

462nd meeting of the Accounts Commission for Scotland
Thursday 14 November 2019, 10.15am
in the offices of Audit Scotland, 102 West Port, Edinburgh

Agenda

1. **Apologies for absence.**
2. **Declarations of interest.**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 7 to 13 in private (* see note).
4. **Minutes of meeting of 10 October 2019.**
5. **Update report by the Secretary to the Commission:** The Commission will consider a report by the Secretary to the Commission.
6. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit.

The following items are proposed to be considered in private:
7. **Local government in Scotland: financial overview 2019 - draft report:** The Commission will consider a report by the Director of Performance Audit and Best Value.
8. **Proposed Best Value auditing approach in councils from 2021/22:** The Commission will consider a report by the Director of Performance Audit and Best Value.
9. **Audit appointments and new Code of Audit Practice - update:** The Commission will consider a report by the Secretary to the Commission.
10. **Strategic risks, priorities and Commission reporting response - proposed stakeholder consultation:** The Commission will consider a report by the Secretary to the Commission.
11. **Review of local authority financial reporting and external audit in England: call for views – proposed Commission response:** The Commission will consider a report by the Audit Director (Professional Support).
12. **National Audit Office: New Code of Audit Practice : consultation – proposed Commission response:** The Commission will consider a report by the Associate Director, Audit Quality and Appointments.
13. **Commission business matters:** The Commission will discuss matters of interest.

* It is proposed that items 7 to 13 be considered in private because:

- Item 7 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 8 proposes an approach to auditing Best Value which will require the Commission to consider confidential policy, business and commercial matters.
- Item 9 requires decisions on a various aspects of the approach to new audit appointments and associated Code of Audit Practice, which will require the Commission to consider confidential policy, business and commercial matters.
- Item 10 proposes the terms of a stakeholder engagement exercise which may require the Commission to consider confidential policy matters.
- Items 11 and 12 propose responses to consultation exercises which may require the Commission to consider confidential policy matters.
- Item 13 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of meeting of 10 October 2019	AC.2019.10.1
Agenda Item 5: Report by Secretary to the Commission	AC.2019.10.2
Agenda Item 7: Report by Director of Performance Audit and Best Value	AC.2019.10.3
Agenda Item 8: Report by Director of Performance Audit and Best Value	AC.2019.10.4
Agenda Item 9: Report by Secretary to the Commission	AC.2019.10.5
Agenda Item 10: Report by Secretary to the Commission	AC.2019.10.6
Agenda Item 11: Report by Audit Director (Professional Support)	AC.2019.10.7
Agenda Item 12: Report by Associate Director, Audit Quality and Appointments	AC.2019.10.8

MEETING: 14 NOVEMBER 2019

MINUTES OF PREVIOUS MEETING

Minutes of the 461st meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 10 October 2019, at 10.00am.

PRESENT: Graham Sharp (Chair)
 Andrew Burns
 Andrew Cowie
 Sheila Gunn
 Christine Lester
 Tim McKay
 Stephen Moore
 Sharon O'Connor
 Pauline Weetman
 Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
 Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
 Douglas Black, Audit Manager, PABV (items 11 and 12)
 Gemma Diamond, Audit Director, PABV (item 14)
 Asif Haseeb, Senior Manager, Audit Services (item 12)
 Robert Leask, Consultant, Audit Quality and Assurance (item 13)
 Mark McCabe, Audit Manager, PABV (item 10)
 Graeme Samson, Senior Auditor, Audit Services (items 11 and 12)
 David Sim, Senior Auditor, Audit Services (item 14)
 Gillian Woolman, Audit Director, Audit Services (items 11 and 12)

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 12 September 2019
5. Minutes of meeting of Financial Audit and Assurance Committee of 26 September 2019
6. Minutes of meeting of Performance Audit Committee of 26 September 2019
7. Audit Scotland board update
8. Update report by the Secretary to the Commission
9. Update report by the Controller of Audit
10. National Scrutiny Plan
11. Best Value Assurance Report: Scottish Borders Council
12. Best Value Assurance Report: Scottish Borders Council (in private)
13. New Code of Audit Practice and audit appointments (in private)
14. Housing Benefit Performance Audit Annual Report (in private)
15. Commission business matters

1. Apologies for absence

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

2. Declarations of interest

The following declarations of interest were made:

- Christine Lester, in item 13, being a volunteer adviser for Citizens Advice Bureau Moray.
- Geraldine Wooley, in item 8, being a member of the Fife Valuation Appeals Committee and a council tax payer in Fife and the City of Edinburgh, in relation to references to the relevant councils.

