was likely to feature as a theme in future overview reporting.
- Noted advice from the Interim Controller of Audit, in response to a query from Sharon O'Connor, that he was closely monitoring the ongoing legal case in relation to the awarding by Comhairle nan Eilean Siar of the lease of Lews Castle in Stornoway to an external hospitality operator, and the Comhairle's oversight of and response to the matter.
- Noted advice from the Interim Controller of Audit, in response to a query from Andrew Burns, that Scottish Government pandemic-related funding provided to local government would feature as a theme in future overview reporting.
- Noted advice from the Interim Controller of Audit, in response to a query from Tim McKay, on the scope of the review which led to a proposed revised integration scheme between Highland Council and NHS Highland.

Following discussion, the Committee:

- Noted the report, taking assurance that the auditors' responses detailed in the report recognises the scope of the risk identified and reflects the impact on planned audit work.
- Agreed in particular not to recommend to the Commission to direct the Interim Controller of Audit on any matters arising.
- Noted that it would consider under item 7 matters and issues arising from this paper which affect either the business risks of the Commission or audit risk (and thus the planned audit response set out in the work programme).

5. Intelligence report

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

During discussion, the Committee:

- Noted advice from the Secretary, in response to a query from Pauline Weetman, that he would provide more information on how respondents in the Audit Scotland correspondence process are advised on options available to them to pursue particular matters with other appropriate bodies.

Action: Secretary

- Noted advice from the Interim Controller of Audit, in response to a query from Tim McKay, on how Audit Scotland deal with whistleblowing cases.

Following discussion, the Committee:

- Noted the report.
- Noted that it will consider under item 7 on the agenda matters and issues arising from this paper which affect either the business risks of the Commission or audit risk (and thus the planned audit response set out in the

work programme).

- Agreed to a shorter version of the report for future meetings.
- Agreed to the proposal in the paper for more up-to-date data in future reporting.

6. Accounting and auditing developments

The Committee considered a report by the Director of Audit Services informing members of recent accounting and auditing developments.

During discussion, the Committee:

- Agreed to recommend to the Commission that it delegate to the Interim Chair, Interim Deputy Chair and past FAA Committee Chair to agree the terms of a response to the consultation by the UK Secretary of State for Business, Energy and Industrial Strategy on improving the UK's audit, corporate reporting and corporate governance systems in the private sector.

Action: Secretary

- Agreed to maintain a watching brief on the announcements of the UK Government in response to the report from Sir Tony Redmond into the local audit of, and financial reporting by, local authorities in England.

Action: Secretary and Director of Audit Services.

Following discussion, the Committee noted the report.

7. Risk assessment and implications for the work programme

The Committee considered a report by the Secretary providing an updated assessment on business and audit risk.

During discussion, the Committee:

- Noted advice from the Secretary and Mark Roberts about the ongoing development by Audit Scotland Audit Directors Group of a framework for public sector and local government audit risk.

Following discussion, the Committee:

- Endorsed the proposed categories of business risk, subject to further thought being given to:
 - Incorporating risk relating to agility of response of the Commission to matters arising from audit (point raised by Pauline Weetman and Geraldine Wooley).
 - The appropriateness of including risk relating to the conduct of individual members (Geraldine Wooley).
 - Reflecting perception of failure as well as failure itself (Geraldine Wooley).
 - Ensuring that contingency planning and crisis management feature appropriately in controls (Sheila Gunn).
 - Including interim appointments, both to the Commission and the

Controller of Audit role, as a risk in relation to maintaining relationships with partners and external stakeholders (Geraldine Wooley).

- Including audit firms who are appointed as local government auditors as an audit partner (Tim McKay).

Action: Secretary

- Agreed to recommend to the Commission that further thought be given to ensuring robustness of approach to engaging with the public (Elma Murray).

Action: Secretary

- Endorsed the assessment of business risk, further to the Secretary considering the categorisation of risk 1c (relationships with audit partners) and 2c (co-ordinated scrutiny of local government).

Action: Secretary

- Endorsed the assessments of audit risk and thereby agreeing that the planned audit response, as set out in the work programme, is appropriate, subject to noting the Committee's ongoing interest in a number of matters arising in annual audit, as set out in item 4.

Action: Interim Director of PABV

8. Any other business

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

Close of meeting

The meeting finished at 11.00am.

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE
MEETING OF 27 MAY 2021

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held via online meeting on Thursday 27 May 2021, at 11.45am.

PRESENT: Elma Murray (Chair in the absence of Christine Lester)
Andrew Cowie
Sophie Flemig
Tim McKay
Stephen Moore

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Antony Clark, Interim Director of Performance Audit and Best Value (PABV)
Michelle Borland, Business Manager, PABV (Items 4 and 6)
Carol Calder, Senior Manager, PABV (Item 4)
Christopher Lewis, Senior Auditor, PABV (Item 5)
Mark MacPherson, Senior Manager, PABV (Item 4)
Jillian Matthew, Senior Manager, PABV (Item 5)
Mark Roberts, Audit Director, PABV (Items 4 and 6)
Richard Robinson, Senior Manager, PABV (Item 4)
Shelagh Stewart, Senior Manager, PABV (Item 5)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 25 February 2021
4.	Future approach to cluster briefings and update on 'Following the Pandemic Pound'
5.	Social care audit work update
6.	Risk assessment and implications for the work programme
7.	Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Christine Lester.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 25 February 2021

The minutes of the meeting of 25 February 2021 were noted, having previously been approved as a correct record by the Commission following minor amendment.

4. Future approach to cluster briefings and update on 'Following the Pandemic Pound'

The Committee considered a report by the Audit Director, PABV, updating the Committee on proposals for future cluster briefings on key risks and issues to inform the development of the Commission's work programme, and providing an update on activity associated with 'Following the Pandemic Pound'.

During discussion, the Committee:

- Noted advice from the Interim Director of PABV, in response to a point made by Stephen Moore, that matters relating to excess Covid-19 deaths, waiting times and closure or suspension of services would all be common features of both overview reporting for the Commission and for the Auditor General.
- Noted a link between audit reporting of public service recovery and of workforce planning (point made by Stephen Moore).
- Noted, in relation to the Scottish Government announcement of its plans for government, of the potential of Commission messages around 'investment in health' as opposed to 'investment in the NHS' (Elma Murray).
- Noted a desire that audit reporting ensures an emphasis on improving and learning from public service response to the pandemic (Andy Cowie).
- Noted advice from Mark Roberts, in response to a query from Andy Cowie, on how the Commission will be kept apprised of policy developments between committee meetings, principally through the monthly Secretary and Controller of Audit update reports to the Commission.
- Noted advice from Mark Roberts, in response to a query from Andy Cowie, on planned reporting in relation to infrastructure investment, namely the planned Auditor General briefing on the Infrastructure Investment Plan and on joint reporting on digital exclusion and connectivity.
- Noted that transformation of social care will be a feature of the forthcoming performance audit in this regard (Elma Murray on behalf of Christine Lester).
- Noted the Commission's significant interest in inequalities, and in particular a desire for ensuring that audit reporting underlines messages about exacerbating inequalities, both in terms of those already experiencing inequality and the numbers of people experiencing inequality, including considering an option of a policy cluster briefing in this regard (Elma Murray on behalf of Christine Lester).

Action: Audit Director, PABV

Following discussion, the Committee:

- Agreed the proposed future approach to briefings for the Committee.
- Agreed to review this approach after a cycle of four meetings.

Action: Audit Director, PABV

- Noted that it will consider under item 6 matters and issues arising from this paper which affect either the business risks of the Commission or audit risk (and thus the planned audit responses set out in the work programme).

5. Social care audit work update

The Committee considered a report by the Interim Director of PABV providing a further update on the approach to auditing social care, following the update provided at the Committee meeting on 25 February 2021, which set out the background work carried out so far and emerging issues.

During discussion, the Committee:

- Noted the crossover between this work and that in Best Value auditing of integration joint boards (IJBs), considered to be a high profile area of Commission responsibility (point raised by Andy Cowie).
- Noted the ongoing dialogue between the audit team and appropriate Scottish Government officials on the Feeley Review, thus allowing monitoring of proposed structural change (Andy Cowie).
- Noted its interest in ensuring that proposed outputs maximise the Commission's influence in the ongoing debate and conversation on reforming social care (Sophie Flemig).
- Agreed that care at home be part of the scoping of the work (Elma Murray on behalf of Christine Lester).

Action: Interim Director of PABV

- Agreed that the scope of the work make clear links with wider health matters (Elma Murray on behalf of Christine Lester).

Action: Interim Director of PABV

- Agreed that the scope of the work make clear links with housing policy matters (Elma Murray on behalf of Christine Lester).

Action: Interim Director of PABV

- Agreed that the work consider carefully the assertion that social care reform will ensure that money is 'spent better' in the perception of different stakeholders (Elma Murray on behalf of Christine Lester).

Action: Interim Director of PABV

Following discussion, the Committee:

- Noted the briefing.
- Noted the proposed staged and flexible approach to audit work in this area.
- Noted that the Interim Director of PABV will bring a briefing paper and strategy for future social care audit work to the Commission for consideration in November.

6. Risk assessment and implications for the work programme

The Committee considered a report by the Secretary providing an updated

assessment on business and audit risk.

Following discussion, the Committee:

- Endorsed the proposed categories of business risk, subject to further thought being given to the use of 'public confidence' when referring to reputational risk (point raised by Andy Cowie).

Action: Secretary

- Agreed to recommend to the Commission that it develop a contingency planning exercise around capacity and responsiveness (Andy Cowie).

Action: Secretary

- Noted advice from Mark Roberts, in response to a point by Stephen Moore, about the risks associated with high turnover of senior officers in IJBs, about proposed reporting of matters on leadership in overview reporting.

- Agreed that audit and reporting in relation to inequalities – and the promotion of such work - incorporate matters around people with disabilities (Stephen Moore).

Action: Interim Director of PABV

- Agreed that future reporting of risk to committees incorporate other presentational techniques such as heat maps (Sophie Flemig).

Action: Secretary

- Endorsed the assessment of business risk, subject to recategorising risk 1c (relationships with audit partners) and 2c (co-ordinated scrutiny of local government) to 'decreasing' (Elma Murray).

Action: Secretary

- Endorsed the assessments of audit risk and thereby agreeing that the planned audit response, as set out in the work programme, is appropriate, subject to noting the Committee's ongoing interest in a number of matters arising in annual audit, as set out in items 4 and 5.

Action: Interim Director of PABV

7. Any other business

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

Close of meeting

The meeting finished at 12.40pm.

MEETING: 10 JUNE 2021

REPORT BY: SECRETARY TO THE COMMISSION

AUDIT SCOTLAND BOARD UPDATE

Purpose

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

Background

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

Current Board business

7. This report provides the Commission with the latest available minutes from the meetings of the Audit Scotland Board, in this case the meetings of 24 March 2021 and 19 May 2021. They are attached in Appendix 1 and Appendix 2.
8. The most recent meeting of the Board was on 2 June 2021, but the minutes of this meeting are not yet publicly available as they are yet to be ratified by the Board. These will be available after the next Board meeting on 22 September 2021 and considered by the Commission at its October meeting.

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

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

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

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

9. The Commission has agreed however that the agendas for the most recent Board meeting be provided (even if the minute is not yet available). The agenda is attached in Appendix 3. The Interim Chair will provide a verbal update on any relevant business for members' interest and invites questions from members to this end.

Conclusion

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

Paul Reilly
Secretary to the Commission
31 May 2020

Minutes

Wednesday 24 March 2021, 10.00am

Audit Scotland by Video conference

Present:

Alan Alexander (Chair)
Stephen Boyle
Elma Murray
Jackie Mann
Colin Crosby

Apologies:

There were no apologies.

In attendance:

Diane McGiffen, Chief Operating Officer
Martin Walker, Associate Director, Corporate Performance and Risk
Fraser McKinlay, Director of Performance Audit and Best Value
Antony Clark, Interim Director of Performance Audit and Best Value
Gemma Diamond, Audit Director, Performance Audit and Best Value
David Robertson, Digital Services Manager
Stuart Dennis, Corporate Finance Manager
Mark Taylor, Audit Director, Audit Services
Fiona Diggle, Audit Manager, Performance Audit and Best Value
Charlotte Anderson, L&D Consultant
Tracey Bray, Senior Business Partner (OD)
Gayle Fitzpatrick, Corporate Governance Manager
Elaine Boyd, Associate Director, Audit Quality and Appointments
Kathrine Sibbald, Senior Manager, Performance Audit and Best Value
Carolyn McLeod, Audit Director, Performance Audit and Best Value
Claire Richards, Senior Auditor, Performance Audit and Best Value
Erin McGinley, Correspondence Officer
Joanne Mansell, Communications Adviser
Simon Ebbett, Communications Manager
Mark Roberts, Audit Director, Performance Audit and Best Value

1. Private meeting of Board members

The Board met privately and there were no matters arising.

2. Welcome and apologies

The Chair welcomed attendees to the meeting and noted there were no apologies. The Chair noted that this would be Antony Clark's first meeting since being appointed Interim Director of PABV and Interim Controller of Audit. The Chair noted that this would be Fraser McKinlay's last meeting and expressed his thanks for the service Fraser has given to Audit Scotland, the Accounts Commission and his work in public audit in Scotland over the last 16 years.

3. Declarations of interest

There were no declarations of interest.

4. Items to be taken in private

The Board agreed that items 23, 24, 25 and 26 would be taken in private.

5. Chair's report – verbal update

The Chair advised of regular scheduled meetings with Stephen Boyle, Accountable Officer, Elma Murray, Interim Chair of the Accounts Commission and Diane McGiffen, Chief Operating Officer. In addition, the Chair advised that the New Audit Appointments Steering group had recently held two meetings and advised of his attendance at the Management Team Covid-19 stock take session on 23 March

The Board welcomed the update.

6. Accountable Officer's report – verbal update

Stephen Boyle invited the Board to note his pleasure in the appointment of Antony Clark as Interim Director of Performance Audit and Best Value and Interim Controller of Audit. Stephen also noted his thanks to Fraser McKinlay for his support and contribution to public audit over many years of service.

Stephen advised that all of the 2019/20 financial audits are now complete including the completion of the European Agricultural Fund audit. Stephen highlighted the recent Best Companies results with us receiving One Star accreditation status. He noted that it is an excellent reflection on the work Audit Scotland has done over the past year in difficult circumstances.

Stephen noted that the pre-election period for the Scottish Parliament would now start on 25 March and as such Audit Scotland's public reporting will be more limited until after the election on 6 May 2021.

Stephen noted the NHS overview report published in February and the Education Outcomes report published jointly with the Accounts Commission on 23 March. Stephen also advised of recent external engagements with the ICAS Public Sector Panel and a webinar with the English ICAEW institute.

Stephen advised the Board of the sad loss of a valued colleague, Susan Bloor, who had passed away recently after a period of illness.

The Board welcomed the update.

7. Accounts Commission Chair's report – verbal update

Elma Murray congratulated Antony Clark on his interim appointments and thanked Fraser McKinlay for his many years of service and valued work.

Elma noted the media attention the Education Outcomes report had received and the powerful messages it had delivered.

Elma advised that she attended a workshop held in February with Chief Officers and Chief Finance Officers around developing our approach to auditing Best Value in Integration Joint Boards.

Elma advised that Accounts Commission members are producing videos, blogs and articles, and a two day Strategy Seminar is planned for 20/21 April. Elma also advised she had hosted several round table discussions which would feed into the Commission's work programme

Elma advised that the Commission and the Improvement Service Board have now agreed a strategic alliance and have produced a statement of intent along with a 12 month programme of joint work.

Following discussion, the Board welcomed the updates.

8. Review of minutes:

Board meeting: 27 January 2021

The Board considered the minutes of the meeting of 27 January 2021, which had been previously circulated. The Chair provided clarity around action ASB130, advising that the Board will focus on the Public Audit in Scotland model after its second Board development session to be held later in the year.

The Board approved the minutes as an accurate record of the meeting.

Audit Committee meeting: 4 November 2020

Colin Crosby, Chair of the Audit Committee, noted the work the Committee have been doing around risk methodologies and future work of streamlining Audit Committee papers.

Alan Alexander, chair of the Board, referred to a point at agenda item 8 that stated his appraisal of the performance of new members would take place in early 2021. Alan advised that this would happen in September rather than early 2021 and this should be amended in the minutes.

The Board noted the minutes of the meeting of 4 November 2020, which had been previously circulated.

ACTION ASB133 **Gayle Fitzpatrick to amend the Audit Committee meeting minute of 4 November 2020 to reflect the change of date from early 2021 to September 2021.**

9. Governance arrangements: Review of Standing Orders

Martin Walker introduced the Governance arrangements: Review of Standing Orders report, copies of which were previously circulated.

Martin highlighted two areas, the confirmation of public access to the Board meetings and considerations given to live streaming the meetings.

The Board noted the report and agreed that the variations to the Standing Orders are kept under review and considered at each Board meeting until further notice.

10. Review of action tracker

Elma Murray, Interim Chair of the Accounts Commission asked about the sequence in regard to action ASB131. Diane McGiffen, Chief Operating Officer advised that discussions with Stephen Boyle, the Accounts Commission and the New Audit Appointments (NAA) Steering Group are ongoing and that she would discuss this with Elma at their next meeting and provide further updates to the Board.

The Board noted the updates provided on the action tracker.

ACTION: ASB134 **Diane McGiffen to set out indicative stages and tasks for the next three months and present to the Board in May 2021.**

11. Covid-19 update

Martin Walker introduced the Covid-19 update report, copies of which had been previously circulated.

Martin invited the Board to note the actions taken to date in response to the Covid-19 pandemic, the ongoing actions and next steps.

The Board members thanked Diane McGiffen for the regular Incident Management Team updates and noted the outstanding organisational response to Covid-19 and how that has been reflected in the Best Companies survey.

Diane McGiffen, Chief Operating Officer, advised that preparatory work to make Audit Scotland offices Covid secure is well underway and decisions about the earliest dates under current restrictions when some colleagues might be able to access Audit Scotland's offices would be reviewed by the Incident Management Team (IMT) later in the week. Diane noted that coming out of lockdown will be challenging and that the different levels of restrictions across Scotland will add a further complication. Diane stressed that 2021 will continue to be challenging and that wellbeing and health of colleagues will remain a priority.

Colin Crosby, Chair of the Audit Committee advised that he found the report useful and would welcome a plan which outlined what position the organisation would like to be in at certain dates reflecting on the current position and options for the future. He also noted that quarterly reporting that included narrative around these aims would also be valuable.

The Board received an update on the stocktake session which had taken place at Management Team on March 23.

It was noted that previous business continuity planning had proved to be very beneficial and that the completion of audits whilst working remotely was also a great achievement. Diane advised that colleagues will have a range of working preferences as we exit lockdown carefully. Diane advised that offers of employment have been made to 46 FTE (including backfilling positions), which will allow Audit Scotland to build capacity and deliver the programme of work.

Alan Alexander advised that he had joined the stocktake session for the last 30 minutes and was assured by the focus being applied to the organisation's response to Covid-19 and the plans for the future.

Following discussion, the Board welcomed the report and the regular communication and support for colleagues.

12. Strategic improvement programme update

Fraser McKinlay, outgoing Director of Performance Audit and Best Value, Gemma Diamond, Audit Director and David Robertson, Digital Services Manager joined the meeting.

Martin Walker introduced the Strategic improvement programme update, copies of which had been previously circulated.

Martin invited the Board to consider the appended Digital Audit Strategy and the Digital Services Strategy.

Gemma Diamond, Audit Director, introduced the Digital Audit Strategy noting that building skills and capacity are essential to Audit Scotland's growth and development.

David Robertson, Digital Services Manager introduced the Digital Services Strategy. The strategy covers enhancing our cyber security, providing the systems and services to provide a virtual business and digital transformation.

Following discussion, the Board noted the report and approved the Digital Services strategy.

ACTION ASB135: Alan Alexander, Colin Crosby, Diane McGiffen and Martin Walker to meet to discuss aspects of the programme governance, management and reporting (April 2021).

Fraser McKinlay, outgoing Director of Performance Audit and Best Value, Gemma Diamond, Audit Director, and David Robertson, Digital Services Manager left the meeting.

13. Operational budget 2021/22

Stuart Dennis, Corporate Finance Manager, joined the meeting.

Stuart Dennis introduced the Operational budget 2021/22 report, copies of which had been previously circulated.

Diane McGiffen, Chief Operating Officer advised that communications are ongoing regarding the annual pay award and all parties are working towards set timescales.

ACTION ASB136: Colin Crosby and Stuart Dennis to meet to discuss aspects of the budget including the pension fund.

The Board approved the operational budget for 2021/22 and noted that any budget adjustments will be scrutinised as part of the quarterly reporting process.

14. Q3 Financial performance report

Stuart Dennis introduced the Q3 Financial performance report, copies of which had been previously circulated.

It was noted that the Q3 financial performance report has been reviewed by the Audit Committee at its meeting on 4 March 2021.

The Board noted the operational budget for 2021/22

Stuart Dennis, Corporate Finance Manager, left the meeting.

15. Q3 Corporate performance report

Martin Walker introduced the Q3 Corporate performance report, copies of which had been previously circulated.

Martin highlighted the Q3 information as well as a forward look at the Q4 information. He advised that performance had been strong in Q3 but noted that significant risks remain and that these are set out in the Corporate Risk Register. It was also noted that the Strategic Improvement Programme (SIP) is central to future performance.

The Board noted the Q3 Corporate performance report.

16. Best Companies survey results

Charlotte Anderson, Learning & Development consultant, and Tracey Bray, Senior Business Partner (OD), joined the meeting.

Diane McGiffen, Chief Operating Officer introduced the report on the Best Companies survey results, copies of which had been previously circulated.

Diane advised that the Leadership Team were extremely pleased with the results and Audit Scotland had achieved its highest ever scores. Audit Scotland is now recognised as a “One Star” company.

Diane advised that Jonathon Austin from Best Companies will be joining the Leadership Team next week to discuss the results in more depth and that the results will feed into the Strategic Improvement Programme.

The Board members welcomed the survey results and expressed their congratulations.

ACTION ASB137: Elma Murray and Diane McGiffen to discuss how best to share the Best Companies results with the Accounts Commission. (April 2021)

Charlotte Anderson, Learning & Development consultant, and Tracey Bray, Senior Business Partner (OD), left the meeting.

17. Financial devolution and constitutional change update

Mark Taylor, Audit Director, and Fiona Diggle, Audit Manager, joined the meeting.

Mark Taylor introduced the Financial devolution and constitutional change update paper, copies of which had been previously circulated.

The Board members discussed the report and noted the complexities of identifying Covid and non-Covid spend. The Board noted that there had been around 170 funding announcements and that “following the pandemic pound” will be a vital piece of work.

The Board noted the update and congratulated Mark and Fiona on the clear and comprehensive content.

Mark Taylor, Audit Director, and Fiona Diggle, Audit Manager, left the meeting

18. Corporate governance review of Board arrangements

Gayle Fitzpatrick introduced the Corporate governance review of Board arrangements paper, copies of which had been previously circulated.

Gayle expressed her thanks to all who had contributed to the report and advised that the recommendations related to items to be taken in private, the minuting of meetings, individual member induction, and personal development and collective Board development.

Elma Murray noted the practical impact of the statutory Board composition should members not be available.

ACTION ASB138: Martin Walker to prepare a discussion paper for members of the Board. (April 2021)

After discussion, The Board approved the recommendations in the Corporate Governance review of Board arrangements report.

19. Data protection policy

Gayle Fitzpatrick introduced the Data Protection policy paper, copies of which had been previously circulated.

Gayle advised the Board of the changes to the data protection policy following the end of transition arrangements between the United Kingdom and the European Union and that references to the GDPR have been updated to UK GDPR to reflect that the Data Protection Act 2018 enshrined the EU GDPR.

The Board approved the Data Protection policy.

20. Any other business

There was no further business.

21. Review of meeting

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

The Chair thanked everyone for their contributions.

22. Date of next meeting: 19 May 2021

The members noted the next meeting of the Audit Scotland Board is scheduled for 19 May 2021.

Items taken in private

23. New audit appointments update

Elaine Boyd, Associate Director, and Kathrine Sibbald, Senior Manager, joined the meeting.

Elaine Boyd and Kathrine Sibbald introduced the New audit appointments update paper, copies of which had been previously circulated.

Elaine provided an update on the progress of the Code of Audit Practice (COAP), the New Audit Appointments (NAA) steering group and the Invitation to Tender (ITT) preparation. The Board members discussed the paper.

The Board noted the progress and approved, that barring further unexpected changes, current audit appointments would not be extended beyond 2021/22.

Elaine Boyd, Associate Director, and Kathrine Sibbald, Senior Manager, left the meeting.

24. Proposed equalities outcomes 2021-2025

Carolyn McLeod, Audit Director, Claire Richards, Senior Auditor, Erin McGinley, Correspondence Officer, Tracey Bray, Senior Business Partner (OD) and Joanna Mansell, Communications Adviser, joined the meeting.

Carolyn McLeod introduced the proposed equalities outcomes 2021-2025 report, copies of which had been previously circulated.

The Board members discussed the outcomes as stated in the report and noted that it would be valuable to draw on the insights from the EHRAG group. The Board were supportive of the report and noted the importance of setting the right measures and targets.

The Board noted the report.

Carolyn McLeod, Audit Director, Claire Richards, Senior Auditor, Erin McGinley, Correspondence Officer, Tracey Bray, Senior Business Partner (OD) and Joanna Mansell, Communications Adviser, left the meeting.

25. 2020 stakeholder engagement report

Simon Ebbett, Communications Manager and Mark Roberts, Audit Director, joined the meeting.

Simon introduced the 2020 stakeholder engagement report, copies of which had been previously circulated.

Simon advised that the survey results are very positive and demonstrate the effective relationships that Audit Scotland has with parliamentary committees. Simon clarified that the survey does not cover the products (reports etc) that Audit Scotland produces.

The Board members recognised that the stakeholder results and the Best Companies results provide a very positive snapshot of the internal and external views of Audit Scotland.

The Board noted the report.

Mark Roberts, Audit Director, left the meeting.

26. 2020/21 Annual report

Simon Ebbett introduced a report on the plan for the 2020/21 Annual Report and Accounts, copies of which had been previously circulated. Simon confirmed that the stocktake session did not change any of the content of the report.

The Board noted the plan for the 2020/21 Annual report.

Minutes

Wednesday 19 May 2021, 10.00am

Audit Scotland by Video conference

Present:

Alan Alexander (Chair)
Stephen Boyle
Elma Murray
Jackie Mann
Colin Crosby

Apologies:

There were no apologies.

In attendance:

Diane McGiffen, Chief Operating Officer
Martin Walker, Associate Director, Corporate Performance and Risk
Stuart Dennis, Corporate Finance Manager
David Blattman, Human Resources (HR) and Operational Development (OD) Manager
Simon Ebbett, Communications Manager
Gayle Fitzpatrick, Corporate Governance Manager
David Robertson, Digital Services Manager
Graeme Greenhill, Senior Audit Manager, Performance Audit and Best Value
Ian Metcalfe, Corporate Governance Officer
Agata Maslowska, Audit Manager, Performance Audit and Best Value
Elaine Boyd, Associate Director, Audit Quality and Appointments
Kathrine Sibbald, Project Manager, Audit Quality and Appointments
Carolyn McLeod, Audit Director, Performance Audit and Best Value
Gemma Diamond, Audit Director, Performance Audit and Best Value
Michelle Borland, Business Manager, Performance Audit and Best Value

27. Private meeting of Board members

The Board met privately and there were no matters arising.

28. Welcome and apologies

Diane McGiffen, Chief Operating Officer, Martin Walker, Associate Director, Corporate Performance and Risk and Stuart Dennis, Corporate Finance Officer, joined the meeting.

The Chair welcomed attendees to the meeting and noted there were no apologies.

29. Declarations of interest

There were no declarations of interest.

30. Items to be taken in private

The Chair invited members to agree that the reports at items 15, 16 and 17 of the agenda be considered in private. The Board agreed.

31. Chair's report – verbal update

The Chair reflected on the two Board Development Sessions held on 31 March and 10 May with a further session scheduled for 27 September 2021, and invited members to note the proposal to report back formally at the Board in November.

The Chair advised of regular meetings with the Auditor General for Scotland and Diane McGiffen, Chief Operating Officer and of the meeting of the New Audit Appointments Steering Group on 22 April 2021, reported at item 16 of the agenda. The Chair invited members to note that the Code of Audit Practice has been approved by both the Auditor General for Scotland and the Accounts Commission.

The Chair advised he had observed the meeting of the Audit Committee on 12 May 2021 and attended the meeting of the Remuneration and Human Resources Committee meeting on the same day.

The Chair advised the Board that he had attended one of the 'How we work' drop in sessions chaired by Diane McGiffen and members of the Incident Management Team (IMT) to hear from colleagues about their considerations and concerns around future ways of working. He advised the session had been interesting and informative.

