



Auditor General for Scotland and Accounts Commission rolling work programme refresh: 2018/19 – 2022/23

Introduction: scope and structure of the report

1. This paper sets out proposals for refreshing the Auditor General for Scotland (AGS) and Accounts Commission's five-year rolling work programme (2018/19 – 2022/23).
2. The paper is in three parts:
 - Part 1 – proposed changes to the 2018/19 – 2022/23 work programme
 - Part 2 – work programme proposals for 2018/19 and 2019/20
 - Part 3 – other issues (e.g. review of Best Value auditing, parliamentary engagement, equalities).

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

3. The refresh proposals are informed by: our monitoring of public sector audit risks; the Accounts Commission's strategic audit priorities; and the wide range of policy monitoring, external engagement and programme development activity that Audit Scotland undertakes on behalf of the AGS and the Commission. They also take into account significant UK and Scottish policy developments, such as changes to education governance and the UK's decision to leave the European Union, that have taken place since the first iteration of the rolling work programme was approved in December 2015.
4. This paper focuses primarily on performance audit work, but presents this in the wider context of the broader programme of audit work undertaken on behalf of the AGS and the Accounts Commission (e.g. overview reporting, statutory reporting, and Best Value audit work). All of this work is underpinned by the local financial audit work that takes place annually at all audited bodies.
5. The programme includes a mixture of one-off pieces of work (e.g. Forth replacement crossing), longer-term audit programmes (e.g. new financial powers, health and social care, early learning and childcare), thematic work (e.g. digital, workforce), and audit activity to follow up on the impact of previously published audit reports.
6. Given the links between Audit Scotland's programme development activity and the work programme, the paper also highlights key areas of focus for programme development work during 2018/19 and 2019/20. This includes external engagement to inform potential audit work in areas such as housing and public health (including addictions).
7. The work programme proposals for 2018/19 and 2019/20 have been prepared on the basis that they can be delivered with the available resources. They reflect the respective balance of funding received by the AGS (47%) and the Accounts Commission (53%), and are based on Audit Scotland delivering a similar range and level of audit outputs for 2018/19 and 2019/20 as we have in previous years.

Part 1 – Proposed changes to the 2018/19 – 2022/23 work programme

8. This year's refresh process has confirmed the value in adopting a longer-term approach to work programming in that the major strategic priority areas of focus for our work remain relevant:
 - a significant programme of audit work on Scotland's New financial powers (including a wide range of activity linked to supporting improved Parliamentary scrutiny of the use of public finances)
 - ongoing implementation of the Accounts Commission's new approach to auditing Best Value
 - implementation of our new Digital audit strategy
 - audit work on public service reform (e.g. health and social care integration, justice-related reform, community empowerment)
 - further development of local government, NHS and colleges overview reporting.
9. Within that longer-term strategic context, a number of changes are proposed to the work programme 2018/19 – 2022/23. These include:
 - Changes to the timing of some pieces of audit work to ensure that they will add greatest value (e.g. delaying the timing of future work on health and social care integration to allow more time for integration authorities to bed in. This will allow firmer judgements to be made on the extent to which they are delivering service change and improving outcomes).
 - Changes to how some previously identified areas of audit interest might best be undertaken and reported (e.g. the incorporation of audit work on realistic medicine as part of future NHS overview reporting, and the incorporation of initial audit work on the transfer of employability powers as part of our wider programme of work on new financial powers).
 - A range of programme development activity (e.g. community empowerment, Brexit, the impact of the Grenfell Tower tragedy, addictions) to maintain oversight of significant policy developments and respond to emerging public sector audit risks. Some of this activity may lead to published programme development outputs.
 - A number of proposed new areas of audit activity (e.g. child poverty, services for children with additional support needs, teacher workforce planning) reflecting areas of audit interest that have been identified since the last work programme refresh in December 2016.
10. Proposed changes and the rationales for them are set out in Exhibits 1 and 2 below.

Exhibit 1

Refreshed performance audit proposals 2018/19 – 2022/23 (Commission and AGS)

		★ New	➔ Move	⊕ Change	✕ Remove	
	2018/19	2019/20	2020/21	2021/22	2022/23	
 Devolution	<ul style="list-style-type: none"> ⊕ New financial powers and constitutional change (AGS) (incl. Employability – transfer of powers) ⊕ Employability (AGS) 	<ul style="list-style-type: none"> • New financial powers and constitutional change (AGS) 	<ul style="list-style-type: none"> • New financial powers and constitutional change (AGS) 	<ul style="list-style-type: none"> • New financial powers and constitutional change (AGS) 	<ul style="list-style-type: none"> • New financial powers and constitutional change (AGS) 	
 Economy	<ul style="list-style-type: none"> ➔ Innovative Financing – City Deals (Joint) (previously 17/18) ➔ Forth replacement crossing (AGS) (previously 17/18) 	<ul style="list-style-type: none"> • A9 dualling (AGS) ➔ Value for money of NPD projects (Joint) (previously 18/19) • Supporting economic growth – role of local authorities (AC) (reporting early 20/21) 	<ul style="list-style-type: none"> • Supporting economic growth: impact of enterprise and skills review (AGS) 	<ul style="list-style-type: none"> • Development of Scotland’s new agriculture and fishing policy post Brexit (AGS) ➔ Innovative Financing – City Deals (2) (Joint) (previously 20/21) 	<ul style="list-style-type: none"> ★ Replacing structural funds (Joint) 	
 Policy	<ul style="list-style-type: none"> ✕ Realistic medicine (AGS) 	<ul style="list-style-type: none"> • Skills planning and investment (AGS) • Educational outcomes (Joint) ➔ Waste management (Joint) (previously 18/19) ➔ Community assets (Joint) (previously 18/19) ➔ Housing (Joint) (previously 18/19) ⊕ Early learning and childcare (2) (Joint) (19/20) 	<ul style="list-style-type: none"> • Youth justice (Joint) ➔ Flood risk management (Joint) (previously 19/20) 	<ul style="list-style-type: none"> • Social security (AGS) • Early learning and childcare (3) (Joint) ➔ Housing (2) (Joint) (previously 20/21) 		
 Public service reform	<ul style="list-style-type: none"> • ALEOs (AC) • Community Justice (Joint) ➔ Health and social care integration: Part 2 (Joint) (previously 17/18) 		<ul style="list-style-type: none"> • Health and social care integration: Part 3 (Joint) 	<ul style="list-style-type: none"> • Community Justice (Joint) 		

	2018/19	2019/20	2020/21	2021/22	2022/23
		★ New	➔ Move	⊕ Change	✕ Remove
 Performance and outcomes	<ul style="list-style-type: none"> ➔ Children and young people's mental health (Joint) (previously 17/18) ✕ Prisoner healthcare- (AGS) ⊕ Higher education (widening access) (AGS) 	<ul style="list-style-type: none"> • Higher education (finances) (AGS) 	<ul style="list-style-type: none"> • Improving outcomes for looked after children (Joint) ✕ Impact of investment in the school estate- (Joint) ✕ Higher- education (AGS) 	<ul style="list-style-type: none"> ★ Outcomes for children with additional support needs (Joint) 	<ul style="list-style-type: none"> ➔ Mental health 3 (AGS/ AC/Joint tba) (previously 21/22) ★ Progress in addressing child poverty (cross cutting) (Joint)
 Skills and capacity	<ul style="list-style-type: none"> • NHS workforce (2) (Community based workforce) (AGS) 		<ul style="list-style-type: none"> • Public sector workforce planning for skills post Brexit (Joint) • NHS Workforce (3) (AGS) ★ Teacher workforce planning (Joint) 		
 Digital	<ul style="list-style-type: none"> • Digital progress in central government and health (AGS) (reporting early 19/20) 		<ul style="list-style-type: none"> • Digital services (learning or justice) (AGS/AC/Joint tba) (reporting early 21/22) 		<ul style="list-style-type: none"> ★ Digital progress across government (cross cutting) (Joint) (reporting early 23/24)
		<ul style="list-style-type: none"> • Digital progress in local government (AC) (reporting early 20/21) 		<ul style="list-style-type: none"> • Progress against digital strategy – five years on (AGS) (reporting early 22/23) 	
 Performance Audit follow up	<ul style="list-style-type: none"> ➔ Scottish fire and rescue services (previously 17/18) (AGS) • Broadband (AGS) 		<ul style="list-style-type: none"> • Commonwealth Games legacy – six years on (Joint) 		