3. Decisions on taking business in private

It was agreed that items 12 to 15 be considered in private because:

- Item 12 requires the Commission to consider actions in relation to report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decisions, which the Commission does before making the decision public.
- Item 13 requires the Commission to discuss an update on the project relating to new audit appointments and a new Code of Audit Practice, which may require consideration of confidential policy matters.
- Item 14 requires the Commission to discuss a draft performance audit report in advance of publication.
- Item 15 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

No business was notified by members for item 15 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 12 September 2019

The minutes of the meeting of 12 September 2019 were approved as a correct record.

5. Minutes of the Financial Audit and Assurance Committee of 26 September 2019

The minutes of the meeting of the Financial Audit and Assurance Committee of 26 September 2019 were approved as a correct record.

6. Minutes of the Performance Audit Committee meeting of 26 September 2019

The minutes of the meeting of the Performance Audit Committee of 26 September were approved as a correct record.

7. Audit Scotland Board update

The Commission considered a report by the Secretary providing an update on the recent activity of the Audit Scotland Board.

Following discussion, the Commission noted the report.

8. Update report by the Secretary to the Commission

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

During discussion, the Commission:

- In relation to paragraph 21, noted advice from the Secretary, in response to a query from Geraldine Wooley, that the Commission will retain an interest in the progress of the Scottish Elections (Reform) Bill and in particular any implications for local government finance.

Action: Secretary

- In relation to paragraph 98, noted advice from the Director of PABV, in response to a query from Sharon O'Connor, on how matters in relation to children with additional support needs features in the work programme and remains an area of monitoring for various policy clusters.
- In relation to paragraph 106, noted advice from Pauline Weetman of the Commission's interest in the review of local authority financial reporting and external audit in England chaired by Sir Tony Redmond, and noting the distinctiveness of the Best Value regime for Scottish local government and thus of the Commission's reporting responsibilities in this regard.

Following discussion, the Commission noted the report.

9. Update report by the Controller of Audit

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

The Commission in particular endorsed the Controller's thanks to appointed auditors for their work on their completion of the annual audit process across all local government bodies.

10. National Scrutiny Plan

The Commission considered a report by the Director of PABV providing for information the Strategic Scrutiny Group's National Scrutiny Plan for Local Government, which was published on 30 September 2019.

During discussion, the Commission noted that:

- The Plan summarises all planned and announced strategic scrutiny activity from September 2019.
- Noted advice from the Director, in response to a query from Stephen Moore, about the ongoing work arising from the Ministerial Advisory Group for Building and Fire Safety which was established by the Scottish Government after the Grenfell Tower tragedy.
- Noted further advice from the Director in this regard that he would keep the Commission updated through policy cluster briefings as appropriate.

Action: Director PABV

- Noted advice from the Director, in response to a query from Stephen Moore and Christine Lester, that he would ensure reference in the Appendix to the Commission's responsibilities in relation to integration joint boards.

Action: Director of PABV

- Noted advice from the Director, in response to a query from Christine Lester, that he would consider how to better reflect the roles and relationships of the Commission and Audit Scotland in future such publications of the National Scrutiny Plan.

Action: Director of PABV

- Noted advice from the Director, in response to various queries from members, that the Strategic Scrutiny Group continues to focus on managing the impact and workload on councils of scrutiny activity.

Following discussion, the Commission noted the report.

11. Best Value Assurance Report: Scottish Borders Council

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

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

12. Best Value Assurance Report: Scottish Borders Council (in private)

The Commission discussed how to proceed in relation to the Controller of Audit's Best Value Assurance Report for Scottish Borders Council

Following discussion, the Commission agreed to make findings, to be published on 22 October 2019.

Action: Secretary

13. New Code of Audit Practice and audit appointments (in private)

The Commission considered a report by the Secretary to the Commission providing an update on progress with audit appointments and a new Code of Audit Practice ('Code').