The Chair informed the Board that he had accepted an invitation to give evidence to the Public Audit Committee of the Northern Ireland Assembly who are considering oversight arrangements on 7 July 2021. The Chair advised he will submit an opening statement in advance of the session and will circulate a copy to members. The members noted the respective Chairs of National Audit Office and Wales Audit Office have also been invited to give evidence on 2 June 2021.

Action ASB139: The Chair to circulate a copy of his supporting statement to the Northern Ireland Assembly to members. (June 2021)

The Board welcomed the update.

32. Accountable Officer's report – verbal update

Stephen Boyle reflected on the Board Development sessions and two 'How we work' drop in sessions which had been helpful in setting the forward direction both for the Board and how Audit Scotland works, all of which is supported by the Strategic Improvement Programme at item 12 of the agenda.

Stephen invited the Board to note that Parliament has reconvened following the election and work is underway to deliver and support the future engagement strategy with members and committees.

Stephen invited the Board to note that the Scottish Commission for Public Audit (SCPA) propose to hold a session to consider Audit Scotland's annual report and accounts at the end of June 2021. Stephen advised that the appointments to the SPCA will be confirmed in due course and members noted Alison Johnson has been appointed as the new Presiding Officer of the Parliament.

Turning to external engagement, Stephen advised of a meeting with the Chief Executive of Institute of Chartered Accountants for England and Wales, a meeting of the UK and Ireland Auditors General held on 7 May 2021 and a separate meeting with Gareth Davies, Comptroller for and Auditor General, National Audit Office and Kiran Donnelly the Comptroller and Auditor General for Northern Ireland.

Stephen advised the Board of meetings with several Scottish public bodies including an introductory meeting with the Chief Executive of Public Health Scotland, a bi-annual meeting with the Permanent Secretary and her executive team at the Scottish Government and a meeting with the Chief Constable, Chief Executive and Chair of the Scottish Police Authority.

Stephen also invited members to note that, following a meeting with Mairi Spowage, Interim Director of the Fraser of Allander Institute at Strathclyde University, he had committed to doing some further work together which would include hosting knowledge cafes with colleagues.

The Board welcomed the update.

33. Accounts Commission Chair's report – verbal update

Elma Murray invited the Board to note she had held regular meetings with the Auditor General for Scotland and the Chief Operating Officer. She also advised of regular meetings with the Interim Controller of Audit and of a joint meeting with the Chief Executive of the Scottish Borders Council and Alison Evison, President and Sally Loudon, Chief Executive of COSLA.

Elma advised members of the business at the two meetings of the Accounts Commission since the previous Board meeting, and which included updates on New audit appointments, input and approval of the Code of Audit Practice and discussion around mainstreaming equalities and equality outcomes. She advised that the Commission also heard from Kenneth Lawrie, Chief Executive, Falkirk Council

and Emily Lynch from the Improvement Service on the development of the Local Government Benchmarking Framework.

Elma advised that the Commission had discussed the role of the Controller of Audit with a further discussion scheduled for its next meeting on 10 June 2021 with Stephen Boyle joining.

The members noted that the Commission's Strategy Seminar had heard from Paul Johnston, DG, Communities and Alison Evison, President of COSLA, considered the results from a survey of members, the Commission's role and purpose, priorities and future development plans. Those plans included working more closely with Audit Scotland, making better use of cross-cutting data and intelligence with scrutiny partners and being clearer in reports about what needs to improve.

Elma advised members that the next Accounts Commission meeting will consider the Best Value Assurance Report for Aberdeen City Council.

Elma invited members to note that the Accounts Commission will publish their Annual Report on Friday 21 May and its work programme on 24 May, followed by the Local Government Overview.

The Board welcomed the update.

34. Review of minutes:

Board meeting: 24 March 2021

The Board considered the minutes of the meeting of 24 March 2021, which had been previously circulated.

The Board approved the minutes as an accurate record of the meeting.

Audit Committee meeting: 3 March 2021

The Board noted the minutes of the Audit Committee meeting of 3 March 2021, which had been previously circulated.

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

35. Governance arrangements: Review of Standing Orders

Martin Walker introduced the Governance arrangements: Review of Standing Orders report, copies of which were previously circulated.

Martin invited the Board to note there were no proposed amendments to the Standing Orders and provided an update on the development work on the potential for livestreaming virtual meetings and extending access to face to face and hybrid meetings.

Following discussion, the Board accepted the recommendations contained within the report.

36. Review of action tracker

The Board noted the updates provided on the action tracker.

The Chair invited Stuart Dennis to provide an update on Action ASB131 in relation to the development of Audit Scotland's medium-term financial strategy and the associated fees and funding model. Stuart invited the Board to note that the fees and funding workstream is a key element of the Strategic Improvement Project, many of the workstreams of which have potential consequences on Audit Scotland's budget and financial strategy. The Board noted a report would be scheduled to come to the Board in November 2021.

During detailed discussion, the Board noted the financial analysis required together with projections of anticipated audit work over the next three years while safeguarding Audit Scotland's independence and ensuring flexibility to respond to changing demands. In addition, the Board recognised that the sustainability of the current fees and funding model has been tested given the pressures experienced during the pandemic and reflected on the strategic significance and engagement required on any change to the fees and funding model.

Diane McGiffen advised of plans to revisit Public Audit in Scotland which would set the principles to safeguard audit independence including funding. The Board noted progress across

areas including the New audit appointments procurement project, its associated costing implications, the financial analysis required to provide assurance and engagement with stakeholders.

Following discussion, the Board agreed they would welcome an early discussion supported by a briefing paper setting out the background to the current fees and funding model and a proposed timeline of engagement with the Board.

Action ASB131 updated: A briefing on the current fees and funding model and proposed timeline to be circulated to the Board. (July 2021)

A meeting with Board members to be scheduled to discuss the medium term financial plan. (August 2021)

Colin Crosby provided a summary of the meeting with Stuart Dennis on action ASB136 which had taken place prior to today's Board meeting and informed members that details of any budget provision may be incorporated into reporting and presented under two headings i.e. costs outwith our control (for example pensions) and other operational expenditure.

The Board noted the updates and further actions arising.

37. Covid-19 update

David Blattman, HR&OD Manager and Simon Ebbett, joined the meeting.

Martin Walker introduced the Covid-19 update report, copies of which had been previously circulated.

Martin invited the Board to note the actions taken to date in respond to the Covid-19 pandemic, the ongoing actions and next steps and provided a verbal update on developments in relation to localised restrictions and the recent rise in community infections.

The Board welcomed the ongoing communication with colleagues, including the survey about 'How we work' and the drop in sessions, noting some of the key questions arising related to remote working, office and on-site working, the requirements to support a Covid secure workplace and travel. Elma advised that the Accounts Commission members are also considering these areas and agreed to share any feedback with IMT.

Following discussion, the Board welcomed the comprehensive report.

38. Strategic improvement programme update

Martin Walker introduced the Strategic improvement programme update, copies of which had been previously circulated.

Martin invited the Board to note the progress reported on the Strategic Improvement Programme and next steps.

During discussion, the Board referred to the outcome of the recent Building Capacity campaign, noting the success of attracting applications from a diverse background. The Board asked how the analysis from this campaign would inform the next campaign. David Blattman advised that he will be taking a closer look at the data in order to take any initial learning through to future campaigns.

The Board acknowledged Audit Scotland's commitment to report quarterly to the SCPA on the increase to Audit Scotland's budget for 2021/22. The Board noted this is also supported by the improvement programme and an update on progress will come to the Board on 2 June 2021.

The Chair invited members to note the meeting between himself, Diane McGiffen, Martin Walker and Colin Crosby on the governance arrangements for the Strategic Improvement Programme and advised a briefing paper will be shared with members which will also consider increased Board participation and engagement in the programme.

Following discussion, the Board welcomed the comprehensive nature of the report.

Action ASB140: Martin Walker to circulate a briefing paper on the governance arrangements for the Strategic Improvement Programme and

David Blattman and Simon Ebbett left the meeting.

39. 2019-2021 Mainstreaming Equality and Equality Outcomes progress report

Carolyn McLeod, Audit Director, Performance Audit and Best Value, joined the meeting.

Carolyn McLeod introduced the 2019-2021 Mainstreaming Equality and Equality Outcomes progress report, copies of which had been previously circulated.

Carolyn invited the Board to confirm its retrospective approval for the publication of our Mainstreaming Equality and Equality Outcomes: Progress Report 2019-2021 (the Progress Report).

During discussion, Board members welcomed the opportunity to consider drafts of the respective reports at its meeting on 24 March 2021 and later consideration by correspondence.

Following discussion, the Board confirmed its approval for the publication of the reports.

Carolyn McLeod left the meeting.

40. Annual report on information governance and security 2020-21

David Robertson, Digital Services Manager, joined the meeting.

Gayle Fitzpatrick and David Robertson introduced the Annual report on information governance and security 2020-21, copies of which had been previously circulated.

Gayle Fitzpatrick invited the Board members to note the assurance provided on the annual assessment of information governance and security management at Audit Scotland.

The Board recognised the challenges and additional security risks that have been managed with the entire workforce working from home during the pandemic.

Following discussion, the Board welcomed the positive assurance provided and endorsed the report.

Gayle Fitzpatrick and David Robertson, left the meeting.

Items taken in private

41. Environment, Sustainability and Biodiversity plan 2020/21 to 2024/25

Graeme Greenhill, Senior Audit Manager, Performance Audit and Best Value, and Ian Metcalfe, Corporate Governance Officer, joined the meeting.

Graeme Greenhill introduced the Environment, Sustainability and Biodiversity plan 2021/21 - 2024/25 a copy of which had been previously circulated.

The Board were invited to consider and approve the draft Environment, Sustainability and Biodiversity Plan 2020/21 to 2024/25 which sets out the actions Audit Scotland will take to further reduce carbon emission levels.

During detailed discussion, the members considered the ambitious target and the need to monitor and revisit the plan given the ongoing uncertainty around future travel for and in relation to audit work. The members indicated the Board's commitment to the plan and were keen to contribute to support the outcomes. The Board also requested additional information in relation to the offsetting process to understand how this would be managed.

Following discussion, the Board welcomed the report and approved the publication of the Environment, Sustainability and Biodiversity Plan 2020/21 to 2024/25.

Action ASB141: Graeme Greenhill and Ian Metcalfe to circulate information on the offsetting process of emissions. (September 2021)

Graeme Greenhill and Ian Metcalfe left the meeting.

42. New audit appointments update

Elaine Boyd, Associate Director, and Kathrine Sibbald, Senior Manager, joined the meeting.

Elaine Boyd introduced the New audit appointments update paper, copies of which had been previously circulated.

The Chair invited members to note the progress reported including the approval of the Code of Audit Practice, a copy of which will be shared with members, and consideration of the Invitation to Tender timeline.

The Board discussed the award of contracts and noted that the Steering Group would be considering a report looking at the criteria for tender assessment at its meeting on 26 May 2021 together with market information in order to understand the potential implications for the cost of audit.

Following discussion, the Board welcomed the progress reported.

Elaine Boyd, Associate Director, and Kathrine Sibbald, Senior Manager, left the meeting.

43. Forward work programme

Gemma Diamond, Audit Director, and Michelle Borland, Business Manager, Performance Audit and Best Value, joined the meeting.

Gemma Diamond introduced the report the Forward work programme report, a copy of which had been previously circulated.

Gemma invited the Board to consider the revised approach to the work programme which forms an important part of the Strategic Improvement Programme.

The Board noted the approach to move away from an annual update and approval process to a more flexible and agile approach based on quarterly updates to provide more flexibility to respond to changes in a volatile and uncertain operating environment.

The Board sought assurance on the anticipated impact on resource and training requirements and were assured that this is being actively developed and managed alongside developing themes of reporting.

Following discussion, the Board noted the updated approach to the programme and agreed they would welcome regular updates as the programme develops.

Gemma Diamond and Michelle Borland left the meeting.

44. Any other business

There was no further business.

45. Review of meeting

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

The Chair thanked everyone for their contributions

46. Date of next meeting: 2 June 2021

The members noted the next meeting of the Audit Scotland Board is scheduled for 2 June 2021.

Agenda

Wednesday 2 June 2021 at 12.00noon

By Teams

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

Standing items

- | | |
|--|-----------------|
| 5. Chair's report - verbal update | For information |
| 6. Accountable Officer's report - verbal update | For information |
| 7. Accounts Commission Chair's report - verbal update | For information |
| 8. Review of draft minutes:
- Board meeting 19 May 2021 | For approval |
| 9. Governance arrangements: review of standing orders | For discussion |
| 10. Review of action tracker | For information |
| 11. Covid-19 – verbal update | For information |
-

Strategic priorities

- | | |
|---|-----------------|
| 12. Strategic improvement programme - verbal update | For information |
|---|-----------------|
-

Business planning, performance and governance

- | | |
|--|-----------------|
| 13. Q4 Financial performance report | For information |
| 14. 2020/21 Annual report on international work | For approval |
| 15. 2020/21 Annual report on complaints | For approval |
| 16. 2020/21 Annual report on freedom of information and environmental information | For approval |
| 17. 2020/21 Annual report from the Chair of the Audit Committee | For approval |
| 18. 2020/21 Annual report from the Chair of the Remuneration and Human Resources Committee | For approval |
| 19. Policy on the provision of non-audit services by Audit Scotland's external auditor | For approval |
| 20. Counter Fraud Policy review | For approval |

- | | |
|--|-----------------|
| 21. 2020/21 Governance statement and certificate of assurance | For approval |
| 22. Audit summary report for the year ended 31 March 2021 | For information |
-

Items to be taken in private

- | | |
|---|-----------------|
| 23. Quality of public audit in Scotland 2020/21 | For approval |
| [Item to be taken in private to support the effective conduct of business, intended for future publication] | |
| 24. 2020/21 Q4 Corporate performance report | For information |
| [Item to be taken in private to support the effective conduct of business, intended for future publication] | |
| 25. Draft Annual Report and Accounts: Year ended 31 March 2021 | For approval |
| [Item to be taken in private to support the effective conduct of business, intended for future publication] | |
| 26. New audit appointments update | For information |
| [Item to be taken in private to support the effective conduct of business, commercial sensitivity] | |

MEETING: 10 JUNE 2021

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: ABERDEEN CITY 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 Aberdeen City Council.

Background

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide 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 (BVAR) 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 Aberdeen City Council. It is accompanied by an extended case study on the council's approach to digital (Appendix 2). Audit Scotland propose, if the Commission is agreeable following its consideration of the Controller of Audit report, to publish the case study on their [digital e-hub](#) on their website.
4. This is the first BVAR on Aberdeen City Council and it reports on the council's progress since previous Best Value reports. The Controller of Audit reported to the Accounts Commission on the Council in June 2015 and the Commission's findings were published in [July 2015](#) (set out in Appendix 3).

The Controller of Audit report

5. The Controller of Audit's BVAR is made 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). 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 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.
12. Aberdeen City Council issued a bond in 2016. To comply with the Market Abuse Regulation, the Council is obliged to notify the London Stock Exchange at each stage when the Controller of Audit report and Commission's decision are made public. The audit team is in close contact with council officials to ensure proper adherence with the regulations.

Conclusion

13. The Commission is invited to:
 - a) consider the Controller of Audit's BVAR on Aberdeen City Council; and
 - b) decide in private how it wishes to proceed, including the approach to the proposed case study (as referred to in paragraph 3).

Paul Reilly
Secretary to the Commission
1 June 2021

BEST VALUE ASSURANCE REPORT: ABERDEEN CITY COUNCIL

APPENDIX 1

See separate paper.

ABERDEEN CITY COUNCIL DIGITAL E-HUB CASE STUDY

APPENDIX 2

See separate paper.

BEST VALUE AND COMMUNITY PLANNING REPORT –
ABERDEEN CITY COUNCIL: COMMISSION FINDINGS
JULY 2015

1. The Commission accepts this report by the Controller of Audit on the Audit of Best Value of Aberdeen City Council. The Commission welcomes the progress by the council in a number of areas since the Commission's Best Value report on the council in 2009, including financial planning and management, and openness to alternative service delivery arrangements. There is a great deal more improvement to be delivered and consolidated. We are encouraged by the council's self-awareness in recognising how it needs to improve.

2. The priority for the council, given its history, must be to continue its momentum, to evidence improvements and to ensure that these are firmly embedded throughout the council.

3. In particular, the council needs to:

- ensure the council's vision is translated into clear objectives and targets with links to service plans
- take further steps to encourage and consolidate elected members' ownership of the council's vision
- make better use of the development framework for elected members so that members' development needs are being met to help them fulfil their roles, and ensure elected members are receiving consistent information on service performance to enable them to discharge their scrutiny role effectively
- review and strengthen arrangements for employee engagement and communication to ensure all employees have a full understanding of the council's vision and priorities.

4. As it is too early to assess the effectiveness of much of the improvements put in place or which have yet to be fully implemented, we require the Controller of Audit to note our continuing interest in the council and to monitor and report back if there is evidence that improvements are not being delivered or embedded.

Aberdeen City Council

Best Value Assurance Report

ACCOUNTS COMMISSION 

Prepared by Audit Scotland

June 2021

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.

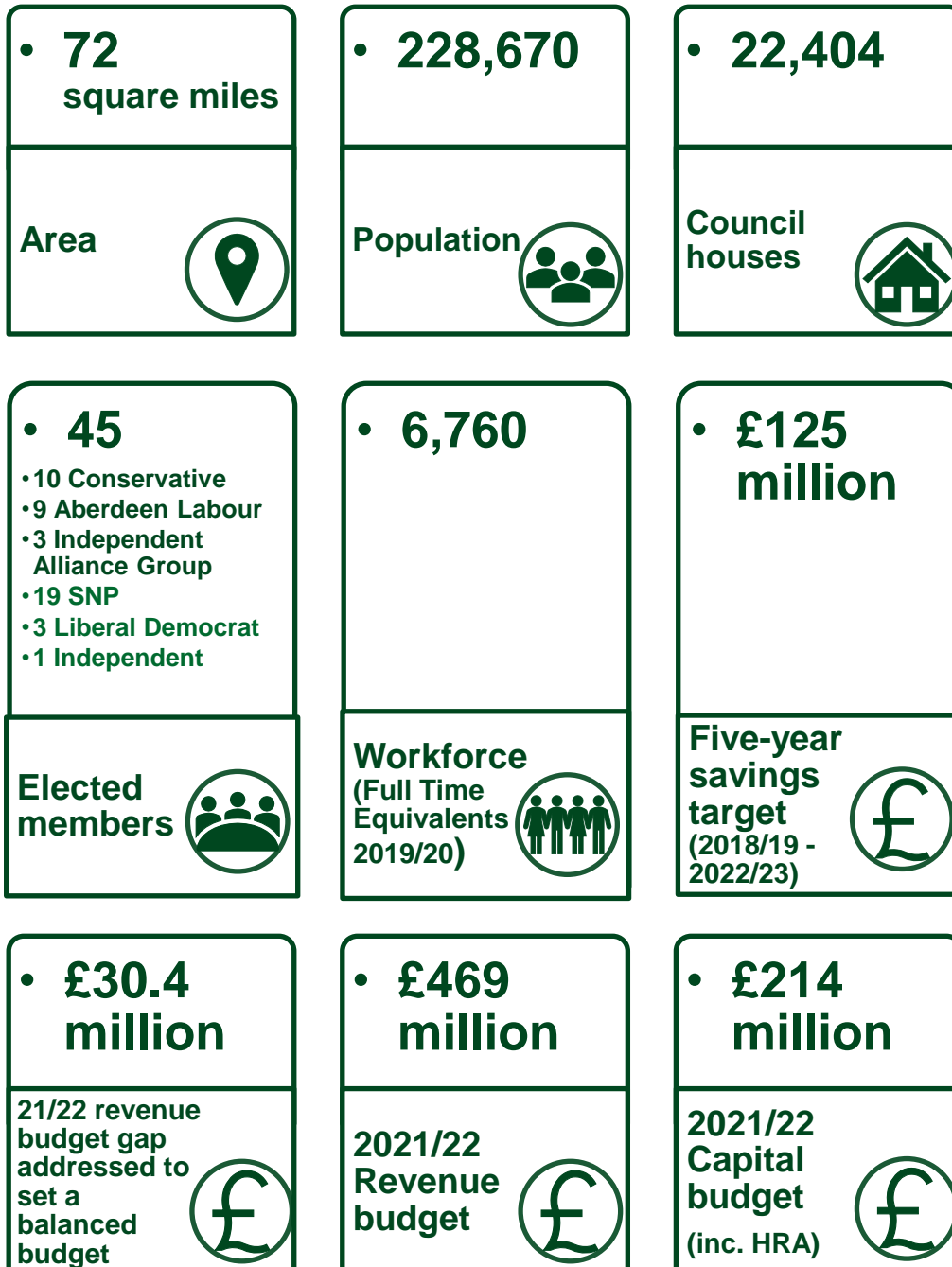
You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission

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	8
Part 1 Does the council have clear strategic direction?	10
Part 2 How well is the council performing?	22
Part 3 Is the council using its resources effectively?	35
Part 4 Is the council working well with its partners?	42
Part 5 Is the council demonstrating continuous improvement?	51
Recommendations	56
Appendix 1 Best Value audit timeline	57

Key facts



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 external auditor's Annual Audit Report. In addition, the Controller of Audit presents a Best Value Assurance Report to the Accounts Commission at least once during the audit appointment for each council. This is the first assurance report on Aberdeen City Council. The findings from previous Best Value reports on the council are summarised at Appendix 1.
2. This report provides the Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's Strategic Audit Priorities. Councils are expected to demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement is key to how well councils meet their priorities in the future.
3. Our audit approach is proportionate and risk-based and so is reflective of the context, risks and performance of each individual council. It also draws on intelligence from audit and scrutiny work carried out in previous years. In keeping with this approach, we conducted initial work to identify risks and council initiatives to build into the scope of our audit. This included a review of previous audit and inspection reports and intelligence, a review of key council documents, initial meetings with senior officers and reflection on our wider public sector knowledge and experience. [Exhibit 1](#) shows how Best Value has been assessed by auditors during the period of their appointment and the key areas of focus for our audit.

Exhibit 1

Assessing Best Value across the audit appointment period

Best Value characteristics reported on in detail within the wider scope sections of Annual Audit Reports

Best Value characteristics	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Performance and outcomes			✓		✓	
Improvement		✓				
Leadership, governance and scrutiny		✓				
Equal opportunities				✓		
Partnership working and empowering communities					✓	
Financial and service planning	✓					
Financial governance and resource management	✓					
Best Value Assurance Report					✓	
Best Value Assurance Report follow-up						✓

Key areas of focus for this Best Value Assurance Report



The council's vision



Performance and outcomes

Change and improvement plans including:



- the City Region Deal
- digitalisation of services, such as providing more services online
- difficult decisions and protected services



Process and results of self-evaluation



Financial management and financial planning



Workforce planning



Community and citizen engagement so that people have their voices heard in how services are planned and provided



Arm's-length external organisations' (ALEOs) governance arrangements



Transformational change and service redesign such as developing new and more effective ways in which to provide local services.

Source: Audit Scotland

4. The Covid-19 pandemic has affected all areas of Aberdeen City Council's activities. To reflect this, we report on how well the council has responded to immediate pressures, and how well placed it is to respond to the challenges in the medium to longer term. To allow for this change in emphasis from earlier Best Value Assurance Reports, we now make more explicit reference to the work undertaken and reported in Annual Audit Reports.
5. Significant findings have been updated to ensure that the overall position of the council is accurately reported. This means that, where appropriate, this report presents evidence on historical arrangements, some of which may have changed in the light of the Covid-19 pandemic. It also presents the council's planned response to Covid-19. The effectiveness of these responses will be followed up by auditors in future years.
6. The detailed audit work for this report was undertaken remotely between November 2020 and March 2021. Our audit work included:
 - interviews with elected members and senior officers (and senior representatives from partner organisations)
 - observing a range of council and committee meetings (including Integration Joint Board and Community Planning Partnership meetings)
 - review of council documentation
 - analysis of national reports and data, including the Improvement Service's Local Government Benchmarking Framework.

The report reflects the Co-leadership arrangements of the council prior to the Scottish Parliamentary elections in May 2021. Subsequently, one of the Co-leaders resigned from the position of Co-leader following their election to the Scottish Parliament. The council now has a single Leader.
7. We will continue to audit Best Value at the council going forward. This will include a follow-up on the findings from this report and more detailed audit work on other Best Value characteristics as appropriate. We gratefully acknowledge the cooperation and assistance provided to the audit team by all elected members and officers contacted during the audit.

Key messages

- 1** Aberdeen City Council has demonstrated significant improvements in key areas since its 2015 Best Value report. A major transformation programme has led to an effective organisational structure and improved governance and reporting arrangements. The council has delivered challenging savings targets, and ambitious capital projects, while delivering services within budget. Its financial management arrangements are well developed alongside governance requirements associated with its bond holding.
- 2** The council has ambitious plans for the city, which are clearly aligned to Community Planning Aberdeen's (the CPP) Local Outcomes Improvement Plan and its vision for the area.
- 3** Performance is reported against the CPP's Aberdeen Outcomes Framework. The CPP and council have made mixed progress in improving outcomes. The council's performance is improving in some key services, and it has taken steps to address performance issues in services such as education and housing. But the pace of improvement has been slower than some other councils and needs to increase.
- 4** During this period of change, the council's Corporate Management Team has shown clear leadership in driving the improvements, successfully changing the organisational culture and working closely with officers to embed change.
- 5** Councillors and officers work well together. The administration set out a clear vision and this continues to be central to how it participates in, and leads, activities. It is committed to and supports the ongoing transformation programme. There is broad political support amongst councillors for the vision and supporting priorities, giving the council a long-term strategic direction. There are recognised tensions between the administration and opposition, but the political balance of the council, and delegation to officers, has limited the impact of this on council business. Nevertheless, greater cross-party working would benefit the council and residents.
- 6** The council works well with its partners and communities. Residents and stakeholders are regularly consulted on priorities and specific services. There are also examples of community engagement and community empowerment across the council and CPP.
- 7** The council has structured processes for using self-assessment, performance information, benchmarking and feedback to identify improvement projects. In some instances, recent projects are focused on longer-term outcomes and have yet to result in improved performance.
- 8** The council has developed its performance management arrangements and public performance reporting, making greater use of real-time data, but how overall progress against priorities is reported could be simplified to further aid public understanding and scrutiny.
- 9** Over the last four years, the council has successfully delivered savings and remains on track to meet its £125 million five-year target. This has largely been managed through digital transformation and staff reductions. But it has also had to rely on non-recurring savings and has used reserves to fund transformation projects. Looking forward, the council

has committed to £131 million of savings over the next seven years as part of its ongoing transformation.

10The council has reacted well to challenges from the Covid-19 pandemic since March 2020. Governance arrangements were restructured quickly, and service delivery was adapted and facilitated by good working relationships with partners and the use of digital technologies.

Part 1

Does the council have clear strategic direction?



The council's strategies and annual plans are clearly aligned to Community Planning Aberdeen's Local Outcomes Improvement Plan (LOIP). The LOIP vision enjoys cross-party support and provides clear strategic direction for the council.

An ongoing transformation programme, including the adoption of the Target Operating Model (TOM) and digital strategy, has resulted in significant changes to both organisational and governance structures. The council's Corporate Management Team has shown strong leadership during this transition.

The local context

8. Aberdeen is the third largest city in Scotland, with a population of approximately 200,000 within the city itself and another 30,000 within the wider council area. Aberdeen has a relatively young population, with a higher proportion of working age people and a lower median age than Scotland as a whole, although the population is ageing. In recent years, the population has grown largely in-line with Scotland as a whole. Population growth in the next decade is projected to be driven by inward migration, meaning that those of working age will remain the largest grouping. Between 2018 and 2028, the 15-year-old and under age group is projected to decrease by 3.2 per cent and the number of 75-year-olds and over will increase by 16.1 per cent.
9. The city's economy has historically been high performing, driven by the oil and gas sector, which has shaped the city and surrounding region. Aberdeen remains a competitive and productive city with GVA (Gross Value Added) per head, average earnings and disposable income all among the highest in Scotland. This is reflected in the highly qualified working-age population, a high proportion of whom are classified as economically active.
10. Despite these successes, not all residents have benefitted and there are areas of deprivation within the city. For example, ten per cent of Aberdeen's data zones are within the 20 per cent of most deprived areas in Scotland, almost 15 per cent of people working in the city are not earning the living wage and one in six children in living in poverty. Average house prices are above the national average and private rental rates are also amongst the highest in Scotland despite becoming more affordable in recent years.

11. Aberdeen and the wider region now face having to manage a continued transition from reliance on oil and gas as economic drivers while also addressing the impact of Covid-19. This combination presents a set of economic challenges that are unique to the region. Due to the presence of highly impacted industries, economic output is forecast to decline significantly between 2019 and 2021.
12. Aberdeen is expected to be the fifth most affected area in Scotland as a result of Covid-19.¹ Its unemployment rate remains below that of Scotland, but this is partly on account of a higher than average uptake of the UK Government furlough scheme. Recent falls in oil prices, combined with the impact of Covid-19 on the oil and gas sector and other key sectors (including tourism, accommodation and hospitality), means that Aberdeen could experience upwards of 10,000 redundancies in the short-term. This would be the third highest number in Scotland and would only be exceeded by the more populous Glasgow and Edinburgh.