Source: Audit Scotland

Exhibit 2

Rationale for the proposed changes to the work programme

Year	Proposed changes to the programme
2018/19	<ul style="list-style-type: none"> • Remove: It is proposed to remove the alternative output on Realistic medicine (AGS) as we are monitoring implementation and it is currently too early to form performance judgements. Given the significance of the realistic medicine agenda to patient safety and improved cost-effectiveness, issues linked to early implementation of the policy were highlighted in the NHS overview report 2017 and we will carry out further analysis in 2018/19. This analysis has the potential to be converted into a dedicated audit output on this topic. The merits of doing this will be considered during 2018/19. • Remove: It is proposed to remove the mental health: Prisoner healthcare audit (AGS) from the work programme as this topic is now subject to independent joint scrutiny by Her Majesty's Inspectorate of Prisons (HMIP) and Healthcare Improvement Scotland (HIS). Audit work in this area would therefore duplicate effort and be an inefficient use of resources. Audit Scotland will continue to liaise with these bodies as part of our ongoing programme development activity and the Accounts Commission will be maintaining a degree of oversight of the joint HMIP/HIS work through HMIP's attendance at and input into the work of the Strategic Scrutiny Group. • Develop as an alternative output: Rather than undertaking a full audit on Higher education (widening access) (AGS) in 2018/19, we are planning to analyse the routine data that the Scottish Funding Council is publishing on widening access performance and convert this into a short focused alternative output on early progress towards the Scottish Government's 2020 widening access targets which can be used to brief the Parliament's Public Audit and Post-legislative Scrutiny Committee (PAPLS). The Equalities and Human Rights Committee held an evidence session on widening access in November 2017. The committee's findings will inform our audit work and we may wish to brief the committee on our audit findings. • Adjustment to the work programme: Given the inter-connectedness of the various policy issues and practical implications associated with implementation of Scotland's new financial powers, it is proposed to incorporate the Employability – transfer of new powers audit work (AGS) within the wider programme of new financial powers audit work rather than undertake it as a separate audit. • Adjustments to the work programme: There are five audits that were part of the 2017/18 work programme which will now be published in 2018/19: <ul style="list-style-type: none"> ○ Scottish fire and rescue service: follow up (AGS) (planned publication - May 2018): the proposed change of timing reflects the availability of Audit Scotland staff with specific experience in these subject areas during 2017/18. ○ Forth replacement crossing (AGS) (planned publication - June 2018): the proposed change of timing reflects the impact of the delay in completion of the project and the opening of the new crossing on our ability to start the audit. ○ Children and young people's mental health (Joint) (planned publication - August 2018): the proposed change of timing reflects the availability of Audit Scotland staff with specific experience in these subject areas during 2017/18. ○ Health and social care integration part 2 (Joint) (planned publication - October 2018): the proposed change of timing reflects the fact that it became clear during 2017/18 that audit work in the first full year of operation of most integration authorities would be premature. Further time was needed for the new arrangements to bed in and for integration authorities to develop and implement programmes of service change and improvement if the second stage health and social care audit was to add value. Publishing in November will allow us to take account of another set of accounts and performance reports and to have synergy between this report and the NHS and LG overview products. We will continue to monitor developments through local audit work and policy engagement, and will brief the AGS and Accounts Commission on emerging issues ahead of the second performance audit. ○ Innovative financing – City Deals (Joint) (planned publication - January 2019): the proposed change of timing reflects the fact that it became clear during 2017/18 that the timing of agreeing the programme of Scottish City Deals was such that audit work could not realistically take place until 2018/19.

Year	Proposed changes to the programme
2019/20	<ul style="list-style-type: none"> • Adjustment to the work programme: It is proposed to defer the Housing audit until 2019/20 based on stakeholder feedback on the need for further time to elapse before reasonable audit judgements to be made about the Scottish Government new homes target and Housing First approach. If this change to the programme is approved we will hold a Housing Round Table in 2018/19 to build contacts with key external stakeholders and help inform the scoping of the future performance audit work. • Adjustment to the work programme: During the 2016 work programme refresh we proposed a second audit on Early learning and childcare for 2019/20 prior to the implementation of the expanded provision in August 2020. We are proposing this second audit be replaced with a combined impact and update report in 2019/20. The format of this report will be similar to the last Broadband update. This timing and new approach reflects the specific implementation timescales of the Scottish Government expansion plan to provide 1,140 hours of funded early learning and childcare. This output would be produced around 18 months after our initial February 2018 report (Joint). • Adjustment to the work programme: It is proposed to defer the Community assets audit (Joint) that was previously scheduled for 2018/19 to 2019/20. Since initially scheduling this work we have been working with the other members of the Strategic Scrutiny Group (SSG) and external experts to develop a programme of development activities. This activity focuses on improving our collective understanding and developing a scrutiny approach. This will allow public bodies more time to embed new arrangements such as: Local Outcome Improvement Plans (LOIPs); participation requests and wider role out of participatory budgeting. • Adjustment to the work programme: We are proposing to defer to 2019/20 the Waste management audit (Joint), which was previously scheduled for 2018/19. This will help smooth capacity across the work programme and the proposed change of timing would not undermine the value of doing work in this area, given the long-term nature of strategic waste management planning. • Adjustment to the work programme: We are proposing to defer the Value for money of NPD projects audit (Joint), which was previously scheduled for 2018/19, to 2019/20. This reflects the impact of the later start of the City Deals audit and will avoid two major audits in the innovative financing policy area taking place in the same financial year.
2020/21	<ul style="list-style-type: none"> • New: We are proposing an audit of Teacher workforce planning in 2020/21 (Joint) to replace the School estate audit (Joint) that is currently proposed that year. This reflects the significance of teacher workforce issues that have been evident during 2017/18 through our ongoing education policy monitoring and stakeholder engagement work. Evidence on the teacher workforce will be gathered as a part of the Educational outcomes audit that is scheduled in 2019/20 and used to inform the targeting of this audit. • Adjustment to the work programme: We are proposing to defer to 2020/21 the Flood risk management audit (Joint), which was previously scheduled for 2019/20. This will help smooth capacity across the work programme and the proposed change of timing would not undermine the value of doing work in this area, given the long-term nature of flood risk management. • Remove: It is proposed to remove the Higher education audit (AGS) scheduled for 2020/21 from the work programme. We will use the intelligence and outputs from the audit and programme development work we are undertaking in relation to widening access and higher education finances to inform decisions about our future work within this sector.
2021/22	<ul style="list-style-type: none"> • New: We are proposing a new joint audit of Outcomes for children with additional support needs, following the whole journey from early learning and childcare through to school/HE/FE into employment. This proposal reflects the strong interest shown in this area by both the AGS and Accounts Commission based on the policy briefing they received on this topic from the Justice, education and lifelong learning cluster earlier this year. • Adjustment to the work programme: We are proposing to move the City Deals 2 and Housing 2 audits from 2020/21 to 2021/22 to reflect the later start date of City Deals 1 and Housing 1.
2022/23	<ul style="list-style-type: none"> • New: We are proposing a cross-cutting audit on national and local progress towards the Child Poverty Bill 2017 improvement goals. • New: We are proposing an audit on Replacing structural funds (post-Brexit) to reflect the high level of Parliamentary and Accounts Commission interest in this strategically significant area. • New: We are proposing a cross-cutting audit on Digital progress across government, drawing together the key findings from all aspects of our digital auditing work over the preceding four years. In line with the scheduling of our other digital audit work we are proposing that this audit report early during 2023/24.