Following discussion, the Commission:

- Endorsed the Commission's governance arrangements for the project.
- Noted advice from the Commission Chair and Chair of Financial Audit and Assurance Committee on the assurance they continue to receive as members of the project Steering Group on contingencies in place in relation to various areas of risk in the exercise, including the project plan.
- Endorsed the principles underlying a new Code, including:
 - Those that should continue from the current to the new Code
 - Those that should change
 - Areas that required further consideration by the project Steering Group and thus onward consideration and endorsement by the Commission.
- Noted the updated position on procurement principles and the procurement strategy.
- Noted the further input required from the Commission in coming months.

Action: Secretary

14. Housing Benefit Performance Audit Annual Report (in private)

The Commission considered a report by the Director of PABV proposing a draft report setting out the outcome of housing benefit performance audit work for the year 2018/19.

Following discussion, the Commission:

- Approved the draft report, to be published on a date to be confirmed.
- Agreed publication and promotion arrangements for the report and future reporting in relation to benefits performance audit work.

Action: Secretary and Director of PABV

15. Commission business matters

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

MEETING: 14 NOVEMBER 2019

REPORT BY: SECRETARY TO THE ACCOUNTS COMMISSION

UPDATE REPORT

Introduction

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

Commission business

Publications

4. Audit Scotland collects [media coverage](#) on all the reports published by the Accounts Commission. Audit Scotland also provides a weekly summary of the [key media stories regarding local government](#). Both are available through Audit Scotland SharePoint, on the Accounts Commission Members' Extranet.
5. The download statistics of the reports published over the last 12 months (as at 30 October) are set out in the **Appendix**.
6. On 30 September the Accounts Commission, alongside other scrutiny partner organisations [published](#) the National Scrutiny Plan for Local Government 2019/20. This plan summarises all planned and announced strategic scrutiny activity in each of Scotland's 32 councils and is updated every six months to ensure it is up-to-date and comprehensive.
7. On 22 October the Accounts Commission [published](#) the Best Value Assurance Report for Scottish Borders Council. The report and findings noted that the council is making progress as it continues to transform the way it delivers services. The Commission (represented by Graham Sharp, Sophie Flemig and Stephen Moore) will be meeting senior members and officers of the council on 18 November to discuss the report, the council's intended response, and the audit process.

Auditor General for Scotland

8. On 24 October the Auditor General for Scotland [published](#) the NHS Overview report 2019. The report calls for the NHS to "*refocus its priorities*" to increase the pace of health and social integration. The report found achieving financial sustainability

remains a significant challenge for health boards and warns the NHS could face a £1.8bn shortfall by 2023-24. Health was the biggest area of government spending, at £13.4bn in 2018-19, and received an increased share of 42% of the Scottish budget. Predicted deficits and reliance on Government assistance were found to have increased, while a £1bn maintenance backlog and a 63% cut to the capital budget over the last ten years were also highlighted as areas for concern. Though it acknowledged the Scottish Government's assistance to health boards through a shift to medium-term financial planning, the Waiting Times Improvement Plan and a project to develop NHS leaders, the report concluded it was too soon to make conclusions on the impact of these changes. The report highlighted the significant turnover of senior leadership positions over the year, with 26 new appointments across the boards. The ageing population was identified as a significant pressure point. On access to care, despite more people being treated on time and improvements to patient safety, Audit Scotland found only two out of eight waiting time standards were met.