In July 2020, the CPP published its Socio-Economic Rescue Plan 20/21. Supported by Locality Recovery Plans, and aligned to the LOIP, this set out an immediate response to the impact of Covid-19 while the LOIP is being refreshed in 2021.

The council has ambitious plans for Aberdeen, and its vision and priorities are well-articulated and embedded within its strategic planning framework

13. Community Planning Aberdeen's (the CPP's) 2016-2026 Local Outcomes Improvement Plan (LOIP) sets out an ambitious vision for Aberdeen to be 'a place where all people can prosper'. Centred on the three themes of Economy, People (Children & Young People and Adults) and Place, the LOIP has a clear focus on early intervention and prevention. It sets out 15 stretch outcomes to measure longer-term progress against the vision and is supported by a comprehensive set of outcomes focused indicators. These indicators form the basis of the Aberdeen Outcomes Framework (AOF) ([Part 2](#)).
14. The CPP's vision was developed through a clear assessment of local priorities and needs, based on a comprehensive population needs assessment the council produced on behalf of the partnership. This provided a high-level analysis of key groups, priorities and challenges across the partnership, including service information and customer experience data. Citizens were consulted during the needs assessments, using both the Place Standard tool and the citizens panel (City Voice). Two further population needs assessments have since been done, with the data gathered from these exercises regularly refreshed and further supplemented by locality needs assessments. The council also carried out a Covid-19 needs assessment in 2020 providing data to inform their immediate response to the pandemic.
15. The vision and stretch outcomes enjoy cross-party support and formed the basis of the administration's 2017 policy statement, providing a clear strategic direction for the council. This policy statement also articulated the administration's ambition for the council undertaking a transformation programme centred around the increasing use of digital service delivery. The council has developed its own strategies and plans to align them to the overall vision of the LOIP and a review of the council's strategy framework has reduced the number of strategies, from over 20 to 14.
16. Underpinning its longer-term strategies, the council undertakes an annual planning cycle centred around its commissioning approach. Alongside the setting of revenue and capital budgets, the council reviews its commissioning intentions to determine what contribution to council priorities will be procured via ALEOs or external organisations. When preparing their annual budget proposals, individual business units consider the commissioning intentions alongside demand and their own staffing requirements.

¹ Population Needs Assessment 2020/21 – Community Planning Aberdeen, January 2021

17. The resulting annual Council Delivery Plan, alongside the annual budget, sets out how the council will contribute to policy commitments and LOIP outcomes. This includes details of ongoing policy initiatives, the approved commissioning intentions and ongoing transformation projects. In addition, the delivery plan outlines the council's contribution to the achievement of wider regional strategies delivered in partnership with the public, private and third sectors, such as the Regional Economic Strategy, to provide a basis for ongoing monitoring.
18. To support the LOIP's Place theme, the council has developed eight interlinked place strategies covering areas such as local development, transport and housing, and energy and climate change. It also has six shorter-term enabling strategies to support the delivery of these place strategies, including a digital strategy and a medium-term financial strategy. Council strategies, implementation action plans and committee reports for decision are now prepared to standardised templates that are designed to provide an explicit link to the LOIP and specific outcomes ([Exhibit 2](#)).

Exhibit 2 Aberdeen City Council's Strategy Framework

The council's strategies and plans generally include timescales, milestones and performance indicators linked to the LOIP.

LOIP Local Outcomes Improvement Plan		
Regional Strategies (9)		
• Regional Economic Strategy 2015-25		NESTRANS Regional Strategy 2013-35
• Cultural Strategy for Aberdeen 2018-28		Aberdeen City and Shire Regional Skills Strategy
• Visit Aberdeen and Aberdeenshire Destination Tourism Strategy 2018-23		
• Aberdeen City Alcohol and Drugs Partnership Delivery Strategy 2019-22		
• North East Flood Risk Management Strategy		Childrens Services Plan
• Aberdeen City Region Hydrogen Strategy and Action Plan		
Place Strategies (8)		
• Local Development Plan	Local Transport Strategy	Local Housing Strategy
• Open Space Strategy	City Centre Masterplan	Energy and Climate Change Strategy
• Waste Strategy	Granite City Food Growing Strategy	
ALEOs Strategies (7)		
• Integrated Joint Board Strategic Plan		Health and Social Care Carers Strategy
• Health and Social Care Autism Strategy		Strategy for an Active Aberdeen 2016-28
• Sport Aberdeen - Facilities Strategy		Sport Aberdeen - Playparks Strategy
• Sport Aberdeen - Aquatics Strategy		
Enabling Strategies (6)		
• Medium Term Financial Strategy		Customer, Digital and Data Strategy
• Estates and Assets Strategy		Prevention Strategy
• Commercialisation Strategy		Workforce Strategy

The council has a significant transformation programme, centred on the Target Operating Model (TOM) and digital strategy

19. In 2017, the council approved a transformation programme, including the adoption of the Target Operating Model (TOM). This has resulted in significant changes to both organisational and governance structures. The TOM was designed to move the council from traditional service-based directorates and sets out seven capabilities the council should fulfil. To support the delivery of these, council services are now organised across four functions:

- **Customer:** encompassing all frontline services, aiming to implement a consistent and integrated customer-focused approach. It acts as the first point of enquiry, assesses and manages demand, and is responsible for the digital transformation of council services (including management of digital partners).
- **Commissioning:** responsible for the ongoing development of the commissioning approach and commissioning cycle. It procures external services and holds operations (see below) to account against targeted outcomes to deliver the LOIP outcomes. Commissioners are the budget holders who allocate resources and specify service requirements.
- **Operations:** brings together “in-house” services to allow joined up service delivery and identify operational improvements. It is responsible for delivering the services it is commissioned to provide, to the agreed standards. Service requirements are applied to both in-house and external service providers.
- **Resource Management:** responsible for the management of all corporate services (such as finance, people, council assets and enabling technology, and the delivery of the capital programme).

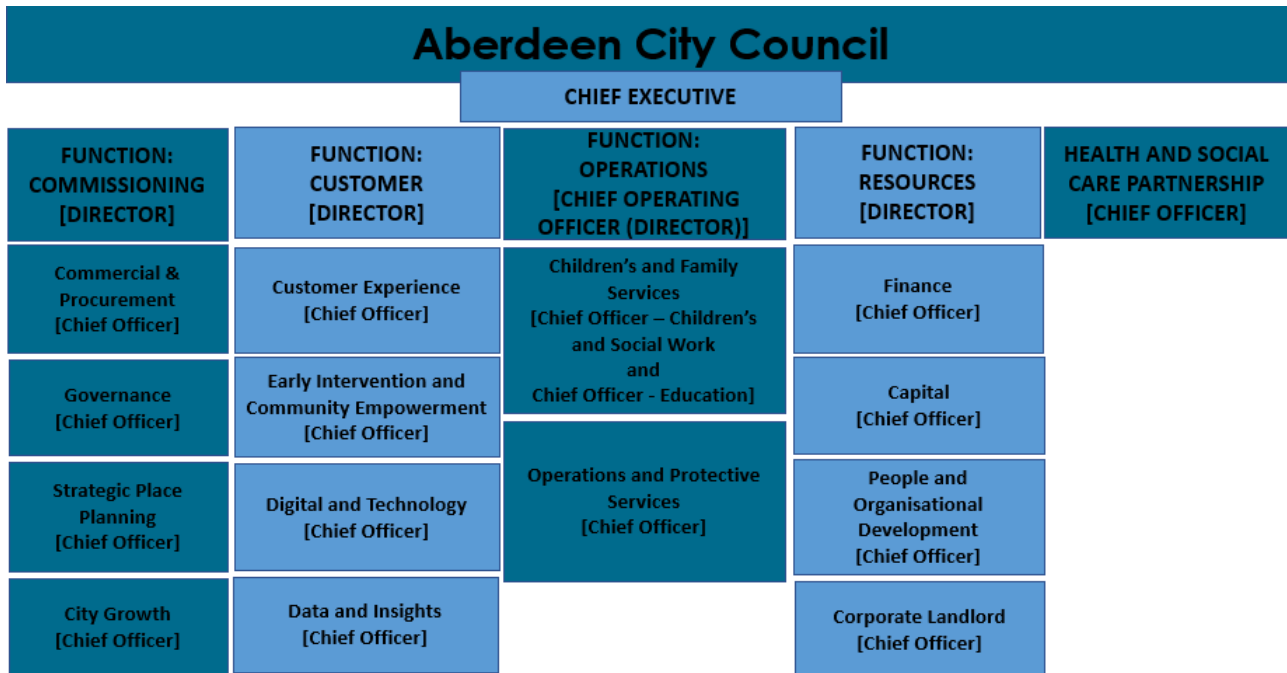
20. The implementation of the TOM resulted in changes to the number and responsibilities of Directors, and corresponding changes at lower management levels. Directors and chief officers (Tier 2) now form the Extended Corporate Management Team. It also had significant implications for staff at all levels within the council. As well as changes in overall staffing levels ([paragraph 102](#)), the organisational capabilities introduced by the TOM form the basis of the behaviours and expectations of staff at all levels.

21. Following the introduction of a revised governance structure to support delivery of the TOM ([paragraphs 29-32](#)), the council approved a final organisational structure in March 2020. This included aligning Business Intelligence & Performance Management activities to the Customer function (as Data and Insights), and Governance, Strategic Place Planning and City Growth activities to the Commissioning function. The council is now organised into four directorates, supported by 14 clusters ([Exhibit 3](#)).

The seven organisational capabilities are:

- 1 Managing demand through prevention and early intervention
- 2 Being flexible and adaptable
- 3 Ensuring accountability, transparency and openness
- 4 Becoming intelligence-led
- 5 Encouraging inclusiveness, engagement and collaboration
- 6 Achieving consolidation and consistency
- 7 Focussing on outcomes that make a difference -

Exhibit 3 Aberdeen City Council's organisational structure



Source: Aberdeen City Council

22. Full implementation of the TOM was achieved during 2020/21, with the wider transformation programme's overall aim being to deliver up to £125 million of accumulated savings by 2022/23. The effective redesign of services and a move to a commissioning-led approach, including the digital strategy, has resulted in wide ranging changes and allowed the council to successfully deliver the required savings needed to maintain its financial sustainability over the short to medium term ([Part 3](#)).
23. Alongside the approval of the TOM and digital strategy, in 2017 the council established a Strategic Transformation Committee (STC) with access to a £15 million Transformation Fund. Of this, £11.5 million was earmarked for digital initiatives, including £5 million for digital technology; £4.5 million for appointing a Digital Delivery Partner and associated costs (including development, implementation and licensing costs); and £1 million per annum for the appointment of digital maintenance partners for two years (2018 to 2020).
24. The STC provided political oversight of the changes proposed by officers, with the Co-leaders of the council acting as Chair and Vice-Chair. The STC was disbanded in 2019, as committees were now overseeing transformation programmes as part of ongoing business, and planned savings were being delivered. Following the successful implementation of the TOM, the council has now developed the next phase of its overall transformation programme. Using the same the design principles and capabilities, it aims to support the further service redesign that will be required to deliver financial savings for 2022/23 (being the final year of the council's current 5-year savings plan), and identify the savings required for the next five years from 2023/24 to 2027/28. Digital will continue to be the main way service redesign is enabled ([Case study 1](#)).
25. As well as planning the next stage of the ongoing transformation programme, now that the mid-point of the ten-year LOIP has been reached, the council is also in the process of finalising a refreshed LOIP (and locality plans) to cover the next five years (2021-26) ([Part 4](#)).

The council is increasingly focussing on sustainability and climate change as part of its longer-term planning

26. In 2020, Aberdeen adopted a Net Zero City Vision, as it looks to address climate concerns and support economic transition and decarbonisation. The council also endorsed an associated infrastructure plan which will inform its capital programme. A city leadership group has been set up to support the vision, comprising representatives from universities, business, specialists in the field and chaired by one of the council's Co-Leaders. The council also has its own Energy and Climate Change Route Map to support this vision, and its own climate change reporting duties.

27. The council's newly approved 10-year Local Development Plan (2022-32) continues to assess applications against a sustainability checklist, but now also includes linkages to several other plans to measure future success. These include the LOIP, the Scottish Government's public health priorities and the United Nation's (UN) Sustainable Development Goals.

28. In June 2015 the council approved its City Centre Masterplan, a 20-year plan including over 50 identified projects, with an overall aim to attract investment and employment to Aberdeen. As part of the 2021/22 budget, the council committed to review the plan and extended it to include further direct investment at the beachfront. The council is currently identifying which projects will be included in the extra £150 million of investment announced.

In September 2020, the council signed a Memorandum of Understanding with bp to help achieve its Net Zero Vision to reduce carbon emissions and become a climate positive city. At no cost to the council bp will serve as a technical adviser in delivery of the Energy Transition Strategic Infrastructure Plan.

The 17 United Nations Sustainable Development Goals are at heart of the 2030 Agenda for Sustainable Development.

The thematic goals are interrelated, including issues such as water, energy, climate, oceans, urbanisation, transport, science and technology.

Case study 1 Aberdeen City Council's Digital Approach

In 2016, the council approved its digital strategy 'Being digital'. The strategy focuses on three areas: improving customer services, improving staff experience and improving how resources are used. It is underpinned by six design principles to ensure services are designed around the customer, making best use of data and technology.

In 2019, the council began working with a business partner to maximise the potential of the digital technology it uses to improve services. The council has now substantially delivered on its digital strategy. This includes largely digitalising paper-based processes; moving to cloud-based systems; making better use of real time data to monitor performance and developing a chatbot, AB1, for the council website to provide instant online responses to customer and staff queries. The council has also developed its approach to public performance reporting, with an increasing use of interactive dashboards which link to Community Planning Aberdeen's website. During these changes staff have been supported to use new technology and change working practises by a 500-strong digital champions network. The council's extended corporate management team has also shown clear commitment to embedding cultural change and championing the digital vision for the council.

The progress made in adopting digital practices and the investment in cloud-based systems and devices for staff, meant that the council was well prepared to respond to the covid-19 pandemic. Staff were able to work remotely from home to keep essential services running. The council updated its AB1 chatbot to respond to high demand for Covid-19 information and it successfully responded to over 80 per cent of customer enquiries. The progress made against the digital strategy has been beneficial for partnership working during the pandemic. There is now greater sharing of data

between Community Planning Partners and work is ongoing to further develop collaborative datasets to inform how services can be targeted to meet demand and customer requirements.

Aberdeen City Council’s successful approach to embedding its digital strategy demonstrates good practice.

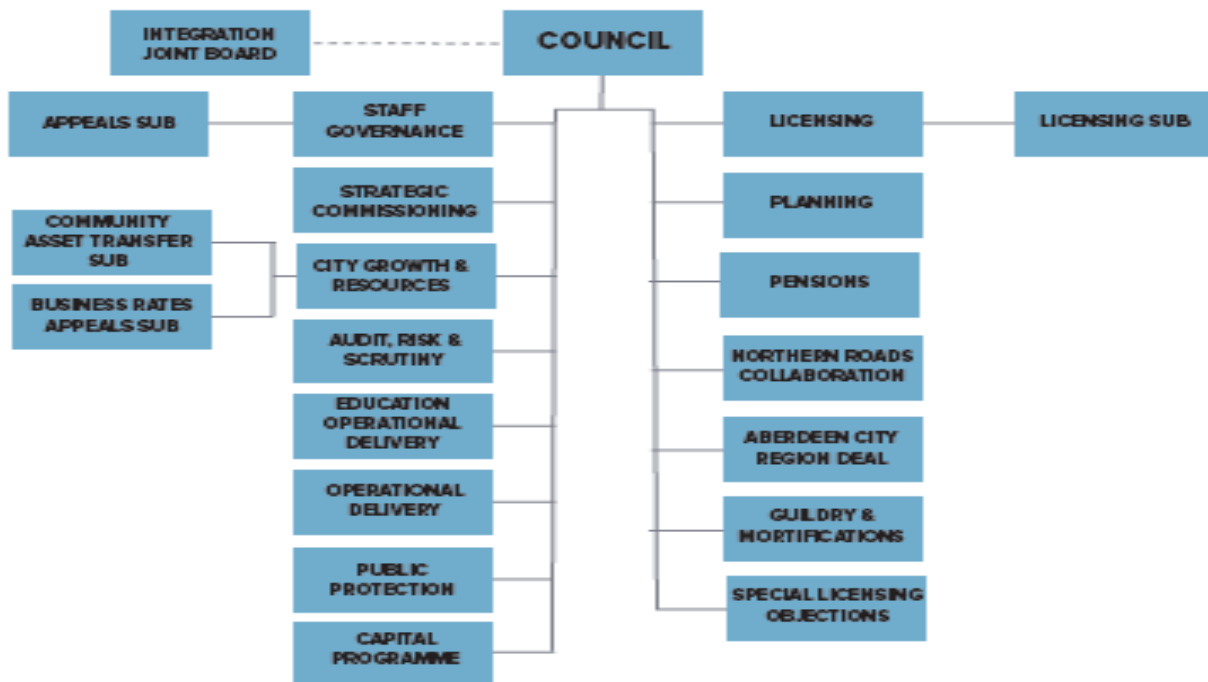
Source: Audit Scotland

The council’s committee structure is aligned to its organisational structure and governance arrangements are subject to regular review

29.The implementation of a revised committee and board structure, aligned to the TOM structure, has resulted in a broadening of committee remits. Prior to their introduction, consideration of the proposed governance changes included consultation with elected members, senior council staff, internal and external audit, and a range of external stakeholders. This included both Chartered Institute of Public Finance and Accountancy (CIPFA) and the Trade Unions.

30.The council established a cross-party Governance Reference Group (GRG) to seek feedback from elected members as the new governance arrangements were being designed. While participation in the GRG has varied across political groupings, it remains in place and was used to consult with members throughout the initial design phase. For example, the council chose to keep a dedicated Education Committee (known as the Education Operational Delivery Committee) alongside the single Operational Delivery Committee originally proposed by officers. The council’s revised Scheme of Governance is now reviewed annually ([Exhibit 4](#)).

**Exhibit 4
Aberdeen City Council’s current committee structure**



Source: Aberdeen City Council

The revised governance arrangements at the council are now well established and have received external recognition

31. Since introducing the new governance structure, the council has reviewed all elements of its governance arrangements, including committee terms of reference and powers delegated to officers. Through alignment with the TOM, there are a number of unique committees that fulfil statutory duties as part of their wider remits (or sit alongside the statutory committees).
32. Since 2016, the council has been working to apply the seven core principles outlined in the International Framework – Good Governance in the Public Sector as its review of governance arrangements progressed. Over this period, the council has recognised the importance of robust governance arrangements, adopting processes that fulfil the requirements of the framework, and developing a better understanding among members of how committees are expected to contribute to council business. This has been achieved during a period of significant organisational change. As an indicator of the progress made, following a review of the revised arrangements by CIPFA, in 2020 Aberdeen City Council became the first Scottish council to be awarded CIPFA's Governance Mark of Excellence.

Governance and transparency:

The Council has continued to enhance its governance framework and has been awarded the CIPFA Governance Mark of Excellence. It exhibits strong and effective governance and has engaged with stakeholders to conduct self-assessment and identify improvement opportunities. Revisions have been made to governance in respect of operating during Covid-19, these are being subject to scrutiny and challenge by members, reported transparently and reassessed by officers. Significant progress has been made in considering the impact and setting out the critical path of actions to be taken in respect of the impact on 2021-2023. Members robustly challenge and scrutinise management with a clear focus on the communities and citizens they represent, in respect of governance, process and matters presented for decision. We consider that the Council operates in an appropriately transparent manner.

Source: Aberdeen City Council Annual Audit Report 2019/20, KPMG

The Corporate Management Team provides a clear strategic direction for the council while delegating delivery to officers

33. The CMT provides strong leadership and a clear strategic direction for the council, as demonstrated by its positive working relationships with the administration, staff, trade unions and partner organisations. Combined with the use of the LOIP as the basis for the council's overall vision and internal strategies, the implementation of the TOM indicates that the CMT is giving the council clear direction.
34. The CMT is committed to embedding the wider cultural changes required as part of the ongoing transformation programme, notably by developing the Guiding Principles. These Guiding Principles form the basis of the organisational capabilities identified as part of the implementation of the TOM, and the capability framework applied to staff.

The Guiding Principles:

'We care about our purpose, our city and our people; We take pride in what we do and work to make things better; One team, one council, one city; We trust each other and take responsibility; We value each other and recognise a job well done.'

Phases two to four of the transformation include the development of seven organisational capabilities, which are an evolution of the design principles of the TOM. The Council recognised that embedding these capabilities into the way that the Council operates requires a culture change, and it formed the Guiding Principles following engagement across the organisation.

The Guiding Principles are intended to: set out common understanding of what it means to work at and with Aberdeen City Council; guide how the Council interacts with customers, partners and each other; guides the approach to decision-making, processes and policies; and ensure that all can challenge and support the way the Council operates.

To define the culture needed to deliver the organisational capabilities, officers engaged with over 800 individuals from across the Council, including members and trade union representatives. Options for principles and behaviours were formed and decided upon through an online survey, which generated over 1,000 responses. Five Guiding Principles, including practical example behaviours, were formally approved on 4 March 2019.

Transformation can be ineffective when an organisation's culture does not change and respond to a new way of working. Culture itself can be difficult to evolve if stakeholders cannot influence it. We consider that the Guiding Principles and the Behavioural Framework, together with the collaborative approach to their development, represent best practice and will contribute significantly to the effectiveness of the required transformation.

Source: Aberdeen City Council Annual Audit Report 2018/19, KPMG

35. To support the work of the CMT, a number of officer-led boards exist to consider and make decisions relating to strategy, risk, performance (including improvement projects) and transformation issues relating to their area of operations. The remits of each board broadly align with the aims of the TOM, and with the formal committee structure. The extended CMT is fully engaged in the work of the boards and members of the CMT chair each board to provide a strategic oversight of the various workstreams. For example, the decisions of the pre-existing Capital Board, an officer group that oversees the delivery of capital projects, can be referred to the Performance Board before being reported to the Capital Committee.

The council exhibits a mature consideration of risks, including those relating to managing its bond issue

36. The council revised its risk management framework as part of its review of governance arrangements, which saw the development of a comprehensive corporate risk register. This is supplemented by operational risk registers, giving due consideration to issues such as ongoing risks related to the UK withdrawal from the EU. In addition, the council established Covid-19 specific risk registers during 2020 to help manage and minimise specific Covid19 risks in the short term. The CMT reviewed the corporate risk register monthly prior to November 2020, with the newly established Risk Board now fulfilling this role. The register is also subject to scrutiny by the Audit, Risk and Scrutiny Committee. The council has also recently approved a Risk Appetite Statement, articulating the principles by which it considers and manages risk as it aims to deliver its commitments and priorities.

37. The council obtained a credit rating in 2016 before issuing £370 million of bonds on the London Stock Exchange. A suitable credit rating is required to be maintained during the term of the bonds, and this relies on the appropriate management of risk. The council has arrangements in place to ensure compliance with the Market Abuse Regulation, Disclosure and Transparency Rules, the Financial Conduct Authority's Listing Rules and the requirements of the London Stock Exchange Admission and Disclosure Standards. These arrangements mean that elements of governance are strictly enforced and place additional requirements on elected members and officers. The council has a clear focus on the importance of good governance and both officers and

members consider that the additional discipline and rigour of meeting the additional requirements has improved scrutiny across the council as a whole.

The political composition of the council has led to tensions between the administration and opposition, limiting effective cross-party working

38. Following the 2017 local elections Conservative, Scottish Labour and independent councillors formed a majority administration. Despite the SNP being the largest single party, neither the SNP nor Liberal Democrats entered into negotiations to form a coalition administration. Since then, due to a number of by-elections and party whips being withdrawn, the composition of the council has changed. Currently, a minority administration is in place, comprising the Conservatives, Aberdeen Labour and the Independent Alliance Group ([Exhibit 5](#)).

Exhibit 5 The political make up of Aberdeen City Council

Since the 2017 there have been a number of membership changes, with the administration now operating as a minority.

	2017	2021
Scottish Conservative and Unionist Party	11	10
Aberdeen Labour (1)	9	9
Independent Alliance Group	3	3
Scottish National Party (SNP)	19	19
Scottish Liberal Democrats	3	3
Independent (2)	0	1
Administration	23/45	22/45

Notes:

1. Prior to the 2017 local elections, and the formation of the Conservative/Labour/Independent administration, the Scottish Labour Party suspended its nine councillors who now sit as Aberdeen Labour.
2. Despite a series of by elections, the administration held an effective majority on the council until December 2019, when a Conservative councillor had the whip withdrawn. Following an interim suspension and investigation by the Standards Commission for Scotland, a 12-month suspension was imposed. In March 2021 this suspension ended, and their full voting rights were returned, resulting in a minority administration.

Source: Aberdeen City Council

39. With the vision and outcomes of the LOIP enjoying widespread political support, and the administration using these as the basis for their 2017 policy statement, there is agreement about the council's broad priorities. Much of the political tension that arises relates to national politics, with an increasingly polarised debate leading to overt constitutional positions being expressed as council policy. This has also resulted in officers being directed by the council to write directly to both the Scottish and UK governments on a range of issues.

40. There are also differing opinions about how the council is implementing policies but the political balance of the council since 2017, and the delegation to officers enabled by the TOM, has limited the impact of political tensions on council

business. However, there have been instances where political tensions, reflecting differences between parties' local and national policies and directives, has directly impacted on council governance and scrutiny. There remains little evidence of formal cross-party working groups, other than those focused on specific processes or elected member development. Should this political tension continue, whether before or after the local elections in 2022, there is a risk that this could affect the council's ability to deliver effectively for the local population.

41. Most cross-party groups are established for specific projects, for example the City Centre Masterplan Reference Group, the Disability Equity Partnership and the School Estate Working Group. Even where there are specific focused initiatives, members do not always engage. For example, in 2019 opposition members withdrew from the Governance Reference Group. Before this, there was a clear momentum to achieve cross-party working in this area, as evidenced by the council's 2017 governance review, and the development of a new Member Officer Relationship Protocol (MORP) to complement the Code of Conduct.
42. All political groupings consider that they maintain good relationships with officers and feel well-supported and well-briefed. The chief executive and CMT regularly meets with all political group leaders. Officers work with all parties to produce comprehensive budget proposals and also provide briefings and service updates on specific issues at the request of councillors. Nevertheless, opposition members we spoke to indicated that there is a degree of unhappiness with elements of the revised committee structures, and the level of delegation to officers. These members feel that they now have more limited opportunities to challenge and propose alternative motions than under the previous arrangements.

Elected members provide effective scrutiny and challenge to officers

43. Despite these tensions and concerns, the cross-party agreement of the LOIP vision and priorities, has resulted in a number of unanimous votes on major issues. There is evidence of appropriate scrutiny and challenge of officers from elected members. Observation of committees and a review of minutes suggests that councillors demonstrate a good understanding of papers, are engaged, and provide appropriate challenge. Officers regularly provide briefings ahead of meetings, and members can request service updates which are provided through online committee libraries.
44. In accordance with Standing Orders and best practice, the Convener and Vice-Convener of the Audit, Risk and Scrutiny Committee are opposition councillors and the majority of the main committees are politically proportionate. Outside meetings of the full council, formal voting is limited. Alternative motions are regularly proposed but administration motions and recommendations are often passed with limited debate at committee.

Member training is comprehensive and personalised development plans are being developed for councillors

45. The council offered comprehensive training opportunities to elected members between 2017 and 2020. Training was offered on a wide range of subjects, for example working with outside bodies and ALEOs, the Integration Joint Board, the Code of Conduct and a specific training course related to bond governance.
46. Councillors' attendance at training can be variable depending on their role, experience and tenure. The council runs multiple sessions for mandatory or more technical training, for example bond governance and recruitment training, and also responds to requests from members and committees for training sessions on specific topics to be delivered. Following CIPFA's review of governance arrangements as part of the council's application for governance accreditation, the council is now looking to introduce more tailored personal development plans for individual councillors before the 2022 local election.

Members have been consulted on the introduction of the development plans through the cross-party Elected Member Working Group.

The council responded quickly to the challenges that Covid-19 presented to ongoing scrutiny

47. In response to Covid-19, the council moved quickly to empower its Urgent Business Committee. Between March and September 2020, the full council and most committees were put into abeyance and the Urgent Business Committee became the main decision making and scrutiny forum within the council. This involved:

- Introducing a temporary standing order to allow virtual attendance at meetings.
- Further delegation of powers to officers.
- Reducing the UBC membership from nine to five (only the group leaders). The administration rejected a procedural motion from the opposition to revert to full membership in May 2020 pending a report to the UBC in June which was to consider various governance issues. Full membership was reinstated alongside the wider committee structure in August 2020

Part 2

How well is the council performing?



The council has improved how it reports performance information to committees through the introduction of a revised Performance Management Framework. It continuously updates performance information but could further enhance its reporting against priorities.