Source: Audit Scotland

Part 2 – work programme proposals for 2018/19 and 2019/20

Proposals for 2018/19 and 2019/20

11. Appendix 1 summarises the number and range of audit outputs Audit Scotland published on behalf of the AGS and Accounts Commission over the period 2013/14 to 2017/18. Appendices 2a and 2b provide more detail on the audit outputs published during 2017/18 and 2016/17 respectively.
12. This volume of activity has provided the AGS and Accounts Commission with a steady stream of published outputs that have had significant national and local impact and enabled the AGS to provide effective support to the Parliament's PAPLS¹ committee (and several other Parliamentary committees).
13. The work programme refresh proposals for 2018/19 and 2019/20 (Exhibit 3 on page 8) are based on a similar level of audit outputs and support from the Performance Audit and Best Value team. That is:
 - 11 (2018/19) / 11 (2019/20) performance audits (10 AGS, 3 Commission, 9 joint)
 - 4 x overview reports annually (2 x AGS, 2 x Commission)
 - 6/7 Best Value Assurance Reports annually (Commission)
 - 1 How Councils Work output annually (Commission)
 - 9 statutory reports annually (6x AGS, 3 x Commission)²
 - The National Scrutiny Plan and 32 local scrutiny plans annually (Commission)
 - 5-7 impact reports annually (AGS and Commission).
14. The proposed programme contains:
 - a balance of work across all three policy portfolio areas³: Health, care and communities (HCC); Justice, education and lifelong learning (JELL); Public finances, investment and economic development (PIE)
 - audit work that reflects the Commission's strategic audit priorities
 - new areas of audit activity (NPD), follow-up work (Broadband), and ongoing audit work in areas of longer-term strategic interest to the AGS and Commission (health and social care integration)
 - a range of small, medium and large audits (reflecting the nature and significance of the audit issues)
 - a range of programme development activity (e.g. briefings and Round Table events) alongside formal audit work
 - capacity to respond flexibly to emerging audit risks throughout the year.

¹ This Committee was entitled the Public Audit Committee until the current session of the Parliament.

² Statutory reporting is reactive and responsive to emerging areas of concern and risk. Resources are earmarked within the resource plan to support this work in line with recent experience / cost.

³ Policy clusters are the means by which audit and programme development activity is managed, and the policy landscape, including risks, monitored.

Exhibit 3

Proposed work programme options 2018/19 – 2019/20 (S = small, M = medium, L = large)

	2018/19	2019/20
Performance audits	<ul style="list-style-type: none"> Scottish fire and rescue service: follow up (AGS) (May 2018)* (M) Forth replacement crossing (AGS) (June 2018)* (M) Children and young people's mental health (Joint)** (L) Health and social care integration part 2 (Joint)**(L) Innovative financing – City Deals (Joint)** (M) <p>-----</p> <ul style="list-style-type: none"> Arms-length external organisations (ALEOs) (AC) (L) Broadband follow-up (AGS) (S) Community Justice (Joint) (S) Managing Scotland's new financial powers (1) (AGS) (L) NHS workforce (2) – community based workforce (AGS) (M) 	<ul style="list-style-type: none"> Community assets (Joint) (M) VFM of non-profit distributing models (Joint) (M) A9 dualling (AGS) (S) Educational outcomes (Joint) (M) Waste management (Joint) (M) Housing (Joint) (M) Higher education finance (AGS) (M) Skills planning and investment (AGS) (M) Managing Scotland's new financial powers (2) (AGS) (L) <p>-----</p> <ul style="list-style-type: none"> Digital progress in local government (Commission) (M) (reporting early 2020/21)*** Supporting Economic growth: the role of local authorities (Commission) (M) (reporting early 2020/21)***
Overview reports	<ul style="list-style-type: none"> NHS in Scotland (AGS) Colleges (AGS) Local government x2 (Commission) 	<ul style="list-style-type: none"> NHS in Scotland (AGS) Colleges (AGS) Local government x2 (Commission)
SRA	National scrutiny plan and 32 Local Scrutiny Plans (Commission)	National scrutiny plan and 32 Local Scrutiny Plans (Commission)
Best Value	6 x BVARs (Commission) <ul style="list-style-type: none"> Dumfries and Galloway Council East Ayrshire Council East Lothian Council Fife Council Glasgow City Council West Dunbartonshire Council 	7 x BVARs (Commission)
Statutory reports	<ul style="list-style-type: none"> S22 (x6) (AGS) Section 102 (x3) (Commission) 	<ul style="list-style-type: none"> S22 (x6) (AGS) Section 102 (x3) (Commission)
How Councils Work (HCW)	It is recommended that the Commission considers its overall approach to HCW reporting in early 2018 once it has had the opportunity to reflect on key themes arising from the first tranche of BVARs the last of which (Clackmannanshire Council) will be reported to the Commission in January 2018. It is assumed that one HCW audit will take place in 2018/19.	No HCW audits are currently included in the 2019/20 work programme pending the Commission's further consideration of its proposed strategy for future HCW activity in 2018/19. It is assumed that one HCW audit will take place in 2019/20.
Impact reports	<ul style="list-style-type: none"> Community planning: a follow-up Efficiency of Sheriff Courts Higher education Modern apprenticeships Roads maintenance Social work in Scotland The role of Scotland's enterprise agencies 	<ul style="list-style-type: none"> Early learning and childcare impact and update Equal pay in Scottish councils NHS workforce planning (1) Transport Scotland's ferry services Self directed support (f/u)

* These audits were part of our 2017/18 programme but will be published in spring/summer 2018/19

** These audits were part of our 2017/18 programme but will be published in autumn/winter 2018/19

***These audits will intentionally straddle two years

15. Appendix 5 provides further information on the proposed scope of each of the proposed pieces of audit work.
16. Exhibit 3 on page 8 provides an indicative size for each of the proposed performance audits based on the audit objectives and planned audit impact set out in Appendix 5. It is important to note that the final size and indicative publication date for each audit will be approved by the AGS and the Commission once audit teams have concluded the scoping phase of each audit.