Issues affecting local government

Scottish Government

9. On 1 October the Scottish Government and the Improvement Service [published](#) the latest progress report on the delivery of the early learning and childcare expansion. Over 46,000 children are receiving extra hours ahead of the full roll-out of 1,140 funded hours next year. One third of three- and four-year olds and eligible two-year olds are accessing the minimum 600 hours they are currently entitled to. The report also found 214 nurseries have been built, extended or refurbished since March 2018. Capacity in local authority nurseries is 2.8% above of forecasts, while private sector capacity is 4% above expected levels. Councils have reported that the total number of additional staff required for the expansion is 8,458 full time equivalent.
10. On 2 October the Scottish Government [published](#) the proposed National Islands Plan. The plan is one of the provisions of the Islands (Scotland) Act 2018 and sets out the main objectives and strategy in relation to improving outcomes for island communities. It followed a consultation from April to July 2019 in which islanders identified what issues needed to be addressed. Strategic objectives include the need to address population decline, to promote sustainable economic development and to improve transport, housing and digital connectivity. Audit Scotland and the Accounts Commission are named as relevant authorities in the Act, which means they must have regard to island communities in carrying out their functions.
11. On 8 October the Scottish Government published an overview of the preparatory work that they're undertaken in the event of a 'no deal' Brexit. The Scottish Government [preparations](#) include the creation of a Scottish Medicines Shortage Response Group, a £7m Rapid Poverty Mitigation Fund and the use of the Stranraer port for HGVs to mitigate increase traffic flows between Scotland and Northern Ireland. The Scottish Government also published [research](#) on the local level Brexit vulnerabilities.
12. On 10 October the Scottish Government [announced](#) £164,000 of additional funding to help people who are made homeless this winter.
13. On 11 October the Scottish Government [confirmed](#) BT as the bidder for two of the three R100 broadband programme areas in Scotland. The R100 programme is the Scottish Government's attempts to deliver superfast broad to all premises in Scotland. Procurement was split into three areas – North, Central and South – with BT the only bidder for the latter two regions. Further details of the bid will be announced when contracts are signed later this year.

14. On 21 October the Scottish Government [released](#) new statistics which suggest that there will be an additional 240,000 pensioners over the next 25 years, an increase of 23 per cent, while the working age population is expected to fall by 7,000 people. Life expectancy is projected to increase for men and women and the gap between male and female life expectancy will narrow, with a baby girl born in 2043 expected to live to 83.8 years and a baby boy to 80.6 years.
15. On 22 October the Scottish Government [published](#) Council Tax base statistics for 2019. The publication consists of the number of Band D equivalent dwellings 1996 – 2019, and the number of chargeable council tax dwellings in each council tax band in 2019. Scotland’s council tax base increased to 2.015 million Band D equivalents in September 2019. Taking account of Council Tax Reduction (CTR), this figure is 1.4% higher than 2018 and 2.5% higher than 2017. The CTR scheme replaced Council Tax Benefit in April 2013 and since 2017 has been used in the calculation of figures for Band D equivalents. It reduces the council tax liability of lower income households in Scotland and results in a corresponding level of council tax income foregone by local authorities, for which they are compensated through general revenue grant funding. There were 2.505 million chargeable dwellings in Scotland in 2019, of which 72.7% are in Bands A to D and 27.3% in Bands E to H.
16. On 22 October the Scottish Government [published](#) the Benefit Take-up Strategy. It highlights the work carried out on take-up so far and outlines what steps will be taken next. This includes the introduction of activities and initiatives aimed at increasing the awareness of and access to benefits and supporting those entitled to them. The strategy also indicates how it aims to remove barriers to the application of benefits and how lived experience will play an important role in meeting its objectives.
17. On 23 October the Scottish Government [published](#) the Scottish Insolvency Statistics for July to September (Q2) 2019. The statistics reveal there were 3,466 personal insolvencies in Scotland, an increase from 3,077 personal insolvencies in the same quarter in the previous financial year. A total of 1,178 bankruptcies were awarded during this quarter, a 1.6% increase on the same quarter in 2018-19. There were 751 debt payment programmes approved under the Debt Arrangement Scheme (DAS) compared with 635 in the same quarter of 2018-19, with a total of £9m being repaid through DAS, a decrease from £9.2m during Q2 last year. In addition, the number of Scottish registered companies becoming insolvent or entering receivership increased to 235 from 232 in the same quarter of 2018-19.
18. On 28 October Derek Mackay MSP, cabinet secretary for finance, economy and fair work, [wrote](#) to businesses to urge them to prepare for the consequences of Brexit and to inform them about the available support from the Scottish Government. The letter highlights the Economic Action Plan, Scotland’s Export Plan and the Prepare for Brexit campaign.
19. On 28 October the Scottish Government [published](#) the analysis from the consultation on short-term lets that was held earlier this year. This consultation sought views on what regulation should exist for short-term lets. Independent analysis found broad support for regulation on short-term lets. A consultation received over 1,000 responses from communities, landlords and businesses, who raised concerns about its impacts in relation to anti-social behaviour, safety fears and on the housing market. The consultation, which also highlighted the economic benefits of short-term lets, is expected to inform the Scottish Government’s policy proposals that will be announced later this year.
20. On 29 October the Scottish Government [published](#) new statistics which suggest that almost £210 million has been paid to 347,045 households by the Scottish Welfare

Fund since it was established in 2013. Furthermore, Crisis grant applications to the fund for basic essentials such as food and heating increased by 12 per cent from April to June compared to the same period last year.