The council's performance is improving overall, although has declined compared to other councils over the last five years. The council has identified performance issues in some key services, such as education and housing, and has taken steps to address these.

The council's approach to digitalisation and its established working relationships with partners enabled it to respond quickly to the immediate challenges created by Covid-19

48. The Covid-19 pandemic has had a significant impact on council services and created many short, medium and long-term challenges for the council. The delivery of many services had to be adapted to ensure that the needs of citizens could be met during the pandemic.
49. Many employees transitioned to working from home and online and telephone services were set up to support citizens. The council also re-deployed staff to support critical roles. Between April and September 2020, approximately 1,600 staff volunteered to transfer temporarily to other roles. The council approved 158 transfers to support a range of critical and emergency assignments, with a further 424 supporting education and childcare hubs over holiday periods.
50. The council's approach to digitalisation ([Case study 1](#)) and the strength of established relationships with partners ([Part 4](#)) has enabled the council to respond promptly to the immediate challenges created by the pandemic. For example:
- The council was able to move school pupils to a distance learning model, using existing and new initiatives to provide equipment to pupils. Data analytics software allowed education officers and teachers to monitor the usage and engagement of pupils with remote learning at cluster, individual school, class and pupil level. Since the start of the pandemic, the council has conducted two distance learning surveys to help determine how successful the model has been and to support planning.

- Three wellbeing hubs within the City's three priority areas (Northfield, Tillydrone and Torry) were established to support children and families. These aimed to, for example, strengthen preventative work to support family wellbeing, improve awareness of mental health and wellbeing to address stigma and any cultural issues and build capacity across the workforce.

A revised Performance Management Framework provides a more structured approach to reporting performance, but reporting overall progress against outcomes could be clearer

51. The council introduced a revised Performance Management Framework (PMF) in March 2019. This sets out how the council uses performance management information to support the vision of the LOIP, achieve continuous improvement and meet the needs of its customers through service delivery. The council now uses a more structured approach to reporting performance by:

- focusing on achieving longer-term outcomes (in keeping with recommendations made in our 2015 Best Value report on the council)
- presenting analysis based on four perspectives: customer, processes, staff and finance and controls, at both a cluster and service level
- a move towards the use of real time data.

52. The council monitors its performance against planned outcomes through its annual delivery plan, cluster-based reporting to committees and the Aberdeen Outcomes Framework (AOF). This framework includes wider performance data, for 15 stretch outcomes, covering the each of three priorities set out in the LOIP: Prosperous Economy, Prosperous People (children and young people, and adults) and Prosperous Place.

53. An annual review of progress against the council's delivery plan sets out the key drivers behind each of the priorities, performance highlights and progress made during the year. However, it is not clear how well the council is performing overall. A high-level summary of performance would allow users to have a clearer view of the progress the council is making against its priorities to improve outcomes for citizens.

The council's performance against planned outcomes is improving overall, with improvement plans in place for areas of underperformance

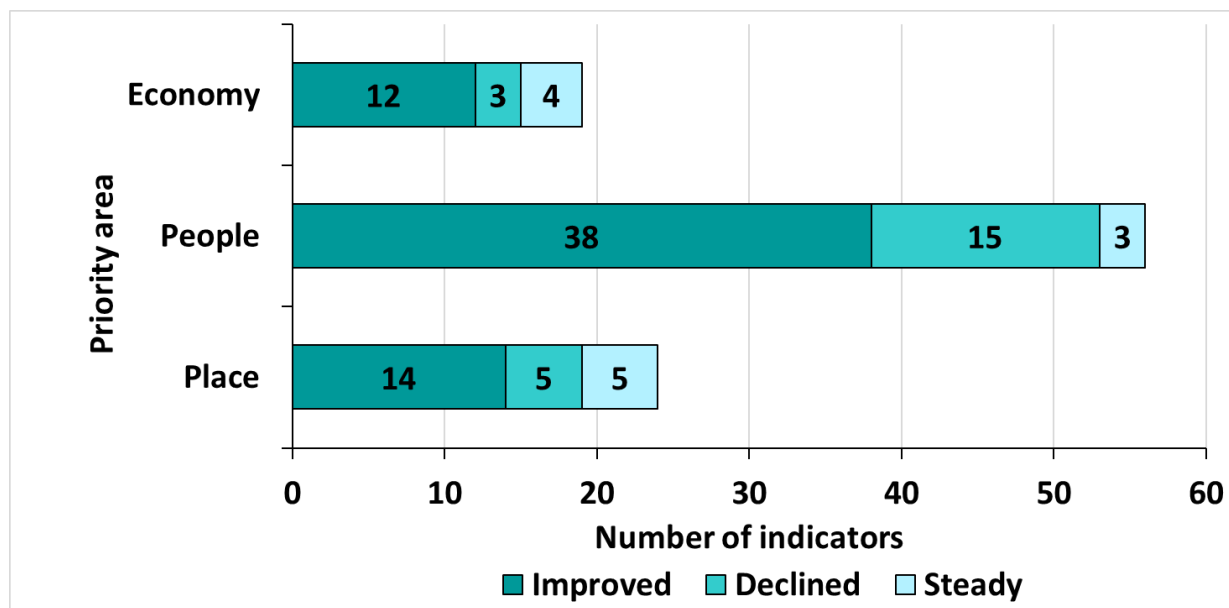
54. As noted in [Part 1](#), the council supports the delivery of the LOIP through its commissioning intentions and a suite of key performance measures set out in its annual delivery plans. Key performance indicators are continuously updated to reflect activity and progress against longer-term outcomes, with the council reporting on the most up-to-date information available. However, as the baseline year and reporting frequency for many indicators vary, it can be difficult to assess overall improvement against priorities consistently over time.

55. Our analysis of the AOF shows that performance, based on key measures directly related to the council's delivery plan, has improved against 64 of the 99 indicators, declined in 23 and stayed the same in the remaining 12. An additional 23 key performance indicators do not have trend information available. As of April 2021, the majority of indicators for each priority area have improved overall ([Exhibit 6](#)).

Exhibit 6

Aberdeen City Council's performance against outcomes by priority area, April 2021

The council improved on more performance indicators than declined within each priority.



Notes:

1. While the AOF encapsulates wider performance information, this exhibit includes only those key measures relating specifically to the council's delivery plan.

2. There are some indicators where management judgement is used to determine trend performance.

Source: Audit Scotland using the Aberdeen Outcomes Framework, April 2021

56. Examples of where the council has improved performance against its priorities include:

- Economy: Stretch outcome 2 - 90 per cent of people in Living Wage employment by 2026:** All four indicators supporting this stretch outcome have improved.
- People: Stretch outcome 5 - 95 per cent of care experience children and young people will have the same levels of attainment in education, emotional wellbeing and positive destination as their peers by 2026:** Of the 16 performance indicators supporting this stretch outcome, 13 have improved, one has declined and one being maintained. One indicator does not have trend information available yet.
- Place: Stretch outcome 14 - Addressing climate change by reducing Aberdeen's carbon emissions by 42.5 per cent by 2026:** There are 19 performance measures supporting this outcome with 11 improving, two declining and three being maintained. Three indicators do not have trend information available yet.

57. Together with partners, the council has also identified areas of underperformance relating to the delivery of the outcomes in the LOIP. Since 2019, 120 short-term improvement projects have been agreed to support the delivery of these planned outcomes. Community Planning Aberdeen uses a progress scale to monitor each project and as at February 2021, 72 projects were reported as being live. Of these:

- 80 per cent of projects were in the approved, designing or testing phases

- eight per cent of projects were reported as showing initial indications of improvement, three per cent have achieved the improvements set out and one per cent has showed sustained improvement
- three per cent of projects were reported as being complete
- six per cent of projects were reported as being on hold.

The Community Planning Aberdeen (CPA) board approved an updated improvement programme in September 2020 to reflect the impact that Covid-19 had on priorities and timescales for action. CPA or the council monitors the progress of these projects, depending on their focus, and progress can also be reviewed through online project updates.

Over two-thirds of the council's performance indicators are on target

58. Performance information is mainly reported to one of either the Strategic Commissioning Committee, the City Growth and Resources Committee, the Operational Delivery Committee or the Education Operational Delivery Committee. The mix of monthly, quarterly and annual data means it can be difficult to accurately assess overall progress over time.

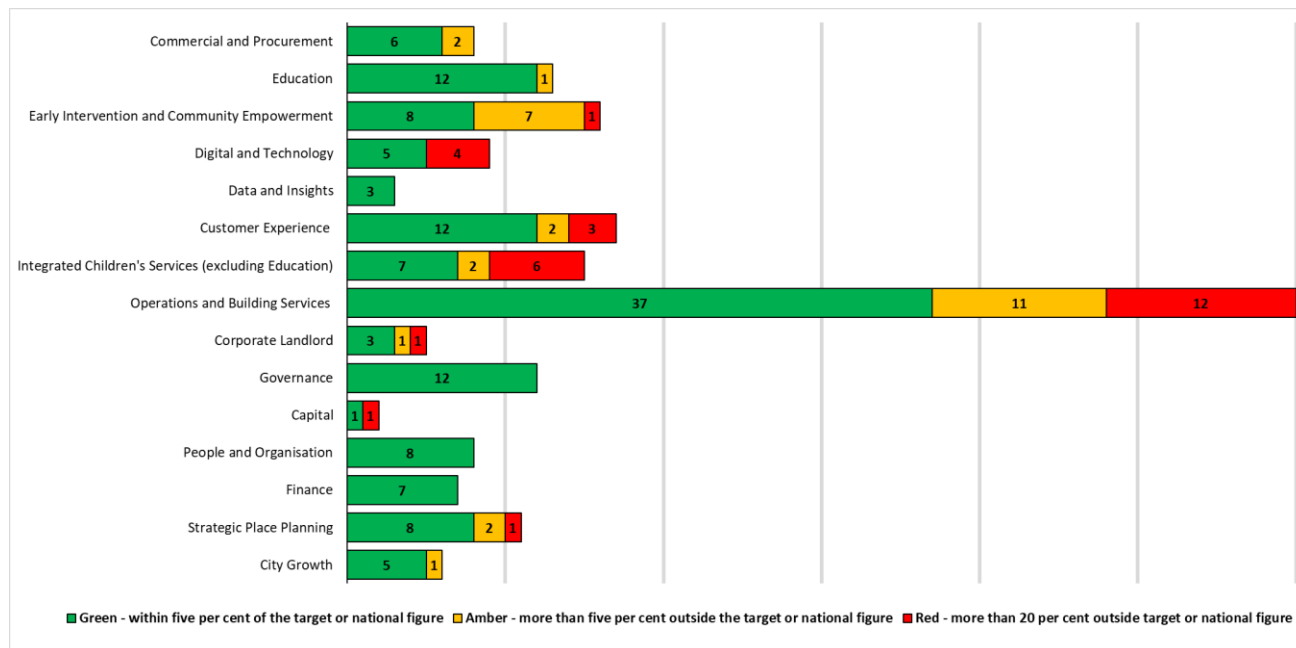
59. Over 380 performance measures are reported using outcomes-based performance indicators as well as standard management information on issues such as complaints, health and safety, and employee establishment numbers. In total, there are 192 cluster outcomes-based performance indicators reported on across the council's 14 clusters ([Exhibit 7](#)). A traffic light system is used to show the current status of indicators. Our analysis of this information shows that, as at April 2021:

- 134 indicators (70 per cent) were within five per cent of the target or national figure.
- 29 indicators (15 per cent) were more than five per cent outside the target or national figure.
- 29 indicators (15 per cent) were more than 20 per cent outside target or national figure.

Exhibit 7

Performance status against outcomes-based indicators for each cluster, 2020/21

The majority of indicators were within the limits of the council's target or national figure for all but three clusters.



Notes:

1. Performance reporting for the children's and family services cluster report is split across two committees, the Operational Delivery Committee and the Education Operational Delivery Committee.
2. RAG statuses are based on thresholds presented in the council's performance reports.
3. Analysis is based on information presented in the most recently available committee reports, as at April 2021. This includes 2020/21 Quarter 2 data for clusters reporting to the City Growth and Resources Committee (February 2021) and 2020/21 Quarter 3 data for clusters reporting to the Operational Delivery Committee (March 2021), Education Operational Delivery Committee (March 2021) and the Strategic Commissioning Committee (April 2021).
4. The performance report presented to the City Growth and Resources Committee in February 2021 was missing information on the status of two indicators, one within the city growth cluster and one within the capital cluster. This information was subsequently provided by the council and included within this analysis.

Source: Audit Scotland, April 2021

The council has improved its performance against 60 per cent of specific LGBF indicators over the last five years

60. Each year, the Improvement Service publishes the Local Government Benchmarking Framework (LGBF). The LGBF brings together a wide range of performance information for all Scottish councils including how well they are delivering services, the cost of services and residents' satisfaction. A total of 97 performance, cost, and satisfaction indicators across all council services are included, allowing councils to monitor performance consistently over time.

61. We have analysed Aberdeen City Council's performance over the last five years, against 37 LGBF indicators. This analysis focuses mainly on outcomes-based indicators and excludes satisfaction and most cost indicators. Between 2015/16 and 2019/20, the council's performance can be summarised as follows:

- The council improved performance against 23 indicators (62 per cent), including, improvements against seven out of eight economic indicators ([paragraph 68](#)) and four out of six corporate service indicators.

- Performance declined against 14 indicators (38 per cent), including in housing services and social work, where three out of five indicators declined in both services.

62. The council incorporates most LGBF indicators into its regular performance reporting to committees. It uses this benchmarking data to monitor its own performance, to compare itself against Scotland's three other largest cities and against the national average, and to identify areas for improvement. In 2018/19, the council put in place ten improvement projects related to specific LGBF indicators, covering a range of service areas.

63. Performance improved against seven of these indicators in 2019/20. For example, there has been an improvement in the cost per attendance at sports and recreation facilities (which reduced by five per cent). Despite improvement actions being taken, performance fell against the other three indicators, including the percentage of income due from council tax received at the end of the year. This fell from 94.6 per cent in 2018/19 to 93.6 per cent in 2019/20.

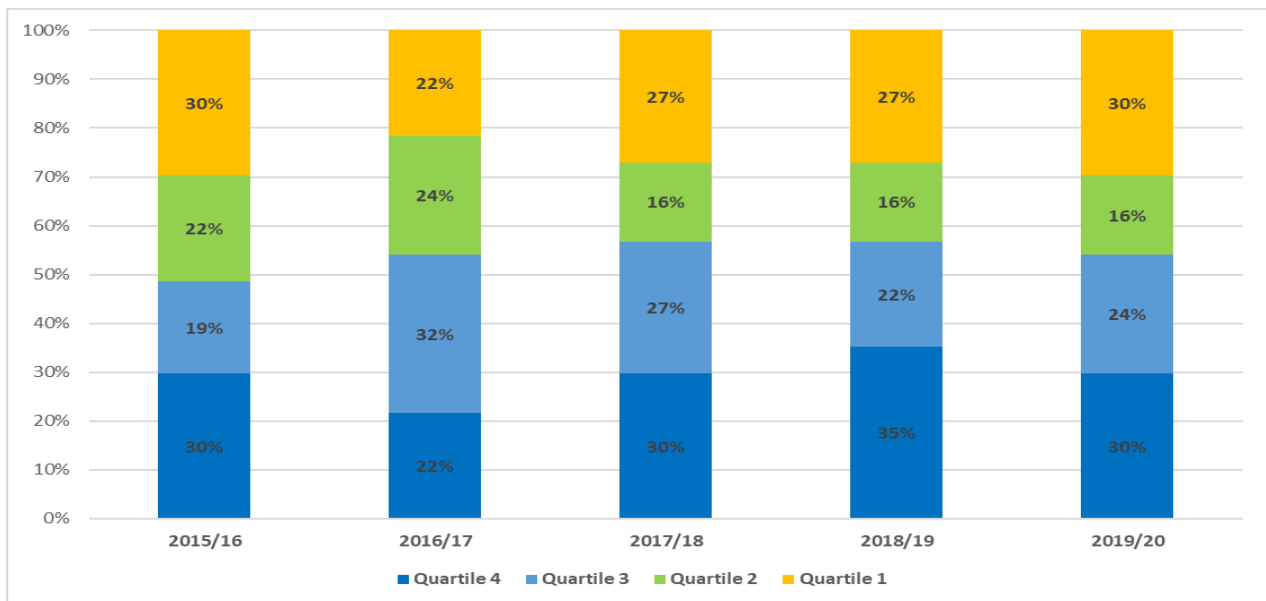
National benchmarking data shows that the council's relative performance has fallen over the last five years

64. The LGBF also allows individual councils to compare their performance with that of other councils and with the Scottish average. Relative performance is assessed by dividing performance into four quartiles. Quartile one contains the best performing councils, while quartile four contains the poorest-performing councils. Aberdeen City Council's performance relative to other councils has fallen since 2015/16, with 17 indicators (46 per cent) in the top two quartiles in 2019/20 compared to 19 (52 per cent) in 2015/16 ([Exhibit 8](#)).

Exhibit 8

Aberdeen City Council's performance relative to other councils, 2015/16 to 2019/20

The percentage of indicators in which the council is performing in the top half of all councils has fallen from 52 per cent in 2015/16 to 46 per cent in 2019/20.



Notes:

1. The analysis is based on 37, mainly outcomes-based, indicators which were reported every year within the five-year period. The analysis excludes satisfaction and most cost-based indicators as high or low cost cannot be easily determined as positive or negative.
2. Percentage in 2015/16 does not equal 100 per cent due to rounding.

The council has made significant changes to improve performance across its services, but it is too early to assess the impact of many these

65. Since 2017, the council has continued to make significant changes to help improve performance in key areas, including:

- a re-structure within education services ([paragraph 74](#))
- the implementation of plans and strategies to support improvements in key services and to aid recovery from the pandemic
- a focus on improvement activity which includes recently initiated short-term projects to support the achievement of longer-term outcomes.

66. Much of this activity has occurred recently therefore it not yet possible to assess the impact. However, the council's performance management arrangements, and its move towards the use real-time data, enables effective and timely scrutiny of how performance is improving as a consequence of the changes being made.

The council has improved its performance against most economic development indicators

67. Historically, economic success in the North East has been driven by the oil and gas industry but a downturn in prices in 2014 presented the area with significant economic challenges. In 2015, Aberdeen City and Aberdeenshire councils developed a Regional Economic Strategy which set out a long-term vision to strengthen the local economy. In June 2018, the council approved a refreshed economic action plan covering the five years to 2023. This sets out updated actions under four key themes of investment in infrastructure, innovation, inclusive economic growth and internationalisation. The Aberdeen City Region Deal, signed in December 2016, was informed by the 2015 strategy and its impact was reflected in the strategy refresh ([paragraph 112](#)).

68. Economic opportunities and improved outcomes for the communities of Aberdeen City are dependent on many factors, such as increasing job opportunities and attracting investment. The council's performance improved against most LGBF economic indicators in 2019/20 compared to 2015/16. Between 2018/19 and 2019/20, improvement efforts focused on:

- **the percentage of unemployed people assisted into work from council operated/funded employability programmes** - between 2015/16 and 2018/19, the council was consistently amongst the lowest performing councils in Scotland against this indicator. Improvement activity, through the ESF-funded Progress Through Positive Partnerships and additional support provided to individuals through the Fairer Aberdeen Fund support fund, has since supported an increase in people assisted into work in 2019/20, rising from 5.5 per cent of unemployed people in 2018/19 to 10.5 per cent 2019/20. Uncertainty around the future availability of funding support for employability programmes, and their nature, is likely to present challenges for the council and providers in sustaining these opportunities.
- **the percentage of procurement spend spent on local enterprises** – between 2015/16 and 2018/19, the council's procurement of goods and services from local businesses declined from 30 per cent to 21.5 per cent. To address this, a joint initiative between Aberdeen City and Aberdeenshire councils was introduced. The Positive Procurement Programme is intended to provide increased opportunities for local businesses across all categories of spend. In 2019/20, performance against this indicator increased by 10.7 percentage points, to 32.2 per cent, compared to the previous year.

69. In 2017, the council established an Economic Policy Panel to evaluate and advise on economic performance across Aberdeen City and the wider North East region. The Panel's work also supports the council's annual credit rating assessment. The Panel's report in November 2020 noted that, while the scale of economic challenges facing the region has increased due to the Covid-19 pandemic, a focus on longer-term challenges should remain and the pace of change increased.

70. In response to the Covid-19 pandemic, Community Planning Aberdeen published the Socio-Economic Rescue Plan 2020/21 in July 2020. This sets out how the partnership will manage and address social and economic challenges, many of which have been heightened due to the pandemic. The Plan includes actions, intended outcomes and financial implications, and is aligned to the priorities set out in the LOIP.

The council has sought to improve its education performance by restructuring, tackling recruitment issues and implementing new plans and policies

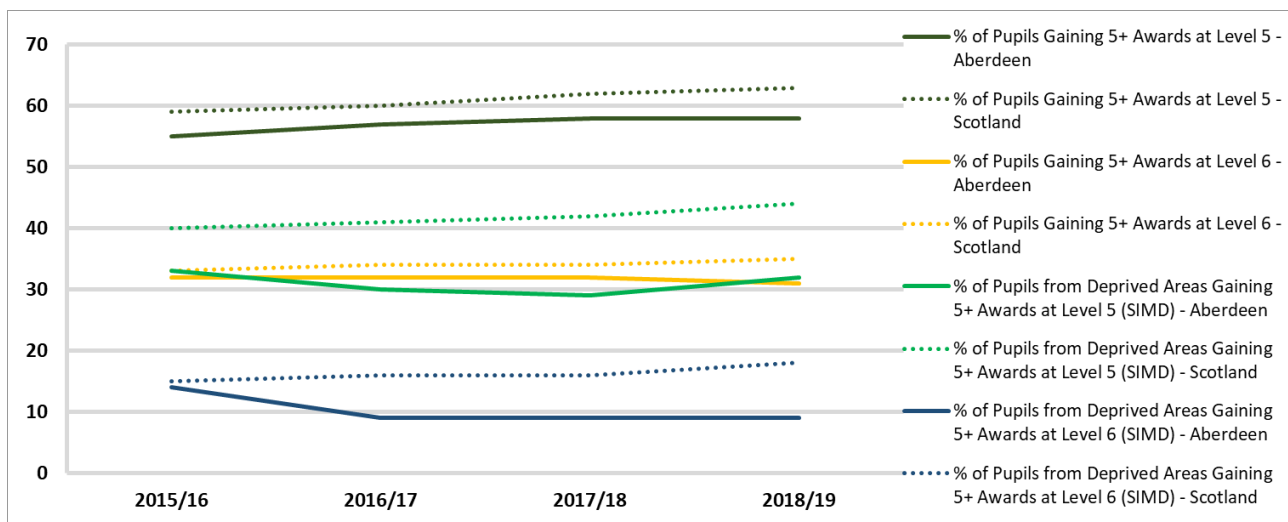
71. Raising attainment for senior school pupils has been challenging for the council. Education attainment levels were below national averages between 2015/16 and 2018/19 using selected LGBF indicators ([Exhibit 9](#)). The percentage of pupils achieving five or more awards at level five was the only indicator showing an improvement over this period. In particular, the council has been unable to close the attainment gap between pupils living in the 20 per cent most deprived data zones and secondary school pupils as a whole. Over the four-year period, the gap between the percentage of pupils achieving five or more awards has increased from 22 to 26 percentage points for pupils at level five and from 18 to 22 percentage points at level six.

72. The Covid-19 pandemic has affected the comparability of 2019/20 data with previous years. The cancellation of exams in 2020 meant the grades were awarded based on teacher estimates and therefore cannot be used for trend analysis. The joint report, [Improving outcomes for young people through school education](#), by the Accounts Commission and Auditor General for Scotland, published in March 2021, noted that measuring progress has been hampered by the pandemic which could create risks around accountability.

Exhibit 9

LGBF education attainment indicators, 2015/16 to 2018/19

The council's performance has been consistently lower than the national average.



Source: Audit Scotland using the Local Government Benchmarking Framework, Improvement Service, 2019/20

73. The council also uses a wide range of other data to assess performance and identify areas for improvement. This includes Achievement of Curriculum for Excellence (ACEL) information as well as the Accounts Commission's Statutory Performance Indicators (SPIs). Analysis of ACEL data shows an improving trend of pupils achieving the expected standards of learning for five core skills including listening and talking, reading, writing, literacy and numeracy. Aberdeen City Council ranks in the bottom half of councils in Scotland using these measures, but its position has improved since 2016/17 across 22 of the 30 indicators. The council considers that improvements have been supported by more focused quality improvement activity, and a shared learning and teaching standard to drive consistency and support self-evaluation.
74. As part of the TOM, the council restructured its senior education team in late 2018, including establishing the post of chief education officer. The council expects these changes, together with a better alignment of remits to the priorities set out in the LOIP and the National Improvement Plan Framework, will help build a more collaborative, accountable and sustainable education system.
75. The council has introduced measures to support improvements in attainment and the percentage of young people entering a positive destination. A review of the Senior Phase took place in 2018/19, which involved all secondary schools conducting a curriculum design review. Through this, the council, together with partners such as Skills Development Scotland, is aiming to provide young people with a wider range of opportunities to ensure they have the skills to match the jobs available within the region. In light of the Covid-19 pandemic, the council is carrying out a further review of the senior phase to ensure that young people have the appropriate skills in areas such as digital and renewables.
76. The council's difficulty in recruiting teachers has contributed to the challenges it has faced in raising attainment. Over the last five years, there were, on average, around 100 teaching vacancies across primary and secondary schools. Furthermore, up to a third of city schools had an acting headteacher in post meaning that there was a potential reduction in the ability to exercise strong and local leadership. The council sought to address these issues through, for example, the use of social media campaigns by promoting the city as an attractive place to live and work. The council filled all primary school teaching vacancies by the beginning of the 2021/22 session, although a small number of secondary teaching vacancies remained. In addition, a permanent headteacher was in place at all schools.

Housing remains an area of challenge for the council but there has been some success in its efforts to tackle homelessness

77. Aberdeen City Council is the fifth biggest social landlord in Scotland, owning around 22,000 properties. The Scottish Housing regulator (SHR) publishes data submitted by social landlords on their performance against the Scottish Social Housing Charter standards and outcomes. Since 2015/16, performance against four indicators has improved and nine indicators have declined ([Exhibit 10](#)). Furthermore, performance against nine out of the 13 indicators was below the national average in 2019/20.

Exhibit 10**Aberdeen City Council's performance against the Scottish Social Housing Charter standards and outcomes, 2015/16 and 2019/20**

Performance against nine out of 13 indicators has declined over the period.

	Aberdeen City Council			Scottish average
	2015/16	2019/20		2019/20
Tenant satisfaction				
Proportion satisfied with overall services provided (%) ¹	85.9%	83.0%	↓	89.2%
Proportion who felt landlord was good at keeping them informed (%) ¹	84.5%	76.9%	↓	92.0%
Proportion satisfied with opportunities to participate in decision-making (%) ¹	79.8%	67.7%	↓	87.2%
Quality and maintenance of homes				
Proportion of homes that meet the Scottish Housing Quality Standard (%)	92.3%	88.1%	↓	94.4%
Average time to complete emergency repairs (hours)	5.2	4.1	↑	3.6
Average time to complete non-emergency repairs (days)	6.5	5.5	↑	6.4
Proportion of reactive repairs completed 'right first time' (%)	92.6%	93.1%	↑	92.4%
Proportion of tenants who were satisfied with repairs or maintenance carried out (%)	95.2%	91.5%	↓	91.4%
Neighbourhoods				
Number of cases of anti-social behaviour (per 100 homes) ²	17.4	19.1	↓	7.5
Proportion of cases resolved within locally agreed target (%)	98.4%	97.1%	↓	87.9%
Value for money				
Current and past rent collected during the year as a proportion of total rent due in year (%)	101.6%	97.1%	↓	99.3%
Uncollected rent due because homes were empty (%)	1.7%	1.9%	↓	0.9%
Time taken to re-let homes (days)	104.4	69.6	↑	31.8

Notes:

1. Tenant satisfaction data is based on a survey carried out in 2017/18. The council is currently updating this for 2021.
2. The most recently available data for the number of cases of anti-social behaviour (per 100 homes) is 2018/19.

Source: Scottish Housing Regulator and Annual returns of the Charter, 2019/20

78. Between 2018/19 and 2019/20, Aberdeen had the fifth biggest reduction in homeless applications, falling from 1,627 to 1,486, despite there being an increase nationally. The council also saw the biggest reduction of households living in temporary accommodation, from 394 to 298. Nationally, the number of households living in temporary accommodations in 2019/20 was the highest it had been since 2002. To support efforts in tackling homelessness, the council introduced its early intervention Rapid Rehousing Transition Plan in 2019. Through this, the council:

- has reduced the time between receiving an application and permanently housing a previously homeless person from 171 days in 2015/16 to 125 days in 2019/20. Performance now compares favourably with the national average of 224 days. The council is now aiming to reduce the total application time to 50 days by 2024. The council is using a number of initiatives to drive improvements, including combining various housing roles so that staff can focus on cases while also improving the applicant's experience.
- is introducing a consistent approach to housing options for those previously assessed as homeless, increasing tenant awareness of support available, and reviewing its rent and corporate debt policy to place greater emphasis on tenancy sustainment. The council has targeted rent arrears as one of five improvement projects with progress reported to its Performance Board.