Planned programme development activity

17. An important aspect of our ongoing programme development involves the three policy clusters (HCC, JELL, PIE) discussing significant policy or performance-related developments across the public sector with the AGS and the Accounts Commission. Those discussions regularly highlight issues which either require further investigation or which the AGS or the Accounts Commission would like to see considered as areas for future audit work as part of the work programme refresh process. Potential responses to a number of the key areas of interest raised by the Accounts Commission were discussed at its mid-year strategy seminar in September.
18. Based on the various programme development discussions which have taken place with the AGS and the Accounts Commission we are proposing to undertake the following specific pieces of development work during 2018/19 and 2019/20:
 - Prepare a briefing paper for the Accounts Commission on UK and Scottish responses to the Grenfell Tower tragedy (to include any local authority emergency planning issues).
 - Prepare a briefing paper for the AGS and the Accounts Commission on how rural issues are being considered by Audit Scotland as part of programme development activity and in local and national audit work.
 - Prepare a briefing paper for the AGS and the Accounts Commission on the potential impact on Brexit for Scotland's public services, drawing on PIE cluster activity and the work of Audit Scotland's New financial powers and constitutional change audit programme.
 - Prepare a briefing paper for the Accounts Commission highlighting the potential impact on local authorities of benefit changes arising from implementation of Scotland's devolved social security powers.
 - Analyse the financial impact of reductions in funding for regulatory services as part of the 2018 local government overview reporting, with the option of undertaking more detailed audit work in this area in future years.
 - Prepare a briefing paper for the AGS and the Accounts Commission on reducing child poverty, assessing early progress toward Child Poverty Bill 2017 improvement goals and highlighting any challenges or issues encountered to date.
 - Hold a Housing Round Table with key external stakeholders to build our networks in this area and inform the scoping of the performance audit that is now proposed to take place in 2019/20.
 - Prepare a briefing paper for the AGS and the Accounts Commission on public health (to cover the new public health agency and its role in addressing complex public health issues such as inequality of outcomes, the impact of complex social disadvantage on service use e.g. addictions).
 - Take forward a range of development work relating to community empowerment with the Strategic Scrutiny Group. This includes establishing an advisory group to support activities and share learning, reviewing the LOIPS, producing blogs and briefings, and supporting teams to develop their understanding.

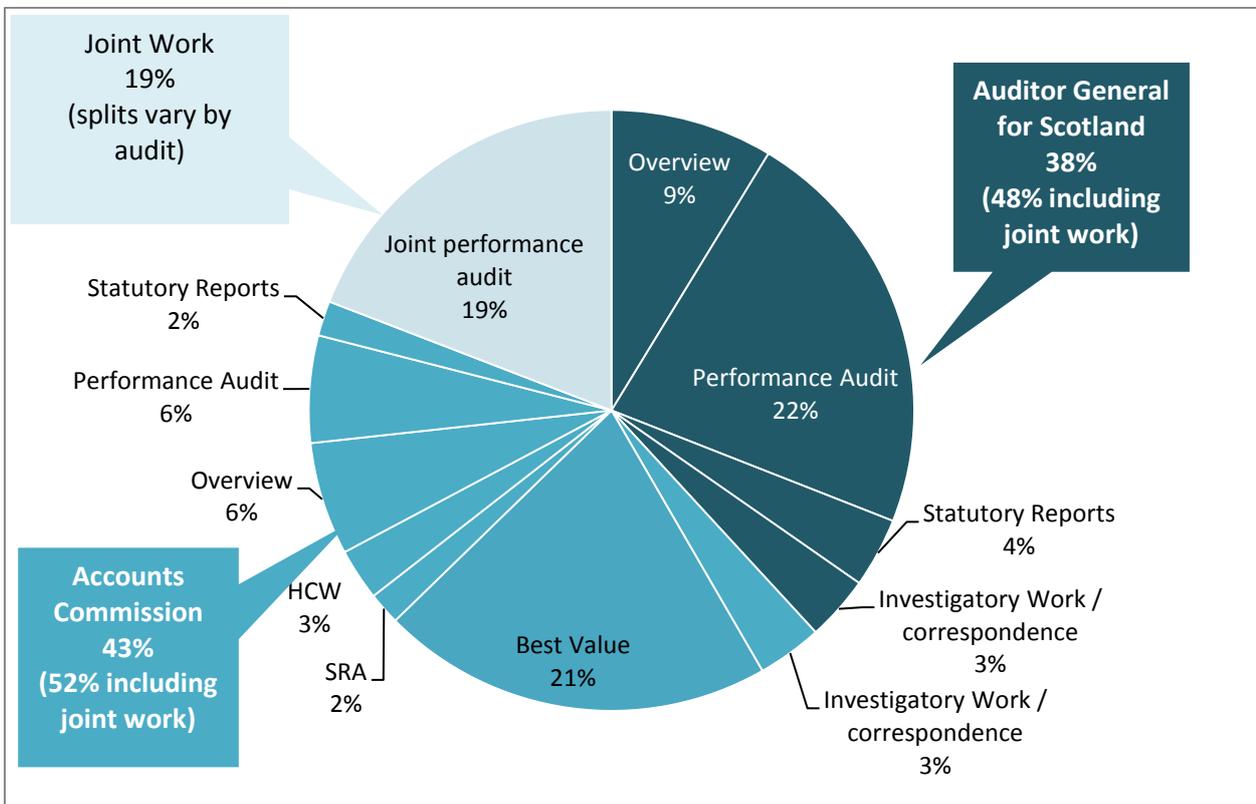
19. Much of this activity (e.g. community empowerment and housing) is developmental in its nature and will be used to help us better understand the nature of key policy developments or challenges and opportunities facing public bodies. This helps us ensure our work is well targeted and will add value. The outcomes of this activity will be reported through cluster briefings to the AGS and to the Accounts Commission’s committees. Some programme development activity (e.g. Grenfell Tower and Brexit) will lead to specific programme development outputs (e.g. briefing papers) for consideration by the AGS and the Commission.

Programme resourcing (including the balance of proposed audit work between the AGS and the Commission)

20. The proposed programme contains a balance of AGS only, Commission only and joint work. Exhibit 4 shows how the indicative resources needed to deliver the work during 2018/19 reflect the overall balance of funding received by the AGS (47%) and the Commission (53%).

Exhibit 4

Work programme resource allocations 2018/19 (Auditor General and Accounts Commission)



Source: Audit Scotland

21. Appendix 3 sets out the respective resource allocation analysis between the AGS and Commission for the two year period based on the current work programme refresh proposals.

Part 3 – Other issues

New financial powers and constitutional change

22. Scotland's finances are being transformed by the new financial powers for the Scottish Parliament. Scotland's budget is becoming increasingly complex and subject to greater uncertainty and volatility. There is also the prospect of further significant change as a result of EU withdrawal. These fundamental changes mean increased opportunities and risks for Scotland's public finances and public sector bodies. They also bring major new responsibilities for the Scottish Government and increasing interaction with the UK Government to implement and manage these changes.
23. In this environment, the role of public audit and independent scrutiny has never been more important. Audit Scotland, on behalf of the AGS and Accounts Commission, is committed to supporting the Scottish Parliament and others as devolution changes the landscape for public finances. We seek to support transparency and strengthen scrutiny of these changes through our work, including:
 - our audits of public sector bodies as they respond to the new landscape
 - taking a whole system perspective in our work, including the implications of newly devolved economic and fiscal policy responsibilities
 - sharing what we learn and our expertise to support implementation and improvement.
24. There will be significant developments through to 2021/22 that will have implications for our work. There are four areas in particular where our work is expected to increase:
 - audits of new bodies and accounts established as a result of increased devolution
 - reflecting fundamental changes in public financial management, including the introduction of a Scottish Exchequer
 - audit of implementation and transition across government (including social security changes)
 - organisational development to support our work in new areas.

How Councils Work (HCW)

25. Given the significance of the implementation during 2017/18 of the new approach to auditing Best Value, last December the Accounts Commission agreed to put its HCW programme on hold and use the intelligence arising from the first six Best Value Assurance Reports (BVARs) to inform future HCW activity.
26. To date, the Commission has published four BVARs (Inverclyde, Renfrewshire, East Renfrewshire, and West Lothian). The BVAR on Orkney Islands Council will be considered at the December Commission meeting and be published later that month, with the last of the first tranche of BVARs (Clackmannanshire Council) reported to the Commission in January 2018.
27. It is proposed that, rather than making decisions about future HCW reports in December, the Accounts Commission assesses its approach to future HCW work once it has had the opportunity to consider any key themes arising from the first tranche of BVARs, and the review of the first year of the new approach to Best Value audit in February 2018. This will involve a separate set of proposals being brought to a future Commission meeting in early 2018 specifically covering HCW. That paper would provide the Commission with an opportunity to not only identify potential topics for HCW reporting, but also reflect more widely on its future approach to HCW activity. Provision has been made within the work programme resource plan to deliver one HCW report during both 2018/19 and 2019/20.