21. On 30 October the Scottish Government [launched](#) a consultation about youth justice standards. It closes on Thursday 23 January. I am currently liaising with Audit Scotland colleagues in this regard and will advise the Commission if there should be a response to the consultation.
22. On 30 October the Scottish Government [published](#) an assessment of the Withdrawal Agreement proposed by the Prime Minister. The analysis estimates Scottish GDP would be 6.1% lower in 2030 than it would be with continued EU membership.
23. On 31 October the Scottish Government [published](#) transparency data on Pupil Equity Funding (PEF): school level spend for 2018-19. The data [revealed](#) over £132m, or 78% of the £170m total, was spent under the scheme, which allocates money to headteachers who decide how best to close the poverty attainment gap in their own schools. The total invested in 2018-19 represents an 18% increase on the use of the fund from the previous year.

Scottish Parliament

24. On 2 October the Scottish Parliament [voted](#) in favour of the Equal Protection Bill. This Bill – first introduced by Green MSP John Finnie – removes the existing defence of ‘reasonable chastisement’ when it comes to the physical punishment of children.
25. On 2 October a debate on the *Give Them Time* campaign was held in the Scottish Parliament. This campaign is calling on the Scottish Government to provide a further year of nursery for all children who legally defer starting primary one. Contributions in the debate included the assertion that it is an “injustice” that parents of children whose birthdays fell between August and December who decided to defer their child’s entry into Primary 1 were not entitled to funded childcare, while parents of children born in January and February were. The Scottish Government confirmed that they would introduce legislation which entitled all children whose school start was deferred to funded childcare. The Scottish Government stated that preparatory work had to be first undertaken by councils.
26. On 8 October members of the Scottish Parliament’s original Consultative Steering Group (CSG) [published](#) a report to reflect on 20 years of the Scottish Parliament. CSG members were invited to Holyrood over the summer by the Presiding Officer to discuss whether Scotland’s new politics transpired as they envisaged. The nine original CSG members who met found that the Parliament had become a permanent feature of Scottish political life. The report also concluded that politics had been more tribal than originally expected.
27. On 10 October the Scottish Parliament voted to support the Transport (Scotland) Bill at stage one. This Bill intends to give councils the power to charge a levy on workplace parking. The levy would allow local authorities to charge businesses an annual fee for the parking spaces they use, the cost of which the firms would decide to pass on to

staff. An attempt to remove the levy from the Transport (Scotland) Bill by Scottish Labour was defeated during the debate.

28. On 23 October the Scottish Parliament Information Centre (SPICe) published two briefings on competition policy – [Brexit and the exercise of devolved powers](#) and the [UK framework and the impact of Brexit](#).
29. On 24 October Alexander Stewart MSP received a response from his parliamentary question enquiring how much the Scottish Government had allocated to each local authority to assist with Brexit preparations, including setting out what criteria exists for councils to receive this funding. The Scottish Government responded by stressing that they have met COSLA's request to allocate £50,000 to each council to coordinate EU exit preparedness. This is a total of £1.6 million. The Scottish Government states that the additional £50,000 will be paid to each local authority as part of the redetermination of the 2019-20 general revenue grant in March 2020. In the event of a No Deal EU exit, the Scottish Government states that it is committed in creating a £7 million Rapid Poverty Mitigation Fund to help councils target money at the people who need it most. The distribution of this funding is subject to discussion with COSLA. Local government can submit further funding requests for EU exit costs through the submission of a business case. Each submission will be considered on a case by case basis and decisions on any requests will be made as soon as practicable. This process has been put in place for all public sector bodies and local government is not being treated differently.
30. On 25 October Gail Ross MSP [lodged](#) her proposed Members' Bill's on remote and rural communities. The Bill proposes to "enhance" the consideration given to remote rural mainland communities by public bodies in Scotland. The Bill aims to compliment other pieces of legislation such as the Islands Act, the Community Empowerment Act and the Land Reform Act. Ms Ross claims that the Bill will help to address the predicted population decreases in the Highland Council's Corporate Plan 2019-2022, which predicts significant decreases to the populations of Caithness, Sutherland and Skye. The Bill proposes enhanced community empowerment and the creation of a remote rural plan to set out the ongoing Government commitments to protect the interests of rural Scotland.
31. On 31 October David McGill was [appointed](#) as the new chief executive of the Scottish Parliament. Mr McGill previously served as the parliament's deputy chief executive.
32. On 31 October SPICe [published](#) the 'Scottish social security benefits' briefing paper.