Satisfaction has improved across many services, but the council ranks amongst the lowest in Scotland for satisfaction with local schools

79. Measuring user satisfaction is an important way of determining where council services need to do better. The LGBF includes several indicators relating to service user satisfaction. The council's performance improved against seven of the 11 satisfaction indicators over the last five years ([Exhibit 11](#)). Between 2017 and 2020, Aberdeen ranked in the top ten councils in Scotland for satisfaction with parks and open spaces, and with the percentage of adults who agree that the support they are receiving is having a positive impact on their quality of life. Satisfaction with local schools ranked particularly low. Overall, Aberdeen City Council's ranking compared to other Scottish councils improved in all but one of the indicators.

Exhibit 11

Aberdeen City Council's performance against LGBF satisfaction indicators compared with performance nationally, 2015 – 2020

The council's performance has improved in seven of the 11 satisfaction indicators over the last five years.

	Aberdeen City		Scotland	Rank
	2015-18	2017-20	2017-20	2017-20
Adults satisfied with local schools	67.00	68.40	71.83	27
Adults satisfied with libraries	72.33	72.73	72.37	19
Adults satisfied with parks and open spaces	87.67	87.97	83.50	8
Adults satisfied with museums and galleries	68.33	67.97	69.30	12
Adults satisfied with leisure facilities	71.33	71.40	70.10	16
Adults satisfied with refuse collection	81.67	80.37	74.30	12
Adults satisfied with street cleaning	68.00	60.00	62.63	21
Adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life*	80.26	83.56	80.03	8
Adults supported at home who agree that they are supported to live as independently as possible*	80.03	81.85	80.78	14
Adults supported at home who agree that they had a say in how their help, care or support was provided*	75.54	78.12	75.43	10
Carers who feel supported to continue in their caring role*	38.20	33.59	34.28	20

Notes: * Denotes indicators taken from the Health and Care Experience Survey and are based on 2019/20 data.

Source: Audit Scotland; Local Government Benchmarking Framework, Improvement Service, 2019/20

Performance information is easily accessible, but the council could make it easier for citizens to assess overall performance

80. Through the PMF, the council has developed its approach to public performance report and is aiming to modernise how it uses data. Performance information is made available on a dedicated section on the council's website. This includes links to:

- Interactive dashboards and reports on Community Planning Aberdeen's website, including the Aberdeen Outcomes Framework
- Performance scorecard reports issued to committees
- Benchmarking data such as the Local Government benchmarking Framework
- Inspectorate reports such as those by the Care Inspectorate, Education Scotland and the Scottish Housing Regulator.

81. The council provides a lot of performance information in a variety of formats from detailed performance committee reports to interactive dashboards that allow real-time data to be accessed easily. The council also reports on improvements and highlights where challenges remain.
82. The council has a fair and balanced approach to performance reporting, but it could further enhance the transparency of this for local citizens. The links to several external websites, and to internal performance reports, require individuals to carry out their own assessment of how the council is performing. A summary of performance, for example against national benchmarking data, would support the council in improving the transparency of reporting performance against outcomes.

Part 3

Is the council using its resources effectively?



The council has robust financial management arrangements, including effective monitoring and reporting and medium-term financial planning.

The council has delivered the required savings in years one to four of its ongoing transformation programme, with digital initiatives a main driver of this.

The financial outlook is challenging but the council is well placed to address projected funding gaps through its transformation programme and medium-term financial plan.

The council has a robust approach to budgeting which is linked to the delivery of strategic priorities

83. The council's approach to budgeting supports longer-term planning and informed decision making. The council prepares annual operating and capital budgets which are determined through consideration of its commissioning-based approach, transformation programme and Council Delivery Plan. These arrangements are well designed and aligned.
84. This iterative process concludes in November each year when budget proposals and the services to be delivered are presented to the City Growth and Resources Committee. A key part of this is the presentation to members of different budget scenarios, setting out how levels of service are likely to be affected by changes to budgets. Officers provide a good level of support to members ([paragraph 42](#)) and councillors undertake significant scrutiny of the budget packs provided to them.
85. Alongside the annual budget (which also includes indicative figures for the next two years) the council prepares a seven-year Medium-term Financial Strategy (MTFS). In recent years, the Scottish Government has provided details of its funding for councils only one-year in advance. The council therefore undertakes comprehensive scenario planning to inform its medium-term financial plans. These cover the next five-year period in detail and assume no increase in Scottish Government funding beyond the most recent settlement and also including anticipated spending increases. The approach ensures that medium-term financial planning is linked to the delivery of strategic priorities, while also identifying the likely scale of savings required from the transformation programme.

86. The council undertook a longer-term financial planning exercise in 2016 as part of its bond issue. This was required to support the affordability assessment of the bond issue and to allow the council's credit rating to be issued. The council should ensure that this longer-term plan is regularly reviewed, at least as scheduled, so that its long-term financial position is understood.

The council has delivered significant savings and has been successful in balancing its budget in recent years

87. Since the Target Operating Model was introduced in 2017, which highlighted the need to deliver £125 million of savings by 2022/23, the council has delivered a balanced budget annually with use of £15 million in General Fund reserves (£10 million in 2017/18 and £5 million in 2018/19 for a transformation fund and a balanced position for 2019/20 and 2020/21). This also involved the council reducing its overall cost base and incorporating further efficiency savings into budgets.

88. The council has a clear and well understood approach to budget monitoring which is intended to ensure that financial outturn at the end of the year is as close to budget as possible. The approach includes the regular distribution of financial reports to budget managers and meetings between finance staff and service functions where emerging issues and proposed budget changes are discussed. Quarterly reporting of balance sheet position demonstrates advanced practice, in a local authority context. This has enabled the council to make in-year decisions on non-essential spend at an appropriate time in the year to ensure a balanced outturn position.

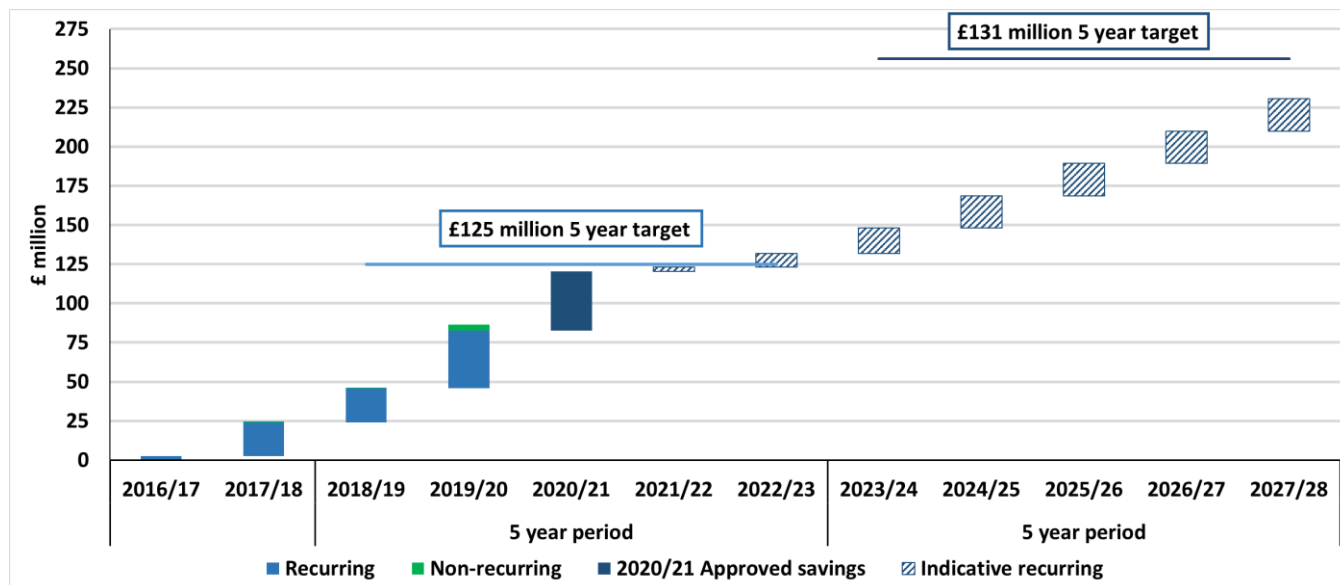
89. Digital transformation has underpinned many of the savings and efficiencies delivered so far. The council has converted services to be more digitally based and made better use of data to anticipate and manage change. This has allowed significant changes and savings to be made, within the wider context of focusing on customer and staff experience set out in its digital strategy ([Case study 1](#)).

90. In March 2021, the council approved a detailed balanced revenue budget for 2021/22 of £567.9million (£469.1 million General Fund and £98.8 million for the HRA). This budget included a decision to go ahead with additional service redesign which underpins the medium-term financial budgets to 2025/26. The service redesign is expected to provide recurring cost savings and increased income of £26 million per year, building on the savings already achieved and addressing expected future budget gaps ([Exhibit 12](#)).

Exhibit 12

Aberdeen City Council is on track to deliver £125 million of savings and increased income by 2022/23

The council is currently on track to deliver its target for the initial five-year transformation period and has begun identifying opportunities to redesign services over the next five years.



Notes

- Savings since the approval of the TOM influenced budgets from 2018/19 onwards but are shown as recurring/non-recurring for consistency across years. The recurring element includes Council Tax increases.
- The above forecasts for 2023/24 onwards include only initially identified recurring savings and take no account of possible changes to council tax or other fees and charges income. £68 million of the £131 million five-year target is currently forecast to be delivered via recurring savings by 2025/26. Savings and income throughout the 2023/24-2027/28 transformation programme period will continue to be identified to reach the £26 million recurring annual target.

Source: Aberdeen City Council financial reports and forecasts

- In response to Covid-19, the council produced a Financial Resilience Recovery Plan in June 2020. This identified the council could face a budget deficit of £32 million in 2020/21. The Urgent Business Committee's approval of the plan demonstrates a sound planning and budget setting process and an ability to respond to unforeseen risks arising. Within this process, the council revised its budget and reduced or delayed non-essential investment. All decisions made were clearly aligned with the council's service delivery plans and long-term strategies.
- The council also put in place a range of measures intended to ensure ongoing scrutiny of its financial management. This included a Covid-19 control environment risk assessment and gap analysis, and Covid-19 specific risk registers to help manage and minimise specific risks in the short-term. As at the end of December 2020, the council was projecting a deficit of £1.2 million for 2020/21. This reflected receipt of additional income from the Scottish Government and tight control on non-essential spend, demonstrating that the council has taken appropriate action to minimise the financial impact of Covid-19.
- While the council has set a balanced budget for 2021/22, it will continue to face financial challenges in the future. The Medium-Term Financial Strategy indicates that, even after taking the decisions to implement the agreed service redesign, there will still be an accumulated funding shortfall of £55 million by 2025/26. This shortfall means that further work will be needed to identify service

The Financial Resilience Recovery Plan included information on lost income, additional costs (including approved savings that were at risk of not being achieved) and expected grant funding related to Covid-19. It set out a range of scenarios and planned actions to enable the council to close the emerging deficit.

It also included information on the expected impact in relation to the HRA, ALEOs and the Common Good Fund.

redesign opportunities to reduce costs and increase income where possible over the next two to five years.

The council has a robust approach to preparing its financial statements but should give more consideration to complex accounting matters

94. The statutory deadline for councils' approval of their financial statements is 30 September each year (extended for the 2019/20 accounts to November 2020 due to the impact of Covid-19). In 2017/18, the council introduced an accelerated accounts completion timetable so that the audited accounts can be approved by 30 June each year. The Urgent Business Committee approved the 2019/20 accounts on 30 June 2020, some five months ahead of the statutory deadline, reflecting the significant focus and resources which the council directs to this activity. The financial statements include several complex arrangements and judgements, but the accelerated timetable enables finance officers to resume focus on the current financial year management and monitoring activity.
95. To facilitate the early approval of the financial statements the annual timetable is to prepare draft accounts, including those for subsidiary and associated entities, for audit by early May 2020. The 2019/20 draft financial statements were presented for audit on 6 May. As a whole, the draft was substantially complete, although auditors noted some continued scope for improvement in the robustness of management judgements in the consideration of complex capital accounting transactions. This is due the council using an array of financing, including bonds, and to the council entering into more complex and ambitious projects than comparable organisations ([Case study 2, page 39](#)).

Financial management:

We consider that the approach to financial management, including budget setting and monitoring, is appropriate with clear supporting governance arrangements. The Council demonstrates advanced practice, in a local authority context, through quarterly financial reporting. The controls tested for the purposes of forming an opinion on the annual accounts were found to be effective. The Council has adequate arrangements in place, designed to reduce fraud and corruption in procurement. The identified areas to improve will further improve these arrangements.

Source: Aberdeen City Council Annual Audit Report 2019/20, KPMG

The council has undertaken an ambitious programme of capital investment in recent years, partly financed through a bond issue

96. Between 2016/17 and 2019/20, the council invested over £660 million in property, plant and equipment. In recent years the council has successfully managed its capital programme to deliver projects on time and on budget. Significant investments in Marischal Square, The Event Complex Aberdeen, and the Art Gallery are notable for both their size and the council's innovative approach to capital projects overall. Due to Covid-19, it is likely that the council's capital expenditure will be around £103 million in 2020/21, compared to a budget of £195 million. Budget re-profiling and assessment of any additional costs due to Covid-19 delays are being reported and adjusted in the capital programme agreed for 2021/22 and beyond.
97. As at 31 March 2020, the council had £1.2 billion of external debt directly related to the capital investment programme, including £450 million linked to the issued bonds. The credit rating agency Moody's carries out an annual review of the council's credit rating. In 2019/20, the annual review affirmed the council's Aa3 rating, with the economic outlook reduced to 'negative' from 'stable' in line with the recent change to the UK's rating.

The council is developing a corporate landlord approach to managing its assets

98. The council approved an asset review business case, covering operational assets, commercial estate, and community and social assets, in July 2018. The key objectives of the business case were to consolidate and strengthen a corporate approach to asset management, while reducing the scale and diversity of the estate to focus on assets that add value. Housing stock and ALEO assets were excluded from this review. The council is now establishing a corporate landlord model of estate management, aimed at consolidating all property costs and budgets, including housing and ALEOs, into one area to ensure a corporate approach and alignment with the TOM.

Case study 2

The council's approach to capital project management

The council undertakes more ambitious and multi-faceted investments within the City of Aberdeen than is typical in a local authority context. These investments include a combination of commercial space, event space, hotel accommodation, investment property and supporting infrastructure, including road access, energy and waste provisions.

Decisions on aspects of each project, such as design, construction and method of operation (i.e. in-house or with partners) are taken in an iterative way in order to drive value for money. This has often led to the council working with multiple third parties to deliver and operate major projects. Accordingly, the legal agreements surrounding the development and operation of the facilities are particularly complex but are well developed to mitigate risk to the council (including minimising financial risk) while incentivising partners to maximise mutually shared benefits.

Marischal Square: The council have successfully delivered the Marischal Square development which was constructed in partnership with Muse and Aviva completed in November 2017. On completion the council entered into a 35-year head lease and arrangement for the sub-letting of office space. The development also includes a hotel, which is operated under a management agreement. The associated legal agreements incentivise partners to sub-let space quickly and for market rates.

The Event Centre Aberdeen (TECA): The council has successfully constructed the Event Centre Aberdeen known as P+J Live and associated hotel, energy and waste facilities. This project was conceived around ten years ago and the council have demonstrated seeking value for money through procurement and tendering while market testing different operating models.

The council has entered into an agreement with ASM Global to manage and operate the event space, with the agreement minimising the operational risks to the council. In addition, the council decided that constructing two hotel spaces would enhance the attractiveness of the site and have entered into separate management arrangements with two hotel chains.

During the planning phase the council has thought about maximising the benefits of the site and have included an energy centre which will be used to generate the power for the whole site. The management agreements for the event centre and both hotels include clauses that the energy centre provides their electricity.

Throughout the projects from conception, through design, procurement, construction and becoming operational the council demonstrates the principals of good governance, project management, a focus on Best Value and being outcome focused. Given their complexity, this is a significant achievement. The council's approach to capital project management is well developed, embedded and is adhered to through the procurement and construction phase. Capital monitoring is robust and includes appropriate governance arrangements.

Due to the Covid-19 pandemic and the facilities on the TECA site not being fully operational during 2020/21 the council have yet to carry out the post implementation review of the project, to understand any lessons learnt, we recommend that this be carried out as soon as possible.

The council's shared procurement service has generated significant savings, but its use of local suppliers has been reducing

99. The council shares its procurement service with Aberdeenshire Council and The Highland Council. Through the shared service, the council has achieved savings of around £20 million since 2017/18. Aberdeen City Council continues to be assessed as one of the best-performing procurement services in Scotland, securing a greater percentage of community benefit from regulated procurements than other similar councils. In 2019/20, 25 out of 30 (83.3 per cent) regulated contracts that were awarded imposed community benefit requirements. Benchmarking data shows that the council commits a lower percentage of procurement spend on SMEs than most other similar councils and that spend with local suppliers has been volatile but increased significantly in 2019/20 ([paragraph 68](#)).

The council's workforce strategy sets out expectations on how staff will deliver its vision, priorities and values.

100. The council's approach to workforce planning includes having a multi-year workforce strategy focused on capacity, capability and culture (rather than setting an overall establishment figure). This is intended to ensure that staff allocation and development is embedded in its commissioning approach and supports the delivery of its strategic aims. The strategy links to the LOIP and to council outcomes, ensuring that there is a focus on how the workforce and individuals are contributing to these. As part of the annual planning and budgeting cycle, detailed workforce planning is then undertaken.
101. Preparing the council's annual workforce budget includes ensuring that staff levels match service demand, with staff moved or recruited to fill gaps in demand; and that staff are cross-skilled, such that they are able to work in a number of service areas. Service areas are challenged to assess the scope for service re-designs and their impact on workforce numbers. Re-design proposals are often multi-year but going through the process annually ensures alignment of service requirements and staffing levels. Once consultation with staff and trade unions is complete, the workforce budget is factored into the council's medium-term financial planning.
102. There has been a significant reduction in staffing numbers as part of the council's ongoing transformation, from 7,131 full-time equivalent staff (FTEs) in 2017/18 to 6,760 FTEs in 2019/20. Employee's sickness absence rates have been improving in recent years, despite overall staffing reductions, and were below the Scottish average for both teaching and non-teaching staff in 2019/20.

103. In common with other councils, Aberdeen City Council has a policy of no compulsory redundancies. Voluntary redundancies, in ongoing consultations with trade unions, are agreed on the basis of whether there is no longer a business need for a post, rather than on the individual involved. Since 2017/18, when the TOM was approved, over 1,500 staff have applied for voluntary redundancy, with the council approving 529 exit packages at a cost of £23.6 million (primarily funded through capital receipts).

The council has consulted with staff throughout its transformation programme and recently completed an extensive staff survey

104. The council consulted with staff in developing the Guiding Principles and Behaviours and the capability framework which are set out within its workforce strategy ([paragraph 20](#)). In 2019, staff annual appraisals were redesigned to align them with identified capabilities and to allow better discussion of individuals' contributions to council service outcomes.
105. As the council continues to redesign how it delivers services, including its continued focus on digitalisation, a range of specific initiatives have been put in place to support staff. These include:

- Recruit scheme: to manage internal recruitment and staff movement. The council has developed a central application process and committed to providing transitional support for staff who make an internal move, including a specified induction period and structured development plans.
- Cluster specific workforce development pipelines: working with chief officers on tailored talent pipelines to support future service delivery. This includes an increased use of apprenticeships and funded qualifications and supporting the development of staff to transition into specific areas, for example teaching, early years and social work. Management development schemes have also been developed to increase leadership capacity beneath chief officer level.
- Leadership forum: upgraded and expanded to include those with responsibility at a lower level, or those with aspirations for leadership. This inclusive approach has led to an expansion from 120 members to 500 members and growing. The group is regularly consulted on organisational priorities and developments.
- The Mental Health Action Plan: setting out how the council can improve support for staff's mental wellbeing. The Staff Governance Committee approved the original plan in January 2019 and the updated plan in February 2020. A further update was provided to the committee in September 2020, reflecting the importance of staff wellbeing during a period of altered working practices and external challenges.

106. The Staff Governance Committee was established in May 2018, incorporating the roles of the former Joint Consultative Committee and Corporate Health and Safety Committee into a single body. It acts as a forum for communication and consultation on matters relating to staff not considered elsewhere. It includes trade union representatives as advisers alongside councillor members to enable joint working and strengthen staff representation. The committee is supplemented by other formal and informal consultation with staff, including weekly meetings between members of the CMT and union representatives. Alongside the ongoing commitment to no compulsory redundancies, constructive dialogue with trade unions has been crucial to improving staff relationships during a period of significant transformation, including workforce reductions.

107. In 2016, the council carried out a full staff survey, with the findings used to inform ongoing engagement since then. The recently completed 'Future of Work' Survey asked staff for their views on a range of issues, including how the council had responded to Covid-19 and a shift to remote working arrangements, and received over 1,800 responses. The survey results suggest the council has been broadly successful in embedding the cultural changes associated with its transformation programme, including positive results relating to aspect of leadership and communication. Alongside the recently approved transformation plan, the results will be used to inform the council's next three-year workforce strategy (due for approval in 2022).

Part 4

Is the council working well with its partners?



There is evidence of good working relationships, strategic alignment and partnership working across the CPP, and between the council and other partners. This meant Aberdeen was well placed to respond to challenges related to the ongoing global pandemic.

Communities are being consulted as part of the LOIP refresh and community empowerment initiatives, including community leasing of council assets and participatory budgeting, are making progress.

The council has established close working relationships with a range of partners

108. The council works with many partners including NHS Grampian, Police Scotland, universities and colleges within the region, businesses, third-sector organisations and neighbouring councils, across a wide range of partnerships and forums. These include, among others, the Community Planning Partnership (known as Community Planning Aberdeen/CPA), the Health and Social Care Partnership, the City Region Deal Joint Committee and a range of private sector organisations.
109. The CPP's vision was agreed as part of the development of the LOIP first published in August 2016. The LOIP was refreshed in 2019 following a six-month development period, although its vision remains the same. The close alignment between the CPP's aims and vision and those of the council has helped facilitate joint working with public sector partners. Similarly, the cognisance given to wider regional strategies within the region's public sector planning framework, for example the Regional Economic Strategy and the LOIP's priorities related to the economy, has allowed meaningful engagement with the private sector. Partnership working is seen as central to delivering the council's commitments and priorities, with senior councillors active on (and often chairing) partnership boards.
110. Following the downturn in the oil and gas sector in 2014, the council developed a Regional Economic Strategy with Aberdeenshire Council and Opportunity North East (ONE), a private sector-led economic development company. The council is represented on ONE's board by one of its Co-leaders, and it is working in close partnership with industry across sectors on a range of projects and initiatives to diversify the local economy.
111. The strategy sets out a 20-year vision for the region to 2035 and aims to reduce the north east's reliance on oil and gas production in the North Sea. The

ONE aims to provide leadership and support to public and private sector partners across five key sectors: Digital and Entrepreneurship, Energy, Food, drink and agriculture, Life sciences and Tourism

Regional Economic Strategy Group includes key strategic partners such as Scottish Enterprise and the Chamber of Commerce and is responsible for monitoring the Regional Economic Strategy Action Plan. A significant element of the strategy is delivering the Aberdeen City Region Deal and developing further opportunities to support growth in the local economy.

The council is working with neighbouring authorities to progress the Aberdeen City Region Deal and shared services

112. Aberdeen City Council, Aberdeenshire Council, ONE and the UK and Scottish Governments signed the Aberdeen City Region Deal in December 2016. In total, the deal will invest £826 million in the north east over the 10-year period to 2026. ONE was heavily involved in the development of the deal and, unlike similar deals, most of the funding comes from regional partners, including the private sector and Scottish Enterprise, rather than directly from local and national government. The council's contribution is approximately £10 million.
113. Chaired by one of the Co-leaders from Aberdeen City Council and the leader of Aberdeenshire Council on an annual rotation, the City Deal Joint Committee has nine members drawn from both councils and ONE and is responsible for delivering the deal. It receives quarterly updates on the progress of individual projects from officer-led boards, responsible for day-to-day programme and project delivery. ONE is the lead partner for the technology and innovation hubs. Status reports provide a high-level account of the progress achieved against time, budget and resource using a RAG (red-amber-green) system. The Joint Committee produces an annual performance report which provides a commentary on each of the projects included in the deal.
114. The council continues to develop its approach to partnership working, including specific joint initiatives with other public sector bodies outside the council area. This includes the joint procurement service it shares with neighbouring authorities (overseen by a Strategic Procurement Board that includes the chief executive), the private sector and partners from across the CPP ([paragraph 99](#)).

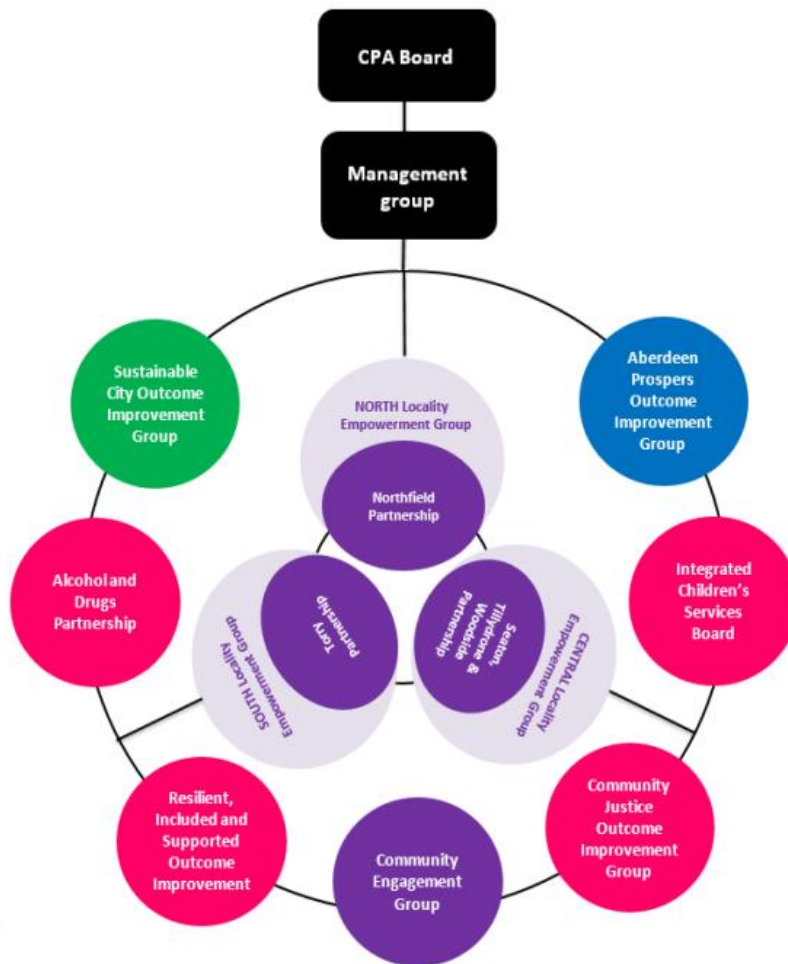
Community Planning Aberdeen's governance arrangements provide clear accountability, with the council playing a key role in the partnership

115. The CPP is central to the work of the individual partners across the Aberdeen City Council area. Each partner is represented at a senior level on the CPA Board, with a number of senior councillors including one of the Co-leaders (as Chair) representing the council. The success of embedding the CPP's vision, as expressed in the LOIP, into individual partners' plans has allowed the Board to provide effective leadership and set a clear direction for partners' activities. The identification of priority themes, and lead partners for activity within these, provides a clear line of accountability for delivery. Similarly, the comprehensive nature of the supporting outcomes and performance indicators within the Aberdeen Outcomes Framework allows for oversight and scrutiny of the partnership's activities. The Board has continued to meet throughout 2020 and 2021.
116. The Board is supported by the CPA Management Group, led by the council's chief executive, who oversee the work of seven thematic Outcome Improvement Groups (OIGs). The OIGs work with the three individual Locality Empowerment Groups (LEGS) to support the development and delivery of integrated Locality Plans, tailoring the work of the CPP to local priorities, and more targeted Priority Neighbourhood Partnerships (PNPs) ([Exhibit 13](#)). Stakeholders from across the partnership, including civic and third sector representatives, told us that much of the momentum built up by the CPP has been council driven, with the alignment of the council's Delivery Plan and KPIs enabling the council to effectively coordinate partnership activity.

Exhibit 13

The Community Planning Partnership's governance arrangements

The CCP's activity is aimed at supporting the delivery of the Locality Improvement Plans for three priority neighbourhoods.