Stakeholder engagement: promoting audit findings

28. The AGS and the Accounts Commission have a shared commitment to ensuring that the audit work that is undertaken on their behalf makes the most positive difference to public services and the way public money is used in Scotland. For that reason, we have invested significant time and effort over recent years to develop and implement a range of approaches to maximise the impact of our audit work. These include:
- increasing use of web-based material (for example, the health and social care animation)
 - elected member, board member and officer checklists
 - service user, parent or carer summaries of audit findings
 - conference presentations
 - briefings and workshops for key national and local stakeholder groups
 - open access to audit-related performance data and analysis
 - local promotion strategies for Best Value audit reports.
29. Feedback from stakeholders on many of our recent developments (e.g. health and social care animation, Self-Directed Support 2 service user 'easy-read' document, Digital briefing and New financial powers material) have been very positive and we know that many audited bodies value direct engagement with audit teams to consider the local implications of national audit work. It is clear that this activity helps to raise the profile of the audit work, supports ownership of audit recommendations, and contributes to audits making a difference.
30. Given the resource requirements of undertaking this work we need to target our efforts effectively. This means giving careful thought to the relative cost and potential benefit of different approaches across the work programme and when identifying potential additional audit outputs and developing post-publication communication and engagement strategies for individual audits. The discussions that take place between audit teams, the AGS and Commission sponsors at key stages of each the audit are key to informing these decisions, and help to maintain an appropriate balance of promotional activity across the programme.

Stakeholder engagement: Parliamentary engagement

31. We have been implementing a more strategic approach to parliamentary engagement since the start of Session 5 of the Scottish Parliament. The new arrangements are designed to ensure that the work programmes of the AGS and Accounts Commission are informed by, and avoid duplicating the work of, parliamentary committees. The new arrangements also aim to ensure that our audit work supports effective parliamentary scrutiny that makes a positive difference to public services and the way public money is used in Scotland.
32. Feedback from the parliament on our engagement work has been positive and provides a strong foundation upon which to build in the context of the increased interest in strengthening parliamentary scrutiny of how well public finances are being used to deliver improved outcomes set out on the Budget Process Review Group report.
33. The most recent phase of our parliamentary engagement has involved considering feedback that the PAPLS committee has gathered from subject committees on topics that they feel could usefully be considered by the AGS or the Accounts Commission as part of their work.
34. Formal responses were received from five subject committees. The key themes that those committees raised were:
- *Economy, Fair Work and Jobs Committee* - Scotland's economic performance

- *Environment, Climate Change and Land Reform Committee* - Climate change and environmental performance (including the performance of some key national agencies)
 - *Equalities and Human Rights Committee* - Equality-related budget scrutiny
 - *Health and Sport Committee* - Financial performance of the NHS (including the transparency of funding allocations)
 - *Local Government and Communities Committee* - City Region Deals and housing
 - *Social Security Committee* - the delivery of new social security powers.
35. Further work is needed to fully reflect on how best to respond to the various points raised by the Committees however it is clear that many of their areas of interest are already reflected in the AGS and Accounts Commission joint work programme. For example:
- Audit work on Scotland's new financial powers, including devolved social security arrangements
 - support for parliamentary committees in relation to budget scrutiny
 - performance audit work and portfolio monitoring on a range of economic-related areas (enterprise and skills, etc.)
 - NHS financial performance reporting through the annual NHS overview report
 - performance audits on City Region Deals and housing
 - annual audit work on Scotland's main environmental bodies.
36. We will continue to engage with the Committees as part of our cluster work. The impact of our ongoing parliamentary engagement activity and its potential impact on the work programme will be routinely reported to the AGS, and to the Commission's Performance Audit Committee, as part of future cluster briefings.

Equality and diversity

37. It is important that we consider our obligations under the Equality Act 2010 as part of the work programme refresh to ensure that equality issues are given appropriate prominence across the full range of our audit work. Last year the AGS and Accounts Commission published several audit reports with a strong focus on the extent to which public bodies are addressing equalities, such as Equal Pay and Self Directed Support 2. Throughout 2017 Audit Scotland has also undertaken a wide range of equality related stakeholder engagement on behalf of the AGS and the Commission.
38. Once the AGS and the Accounts Commission have agreed the refreshed work programme we will consult with Audit Scotland's Equality and Human Rights advisory group (EHRAG). This advisory group is made up of a range of equality and human rights-related expert organisations. These include: the Scottish Equality Network, Enable Scotland, Stonewall Scotland, the Council of Ethnic Minority Voluntary Sector Organisations (CEMVO), Children 1st, the Scottish Inter-faith Council, Close the Gap, and Age Scotland.
39. We will use feedback from that consultation exercise to inform the preparation of a draft Equality Impact Assessment on the refreshed work programme. This will then be considered by Audit Scotland's corporate Diversity and Equality Steering Group (DESG). Once approved, the assessment will be published on Audit Scotland's website.

Fraser McKinlay

Director of Performance Audit and Best Value

29 November 2017

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

Reports		Total
17/18 (planned)	7 performance audit, 8 Best Value (6 BVAR, 2 follow up), 4 overview, 11 'other'	30 reports (includes provisional statutory reports)
16/17	7 performance audit, 3 Best Value, 4 overview, 1 How councils work, 8 'other' (briefings and statutory reporting)	27 reports
15/16	7 performance audit, 6 Best Value, 3 overview, 1 Community Planning, 1 How councils work, 9 'other'	27 reports
14/15	6 performance audit, 4 Best Value, 6 Community Planning, 3 overview, 5 'other'	24 reports
13/14	11 performance audit, 5 Best Value, 3 overview, 2 How councils work, 2 'others'	23 reports
*includes 3 s22 reports in the FE sector completed during 16/17 but not laid before Parliament until April		

Appendix 2a: 2017/18 – published and planned

Month	Report
April	No reports published
May	Principles for a digital future
June	Inverclyde Council Best Value Assurance Report CAP Futures follow up Housing benefit annual update Scotland's colleges overview
July	NHS workforce planning
August	Self directed support follow up Renfrewshire Council Best Value Assurance Report
September	Equal pay in Scottish councils S22: Scottish Government consolidated accounts
October	S22: NHS Tayside Transport Scotland's ferry services NHS in Scotland overview
November	East Renfrewshire Council Best Value Assurance Report East Dunbartonshire Council audit of Best Value follow up West Lothian Council Best Value Assurance Report Financial overview of local government in Scotland 2016/17
December	Orkney Best Value Assurance Report (planned) S22: Scottish Police Authority (planned) S22: Non domestic rates account (planned)
January	S102 City of Edinburgh Council (provisional) S102 Dundee City Council (provisional) Falkirk Council audit of Best Value follow up (planned)
February	Clackmannanshire Council Best Value Assurance Report (planned) Early learning and childcare (planned) S102 Dunfermline flood prevention (provisional)
March	Local government in Scotland 2018 overview (planned) Managing new financial powers (planned) S22: Further Education (provisional x2)
Total = 30 outputs	13 Auditor General, 15 Accounts Commission, 2 Joint