Parliamentary Committee News

Local Government and Communities Committee

33. On 2 October the committee:
 - Took evidence as part of its pre-budget scrutiny of the long-term financial sustainability of local government from David McNeill, Director of Development, Scottish Council for Voluntary Organisations; Marie Quigley, Member, UNISON Scotland Local Government Committee; and Kenneth Ferguson, Director, The Robertson Trust.
 - In private, considered a draft report on the Non-Domestic Rates (Scotland) Bill.
34. On 3 October the committee [published](#) a report on stage 1 of its scrutiny of the Non-

Domestic Rates (Scotland) Bill. The report found most organisations from local government, business and the third sector supported the proposed reform of business rates. A majority of Committee members also concluded independent schools should no longer be able to claim charitable relief from business rates. The report highlighted support for more frequent revaluations, from every five to three years, and the need to reform the appeals system. It also recognised concern the Small Business Bonus scheme contained a 'cliff edge' which prevented small businesses expanding.

35. On 9 October the committee took evidence as part of its pre-budget scrutiny into the forthcoming Scottish Government budget. This evidence session will help to influence the letter that the committee sends to the Scottish Government, outlining what should be priorities in the Scottish budget.
36. On 30 October the committee, in private, considered a draft report on empty homes in Scotland.
37. On 31 October the committee [published](#) a letter to Aileen Campbell MSP, Cabinet Secretary for Communities and Local Government, setting out its views on its pre-budget scrutiny for 2020-21. Various evidence sessions with Accounts Commission representatives are noted and the Commission's report [Local Government in Scotland: challenges and performance 2019](#) is cited several times. The letter sets out a number of questions upon which the committee seeks a response from the Scottish Government.

Public Audit and Post Legislative Scrutiny Committee

38. On 26 September the committee:
 - Took evidence from a range of stakeholders on the section 23 report, "Scottish Public Pensions Agency: Update on management of PS Pensions project"¹
 - Took evidence from Caroline Garder, Audit General for Scotland; Mark Roberts, audit director, Audit Scotland; and Gary Devlin, partner at Scott-Moncrieff on the section 22 report, "The 2018/19 audit of the Scottish Prison Service".²
39. On 3 October the committee:
 - Took evidence from a range of stakeholders as part of their post-legislative scrutiny of the Freedom of Information (Scotland) Act 2002.
 - Took evidence from Caroline Gardner, Auditor General for Scotland; Antony Clark, audit director; Mark MacPherson, senior manager; and Adam Bullough, audit manager on the section 23 report on the finances of Scottish universities.
40. On 10 October the committee:
 - Took evidence from Caroline Gardner, Auditor General for Scotland; Stephen

¹ The Auditor General for Scotland may initiate examinations under Section 23 of the Public Finance and Accountability Act into the economy, efficiency and effectiveness with which Scotland's public bodies (excluding local government) have used their resources in discharging their functions, and may publish conclusions and report accordingly to the Public Audit Committee.

² The Auditor General for Scotland reports to the Public Audit Committee under Section 22 of the Public Finance and Accountability Act on the accounts of Scotland's public bodies (excluding local government).

Boyle, audit director; and Pauline Gillen, audit manager, audit services on the section 22 report, “The 2018/19 audit of the Scottish Government Consolidated Accounts”

- Took evidence from Caroline Gardner, Auditor General for Scotland; Mark Taylor, audit director; Gemma Diamond, audit director, and Kirsty Ridd, senior auditor on the section 22 report, “The 2018/19 audit of Social Security Scotland”.

41. On 30 October the committee [published](#) a letter to the Chief Executive of Social Security Scotland, David Wallace, about the Auditor General’s 2018-19 audit of the organisation. It notes that the committee took evidence from the Auditor General on the Section 22 report.