Community Planning Aberdeen

Aberdeen City Council
 Aberdeen Civic Forum
 Aberdeen City Health and Social Care Partnership
 Active Aberdeen Partnership
 ACVO
 NHS Grampian
 North East Scotland College
 NESTRANS
 Police Scotland
 Skills Development Scotland
 Scottish Enterprise
 The Scottish Government
 Scottish Fire and Rescue Service
 Communities

Source: Community Planning Aberdeen

117. The LOIP 2016-2026 refresh in 2019 was informed by an updated Population Needs Assessment. Now reaching the mid-point of the LOIP, it is again being refreshed and new Locality Plans are currently being developed in support of this. The council's Data and Insights team have again updated and produced a revised Population Needs assessment for 2021 as the evidence base to inform priorities. Throughout the development stages of the refreshed LOIP there has been clear consultation with the CPA Management group, OIGs, LEGS and the PNPS. Citizens and other stakeholders have been directly consulted in a number of sessions and using various online consultation tools.

118. Following a review of locality planning, the CPA and IJB boards agreed to integrate and align their two locality planning approaches and agree a single approach with three localities (North, South and Central). It is hoped that a number of significant benefits for communities, partners and staff will arise from this more integrated approach. The CPA Board is due to consider the refreshed LOIP and Locality Plans in July 2021 and they are scheduled to be brought to the council's Strategic Commissioning Committee in October 2021 for endorsement. This provides an opportunity to reassess the focus, and overall number, of improvement projects across the CPP and council.

Progress across outcomes is mixed but activity is focused on the longer-term ambitions within the LOIP

119. The Improvement Service's Community Planning Outcomes Profile (CPOP) is a collection of 18 measures to help assess whether residents' lives are improving. Aberdeen City Council's performance against CPOP indicators was largely positive, with the CPP demonstrating improvement against 13 of the 18 measures between 2014/15 and 2018/19 (the latest available CPOP data). Performance declined against the other five. Areas of improvement included reductions in the crime rate and carbon emissions, fewer people living in fuel poverty and a fall in the number of dwelling fires. Positive trends were mainly in line with national data. Performance against child poverty and business survival rates declined over the period and at a greater rate than the national trends.
120. Broader measurement of the CPP's progress is carried out through the Aberdeen Outcomes Framework. This is aligned to their vision and priorities and includes a number of ambitious longer-term measures spanning the lifetime of the LOIP. There is a clear alignment between those local outcomes and the CPOP measures.

The CPP has strengthened and encouraged shared service delivery across its members, supported by increased use of digital data sharing to coordinate services

121. The council, working with Police Scotland and neighbouring authorities, has made significant progress in the integration of child services within the CPP area and wider region. Police staff are now located in council offices, creating a single point of contact for the public and contributing to cross-organisational working.
122. There is also a joint Child Protection Register for all three North East Child Protection Committees, held and administered by Aberdeen City Council, and jointly funded by Aberdeen City, Aberdeenshire, Moray Councils, NHS Grampian and Police Scotland. The council and Police Scotland jointly administer and deliver the training of police and social workers in Joint Investigative Interview skills ([Case study 3](#)).

Case study 3

Aberdeen City Council and Police Scotland's Joint Child Protection Team

The Joint Child Protection Team made up of Children's Social Work and Police Scotland staff is an example of integrated working across council services and partner organisations. In certain circumstances, partners jointly consider child protection referrals and, where appropriate, conduct joint child protection interviews (so the child just speaks once about their circumstances rather than to the Police and then again to Social Work). The council also has an Inter-Agency Referral Discussion (IRD) procedure whereby child protection concerns are considered, within one hour of being raised, by professionals in Police, Children's Social Work, Education and Health and actioned as appropriate. Learning and Development around child protection is delivered on a multi-agency basis which ensures that the same training and messaging is delivered across the Partnership. The hubs for the most vulnerable children which emerged in the coronavirus pandemic are being continued, again on a cross agency basis, as Family Wellbeing Hubs which support learning, mental health, wellbeing and the early intervention of services (and thus aim to prevent the potential need for escalation of support services).

Source: Aberdeen City Council

123. The council works with CPP partners through the Multi-Agency Transformation Management Group and its sub-groups, established in January 2020, to identify transformation programmes to support the delivery of LOIP outcomes. Made up of senior leaders, including the council chief executive, it focuses on how collaboration and integration of services and assets can lead to

efficiencies and improved outcomes. It has a clear focus on the use of digital technology and data sharing. Part of this work has been to identify how data and information can be better shared to identify demand pressures and target service interventions. Members have agreed a number of data sharing principles on which to build improved multi-agency arrangements, including bringing together datasets from a range of different sources, and agreeing data sharing processes.

124. The progress made in integrating data, and use of digital technologies, has capitalised on the council's own progress against their digital strategy ([Case study 1](#)) and meant that the partnership was well placed to continue joint working while working remotely. The CPP has been able to continue with its planned LOIP refresh and, in the interim, produce the short term Social Economic Rescue Plan to respond to the immediate impact of Covid-19. The work of the Multi-Agency Transformation Management Group has supported this by enabling effective data sharing between organisations.

The partnership has well developed mechanisms for consulting with its communities

125. The CPP produced its Engagement, Participation and Empowerment Strategy in 2016, which the council also approved. The strategy has allowed the CPP and council to adopt a consistent participation approach to inform locality improvement plans. A range of consultation approaches are used, including online platforms like Citizens Space (an online portal for consultations), City Voice (the citizens panel) and more traditional methods, such as local community group meetings, formal workshops and public consultation events. Officers and third sector partners told us community engagement has improved over recent years and that the council acknowledges different groups have different engagement needs ([Case study 4](#)).

126. Aberdeen's citizen' panel, City Voice, is regularly contacted for its views on specific initiatives, including the refresh of the LOIP and the review of the Local Development Plan (LDP). In 2018, the Place Standard framework was used with members of City Voice and the council's planning team to gather views on 'How good is our place' to inform the development of the Local Development Plan. This led to the council increasing its focus on sustainable development at a community level. It also identified that young people, who would be most impacted by the plan, found the planning documents challenging to understand. As a result of the consultation, the council included the UN Sustainable Development Goals as an indicator to measure progress over time and committed to producing a 'child friendly' version of the LDP explaining the expected outcomes ([paragraph 27](#)).

The council has recently applied to become Scotland's first UNICEF Child Friendly City. Awarded in recognition of a commitment to improving the lives of children, the council conducted a survey as part of its ongoing application.

The survey aims to support the application, but also be used as a starting point for co-designing services with children and will inform future council and CPP plans and engagement.

Case study 4

Northfield: Involving the community in redesigning the senior phase for local pupils

Northfield is a priority neighbourhood within Aberdeen's North Locality and has a range of community facilities including Northfield Academy, a community centre, an outdoor sports centre and other sports pitches and parks. The Northfield Partnership Group Board (NTPLP) has overall responsibility for co-ordinating improvement initiatives. Membership of the NTPLP includes representatives from the community (four) and the community centre representatives and (two) plus one community project representative.

The 2017-27 Locality Plan for the area identifies lower educational attainment as an issue for attention. Improvement outcomes include an increase the number of school leavers going on to further education, training or employment.

The CPP's development of a Senior Phase to maximise opportunities for young people aims to create a needs-led model for curricular planning, with the aspirations and needs of children and young

people at its centre. Working with community partners is seen as key to realising this ambition. Northfield was identified as a suitable pilot neighbourhood. The project involves Northfield Academy working. The CPP identified Northfield as a suitable pilot neighbourhood for the curricular redesign given the current attainment levels and destinations of Northfield pupils once they had left school. It was felt the young people needed a different approach to the traditional offer and the Academy was ready to transform the curriculum to better meet the needs of the community. The project will work with the community to identify and design a more appropriate senior phase curriculum.

The Multi-Agency Transformation Management Group is intended to provide strategic leadership to the project. Close collaboration with other key agencies is recognised as key and they have committed to providing strategic leadership through a project board which will include membership from a range of key partners (including a community representatives). The Integrated Children's Services Attainment and Transitions Improvement Group will provide operational leadership and work with identified pilot communities in Northfield to establish a Local Operational Board whose membership will include local representation from the community, parents and carers, staff from the school, third sector partners and children's social work and health representatives. Governance arrangements will include updated terms of reference for both strategic and operational levels.

The success of the pilot will be measured against specified KPIs, following the local interrogation of the 2020 population needs assessment and analysis of local labour market information.

Source: Audit Scotland

Aspects of community empowerment, including community leasing of council assets and participatory budgeting, are well established

127. The council has a well-developed participatory budgeting approach called U-decide. In November 2018, the Council committed to allocating one per cent of revenue funding through its participatory budgeting approach by 2021. Since 2016, participatory budgeting has resulted in the council disbursing £7.1 million from general revenue, Housing Revenue Account funding and capital budgets to support local communities.
128. The Community Empowerment Act 2015 makes it easier for communities to take ownership of land and buildings, in a process known as asset transfer. In 2019/20, the council reviewed the provision and management arrangements of its 16 learning centres and 21 leased centres, and the related community groups who typically receive around £750,000 of council funding per annum between them. As part of the review, the council asked learning centre associations their views on Community Asset transfer. Two expressed interest in taking over ownership of their centre, one requested additional information and 18 advised they did not want to consider acquiring their centre.
129. Since 2015, the council has received five applications from groups seeking to either transfer ownership of assets, or to take advantage of the council's preferred approach of leasing assets, ensuring that the groups do not take on long-term liabilities. Three of these applications were successful, one unsuccessful and one has yet to be determined. Two of the successful applications have now resulted in the asset being leased to community groups, meaning that the council continues to be responsible for maintenance and some related services. The third successful application, for a transfer of ownership, was ultimately withdrawn by the group concerned.
130. The council operates a voluntary scheme which is open to a wider breadth of community groups than required by the Act and continues to process applications. Chief officers and external partners we spoke to consider that the review and approach to community leasing was largely positive and has led to stronger relationships between the council and community groups.

The council has a wide range of Arms-length External Organisations (ALEOs) it commissions services from, but Covid-19 has impacted their financial position

131. The council operates several ALEOs to deliver services on its behalf. The contribution these make to the council's outcomes, and therefore the LOIP, form part of the council's commissioning intentions and are set out within the annual Council Delivery Plan ([paragraphs 16 and 17](#)). ALEOs, as with all commissioned providers, are classified under Operations within the TOM ([paragraph 22](#)). The Strategic Commissioning Committee oversees the operation of the ALEOs, with each providing a standardised annual performance report to enable scrutiny of their activities and contribution to specified outcomes. The ALEO Assurance Hub monitors aspects of the operations of the ALEOs, focussing on risk management, financial management and governance, which is reported to the Audit, Risk and Scrutiny Committee twice yearly. In addition, an ALEO Strategic Partnership Group, which includes ALEO chief executives, and council finance, governance, and procurement officers, provides advice and support on issues such as strategic planning and resource sharing.

132. The council separates its ALEOs into tiers based on the level of control the council exerts over them and the funding they receive. Alongside the IJB and Grampian Valuation Joint Board, the Tier 1 ALEOs are the major ALEOs included within the council's group accounts plus Aberdeen Performing Arts (which is provided with funding of around £1 million). These are included within the council's budget. In 2021/22, the council increased their funding by around £2.8 million, almost entirely due to the Integration Joint Board's net allocation increasing by 2.9 per cent (£2.7 million). Bon Accord Care's funding is subject to contractual negotiations regarding the services it provides to the IJB.

133. Through service transformation plans, and the Strategic Partnership Group, the council's long-term aim is for the ALEOs to become less reliant on council funding. Covid-19 has, however, severely affected the ability of ALEOs running cultural and sports venues to generate user income, with a number reliant on council income, sponsorship and government funding in both 2019/20 and 2020/21. Therefore, the council maintained its funding of ALEOs at the same level as in 2019/20.

The council's Tier 1 ALEOs are:

Sport Aberdeen

Aberdeen Sports Village

Bon Accord Care (funded through the IJB)

Aberdeen Performing Arts

The IJB refreshed its strategic plan in 2019 and is now reducing the number of localities

134. The Aberdeen City Integration Joint Board (IJB) refreshed its strategic plan 2019-22, delivered on its behalf by the Aberdeen Health and Social Care Partnership (AHSCP). It clearly identifies how the council, third sector and private sector providers are expected to work together, and links to the LOIP, NHS Grampian's Clinical Strategy, and the council's Local Housing Strategy.

135. Actions set out in the strategic plan are explicitly linked to the 'People' and 'Place' themes and outcomes of the LOIP (and AOF). The IJB monitors its performance against 66 indicators under five strategic aims, including specific indicators related to prevention, personalisation, and communities. An online Strategic Plan Dashboard is updated monthly to allow ongoing monitoring of performance in real time.

136. The IJB and CPP Board approved new arrangements for locality planning in December 2020 ([paragraph 118](#)). The IJB worked with the council's community planning team to develop Locality Empowerment Groups and align operational teams to the new localities. The IJB's aim is for the next strategic plan to be co-produced with communities and reflect local needs. There is an agreed timetable for the IJB to approve its next strategic plan in March 2022.

The IJB's performance has been mixed, but integration and the shared services agenda continue to progress

137. As well as its local outcomes, the IJB also regularly reports its performance against 19 national satisfaction and performance indicators (in its annual reports):

- Consistent with national trends, performance has been declining in most of the nine satisfaction indicators. Between 2013/14 and 2017/18 (the most up to date available), Aberdeen improved in one and maintained performance in two but saw declining performance in six indicators. Aberdeen has performed better than the national average in seven of the nine indicators.
- Performance against the ten indicators that are used to demonstrate the shift in the balance of care has been mixed. The most recent report shows that, between 2016/17 and 2019/20, the IJB improved its performance in four, and maintained performance against two, but saw declining performance against four indicators. Performance, however, was above the Scottish average in six of the ten indicators.

138. Despite the challenges faced by the IJB, there is a clear strategic direction and a commitment from council to continue to develop the range of services delivered while moving to resource transfers and pooled budgeting. Councillors and senior NHS partners expressed the opinion that integration of services within the Aberdeen City area is more developed than elsewhere. This is supported by results from the 2019 self-evaluation of progress with integration the AHSCP undertook at the request of the Ministerial Strategic Group. Of the 25 self-assessed criteria, ten were classed as exemplary, nine as established and three as part established. None were assessed as 'yet to be established', while responsibility for three did not lie with the AHSCP. An appropriate action plan, now largely completed, was put in place to address areas requiring development.

139. Several shared services involving both council and NHS staff are now in place, including mental health and learning disability services, sexual health services and, most recently, the establishment of the frail elderly pathway. The pathway is moving service delivery from the current medical model to one based on care being delivered at home or in community settings. It is one of the first resource transfer initiatives undertaken by the council and NHS Grampian on behalf of the IJB. ACHSCP has already been successful in moving care into community-based settings by facilitating early supported discharges and care at home services.

140. On 23 March 2021, the council and ACHSCP published phase one of its Care for People Covid-19 Response Plan. The plan included four workstreams; identify, assess, connect and deliver, as well as the actions required to support those most in need during the pandemic.

141. Partnership working between the council and AH&SCP has been strengthened and expanded through the work of Aberdeen Together. Aberdeen Together is the name of a group which formed in March 2020 to help ensure a coordinated response to the Covid-19 pandemic in the care for individuals, families, friends and communities across Aberdeen. It has been agreed that the group has a remit beyond the initial response to the pandemic to progress shared priorities for longer term transformation. The Aberdeen Together Plan aims to achieve a more integrated approach between council and ACHSCP across four transformation workstreams.

Despite the pressures related to Covid-19, the financial position of the IJB has improved

142. The IJB had already identified the need to transform how services are delivered prior to Covid-19, because of demographic changes, increasing needs, and funding constraints and cost pressures faced by the two partners. Each partner has their own internal transformation programme aiming to deliver annual savings and, as funding from partners is the IJB's sole source of recurring funding, these savings targets are naturally reflected within the IJB budget.
143. The IJB has its own ongoing transformation programme, which was updated in line with the Strategic Plan in 2019. This is reflected within its five-year medium-term financial strategy, which is revised annually. Wider efficiency savings have been identified as part of the plan, acknowledging that transformational savings will take longer to realise. These measures include service redesign, medicines management and reviewing service and pricing policies.
144. The annual revision of its five-year medium-term financial framework helps the IJB plan for future pressures. However, the IJB did not achieve its 2019/20 savings target, requiring use of its reserves. The IJB expects that additional Scottish Government funding allocations in 2020/21, allocated for Covid-19 related cost and service pressures, will likely allow it to replenish its reserve levels. But the 2021/22 iteration of the medium-term financial framework identifies that further savings will be required to meet a budget shortfall of £60 million over a seven-year period. Unless these savings are found, the IJB faces challenges to remain financially sustainable in the longer term.

Part 5

Is the council demonstrating continuous improvement?



The council needs to sustain the positive progress it has made, but also increase the pace of improvement across its core services. The council recognises this and has a clear understanding of its priorities.

There is a strategic approach to continuous improvement and a large volume of improvement activity taking place, across both the council and the CPP.

Through its transformation programme, the council continues to develop its digital approach and consult with residents as it redesigns services.

The council has undergone a period of significant transformation since its last Best Value report, addressing previous findings as part of this

145. The council has undergone significant changes since the last Best Value report in 2015, through the adoption of the TOM and digital strategy as part of its wider transformation programme. The council has addressed key findings around vision and strategic direction, and performance management and scrutiny over the last six years. It has implemented organisational and cultural changes, and undergone significant staff reductions, but has also continued to demonstrate sound financial management while realising ambitious savings targets ([Exhibit 14](#)).

Exhibit 14

Comparison of Best Value judgements

A comparison of Controller of Audit judgements from 2015 and 2021.

Controller of Audit judgement 2015	Controller of Audit Judgement 2021
<p>Leadership and working relationships</p> <p>The council leader and chief executive work effectively together and have encouraged improved cross-party working and relationships. However, relationships between elected members can be challenging at times. The council should consider introducing further guidance for elected members and officers.</p>	<p>The chief executive and CMT have provided clear leadership to the council and CPP during a period of significant transformation.</p> <p>The administration has worked closely with officers to deliver this transformation, providing direction, support and oversight.</p> <p>The political composition of the council has led to tensions between the administration and opposition, limiting effective cross party working, but elected members feel well supported and the council has introduced a Member Officer Relations Protocol.</p>
<p>Vision and strategic direction</p> <p>The council has an agreed vision, but it is not supported by a clear set of objectives and targets. The council needs to update its corporate planning framework to reflect shifts in corporate priorities and objectives. The council has a strong focus on developing infrastructure for the city. The chief executive is developing a corporate programme focused on improving customer experience, staff experience and use of its resources.</p>	<p>The council has demonstrated that it has fully embedded the LOIP vision into its strategic planning framework, successfully progressed how it works with partners, including integrating shared service delivery, and focused on digitalisation as a means of transforming how it delivers services.</p> <p>A significant transformation programme has resulted in changes to both organisational and governance structures. The introduction of the TOM has resulted in the council moving away from traditional service-based directorates to a corporate structure based on capabilities.</p>
<p>Performance management and scrutiny</p> <p>The council has more to do to create a culture of effective performance management and improvement. It has areas of good practice that it can build on. It needs to put in place more consistent performance reporting for all services and implement its proposals for governing arm's-length external organisations (ALEOs).</p>	<p>The introduction of the council's new Performance Management Framework in 2019 provides a more structured approach to performance reporting.</p> <p>Progress in use of real time data and monitoring performance against the Aberdeen Outcomes Framework (AOF) means the council is well placed to monitor its performance, and changes in demand, but needs to report overall progress more clearly against its priorities.</p> <p>The ALEO Assurance Hub monitors aspects of the operation of the ALEOs, focussing on risk management, financial management and governance, which is reported to the Audit, Risk and Scrutiny Committee twice yearly.</p>
<p>Financial management and organisational improvement</p> <p>The council has established a record of sound financial planning and management. This is a good foundation for delivering its next five-year business plan. It must manage its priorities carefully to ensure it is able to deliver these against a backdrop of continuing change and workforce pressures.</p>	<p>The council has a robust approach to budgeting which is linked to the delivery of strategic priorities and well-established controls overall financial management and monitoring.</p> <p>The council's workforce strategy links to the LOIP, and to council outcomes, ensuring there is a focus on how the workforce and individuals are contributing to these.</p>

The council has shown a commitment to continuous improvement and self-evaluation

146. The council uses a range of tools to monitor performance and identify areas for improvement, primarily at service level. These include LGBF analysis, service reviews and a move towards the use of real time monitoring of data. The council undertakes service improvement activity mainly in response to underperformance, or through savings or transformation initiatives identified as part of its annual commissioning and budgeting cycle. Since its last Best Value report, and alongside the transformation programme, the council has identified a wide range of improvement projects ([paragraphs 62 and 63](#)).
147. The council uses self-assessment effectively to inform its plans and this is now well embedded within the annual planning cycle. The council internally, and as members of the CPP, has adopted the Scottish Government and Institute of Health Improvement (IHI) Model for Improvement. The CMT and senior staff oversee improvement projects through the Performance Management Board ([paragraph 35](#)) and elected members receive reports on progress as part of wider committee reporting arrangements.
148. The council also has a commitment to carrying out post project reviews to learn lessons and inform future activity. Despite the success of managing its overall capital programme, and large complex projects within it ([Case study 2](#)), there is a need to ensure such reviews are consistently carried out. Covid-19 has delayed the beginning, completion and opening of some recent developments but formal post project reviews should be timeously carried out for all major projects.
149. As well as internally focused self-assessment, the council demonstrates an openness to using external benchmarking data and a willingness to undergo external scrutiny. This has involved traditional public sector comparators, for example LGBF, APSE and CIPFA benchmarking and accreditation, but also a willingness to look for international and private sector organisations to benchmark against.

The council recognises that future improvement activity may need to focus on mitigating the impacts of Covid-19

150. The development of the extensive set of indicators in the Aberdeen Outcomes Framework and Council Delivery Plan has enabled greater scrutiny of service indicators by elected members and the public. There is evidence of recent progress in some service areas, for example across some internal corporate service indicators and waste and recycling services, as well as progress against a range of economic indicators. Despite this, historic performance issues persist across a range of services ([Part 2](#)).
151. The council has innovative ideas, and there is a large volume of improvement activity taking place, but much of this has still to lead to consistent improvements in performance. The LOIP set out an ambitious vision for the area but some priorities and outcomes, for example its aspirations to tackle poverty and inequality, will now prove even more challenging because of Covid-19 and its impact on people and the economy. The council recognises its pace of improvement needs to accelerate if some priorities are to be delivered. To respond to ongoing challenges, the council's improvement activity needs to become more focused, and clearly targeted to mitigate the short-term impacts that will adversely impact the CPP's longer-term vision for the area.

The council has committed to a further period of transformation, building on the principles and capabilities of the TOM, to meet future financial challenges

152. In March 2021, to support the 2021/22 budget documents and revised Medium-Term Financial Strategy (MTFS), the council prepared the blueprint for the next phase of their ongoing transformation programme. The council forecasts significant funding gaps over the next five to seven-year period, even

after service redesign proposals that are expected to lead to £26 million of annual recurring savings ([paragraphs 90-93](#)).

153. The next phase of the transformation programme sets out its objectives and how the council intends to deliver them. It aims to support the broader service redesign, with digital as an enabler, that will be required to deliver the final set of savings under the original five year plan (2022/23), and to identify the savings required for the next five years from 2023/24 to 2027/28 as set out in the MTFS. The revised objectives are:

- To embed changes introduced throughout the Covid-19 pandemic, within the council and how it works with partners (including through the Multi-Agency Transformation Management Group).
- To further embed the design principles and organisational capabilities into the council's operating model.
- To continue to reshape the organisational culture.
- To deliver a refreshed digital strategy, reflecting the anticipated technologies available across the next seven years.
- To deliver the required financial benefits outlined in the MTFS of £131 million by 2027/28.

The council is continuing to engage with communities as it enters a further period of transformation

154. As well as the stakeholder consultation undertaken as part, and on behalf, of the CPP, the council has consistently looked to involve residents in shaping council services, including within service areas where improvement action has been identified. For example, the council has identified areas for improvement in housing but are addressing it and tackling homelessness ([paragraphs 77 and 78](#)). In addition to launching the Aberdeen Citywide Youth Housing Network in September 2020 to hear the views of young people, the council is reviewing its Tenants and Resident Participation Strategy 2018-21. This has received several external awards for its approach and the review plans to take a locality approach, linking with both locality networks and maintaining a citywide approach.

155. As the council continues its ongoing transformation programme, and move to digital service delivery, it is continuing to consult with a wide range of stakeholders. The council has engaged with communities as part of the ongoing LOIP refresh and has a well embedded consultation approach.

Engagement with customers and stakeholders:

In addition to Public Performance Reporting and the CPP engagement noted.... the Council engages with customers and stakeholders in a variety of ways:

Citizens Space: online portal for consultations, through which c.14,000 responses were received in the 18 months to 31 May 2018. City Voice: the Citizens Panel managed by the Council on behalf of the CPP. The CPP's Civic Forum: bringing together Community Councils, Communities of Interest and other Community Groups. Community Council Forum: supporting community councils across Aberdeen. Community Engagement Group: bringing together several group from across the CPA partnership.

In January 2019 the Strategic Commissioning Committee considered a report which set out the findings of a review of the Council's approach to Customer and Community Engagement. Key developments which are being taken forward are: a better link between Service Delivery Plans and CPA engagement; monitoring of customer and community engagement through the new Performance Management Framework; and findings from the review are to be embedded into the Council's transformation project for civic leadership.

The council considers equalities across its work, both when engaging with hard to reach communities and its own workforce

156. Equalities considerations are a clear focus within the LOIP and reflected in a number of the outcomes monitored via the AOF. Auditors assessed the council's commitment to equal opportunities as part of the wider dimension audit work included in the 2019/20 annual audit. This established that the council had undertaken work to understand its diverse communities; set equalities KPIs that were being monitored and reported appropriately; were establishing an Equality Ambassador Network (EAN) of staff to act as contacts on equality and diversity issues and to share information across the organisation; and ensured that equalities had been considered across all services in the organisational change and development of the TOM. The council was also found to undertake an equalities impact assessment for all budget options, consulting with Unions, Priority groups and the Equality Ambassador Network as part of this. The council carried out an equalities impact and risks assessment related to Covid-19 and, as part of our wider Best Value work, provided evidence of direct engagement with hard to reach communities.

Equal Opportunities:

The council has integrated Equal Opportunities into its practices and policies, it is trying to be forward looking in methods and ways to communicate to hard to reach communities. The council is committed to make decisions that do not impact negatively on diverse communities through equalities impact assessments, clearly demonstrated by the assessment of Covid19 on various communities It has set performance indicators and is measuring achievement and continues to further develop plans with future actions. It is clear that the Council is acting as a leader in the region on Equal Opportunities. The council is an equal opportunities employer.

Source: Aberdeen City Council Annual Audit Report 2019/20, KPMG

Recommendations



To help them carry out their Best Value responsibilities, elected members should:

- look to build upon the broad consensus relating to the council and LOIP vision and priorities to explore the potential for creating more opportunities for cross party working (paragraph 41)
- take advantage of the learning and development opportunities provided by the council (paragraph 46)

To supplement current council and CPP performance reports, and aid public understanding and scrutiny, the council should produce an annual performance report more clearly reporting the longer-term progress made in improving outcomes. This should include a high-level multi-year trend summary of performance against priority indicators and supporting narrative (paragraph 53).

The council should ensure that its longer-term financial plan is regularly reviewed (paragraph 86) and that it continues to develop how it reports aspects of the complex capital programme within their accounts (paragraph 95).