Appendix 2b: 2016/17 - published

Month	Report
April	No reports due to election moratorium
May	CAP Futures programme City Deals – briefing paper
June	South Ayrshire Council audit of Best Value follow up
July	Higher Education Supporting economic growth
August	Maintaining Scotland's roads follow up Superfast broadband update Scotland's Colleges overview
September	Social work services in Scotland Scotland's new financial powers – briefing paper S22: Scottish Government consolidated accounts
October	Angus Council audit of Best Value S22: NHS24 S22: NHS Tayside NHS in Scotland overview
November	How Councils Work: roles and working relationships in councils Financial overview of local government in Scotland 2015/16
December	Falkirk Council audit of Best Value update East Dunbartonshire Council audit of Best Value follow up S22: Scottish Police Authority
January	No reports
February	Scotland's NHS workforce – briefing paper
March	Local government in Scotland overview S22: i6 Managing new financial powers S22: Lews Castle College (laid April) S22: Edinburgh College (laid April) S22: Moray College (laid April)
Total = 27 outputs	17 Auditor General, 8 Accounts Commission, 2 Joint

Appendix 3: AGS and Accounts Commission indicative resource allocation (2018/19 – 2019/20) – Performance Audit and Best Value work

Auditor General for Scotland 2018/19	Size	Indicative budget (£,000s)
NHS in Scotland 2018	Overview	125
Scotland's colleges 2018	Overview	125
Broadband follow-up	Small PA	30
Managing Scotland's new financial powers series	Large PA	175
NHS workforce (2) – community based workforce	Medium PA	125
Scottish fire and rescue service follow up	Medium PA	125
Forth replacement crossing	Medium PA	125
<i>Digital in central government and health (straddles 18/19 into 19/20)</i>	Medium PA	62.5
Statutory reports x 6	Varies	108
Correspondence and investigatory work		100
Total		1100.5

Accounts Commission 2018/19	Size	Indicative budget (£,000s)
Best Value Assurance Reports x 6	BVAR	300
Other local government Best Value audit and intelligence activity	Various	304
Local government in Scotland: financial overview	Overview (small)	50
Local government in Scotland: performance and challenges	Overview	125
ALEOs	Large PA	166 (actual budget)
How Councils Work	HCW	80
Shared Risk Assessment (data analysis, Round Tables, Local Scrutiny Plans and National Scrutiny Plan)	SRA	50
Statutory reports x 3	Varies	54
Correspondence and investigatory work		100
Total		1229

Joint work (split varies depending on topic) 2018/19	Size	Indicative budget (£,000s)	AGS split	AC split
Children and young people's mental health	Large PA	175	122.5	52.5
Community justice	Small PA	75	48.75	26.25
Health and social care integration pt.2	Large PA	175	87.5	87.5
Innovative financing: City Deals	Medium PA	125	31.25	93.75
Total		550	290	260

Overall total 18/19: £2,879,500

AGS share 18/19: £1,390,500 (48%)

AC share 18/19: £1,489,000 (52%)

Auditor General for Scotland 2019/20	Size	Indicative budget (£,000s)
NHS in Scotland 2019	Overview	125
Scotland's colleges 2019	Overview	125
A9 dualling	Small PA	75
Higher education finances	Medium PA	125
Managing Scotland's new financial powers series	Large PA	175
Skills planning and investment	Medium PA	125
<i>Digital in central government and health (straddles 18/19 into 19/20)</i>	Medium PA	62.5
Statutory reports x 6	Varies	108
Correspondence and investigatory work		100
Total		1020.5

Accounts Commission 2019/20	Size	Indicative budget (£,000s)
Best Value Assurance Reports x7	BVAR	350
Other local government Best Value audit and intelligence activity	Various	304
Local government in Scotland: financial overview	Overview (small)	50
Local government in Scotland: performance and challenges	Overview	125
How Councils Work	HCW	80
<i>Digital progress in local government (straddles 19/20 into 20/21)</i>	Medium PA	62.5
<i>Supporting economic growth: the role of local authorities (straddles 19/20 into 20/21)</i>	Medium PA	62.5
Shared Risk Assessment (data analysis, Round Tables, Local Scrutiny Plans and National Scrutiny Plan)	SRA	50
Statutory reports x 3	Varies	54
Correspondence and investigatory work		100
Total		1238

Joint work (split varies depending on topic) 2019/20	Size	Indicative budget (£,000s)	AGS split	AC split
Community assets	Medium PA	125	25	100
Educational outcomes	Medium PA	125	62.5	62.5
Housing	Medium PA	125	62.5	62.5
Value for money of non-profit distributing models	Medium PA	125	62.5	62.5
Waste management	Medium PA	125	31.25	93.75
Total		625	243.75	381.25

Overall total 19/20: £2,883,500
AGS share 19/20: £1,264,250 (44%)
AC share 19/20: £1,619,250 (56%)

Appendix 4: Proposed revised longer-term audit programme (2018/19 to 2022/23)

	2018/19	2019/20	2020/21 provisional	2021/22 provisional	2022/23 provisional
Audits of Best Value	6 BVARs (AC) <ul style="list-style-type: none"> • Dumfries and Galloway Council • East Ayrshire Council • East Lothian Council • Fife Council • Glasgow City Council • West Dunbartonshire Council 	7 BVARs (AC) <p>To be confirmed following the 2018/19 SRA process</p>	7 BVARs (AC) <p>To be confirmed following the 2019/20 SRA process</p>	6 BVARs (AC) <p>To be confirmed following the 2020/21 SRA process</p>	End of five year appointment cycle. <p>To be confirmed following 2021/22 SRA process</p>
How Councils Work	<ul style="list-style-type: none"> • To be confirmed 	<ul style="list-style-type: none"> • To be confirmed 	<ul style="list-style-type: none"> • To be confirmed 	<ul style="list-style-type: none"> • To be confirmed 	<ul style="list-style-type: none"> • To be confirmed
Overview reporting	<ul style="list-style-type: none"> • Local government financial overview (AC) • Local government overview (AC) • NHS in Scotland (AGS) • Scotland's colleges (AGS) 	<ul style="list-style-type: none"> • Local government financial overview (AC) • Local government overview (AC) • NHS in Scotland (AGS) • Scotland's colleges (AGS) 	<ul style="list-style-type: none"> • Local government financial overview (AC) • Local government overview (AC) • NHS in Scotland (AGS) • Scotland's colleges (AGS) 	<ul style="list-style-type: none"> • Local government financial overview (AC) • Local government overview (AC) • NHS in Scotland (AGS) • Scotland's colleges (AGS) 	<ul style="list-style-type: none"> • Local government financial overview (AC) • Local government overview (AC) • NHS in Scotland (AGS) • Scotland's colleges (AGS)

	2018/19	2019/20	2020/21	2021/22	2022/23
Performance audits					
Devolution	<ul style="list-style-type: none"> New financial powers and constitutional change (AGS) 	<ul style="list-style-type: none"> New financial powers and constitutional change (AGS) 	<ul style="list-style-type: none"> New financial powers and constitutional change (AGS) 	<ul style="list-style-type: none"> New financial powers and constitutional change (AGS) 	<ul style="list-style-type: none"> New financial powers and constitutional change (AGS)
Economy	<ul style="list-style-type: none"> Innovative Financing - City Deals (Joint) Forth replacement crossing (AGS) 	<ul style="list-style-type: none"> A9 dualling (AGS) Value for money of NPD projects (Joint) 	<ul style="list-style-type: none"> Supporting economic growth: impact of enterprise and skills review (AGS) 	<ul style="list-style-type: none"> Development of Scotland's new agriculture and fishing policy post Brexit (AGS) 	<ul style="list-style-type: none"> Replacing structural funds (Joint)
		<ul style="list-style-type: none"> Supporting economic growth – role of local authorities (reporting early 2020/21) (AC) 		<ul style="list-style-type: none"> Innovative Financing - City Deals (2) (Joint) 	
Policy		<ul style="list-style-type: none"> Community assets (Joint) Educational outcomes (Joint) Housing (Joint) Skills planning and investment (AGS) Waste management (Joint) 	<ul style="list-style-type: none"> Flood risk management (Joint) Youth justice (Joint) 	<ul style="list-style-type: none"> Early learning and childcare series (Joint) Housing (2) (Joint) Social security (AGS) 	
Public service reform	<ul style="list-style-type: none"> ALEOs (AC) Community justice (1) (Joint) Health & social care integration: Part 2 (Joint) 		<ul style="list-style-type: none"> Health & social care integration part 3 (Joint) 	<ul style="list-style-type: none"> Community justice (2) (Joint) 	
Performance and outcomes	<ul style="list-style-type: none"> Children and young people's mental health (Joint) 	<ul style="list-style-type: none"> Higher education (finances) (AGS) 	<ul style="list-style-type: none"> Improving outcomes for looked after children (Joint) 	<ul style="list-style-type: none"> Outcomes for children with additional support needs (Joint) 	<ul style="list-style-type: none"> Mental health 3 (AC/AGS/Joint - to be agreed) Progress in addressing child poverty (cross cutting) (Joint)

	2018/19	2019/20	2020/21	2021/22	2022/23
Skills and capacity	<ul style="list-style-type: none"> NHS workforce(2) – community based workforce (AGS) 		<ul style="list-style-type: none"> NHS Workforce (3) (AGS) Teacher workforce planning (NEW) (Joint) Public sector workforce planning for skills post Brexit (Joint) 		
Digital	<ul style="list-style-type: none"> Digital progress in central government and health (reporting early 19/20) (AGS) 		<ul style="list-style-type: none"> Digital services (learning or justice) (reporting 2021/22) (AC/AGS/Joint - to be agreed) 		<ul style="list-style-type: none"> Digital progress across government (cross cutting) (NEW) (reporting 2023/24) (Joint)
		<ul style="list-style-type: none"> Digital progress in local government (reporting early 2020/21) (AC) 		Progress against digital strategy – 5 years on (reporting 2022/23) (AGS)	
Performance Audit follow up	<ul style="list-style-type: none"> Scottish fire and rescue services (was 17/18) (AGS) Broadband (AGS) 		<ul style="list-style-type: none"> Commonwealth Games legacy – six years on (Joint) 		
Impact reports <i>Note: impact report publication dates may change in response to significant policy developments that impact on audit recommendations and the final scheduling of the original audit work / report publication.</i>	<ul style="list-style-type: none"> Community planning: an update Efficiency of Sheriff Courts Higher education Modern Apprenticeships Roads Maintenance Social work in Scotland The role of Scotland's Enterprise Agencies 	<ul style="list-style-type: none"> Early learning and childcare impact and update Equal pay in Scottish Councils NHS workforce planning (1) Transport Scotland's ferry services Self directed support (f/u) 	<ul style="list-style-type: none"> ALEOs Children and young people's mental health Community justice Innovative financing: City Deals Primary and social care workforce Scottish fire and rescue (f/up) Forth replacement crossing 	<ul style="list-style-type: none"> A9 dualling Community assets Digital in central government and health Educational outcomes Higher education finances Housing (1) Skills planning and investment Value for money of NPD projects Waste management 	<ul style="list-style-type: none"> Digital in local government Flood risk management Improving outcomes for looked after children Innovative financing – City Deals (2) Supporting economic growth – role of local authorities Youth justice

Appendix 5: Summary information on the proposed performance audits in the 2018/19 to 2019/20 work programme options

2018/19

Accounts Commission	Joint audit	Auditor General for Scotland
<p>ALEOs</p> <p>The Commission noted in its 2011 <i>How Councils Work</i> report Arm's-length external organisations (ALEOs): are you getting it right? that it is not always clear whether ALEOs have met their objectives. The Commission has also noted that whilst councils' governance of ALEOs is improving, there is still some variation across councils.</p> <p>This audit aims to provide public assurance over councils' use of ALEOs and the extent to which they are achieving their intended benefits. The audit will also help to share good practice and lessons learned between councils.</p>	<p>Children and young people's mental health</p> <p>Improving mental health and wellbeing is a major public health challenge for Scotland. The social and economic costs of mental ill health are high. One in eight children aged ten to 15 report symptoms of mental ill health, with most adult mental health problems first occurring in adolescence. Mental health problems in childhood and adolescence are also associated with poorer outcomes in later life.</p> <p>Our 2009 Overview of Mental Health Services report found that provision of specialist child and adolescent mental health services (CAHMS) varied considerably across Scotland, and that there was a lack of early intervention and preventative services. It also found evidence of children and young people waiting significant periods of time to access services.</p> <p>This audit aims to establish how effectively children and young people's mental health services are delivered and funded in Scotland. The audit will look at provision of services across all four tiers of CAHMS, including voluntary and private sector services where relevant. Throughout the audit we will engage with children and young people, as well as their parents and carers, about their views and experiences.</p>	<p>Broadband follow/up</p> <p>The rollout of superfast broadband continues to be of significant public and parliamentary interest.</p> <p>This follow up audit will comment on what has been achieved from the public sector's two contracts with BT (due to complete at the end of 2017). It will also review progress with the next stage of broadband development, including delivery of the Scottish Government's vision of world-class infrastructure by 2020, and 100 per cent superfast broadband coverage by 2021.</p>
<p>How Councils Work</p> <p>It is recommended that the Accounts Commission considers potential topics for future HCW reports in early 2018 once it has had the opportunity to reflect on key themes arising from the first tranche of Best Value Assurance Reports. The last of these (Clackmannanshire Council) will be reported to the Commission in January 2018.</p> <p>It is assumed that one <i>How Councils Work</i> will take place in 2018/19.</p>		<p>Digital in central government and health</p> <p>This is the first in a series of audits looking at high level performance against digital strategies, outcomes, leadership, and assurance and governance arrangements.</p> <p>This audit will look at the progress that the Scottish Government is making in delivering on its digital ambitions. This will include progress against the digital strategy, the impact of new assurance arrangements, and comparison of the approach and progress in the digital directorate in central government and the e-health directorate.</p>

Accounts Commission	Joint audit	Auditor General for Scotland
	<p>City Deals <i>The Scottish Government considers City Region Deals as having a major role in driving the economy, boosting investment and innovation, and supporting inclusive economic growth. Around £2.3 billion has been committed in respect of the four City Region Deals agreed to date, with most councils actively involved in their development.</i></p> <p><i>The audit will review progress to date, with particular emphasis on governance and project management arrangements. A further City Deals audit is proposed for 2021/22 by which time some of the projects associated with each City Deal should be under way.</i></p>	<p>New financial powers and constitutional change <i>Continues the series of reports looking at the devolution of New Financial Powers and associated constitutional change.</i></p>
	<p>Community justice <i>Concerns over the previous community justice arrangements had been highlighted in a number of reports, including our 2012 report on Reducing reoffending in Scotland. The Community Justice (Scotland) Bill of 2015 introduced changes to the community justice model that came into effect in April 2017. Planning and delivery of community justice is now the responsibility of local community justice partners, operating within the context of wider community planning. The previous eight Community Justice Authorities have been abolished. A new national body, accountable to Scottish Ministers, called Community Justice Scotland has been established to provide oversight, monitor performance and promote good practice and awareness of community justice.</i></p>	<p>NHS Workforce part 2 – community based workforce <i>We have reported on significant risks in current NHS workforce planning arrangements and that it is unclear what long-term impact health and social care integration, including the role of integration authorities, will have on the NHS workforce.</i></p> <p><i>This audit will involve more detailed audit work on the community based workforce, including its changing role, challenges and working arrangements, and provide an update on the first NHS workforce planning report.</i></p>