The council should carry out post project reviews of major projects, including capital developments, to ensure lessons can be learned timeously and applied to future projects (Case Study 2 and paragraph 148)

In order to fulfil its duties under the Community Empowerment Act 2015, the council should continue to consult with communities and articulate how it intends to meet its target to allocate one per cent of revenue funding through participatory budgeting (paragraph 127)

The council should review of the number and focus of their improvement projects to:

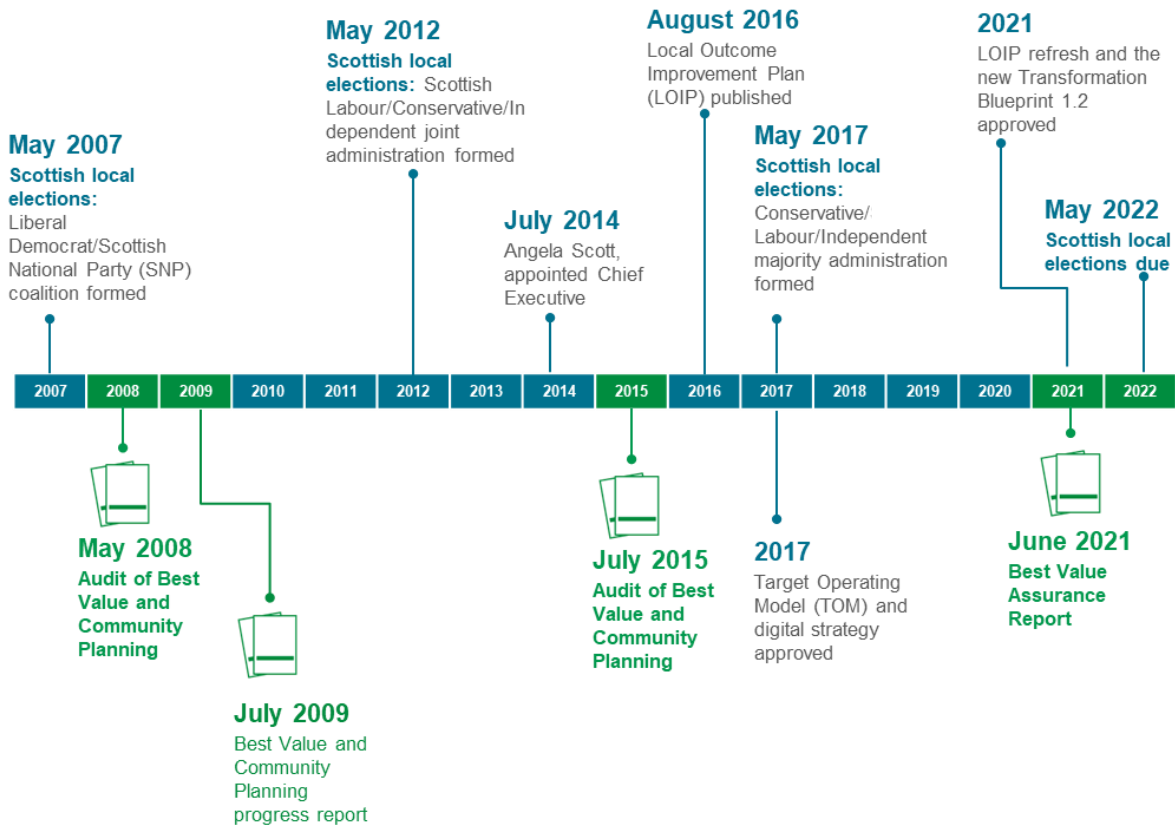
- focus on improving core services areas that support the longer-term ambitions of the LOIP;
 - reflect the views of residents; and
 - respond to short-term priority responses to Covid-19 (paragraphs 70 and 151)
-

Appendix 1

Best Value audit timeline



The council's recent history



Aberdeen City Council

Best Value Assurance Report

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

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What is it?

Aberdeen City Council's digital transformation allowed it to respond well to the challenges of the covid-19 pandemic [source: Aberdeen City Council BVAR 2021]

Who is involved?

Aberdeen City Council, working closely with its business partner.

What did they do?

In 2016, the council approved its digital strategy 'Being digital', 'to change how we do business to meet outcomes and customer's expectations through digital solutions'. The strategy focuses on three areas: improving customer services, improving staff experience and improving how resources are used. It is underpinned by six design principles:

- Design services with our customers at the centre
- Present easy to use, integrated and standard interfaces
- Build services, not just websites
- Hold information once and securely
- Use data well
- Make sure the foundations work

In 2019, the council began working with a business partner to maximise how it uses digital technology to improve services.

The council, working closely with its business partner, has substantially delivered on its digital strategy: For example:

- paper-based processes have largely been digitised and customers can now access more services online
- new cloud-based systems have been procured to allow more mobile working and greater use of real time data
- a peer learning model has been adopted with over 500 digital champions, and a number of service specific super champions, supporting employees to learn to use new technologies.
- a chatbot, AB1, has been developed to provide instant online responses to customer and staff queries. Queries related to bin collections, council tax, education or annual leave and payroll are now routed through AB1.
- Robotic Process Automation (RPA) has been implemented in several service areas, including education, finance and social care to remove routine tasks, releasing capacity for staff to support front-line. In Education services the equivalent of 14 FTE teacher's worth of administration was removed.

**What went well and what were the challenges?**

- **LEADERSHIP:** Clear vision. Commitment from leadership to embedding the cultural changes associated with changing working practices. The council strengthened its digital leadership and direction to focus on communicating changes to staff, with staff surveys suggesting this has been effectively achieved.
- **DIGITAL WORKFORCE:** Large digital champions network in place to support staff. The council invested in digital leadership for its managers and engaged the workforce to understand their needs to improve adoption of technology. Staff trained by business partner to manage chatbot.
- **TECHNOLOGY AND DATA:** Decommissioned legacy systems and moved applications and data to cloud-based systems. Better use and sharing of data. Developed data sharing principles
- **COLLABORATION:** Established good working relationships with partners as well as knowledge transfer
- **INNOVATION:** the first Scottish council to develop chatbots to automate initial customer and staff queries

- digital initiatives and efficiencies have underpinned many of the £125 million savings delivered so far in the council's wider transformation programme.

The progress made in adopting digital practices and the investment in cloud-based systems and devices for staff, meant that the council was well prepared to respond to the covid-19 pandemic. Within days, staff were working from home to keep essential services running and there was rapid update of video conferencing and messaging apps like Microsoft Teams. The council updated its chatbot AB1 to respond to high demand - approximately 200 individual queries per day - for covid-19 information and it successfully responded to over 80 per cent of customer enquiries. The progress made against the digital strategy has also been beneficial for partnership working during the pandemic. There is now greater sharing of data between Community Planning Partners and work is ongoing to further develop collaborative datasets to inform how services can be targeted to meet demand and customer requirements.

MEETING: 10 JUNE 2021

REPORT BY: SECRETARY TO THE COMMISSION

UPDATE REPORT

Introduction

1. The purpose of this report is to provide an update to the Commission on significant recent activity relating to local government, including issues relating to the Covid-19 pandemic.
2. The Commission receives regular information to complement this report, which is available through the [members' SharePoint site](#). This includes:
 - The Controller of Audit report to the Commission, updating the Commission on his activity.
 - An update on issues relating to local government which is considered by the Commission's Financial Audit and Assurance Committee.
 - A weekly news coverage briefing provided to the Commission by Audit Scotland's Communication Team.

Commission business

Publications

3. Audit Scotland collects media coverage on all the reports published by the Accounts Commission. [Appendix 1](#) provides download statistics for the Commission's published reports over the last 12 months. [Appendix 2](#) provides additional information on the overall engagement that reports, and other business, have received on social media.
4. On 11 May the Commission [announced](#) its collaboration with the [Improvement Service](#). Councillor Alison Evison, Chair of the Improvement Service board, said: "I welcome this alliance, which builds on the existing strong relationship between the Improvement Service and the Accounts Commission. Local Government and the communities it serves face unprecedented challenges as we recover from the Covid-19 pandemic. By capitalising on our complementary strengths, skills, knowledge and experience, we will accelerate the transformation and improvement of council services for the benefit of all citizens."
5. On 19 May, at the request of the Interim Chair, Audit Scotland communications team provided a summary of media coverage and report downloads for the Accounts Commission and Auditor General's recent performance audit report on [improving outcomes for young people through school education](#). This summary is saved on the [members SharePoint site](#). Key points include:
 - In the weeks since publication, the report has featured in 86 pieces of media coverage. This is the joint-most coverage of any Commission, Auditor General or joint report in the past three years (with this year's NHS Overview also featuring in 86 items of coverage).
 - The report had a social media reach of 45,000 in the days immediately following publication. This includes 4,200 views of the two videos on the website, including

2,366 views of the Auditor General's video, making this the second-best performing video ever.

- In terms of report downloads, the figure of 1,983 downloads (in the period of one week up to 31 March) makes it the fourth-best monthly performance in the last three financial years and compares with an average of about 560 downloads per month for the top 20 reports each month.
6. On 19 May Commission member Geraldine Wooley [published](#) a blog on working towards a more equal society in Scotland. Geraldine highlights the disproportionate impact of the pandemic on certain groups, recognises the challenges faced by the public sector, welcomes the Commission's commitment to focus on equality, and underlines the importance of the user-voice in understanding the effectiveness of services.
 7. On 24 May Elma Murray, Interim Chair, [published](#) a blog on auditing to support public service recovery. Elma highlights the Commission's [work programme for 2021/22](#) and writes that is designed to be agile, enabling the Commission to respond quickly to changing circumstances, to be innovative, by harnessing new ideas and using new technology. Elma sets out key features of the Commission's upcoming work, which include, amongst others, following the pandemic pound.
 8. On 27 May the Commission [published](#) its overview report Local government in Scotland 2021. The report found that Scotland's councils reacted quickly, working alongside communities and partners, to address the unprecedented challenges created by Covid-19. Many challenges remain significant, made more urgent by the multiple impacts of Covid-19 on communities and services. On 27 May Commission member Stephen Moore [blogged](#) about the findings of the report and underlined the need for a collective pandemic recovery response, to protect and support the people and communities who most depend on council services.
 9. Initial figures for the Commission's overview report are very positive (at the time of writing, the day after publication date). There are strong levels of engagement and key stakeholders (COSLA, the Improvement Service, councils, and senior local government figures) have interacted with content. Vlogs by Commission member [Sophie Flemig](#) and Interim Deputy Chair [Tim McKay](#) as well as Stephen's blog (referenced above) have been promoted. Social media statistics for the first 24 hours following publication are as follows:
 - Total views – 31,008 (30,600 on the Commission's Twitter, 63 on Facebook and 345 on LinkedIn)
 - Total likes, shares or comments (engagement) – (564 on the Commission's Twitter, 0 on Facebook and 29 on LinkedIn)
 - Total engagement rate (per platform): Twitter – 1.8%, Facebook – n/a, LinkedIn – 4.9%
 - Video views – 347 (Sophie – 99; Tim – 248)
 - Views of Stephen's blog – 30.
 10. On 27 May COSLA [responded](#) to the Commission's overview report. Councillor Gail Macgregor, COSLA's Resources Spokesperson said that she was delighted with the recognition for councils and of the need for them to have long term financial certainty.
 11. Over the past month the Commission also promoted blogs from Elma and Geraldine (referenced above) as well as the May meeting review [vlog](#) by Commission member Sheila Gunn, which has been viewed over 300 times. The Commission also [repromoted](#) work from earlier in the year, including the [Digital progress in local](#)

[government](#) performance audit report on the back of a Digital Office for Scottish Local Government session which was promoted on social media.

Other Commission business

12. The Secretary of State for Business, Energy and Industrial Strategy (BEIS) has issued a [consultation paper](#) that proposes a package of measures aimed at improving the UK's audit, corporate reporting and corporate governance systems in the private sector. The proposed measures are in response to the recommendations made by the following independent reviews, all of which have been reported previously to the Commission:
 - Sir John Kingman's Independent Review of the Financial Reporting Council (FRC).
 - The Competition and Market Authority (CMA)'s Statutory Audit Services Market Study.
 - Sir Donald Brydon's Independent Review of the Quality and Effectiveness of Audit.

At its recent meeting, the Commission's Financial Audit and Assurance Committee agreed to recommend to the Commission that it delegate to the Interim Chair, Interim Deputy Chair and past FAA Committee Chair to agree the terms of a response to the consultation. This will be provided to members in due course.

13. On 25 May the Commission [published](#) its joint work programme with the Auditor General for Scotland and Audit Scotland, setting out planned audit work for 2021/22.
14. Members are asked to note that, in agreement between report sponsors Andrew Burns and Andrew Cowie and the report team, the Housing Benefit thematic study will be submitted to the Commission for consideration at its meeting on 12 August, rather than 10 June as originally planned. This rescheduling is due to delays in receiving data from councils and subsequent analysis.
15. Members are asked to review the members' communications schedule on the [members' SharePoint site](#). This includes a list of planned publications and communication activities for the year, along with indicative roles for members in promotion and engagement activities. This document is live and is updated monthly, following discussion with the Interim Chair and Audit Scotland's work programme and communications teams. Members are asked to share their thoughts on the schedule, as well as any suggestions for further communications items either by commenting in the [Teams discussion](#), or directly to the [schedule](#).
16. Answers to members' questions on the May Secretary update report can be found on the [members' SharePoint site](#). Data on trends in library closures has been requested from the Chartered Institute of Public Finance and Accountability and will be shared with members upon receipt.

Auditor General

17. On 20 May Stephen Boyle, Auditor General [published](#) a blog on Scotland's colleges. The blog highlights that the full financial effects of Covid-19 were not felt during academic year 2019-20 and responding to the longer-term impact of Covid-19 will require change in the college sector.

Audit Scotland

18. On 21 May Audit Scotland [announced](#) that it has been named one of Scotland's best

companies to work for. Audit Scotland has reached 36th place across Scotland in Best Companies list, as well as being named the UK's fourth best accountancy workplace.

19. On 19 May Audit Scotland highlighted that, following negotiations with PCS, a pay award will be implemented in May's salaries. Key points of the award include, amongst others, pay increases for all colleagues (2 per cent for band 1, and one per cent for bands 2 and 3) and an extension of the commitment to no compulsory redundancies.
20. On 25 May Dr Bernadette Milligan, Audit Manager [published](#) a blog entitled "Cybercrime: A serious risk to Scotland's public sector", highlighting recent cyber-attacks at SEPA and the University of the Highlands and Islands. The blog includes a list of questions for staff and board members and signposts key resources to improve cyber-resilience.
21. On 1 July Audit Scotland will publish its annual fraud and irregularity report 2020/21. Audit Scotland plays an important role in deterring and detecting fraud in public bodies, and in helping organisations prevent the loss of public money through mistakes. Part of its counter-fraud work involves sharing examples of where fraud has been identified in public bodies. Audit Scotland shares this information anonymously through quarterly technical bulletins and a summary report after the year end. The purpose is to share information about cases where internal control weaknesses have led to fraud and irregularities. This will allow audited bodies to review their arrangements to help prevent similar circumstances happening again. The report will be shared with Commission members.

Issues affecting local government

Scottish Government

22. Given that Covid-19 has resulted in a significant number of matters originating from the Scottish Government, this section is divided, for ease of reference, into the following sub-sections:
 - Local government general
 - Economy
 - Health and social care
 - Education
 - Transport
 - Communities
 - Covid-19 measures
 - Other matters

Local government general

23. On 11 May the Scottish Government [published](#) management information provided by local authorities relating to support to isolate and support for people during the Covid-19 pandemic.
24. On 25 May the Scottish Government [published](#) figures on the number of Council Tax Reduction (CTR) recipients and the income foregone for all local authorities from April 2013 to March 2021.
25. On 25 May the Scottish Government [published](#) information on Discretionary Housing Payments (DHPs) in Scotland in 2020 to 2021.

26. On 26 May the First Minister [delivered](#) a statement setting out the priorities of government. Priorities relating to local government including, amongst others:
- providing local authorities with the first instalment of the expanded £1 billion Scottish Attainment Fund
 - funding councils for the first phase of the commitment to recruit 3,500 more teachers and classroom assistants
 - working to ensure that all children have access to a laptop or tablet, and taking steps to remove charges for core curriculum activities, and for music and arts education – including instrumental music tuition
 - making free breakfasts and lunches available to all primary 4 children in Scotland – as the next step towards extending them to all primary school children, all year round
 - raising the age at which people become liable for council tax from 18 to 22
 - working with councils, businesses and third sector organisations to improve local neighbourhoods, including legislation to support Community Wealth Building, and steps to ensure more local procurement
 - working with local authorities to resume low emission zones in cities.

Economy

27. On 5 May the Scottish Government [published](#) GDP Quarterly National Accounts for 2020 Quarter 4. Scotland's GDP is estimated to have grown by 2.3 per cent during 2020 Quarter 4, revised up from the first estimate of 2.0 per cent published in March.
28. On 21 May the Scottish Government [published](#) a letter from Mairi Gougeon, Cabinet Secretary for Rural Affairs to Liz Truss, Secretary of State for International Trade raising concerns about the impact on Scottish farmers of the proposed UK-Australia free trade agreement. She noted increased importation ran contrary to the Scottish Government's policy position that trade should support progress to net-zero.
29. On 25 May the Scottish Government [highlighted](#) mobile coverage in some of the most rural parts of Scotland will be improved with an additional £3.75 million investment. A further nine masts are earmarked for the Scottish Borders, Highlands, Angus, and island communities, along with three to replace masts removed earlier this year.
30. On 25 May the Scottish Government [published](#) results from the Scottish Employer Skills Survey 2020.
31. On 26 May the Scottish Government [published](#) monthly GDP estimates for March.

Health and social care

32. On 14 May the Scottish Government [announced](#) that the 4 per cent pay deal offer for NHS staff will be implemented immediately after the majority of NHS unions have voted to accept it. The GMB union and the RCN rejected the offer.
33. On 15 May the Scottish Government [highlighted](#) that the vaccination programme has delivered first doses of the coronavirus (Covid-19) vaccine to more than three million people – 66.6 per cent of the adult population.
34. On 19 May Food Standards Scotland (FSS) [published](#) its strategic ambitions for the coming five years as it sets out its aim to place a renewed emphasis on improving the Scottish diet and tackling associated negative health outcomes.

35. On 24 May the Scottish Government [highlighted](#) the launch of an online self-referral service, where 18-29 year-olds can register for a vaccination appointment.
36. On 28 May the Scottish Government [highlighted](#) that four separate funds – worth a total of £18 million – to support improvements to drugs services are open for applications from not-for-profit organisations working in the drugs sector, including Integration Authorities, Alcohol and Drug Partnerships, third sector organisations, and grassroots/ community organisations.

Education

37. On 5 May the Scottish Government [published](#) the third annual report on progress of the Science, Technology, Engineering and Mathematic (STEM) education and training strategy. On 13 May the Scottish Government [published](#) the STEM Bursary Equality Impact Assessment 2021.
38. On 21 May the Scottish Government [published](#) guidance to help schools plan how they will most effectively spend their Pupil Equity Funding allocation.

Transport

39. On 24 May Transport Scotland [launched](#) a consultation on seeking views on the impact on island communities of the introduction of free bus travel throughout Scotland for those under age 22. The consultation closes on 21 June.

Communities

40. On 9 May the Scottish Government [published](#) a form to be filled out by community bodies to re-register a community interest in land.

Covid-19 measures

41. On 14 May the Scottish Government [confirmed](#) Glasgow and Moray will remain under Level 3 restrictions, with additional support for business, and travel in and out of these areas will be limited to essential purposes. All other mainland health boards moved into Level 2 on 17 May, with some island communities moving straight to Level 1. On 21 May Scottish Government [provided](#) an update: Moray moves to Level 2 and Glasgow remains in Level 3 for at least another week. The Scottish Government also advised that, due to outbreaks of the April-02 variant in Bedford, Bolton, and Blackburn with Darwen, temporary travel restrictions will be in place between Scotland and these areas from Monday 24 May onwards. On 28 May a further update [provided](#) by the First Minister confirmed that Glasgow will move to Level 2 from 5 June as long as key indicators remain stable or fall. On 1 June, this was [confirmed](#), alongside 13 local authorities remaining in level 2, 15 moving to level 1 and three moving to level 0.
42. On 19 May the Scottish Government [launched](#) a vaccination status scheme for foreign travel. A vaccination status letter can be downloaded from the NHS Inform patient portal or - for those not online - requested in the post via a Freephone Covid Status Helpline.
43. On 22 May Scottish Government [highlighted](#) that, in response to the Covid-19 crisis in India, it has donated 100 oxygen concentrators and 40 continuous positive airway pressure (CPAP) ventilators.

Other matters

44. On 30 April Skills Development Scotland published its [Equality & Diversity Mainstreaming Report 2021-25](#) and [Equality Evidence Review](#). The reports found

evidence of persistent inequality across and within protected characteristics.

45. On 7 May the Scottish Government [published](#) the chief inspector's 2021-24 plan for HM Fire Service Inspectorate in Scotland (HMFSI). Audit Scotland, the Auditor General for Scotland, and the Accounts Commission are mentioned.
46. On 12 May the Scottish Government [highlighted](#) that an estimated 78,775 children have benefitted from the Scottish Child Payment since its launch. A total of 92 per cent of the applications received and processed have been approved, and payments started in February. Applications were received from people living in all 32 local authorities in Scotland, with the highest number of 17,330 from Glasgow City.
47. On 23 May it was [confirmed](#) that Lord Advocate James Wolffe QC and Solicitor General Alison Di Rollo QC would be stepping down from their roles. Both law officers have said they will continue in their roles until replacements are appointed.
48. On 25 May the Scottish Government [published](#) a letter from First Minister Nicola Sturgeon and her Welsh Counterpart Mark Drakeford to Prime Minister Boris Johnson calling for greater clarity and substance around a proposed four-nations Covid recovery summit scheduled for 27 May. On 26 May the BBC [reported](#) that the summit has been postponed. On 27 May the Chancellor of the Duchy of Lancaster Michael Gove [responded](#) to the letter from Nicola Sturgeon and Mark Drakeford.
49. On 26 May the Scottish Government [highlighted](#) that Scottish Ministers will enter structured talks with the Scottish Green Party, supported by the civil service, with a view to reaching a formal Co-operation Agreement.

Scottish Parliament

50. On 11 May SPICE [published](#) analysis of the election results. The analysis considers what patterns emerged from the election, the composition of the new parliament, and what the result means for both the next parliament and the formation of government.
51. On 12 May SPICE [published](#) a briefing on the key issues facing the next session of the Scottish Parliament, noting Covid-19, climate change, and the constitution are three of the most pressing concerns to be considered over the next five years.
52. On 13 May MSPs were [sworn in](#) on the first day of the new parliamentary session and MSPs [elected](#) Alison Johnstone as Presiding Officer (PO) of the Scottish Parliament. She was elected with 97 votes in favour to 28 votes against. There were two abstentions and one spoiled ballot. On 14 May Annabelle Ewing and Liam McArthur were [elected](#) as Deputy Presiding Officers (DPOs) for Session 6
53. On 18 May Nicola Sturgeon was [elected](#) First Minister of Scotland, with 64 votes in her favour. Willie Rennie and Douglas Ross also put forward their cases for First Minister, receiving 4 and 31 votes respectively. There were 28 abstentions.
54. On 18 May John Swinney was [reappointed](#) as Deputy First Minister and Cabinet Secretary for Covid Recovery and on 19 May the Scottish Government [announced](#) that the First Minister had completed appointments to her new ministerial team, consisting of 10 Cabinet Secretaries, including the First Minister, and supported by 15 Junior Ministers. Detailed listings of Cabinet Secretary and Ministerial responsibilities can be found [here](#). Appointments include, amongst others, Shirley-Anne Somerville MSP as Cabinet Secretary for Education and Skills, Shona Robison MSP as Cabinet Secretary for Social Justice, Housing and Local Government, Mairi Gougeon MSP as Cabinet Secretary for Rural Affairs and Islands. Supporting Shona Robison will be Christina McKelvie MSP, reappointed as the Minister for Equalities and Older People, and Ben Macpherson MSP, appointed as Minister for Social Security and Local Government.

55. On 24 May SPICE [published](#) a blog summarising the ten key risks for equalities identified by the Scottish Government including, amongst others, high and rising mental health problems made worse by Covid-19.
56. On 25 May Emma Harper MSP [lodged](#) a motion that Parliament notes the success of the Dumfries and Galloway Council participatory budgeting process, which allowed members of the community across the Nithsdale area of Dumfries and Galloway to determine which local causes were able to receive financial support from the Council.

Parliamentary committee news

57. The Parliament is currently in the process of establishing its committees for the new Parliamentary session.

Local government news

58. At its last meeting, I advised the Commission that I would provide further information on the European Charter of Local Government (Incorporation) (Scotland) Bill, which was passed unanimously in Parliament on 23 March:
 - On 18 March SPICE [published](#) a blog on the Bill, setting out that the Charter commits signatories to a set of basic rules which seek to uphold the political, administrative and financial independence of local authorities through legislation and, where applicable, constitution. It also sets out that the charter applies to councils or assemblies composed of members freely elected by secret ballot on the basis of direct, equal, universal suffrage.
 - On 23 March Cllr Alison Evison, COSLA President [issued](#) a statement advising that COSLA sees the incorporation of the European Charter of Local Self-Government into Scots Law as “a good day for democracy in Scotland, a good day for communities in Scotland, and a good day for local government”.
 - As reported in last month’s Secretary’s Report, on 12 April the UK Government [referred](#) the Bill to the Supreme Court.
59. On 3 May Cllr Paul Mack, Renfrewshire Council was disqualified by the Standards Commission for Scotland following a hearing, at which he was found to have behaved repeatedly in a manner which was harassing, threatening and offensive towards two other councillors, as well as to the Chief Executive and other officers. The [press release](#) and [written decision](#) have been saved to the members’ SharePoint site.
60. On 7 May Public Finance [reported](#) that South Lanarkshire Council has approved the transfer of £8 million to its capital programme, after receiving additional Covid-19 funding from the Scottish Government.
61. On 12 May BBC [reported](#) that the Scottish Qualifications Agency (SQA) wrote to schools about “very serious” incidents of students sharing details of assessments on social media.
62. On 12 May The Times Scotland [published](#) its annual school league table, ranking Scottish schools by the proportion of pupils that attain the “gold standard” of five Highers in 2020.
63. On 12 May the Guardian [reported](#) that “Scottish pupils face a “mental health crisis” due to lack of exam support”. Cameron Garrett, convener of the Scottish Youth Parliament’s education committee, called for the incoming education secretary to ensure that schools and local authorities were providing adequate mental health support to pupils.

64. On 13 May Holyrood [highlighted](#) the Digital Critical Friends programme, a partnership between tech sector body ScotlandIS, Developing the Young Workforce (DYW) Glasgow, and Glasgow City Council secondary schools. The programme matches computing teachers with people working in industry and aims to encourage more young people to take computer science.
65. On 13 May Connect, Scotland's largest independent parents' group, [wrote](#) to Fiona Robertson, Chief Executive, SQA challenging the fairness of the assessments which have replaced exams. Connect also warned schools are taking different approaches.
66. On 14 May the National Qualifications 2021 Group [released](#) a statement on the alternative certification model being used this year to determine SQA grades.
67. On 17 May Julie Welsh, Chief Executive, Scotland Excel [published](#) an associate feature in Holyrood highlighting Scotland Excel's procurement week. The free event will take place online from 7-11 June and includes a range of sessions on:
 - the climate emergency and sustainability;
 - community wealth building;
 - social care;
 - leadership in a post Covid-19 world; and
 - the people of tomorrow.
68. On 17 May the Herald [reported](#) that Lord Willie Haughey has revealed plans to spend more than £1 billion on building 11,000 homes in Scotland over the next nine years, aiming to tackle shortages and transform the housing market.
69. On 17 May Comhairle nan Eilean Siar [wrote](#) to the First Minister requesting the future of lifeline ferry services be prioritised. In the joint letter, Comhairle leader Cllr Roddie Mackay and chair of transportation & infrastructure Cllr Uisdean Robertson stressed the need for a new model which allows island representatives to inform the shape of future ferry networks, described it as "unacceptable" that a loss of confidence in the ability to travel was affecting hospitality and tourism businesses, and called for a meeting with the minister with responsibility for ferry services within days of the appointment being made.
70. Glasgow City Council [highlighted](#) that it has been allocated £120 million by the Scottish Government to help deliver new affordable housing in the city in partnership with the city's registered social landlords.
71. On 21 May Cllr John Alexander, leader of Dundee City Council, [welcomed](#) "two important milestones" as Eden Project [announced](#) it has signed a memorandum of understanding with the owners of its preferred site for Eden Project Dundee and released the first image of how it might look.
72. On 21 May Holyrood [reported](#) that National Records of Scotland (NRS) has been told it must release Covid-19 death figures for care homes after the Scottish Information Commissioner [ruled](#) that the information had been unlawfully withheld and the figures were in the public interest.
73. On 24 May Cllr Jacqueline Cameron, Convener for Renfrewshire Health Social Care Integration Joint Board [published](#) an associate feature in Holyrood on the mental health needs of people using alcohol and drugs.
74. On 26 May the Care Inspectorate [published](#) a statistical bulletin which includes data on deaths from Covid-19 in care services across Scotland.

75. On 26 May BBC [reported](#) that more than a quarter of Scotland's libraries are still closed a month after they were allowed to reopen and there is concern that some of the 123 public libraries across the country that remain locked will not return.
76. On 27 May City of Edinburgh Council [agreed](#) the allocation of £21 million in additional funding, including £500,000 for 20-minute neighbourhoods, £1.5 million for services for looked-after children, and £2.5 million funding for the Integration Joint Board.