Accounts Commission	Joint audit	Auditor General for Scotland
	<p><i>During the consultation on the new approach to community justice the Accounts Commission and Auditor General expressed concerns over the complexity of the proposed accountability arrangements.</i></p> <p><i>This audit would be the first of two community justice audits, and will be a focussed piece of work providing an immediate assessment of the new arrangements at local and national level. The second stage would be a longer-term assessment of the impact of community justice reform, reporting in 2021/22.</i></p>	<p>Forth replacement crossing</p> <p><i>At a total cost of £1.3 billion, the Forth Replacement Crossing is the largest public sector major capital project in recent years.</i></p> <p><i>The audit will provide assurance on the project's management and delivery to cost and budget, whilst seeking to identify lessons for the management of other infrastructure investment projects.</i></p> <p><i>It will also include a high-level examination of how consideration of the residual use of the current bridge (i.e. how long it is anticipated to remain in use, for what purposes, and the associated cost of ongoing maintenance) was considered as part of the overall business planning for the new bridge.</i></p>

Accounts Commission	Joint audit	Auditor General for Scotland
	<p>Health and social care integration part 2</p> <p><i>In December 2015, we published the first of three national reports looking at the integration of health and social care. In the report we recognised that The Public Bodies (Joint Working) (Scotland) Act 2014 introduced a significant programme of reform affecting most health and care services, and over £8 billion of public money. The reforms are far reaching and have scope to address barriers to providing the right care for people closer to home.</i></p> <p><i>We also reported significant risks to the success of health and social care integration, including complex governance arrangements, difficulties in budget-setting and consequent delays in strategic planning.</i></p> <p><i>We will carry out a second audit in 2018, now that integration authorities are more established, to look at progress and to follow up on these risks. The audit will also examine changes to the system, including evidence of shifts in service delivery from acute to community based and preventative services, and the impact on the lives of local people.</i></p>	<p>Scottish Fire and Rescue Service</p> <p><i>This audit will follow-up on the recommendations made in the 2015 report, and will provide an update on the progress made by the Scottish Fire and Rescue Service on its financial sustainability, its continued transformation to a national service and how effectively it is now performing.</i></p> <p><i>The audit will provide assurance to the Scottish Parliament and the public that the Service has appropriate arrangements in place to deliver its preventative and emergency responsibilities across Scotland. It will highlight good practice and lessons learned to support continued improvement across the Service.</i></p>

Accounts Commission	Joint audits	Auditor General for Scotland
<p>Digital progress in local government</p> <p><i>This audit will enable the Commission to focus on whether councils are making best use of digital technologies and methods to transform services and improve outcomes for citizens. This would include looking at the effectiveness of leadership and collaboration across councils.</i></p>	<p>Community assets</p> <p><i>With the Strategic Scrutiny Group (SSG) we have undertaken a range of work to help develop our work on community empowerment, including: establishing an advisory group with scrutiny partners and external experts; learning and making connections; developing a broader understanding of the key issues and implications for scrutiny; and developing a coordinated approach to the scrutiny of community empowerment across all scrutiny bodies.</i></p> <p><i>We will review our progress in 2018 and provide an update to inform audit work planned for 2019/20. The audit will build on the ongoing joint development work with the SSG and will assess how organisations across the public sector are working with local communities to make best use of community assets, and the local impact of the Community Empowerment (Scotland) Act.</i></p>	<p>A9 Dualling - option</p> <p><i>The dualling of the A9 trunk road is consists of 11 separate projects with a likely combined cost of around £3 billion once completed in 2025.</i></p> <p><i>This audit will consider the delivery to date of the projects within the overall dualling programme, including delivery to cost and time budgets, and governance arrangements, with a view to identifying learning points for subsequent projects.</i></p>

Accounts Commission	Joint audits	Auditor General for Scotland
<p>Supporting economic growth: the role of local authorities</p> <p><i>Building on our 2016 report on the role of the enterprise agencies in supporting economic growth, this audit will consider the issues and risks to other areas of the economic development landscape. This includes local economic development and regeneration activity in councils, and the role of the Business Gateway service.</i></p> <p><i>This is a topic which is of priority interest to the Commission. This will assume even greater significance as a consequence of the potential impact of Scotland's new financial powers on local government funding, and the increased emphasis that Scottish local authorities are placing on supporting economic growth as part of their efforts to create sustainable communities and address inequalities.</i></p>	<p>Educational outcomes</p> <p><i>This audit will follow up on our 2014 report on School education. Since then, the Scottish Government has identified improving educational outcomes and closing the poverty-related attainment gap as its top priority, and has committed to investing an additional £70 million to improve outcomes over the lifetime of this Parliament.</i></p> <p><i>The audit will look at trends in educational outcomes and spending across Scotland, and assess the impact of actions by the Scottish Government and councils to improve outcomes. It will also follow up on progress against the recommendations in our 2014 report.</i></p>	<p>Higher education financing</p> <p><i>This audit will follow up on the financial aspects of our 2016 report on higher education in Scottish universities. In that report it was noted that the strong overall financial position masked underlying risks within the sector. Surpluses and reserves were concentrated in a small number of universities, with some heavily reliant on Scottish Government funding at a time when this is reducing.</i></p> <p><i>Universities were placing greater reliance on generating income from fee-paying students from the rest of the UK and outside the European Union (EU). The effects of Brexit will potentially affect this position.</i></p> <p><i>This audit will review the position based primarily on universities 2018/19 financial statements and information from the Scottish Funding Council.</i></p>
<p>How Councils Work</p> <p><i>It is recommended that the Accounts Commission considers potential topics for future HCW reports in early 2018.</i></p> <p><i>It is assumed that one How Councils Work will take place in 2019/20.</i></p>	<p>Housing</p> <p><i>The scope of this work is still to be decided and will be informed by the Round Table scheduled to take place during 2018/19., It is likely to focus on issues of housing supply and progress that has been made in delivering the Scottish Government housing action plan. It would follow up on the issues identified in the 2013 Housing in Scotland report in the context of the changed policy context and ambitious improvement targets that the Scottish Government has set in this area, in particular to increasing the supply of affordable homes.</i></p>	<p>New financial powers and constitutional change</p> <p><i>Continues the series of reports looking at the devolution of New Financial Powers and associated constitutional change.</i></p>

Accounts Commission	Joint audits	Auditor General for Scotland
	<p>Value for money of NPD projects</p> <p><i>Our last report on the use of private finance to fund public sector infrastructure investment was published in 2002. Private finance remains an important way to fund infrastructure investment, with nearly a third of capital projects by value (£2.3 billion out of £7.2 billion) which are currently underway being funded through non-profit distributing (NPD) models.</i></p> <p><i>This audit will use a case study approach to assess whether NPD has achieved its aim of curtailing excessive private sector profits. It will also assess the impact of the Office for National Statistics decision to classify NPD projects such as the Aberdeen West Peripheral Route as being subject to public sector control.</i></p> <p>Waste management</p> <p><i>The overall aim of the audit will be to assess how well Scotland is performing in meeting its current and future waste management targets. It will consider the level of investment in new waste management facilities and the impact of the Scottish Landfill Tax on the levels of waste sent to landfill.</i></p> <p><i>The audit will follow up on previous reports on Sustainable waste management in 2007, and the 2010 Protecting and improving Scotland's environment report.</i></p>	<p>Skills planning and investment</p> <p><i>There have been some significant developments in this area in recent years, including the introduction of Skills Investment Plans, regionalisation of colleges, new foundation and graduate apprenticeships, and the Scottish Government's Enterprise and Skills Review.</i></p> <p><i>This audit will look at how the Scottish Government determines, in conjunction with relevant stakeholders, the role the public sector should play in anticipating and developing the skills needed for the economy and, more widely, society. It will consider how effective interventions have been and, potentially, the value for money of specific interventions.</i></p>