Public policy news

77. Commission member Sophie Flemig has pointed members to the following areas of interest:
 - Carnegie UK Trust (CUKT) recently [highlighted](#) a podcast series – the courage to be kind – which explores the importance of kindness in care settings in Scotland across six short episodes.
 - Cattanach has [highlighted](#) a recent report, jointly commissioned with CUKT and Children in Scotland, entitled “Being Bold: Building Budgets for Children’s Wellbeing”, which sets out ideas for where Scotland can go further in the space of the budget process.
78. On 4 May the Scottish Trade Unions Congress (STUC) [warned](#) that the next Scottish Government will face trade union pressure to follow through on residential care reform.
79. On 4 May LocalGov [reported](#) that Scotland has some of the least local councils in Europe and is lagging behind England in terms of voter representation, according to research by the Electoral Reform Society (ERS). On 3 May ERS Scotland [highlighted a tool](#) that can be used to see how individual councils and wards compare to Europe in terms of local representation.
80. On 4 May Educational Institute of Scotland (EIS) [urged](#) political parties to deliver on promises to employ more teachers and cut class sizes to support education recovery.
81. On 4 May Homes for Scotland, the industry body representing 200 organisations across the Scottish home building sector, [highlighted](#) cross-party support for its manifesto call for the delivery of at least 25,000 new homes each year.
82. On 4 May the Fraser of Allander Institute [reported](#) that the Scottish economy grew by 0.9 per cent in February while UK GDP grew by 0.4 per cent over the same period.
83. On 6 May the LSE-*Lancet* Commission [published](#) a report on the future of the NHS, describing the current time as a historic opportunity to strengthen the NHS and improve health and care for all. The authors also highlight the impact of poorly resourced social care programmes.
84. On 7 May Scottish Housing News [highlighted](#) a joint statement by 60 homelessness and human rights organisations condemning UK Government plans to use rough sleeping as grounds for cancelling someone’s right to remain in the UK. The statement is saved [here](#) on the members’ SharePoint site.
85. On 7 May Scotland’s Rural College (SRUC) [published](#) a study on the impacts of Covid-19 carried out by the Rural Policy Centre (SRUC), Newcastle University and the Impact Hub Inverness. The study finds that many more rural residents will be at risk of poverty and financial hardship after lockdown ends unless action is taken.
86. In May the Institute for Public Policy Research (IPPR):
 - [published](#) a report calling for an expansion of the provision of free school meals

and the introduction of healthy food vouchers, and a ban on food linked to deforestation by 2030

- [published](#) findings which show the UK's relative poverty rate among working households has reached a high of 17.4 per cent, with working poverty rates among families with three or more children having reached 42 per cent.
87. On 7 May the Mental Health Foundation [published](#) research on how connecting with nature benefits mental health in Scotland.
 88. On 13 May the Centre for Cities [published](#) findings which show consumer spending on the high street was highest in the North and Midlands when restrictions eased in April. It argues spending in large towns and smaller cities is recovering faster than large urban centres.
 89. In May the Legatum Institute [published](#) a new UK prosperity index that outlines the prosperity of every region and local authority in the UK. The index highlights that the least prosperous local authorities are distributed across the north of England (Blackpool, Middlesbrough, Oldham) and Scotland (Glasgow City, West Dunbartonshire).
 90. On 14 May NSPCC [reported](#) its latest Childline data shows a significant rise in counselling services about emotional or mental health with children and young people. The Childline service carried out 73,088 counselling sessions between April 2020 and March 2021, with 5,646 of these involving children aged 11 or under; an increase of 29 per cent compared to the previous year.
 91. In May researchers from Loughborough University [published](#) a [paper](#) exploring local indicators of child poverty. They found that, even before the pandemic, levels of child poverty in Scotland ranged from nearly one in six children in the Shetland Islands and East Renfrewshire to nearly one in three in Glasgow - once housing costs are considered. The press release for Scotland is saved [here](#).
 92. On 20 May the Mental Welfare Commission for Scotland [published](#) a review of the legality of decision-making regarding moving patients who lacked capacity from Scottish hospitals into care homes at the outset of the pandemic. The Commission studied the detail of 457 individual moves – around 10 per cent of all such moves reported at the time by Public Health Scotland. Of the 457 cases, the Commission found unlawful moves of 20 people. The Commission also found that practice was not consistent within some HSCPs or across them.
 93. On 21 May NASUWT Scotland – The Teachers' Union [warned](#) violence and verbal abuse of teachers is at risk of being normalised in some schools, and argued the poor implementation of restorative behaviour schemes have put the learning of pupils and the safety of teachers at risk. The union also [called for](#) additional support and resources for teachers to manage the demands from the system for determining pupils' grades, and for a formal review to be undertaken of the approach to qualifications in 2021.
 94. On 24 May new research from Amnesty International UK and the Human Rights Consortium Scotland [found](#) there is little evidence the human rights of Scottish citizens were taken into consideration as major public service redesigns took place during the outset of Covid-19.
 95. On 24 May researchers from Robert Gordon University [published](#) an outline of the key issues domestic abuse service providers in Aberdeen, Aberdeenshire, and Orkney have faced throughout the pandemic.

96. On 25 May the David Hume Institute [published](#) a briefing on diversity in the sixth session of the Scottish Parliament. 16 per cent of the new intake are former MPs, and 42 per cent have been councillors. 65 per cent of the 43 new MSPs are women.
97. On 26 May Our Scottish Future [published](#) the findings from a series of virtual citizens assemblies it hosted in February and March. They brought together yes and no voters to discuss the future of Scotland. It found the vast majority agreed further investment in the economy, education, and the NHS were the highest priorities, particularly in the wake of the pandemic.
98. On 26 May the children's commissioners of Scotland, Wales, and Northern Ireland [published](#) a [letter](#) they sent to Thérèse Coffey, Secretary of State for Work and Pensions. The letter calls for an end to the two-child limit on Universal Credit and Child Tax Credit.
99. On 27 May the Institute for Government [published](#) a report outlining measures for a flexible state aid regime it claims will support the government's efforts to level up and target net zero.
100. In May the Resolution Foundation published:
 - The [findings](#) of research into the labour market and the mental health impact of Covid-19 on young people.
 - The launch [report](#) for its Economy 2030 Inquiry, in partnership with the London School of Economics.

COSLA

101. On 12 May COSLA [highlighted](#) that it has worked collaboratively with Public Health Scotland and Sports Scotland to produce a [paper](#) on the positive contribution of physical activity across COSLA's policy areas, the National Performance Framework, and Scotland's public health priorities.

Improvement Service

102. On 10 May the Improvement Service [announced](#) a new partnership with the Scottish Cities Alliance to support officers and elected members to deliver a transition to Net Zero.
103. On 20 May the Improvement Service [published](#) an update on the early learning and childcare expansion. Data collected from local authorities by the Improvement Service indicates that 114,222 children were accessing funded ELC as of the end of February 2021, and of these, 86 per cent were accessing more than the statutory entitlement of 600 hours, with 74,096 children (65 per cent) accessing 1,140 hours funded ELC.
104. On 25 May the Improvement Service [highlighted](#) that the Scottish Government is extending free bus travel to all young people under 19 who live in Scotland. As the accountable body for the National Entitlement Card Scheme, the Improvement Service is working with Transport Scotland and other delivery partners to operationalise the Under 19s Travel Scheme as early as practicable in 2021/22.

Scrutiny, inspection, regulatory and related bodies

Ethical Standards Commissioner

105. On 2 June the Acting Ethical Standards Commissioner [wrote](#) to the Commission seeking its views on his draft strategic plan for 2021-24. It is proposed that the Commission responds to this consultation. Given that the deadline is 30 July, I propose that I prepare a response in conjunction with the Interim Chair and Deputy Chair.

Scottish Public Ombudsman (SPSO)

106. The SPSO's May newsletter [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 at its meeting in May.

Scottish Housing Regulator (SHR)

107. On 13 May the SHR wrote to all social landlords to [advise](#) them of the information it will require them to submit in the quarterly returns on the impact of Covid-19. The new quarterly returns replace the monthly returns which social landlords have been submitting since March last year. The information in the returns will be used to publish quarterly dashboard reports.
108. On 5 May the SHR [published](#) a summary of its work plans for 2021-22. The year ahead will see the Regulator supporting the national Covid-19 response alongside carrying out a programme of planned regulatory activities.

Other UK audit bodies

109. On 7 May the Jersey Audit Office [published](#) a report into Jersey Government's procurement and supply chain management during the Covid-19 pandemic.
110. On 20 May Jersey Audit Office's comptroller & auditor general [issued](#) a certificate on the 2020 annual report and accounts of the States of Jersey.
111. In May the National Audit Office (NAO):
- [published](#) a guidance summary of key information and insights that can be taken from the annual reports and accounts of the Department of Education and related bodies in the education sector in England;
 - [highlighted](#) its updated Covid-19 cost tracker, which puts the estimated cost of the government's response to the pandemic at £372 billion;
 - [published](#) its National Audit Supply Estimate 2021-22;
 - [published](#) an Investigation into the Windrush Compensation Scheme;
 - [published](#) a report on initial learning from the government's response to the Covid-19 pandemic; and
 - [published](#) its framework report on the principles of effective regulation.

UK Government

112. On 4 May the UK Government [announced](#) it will publish a Levelling Up White Paper later this year, which will focus on policy interventions to improve livelihoods across the UK during the pandemic recovery. On 19 May the UK Government [unveiled](#) its levelling up agenda.
113. On 6 May the UK Government [published](#) updated figures for the job retention scheme which shows by Wednesday 31 March, 368,400 people in Scotland were on furlough. The highest uptake was among employees of passenger air transport, hotels and hospitality companies.
114. On 10 May the UK Government [published](#) a joint statement from the UK Chief Medical Officers (CMOs) recommending that the UK Covid-19 alert level move from level 4 to

level 3.

115. On 12 May Boris Johnson [announced](#) in a statement to Parliament that the UK Government would in tandem with the devolved nations establish an independent public inquiry into the handling of the pandemic.
116. On 11 May the Queen [delivered](#) her speech to both Houses of Parliament outlining a total of 30 bills ministers plan to introduce over the next year, including amongst others:
 - legislation to simplify procurement
 - legislation to reduce bureaucracy in the voluntary sector
 - a bill to modernise the planning system to allow more homes to be built.
117. On 14 May the UK Government [published](#) an overview of the voter fraud measures announced in the Queen's Speech. The government claims legislation will make clear local authorities must provide a voter card free of charge, while a range of documents will also be accepted.
118. On 19 May, the UK government [announced](#) its proposals that the Audit, Reporting and Governance Authority (ARGA), announced as a replacement for the Financial Reporting Council last year, will be strengthened with new powers to oversee the local government audit system. ARGA would provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice. This follows the December 2020 [response](#) by the Ministry of Housing, Communities and Local Government to the report from Sir Tony Redmond into the local audit of, and financial reporting by, local authorities in England.
119. On 19 May the Department for Business, Energy & Industrial Strategy (BEIS) and the Home Office [announced](#) almost 3,000 civil service jobs will be moved out of London and south east England, with BEIS creating 60 new jobs in Edinburgh by 2025.
120. On 19 May the Office for National Statistics (ONS) [reported](#) that the annual inflation rate increased to 1.5 per cent in April.
121. On 20 May the UK Government [published](#) the findings of the Williams review into the future structure of the rail industry. The White Paper [points to](#) fragmentation on the network as it recommends the formation of a new public body, Great British Railways.

Other UK news

122. On 4 May Public Finance [highlighted](#) the findings of research into local authority powers relating to climate action, writing that some funding streams available to help local authorities in England fund energy-efficient initiatives are actively working against reducing emissions.
123. On 4 May Unison [highlighted](#) the results of a survey based on responses from 200 maintained nursery schools in England, which found that 34 per cent are cutting staffing and services due to lost income and additional Covid-19 costs.
124. On 5 May the Workplace Training and Development Commission (WTDC), set up by the British Chambers of Commerce in partnership with Indeed, [published](#) its final report into skills and training provision in the UK.
125. On 7 May KPMG [announced](#) that Catherine Burnet has been appointed as the firm's new Head of Audit. The announcement follows the appointment in April of Jon Holt, the previous Head of Audit, as Chief Executive of KPMG UK.

126. On 13 May Public Finance [reported](#) that Audit Wales asked the police to investigate the accounts of Porthcawl Town Council as part of its annual audit. A statement from Porthcawl Town Council is available [here](#).
127. On 14 May the Education Policy Institute [published](#) a report which has found a three-year funding package worth £13.5 billion will be required to reverse the damage to learning in England due to the coronavirus pandemic.
128. On 17 May the John Smith Centre [published](#) findings of a poll conducted by Message House which found 51 per cent of respondents believe MPs should continue to debate and vote remotely when COVID-19 restrictions are lifted, with only a third believing MPs should be required to be in parliament to participate.
129. On 19 May Public Finance [reported](#) that the government has proposed making the replacement to the Financial Reporting Council the new system leader for local audit, following the [Redmond Review](#).
130. On 20 May the Sutton Trust [urged](#) the UK Government to put the development and wellbeing of pre-school children at the centre of the education recovery plan following polling showing a majority of parents were worried about the impact of the pandemic.
131. On 24 May Policy Exchange [published](#) a report, reflecting on how to improve the capacity and capabilities of government. It highlights the role of data management and the role of digitised medical data as a means of improving pandemic response as it highlights a departmental failure to produce data at speed.
132. On 25 May Barnardo's [published](#) a report on the accommodation experiences of young people leaving the care system in England and found that many are offered unsafe, unsuitable and unhealthy housing.
133. On 28 May the Financial Reporting Council (FRC) [issued](#) a revision of its UK auditing standard on the responsibilities of auditors relating to fraud.

Conclusion

134. The Commission is invited to consider this report for noting and in particular:
 - a) In relation to paragraph 12, to note that, subject to the Commission's agreement, the Interim Chair, Interim Deputy Chair and past FAA Committee Chair will prepare a response to the consultation by the Secretary of State for Business, Energy and Industrial Strategy on the UK's audit, corporate reporting and corporate governance systems in the private sector.
 - b) In relation to paragraph 105, to agree that I will prepare a response in conjunction with the Interim Chair, to the consultation by the Acting Ethical Standards Commissioner on his draft strategic plan for 2021-24.

Paul Reilly
Secretary to the Commission
2 June 2021

APPENDIX 1: Accounts Commission reports in past 12 months – downloads

Report	Date	Report downloads
Equality Outcomes 2021-25	27 Apr 21	38
Mainstreaming equality and equality outcomes: progress report 2019-21	27 April 21	38
Improving outcomes for young people through school education	23 Mar 21	3,240 (+1,257)
Local Government in Scotland: Financial Overview 2019/20	26 Jan 21	1,570 (+249)
Digital progress in local government	14 Jan 21	1,827 (+174)
Digital progress in local government – supplement 1 (checklist)	14 Jan 21	217 (*)
Digital progress in local government – supplement 2 (methodology)	14 Jan 21	92 (*)
Housing Benefit Performance audit: annual update 2020	8 Dec 20	214 (*)
Best Value Assurance Report: The City of Edinburgh Council	26 Nov 20	1,186 (+106)
Covid-19 Strategic Scrutiny Group	5 Nov 20	764 (*)
Best Value Assurance Report: Aberdeenshire Council	22 Oct 20	808 (+73)
Best Value Assurance Report: Dundee City Council	29 Sept 20	1,038 (+91)
Best Value Assurance Report: Moray Council	27 Aug 20	1,451 (+49)
Accounts Commission annual report 2019/20	2 July 20	492 (+36)
Best Value Assurance Report: North Ayrshire Council	30 June 20	1,123 (+46)
Local government in Scotland Overview 2020	23 June 20	1,765 (+111)
Equal pay in councils - Impact report	9 June 20	704 (*)
Best Value Assurance Report: Argyll and Bute Council	21 May 20	1,076 (+37)

Key:

(x) Increase in numbers since last month

* This figure is below 30

n/a Not applicable.

APPENDIX 2 – Accounts Commission social media engagement data

	Followers	Posting views	Video views	Links accessed	Retweets	Likes	Replies	Number of publications
Jun 20	561 (+22)	5,000	1,900	53	24	45	2	3
Jul 20	583 (+22)	12,600	408	19	30	86	4	1
Aug 20	590 (+7)	7,100	129	27	18	18	0	1
Sep 20	605 (+15)	9,700	607	82	35	46	2	1
Oct 20	617 (+12)	10,700	526	34	26	34	0	1
Nov 20	639 (+22)	23,400	730	106	49	53	3	2
Jan 21	683 (+30)	50,000	2,400	128	94	103	9	2
Feb 21	686 (+3)	11,000	307	20	9	10	1	0
Mar 21	701 (+15)	36,100	2,100	76	66	138	10	1
Apr 21	704 (+3)	3,300	n/a	1	1	0	0	0
May 21	726 (+22)	46,300	836	122	95	148	9	1

Increase on previous month shown in brackets

MEETING: 10 JUNE 2021

REPORT BY: INTERIM CHAIR OF ACCOUNTS COMMISSION

INTERIM CHAIR'S UPDATE REPORT

Purpose

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

Engagement and Audit Scotland business

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

Audit Scotland Board and Committee meetings

- 10 May – Board Development Workshop.
- 12 May – Audit Committee and Remuneration and Human Resources Committee (RemCo) meetings. The main items discussed were:
 - Audit Committee – A range of Quality related reports including the 2020 Transparency Report and ICAS related Improvement actions; Q4 Financial performance; Review of risk register; Internal audit reports; A review of the policy on the provision of Non-Audit Services; and a suite of annual assurance reports and governance reports.
 - RemCo – Diversity, equality and inclusion progress update; 2021 Pay review; Annual review of Terms of Reference; Draft RemCo Annual Report; Audit Scotland's pension arrangements; and Review of Auditor General's expenses.
- 19 May – Audit Scotland Board Meeting. The main items of substance discussed were our Governance arrangements; Strategic improvement programme update; a Covid-19 update; Environment, Sustainability and Biodiversity plan 2020/21 to 2024/25; New audit appointments update and work programme update.
- Copies of the key papers from these meetings have been loaded onto the Commission's SharePoint site and brought to members attention.

Audit Scotland engagement

- 11 May – Catch up with Elaine Boyd, Associate Director, Audit Quality and Appointments.
- 12 & 27 May – Catch up with Kathrine Sibbald, Audit Quality Project Manager around future business for the Best Value Working Group and progress with the New Audit Appointments project.
- 12 May - Catch up with Antony Clark, new Interim Controller of Audit and Interim Director of Performance and Best Value.

- 13 & 25 May – Media catch ups and preparation for the publication of the Local Government Overview with Joanna Mansell, Communications Adviser.
- 17 May – Knowledge Café – Scottish budget 2021/22.
- 18 May – Catch up with David Blattman, HR & OD Manager.
- 25 May – Regular catch up with Alan Alexander, Audit Scotland Board Chair.
- 26 May – Monthly catch up with Diane McGiffen, Chief Operating Officer.
- 26 May – New Audit Appointments Steering Group meeting.

External engagement

- 12 May – Introductory meeting with Netta Meadows, new Chief Executive of Scottish Borders Council and Antony Clark, Interim Controller of Audit.

Commission business, development and support

3. Commission business has been as follows:

- Regular catch ups with Paul Reilly, Secretary to the Commission, and Jillian Elgin, Executive Assistant to the Commission.
- 12 May – Accounts Commission pre meeting with Commission members.
- 13 May – Accounts Commission meeting.
- 17 May – Catch up with Tim McKay, Interim Deputy Chair, to discuss ongoing Commission business.
- 20 May – Forward planning meeting with Tim McKay, Paul Reilly, Lucy Carter, Policy Manager for the Commission, and Jillian Elgin to discuss up and coming Commission business.
- 20 May – Best Value Working Group meeting. Updates are shared with Commission members at each monthly Commission meeting as a standing item on our agenda and papers are shared on the Commission SharePoint site.
- 25 May – Communications monthly catch up meeting with Paul Reilly, Lucy Carter, Craig Flannigan and Joanna Mansell, Communications Team, to discuss Accounts Commission communications, engagement, and public profile.
- 26 May – Financial Audit Assurance Committee and Performance Audit Committee pre meeting.
- 27 May – Financial Audit Assurance Committee meeting.
- 27 May – Performance Audit Committee meeting.
- 31 May – Preparatory meeting for June Commission meeting with Paul Reilly and Tim McKay and Antony Clark.

4. Other areas of work have included:

- 3 – 7 May – few days off.

- Preparation and media interviews for Local Government Overview publication.
- Annual report sign off.

Forthcoming activities

5. My forthcoming engagement activities include:

- Weekly catch ups with Paul Reilly and Jillian Elgin.
- 2 June – Audit Scotland Audit Committee.
- 2 June – Audit Scotland Board.
- 3 June – Introductory meeting with Sean Neill, new Director for Local Government.
- 3 June – Meeting with Diane McGiffen, Chief Operating Officer and Stephen Boyle, Auditor General for Scotland.
- 9 June – Accounts Commission pre meeting.
- 9 June – Forward Planning meeting.
- 10 June – Accounts Commission meeting.

Conclusion

6. The Commission is invited to:

- a) Note this report and enquire about any areas of interest.
- b) Consider whether there are any changes that they would wish to see to the format and content of the report for the future.

Elma Murray
Interim Chair
31 May 2021

MEETING: 10 JUNE 2021

REPORT BY: INTERIM CONTROLLER OF AUDIT

INTERIM CONTROLLER OF AUDIT REPORT

Purpose

1. This report provides an update on my engagement activity during May 2021.

Engagement

2. Please note below my engagements in May:
 - **5 May** – Tim McKay, Chair, Financial Audit and Assurance Committee. Introductory meeting on how best to support the Chair and the Committee.
 - **6 May** – Local Government Sector Forum meeting.
 - **10 May** – Sarah Gadsden, Chief Executive, Improvement Service – quarterly update meeting.
 - **12 May** – Sally Loudon, Chief Executive, COSLA – general introductory engagement meeting.
 - **12 May** – Audit Scotland Audit Committee meeting.
 - **13 May** – Accounts Commission meeting.
 - **14 May** – Nicola Killean and David Sinclair, Sistema Scotland – planning meeting ahead of the first of two evaluation workshops on 24 May.
 - **24 May** – Sistema Scotland Evaluation workshop – this was the first of two workshops to help Sistema Scotland to develop their evaluation strategy with input from community representatives, Glasgow Centre for Population Health (GCPH), the Improvement Service, Scottish Government, Stirling Council, Dundee City Council, Aberdeen City Council, and Education Scotland.
 - **26 May** – Scottish Leaders Forum (SLF) Accountability and Incentives Action Group.
 - **26 May** – New Audit Appointments (NAA) Steering Group.
 - **26 May** – Community Planning Improvement Board (CPIB) – this meeting focused on the role of Community Planning in supporting Covid-19 recovery efforts and involved a deep dive focus on inequalities with Public Health Scotland presenting research/evidence on this theme to support the Board's discussion.
 - **31 May** – Audit Quality Committee – interim meeting. Follow up to the AQC meeting on 28 April updating quality actions.

Forthcoming activities

3. My upcoming engagements in June include:
 - **7 June** – BV in IJBs Advisory Group.
 - **9 June** – Local Government Quarterly Forum.
 - **11 June** – Steve Grimmond, SOLACE.

- **14 June** – Audit Partners meeting.
- **29 June** – Catriona MacLean, Deputy Director, Public Service Reform, Scottish Government.

4. Commission members are invited to note this report.

Antony Clark
Interim Controller of Audit
24 May 2021

2 July 2021

Paul Reilly
Secretary to the Commission
Accounts Commission
4th Floor
102 West Port
Edinburgh
EH3 9DN

By email

Dear Paul

Aberdeen City Council Best Value Assurance Report – additional information

During the Accounts Commission's consideration of my Best Value Assurance Report on Aberdeen City Council (10 June 2021) I gave an undertaking to provide additional detail and contextual information on a small number of points raised by individual members.

While not material to the Commission's consideration of its decision to endorse my report and make findings, please find attached to this letter the following supplementary information I offered to provide:

- *Appendix 1: The involvement of young people in locality planning (e.g. in Case Study 4, including the application of human rights principles in this regard)*
- *Appendix 2: Aberdeen City Council's application to become Scotland's first UNICEF Child Friendly City*

Should the Commission require any further information on these matters I would be happy to provide it.

Yours sincerely



Antony Clark
Interim Controller of Audit

Appendix 1

The involvement of young people in locality planning (Northfield and embedding a Human Rights based approach)

Communities participate at all levels of Community Planning Aberdeen's (the CPP's) governance structure outlined in Part 4 of my report. Aberdeen Council of Voluntary Organisation and the Civic Forum are full members of the CPP Board and communities are also represented on the Management Group and on each Outcome Improvement Group (as well as within individual improvement projects).

This means that there is community representation at all levels within the community planning model – Board, Management Group and Outcome Improvement Groups. Locality Partnerships overseeing delivery of Locality Plans comprise more than 50% community representation and a community member chairs each Locality Partnership.

In Case Study 4 of my report the governance arrangements for the CPP pilot project taking place in Northfield clearly demonstrate the opportunities for community, parents and school staff representation.

While there is no direct pupil representation on the various project boards listed within this case study, the council's wider senior phase review included consulting with children and young people. There are also a number of existing routes for children and young people to be directly consulted within the school and wider locality (e.g. the city-wide pupil forum – see below).

The CPP plans to use the lessons learned from the pilot project, including in relation to governance arrangements, to inform future projects.

The council has a plan in place to deliver a human rights-based culture which is reflected within its overall equalities mainstreaming reporting, including the development of an Integrated Impact Assessment which includes Children's Rights and the Fairer Scotland Duty.

The council has promoted the United Nations Convention on the Rights of the Child (UNCRC) in Partnership and Service Improvement Plans since 2016. Equalities and Human Rights Impact Assessments are undertaken for council reports, policies and service transformation proposals. The council's Equalities Mainstreaming report was taken to full council in both 2019 and, more recently, in April 2021.

Many council services have well-established links with children and young people. These include Education Services, Children's Social Work, Environmental, Library and Cultural Services and the council has looked to increase children and young people's involvement in planning for improvement. Children and young people were consulted on all six of the relevant stretch outcomes included in the LOIP which direct the work of the Community Planning Partnership.

Part 1 (section 2) of the Children and Young People (Scotland) Act 2014 places a duty on a range of public authorities (including all local authorities and health boards) to report, "as soon as practicable" after the end of each three-year period, on the steps they have taken to secure better or further effect of the requirements of the United Nations Convention on the Rights of the Child (UNCRC). The council published such a report in June 2020.

Preparation of the report included engagement with staff from across the organisation and direct consultation with a number children and young people living in the city. Consultation methods with children and young people were impacted by Covid-19 but, using virtual consultation methods, the considered the views of 450 children and young people across a broad spectrum of ages (5 – 18), and from various parts of the city. The report included direct figures and comments throughout.

Other specific initiatives that may be of interest to the Commission include:

- The council commissioning Aberdeen's Children's Parliament to assist the council in engaging with children and young people living in priority areas as part of the 'Imagining Aberdeen' project. This work was considered in the preparation of the Children's Services Plan and Local Outcome Improvement Plan.
- Aberdeen City Youth Council (ACYC): a group of young people aged 12-25 who live, work and study in Aberdeen City and who use their voice to help make positive changes for young people across the city. The group meets once a month as a full group and weekly within subgroups to discuss issues facing young people. ACYC was involved in the commissioning of the Young Carers Service within Aberdeen, having campaigned that there was no current service for young carers in the city. The group commissioned the service and continues to sit on the Young Carers Multi-Agency Development Group, forming a funding panel to decide, support and distribute £100,000 of Creative Funding for the Year of Young People. It also formed a campaign subgroup to support young people's mental health. As part of this, the group received mental health awareness training from Aberdeen Foyer to best support their peers, family and friends; delivering a session on disability awareness to a team of Youth Workers online during lockdown, and regularly delivering sessions in schools and supporting youth democracy sessions. This often allows ACYC to consult with harder to reach children and young people and make sure their views are represented at a local and national level.
- In March 2020 the council approved a proposal for the formation of a city-wide pupil forum aimed at giving children and young people a voice on the issues important to them and a say on the priorities for the council's Education Service. The forum directly links to the bid to become a UNICEF Child Friendly City and comes after a series of initiatives already undertaken by the council in working towards that goal.

Appendix 2

Aberdeen City Council's application to become Scotland's first UNICEF Child Friendly City

Aberdeen City Council and Community Planning Partners are currently collaborating to become a UNICEF Child Friendly City and this work features as one of the six stretch outcomes for children and young people in the Local Outcome Improvement Plan (LOIP).

The council announced its intention to apply for UNICEF recognition in late 2017, with the process from application to accreditation generally taking between three and six years. Once accepted onto the programme to accreditation, a city must undertake work to gain accredited badges across a range of themes. Upon achieving six such badges, Child Friendly City status is conferred by UNICEF.

The Child Friendly City programme is underpinned by a 'Badge' framework. Participating cities are expected to undertake three mandatory 'Foundational' badges as set by UNICEF UK. These are; 'Cooperation and Leadership', 'Culture' and 'Communication'. In addition, three further 'Thematic' badges are selected following consultation and engagement with children and young people and partner organisations. Following consultation, the badges 'Participating', 'Child-Friendly Services' and 'Place' were selected in Aberdeen. As part of this overall work, I refer in Part 4 of my report to the council launching a survey to support its application. Survey results will be used as a starting point for co-designing services with children and will inform future council and CPP plans and engagement.

Aberdeen's work towards Child Friendly City status is reflected in the LOIP, specifically within Stretch Outcome 8. More detail on the accreditation process is also available from UNICEF UK:

<https://www.unicef.org.uk/child-friendly-cities/becoming-child-friendly/>