Finance and Constitution Committee

42. On 25 September the committee took evidence from Michael Russell MSP, Cabinet Secretary for Government Business and Constitutional Relations, on the Referendums (Scotland) Bill.
43. On 2 October the committee [published](#) a report on the funding of European Union Structural Fund priorities, post-Brexit. The committee concluded the UK Government must adopt a “*greater sense of urgency*” in developing the new UK Shared Prosperity Fund (UKSPF) so that valuable expertise, knowledge and capacity is not lost before it becomes operational. It also recommended that Scotland’s share of the UKSPF should be no less than what it currently receives as EU Structural Funds and that it must retain “*current flexibility*” to fund Scottish priorities.
44. On 2 October the committee took evidence from Derek Mackay MSP, Cabinet Secretary for Finance, Fair Work and the Economy on the Scottish Government’s fiscal framework outturn report and other issues relating to pre-budget scrutiny.
45. On 9 October the committee, in private, considered a draft stage 1 report on the Referendums (Scotland) Bill.
46. On 21 October the committee took evidence from the Chancellor of the Duchy of Lancaster, Michael Gove MP on the UK’s withdrawal from the European Union.
47. On 30 October the committee [published](#) its Stage 1 report on the Referendums (Scotland) Bill. The Committee supports the policy objectives of the Bill provided it is amended to reflect the weight of evidence it received, specifically that it favoured the Electoral Commission testing a previously used referendum question and that it must come to an agreement with the Electoral Commission prior to Stage 2. It also recommended that referendums on constitutional issues must require primary legislation, and that all other referendums will ordinarily require primary legislation.

Other Committees

48. On 10 October the Rural Economy and Connectivity Committee began a consultation on the Scottish Government’s proposed National Islands Plan. Currently, the [Plan](#) sets out 13 strategic objectives aimed at improving outcomes for island communities, including measures to address population decline, improve and promote sustainable economic development, and improve housing and transport services, as well as expanding digital connectivity. The call for views closed on Thursday 31 October.

49. On 15 October the Rural Economy and Connectivity Committee [published](#) its Work Programme for 2019-2020. The Committee intends to scrutinise both the Rural Support Bill and the Good Food Nation Bill. The Committee will also consider Murdo Fraser MSP's Proposed Regulation of Privately-Operated Car Parks (Scotland) Bill. Other areas of consideration include follow-up work on the Committee's inquiries into Salmon Farming, ferry procurement, construction, and digital connectivity via the R100 programme. The Committee will also further scrutinise Brexit secondary legislation and the draft 2020-21 Scottish Budget. Audit Scotland is mentioned in relation to its reporting on road maintenance.
50. On 30 October the Education & Skills Committee has [published](#) a written submission from the EIS in relation to budget priorities for 2020-21. Audit Scotland's reports on the colleges sector and the finances of Scottish universities are cited several times.

Public Policy News

51. On 1 October Professor John Brown CBE was reappointed as Chair of Greater Glasgow and Clyde Health Board.
52. On 7 October the Joseph Rowntree Foundation [published](#) their 'Poverty in Scotland 2019' report. The report highlights rising poverty in Scotland, with one in five people and one in four children living in poverty. It outlines the "*range of tools*" used by the Scottish Government to reduce poverty, including the Scottish Child Payment and statutory child poverty targets. The report also highlights the differences between poverty in Scotland and the rest of the UK, including the lower housing costs in Scotland, specifically in the social rented sector. The Joseph Rowntree Foundation recommends the Scottish Government and the Scottish Parliament use devolved powers to reduce poverty by improving the housing supply, increasing employment opportunities for those at risk and continue to widen the available support from Social Security Scotland.
53. On 23 October the Fraser of Allander Institute [published](#) its latest economic commentary, which highlights the impact Brexit has already had on the economy. The report suggests Brexit uncertainty has cost the Scottish economy £3bn due to poor growth and firms delaying investment until after Brexit was concluded. The report also emphasises that the challenges facing Scottish businesses will not end if a Brexit deal or extension is agreed. On previous growth, the report continues to caution businesses that any growth seen previously was likely as a result of stockpiling from firms in the lead up to the Brexit deadline. The report also highlighted the strong performance of Scotland's exports, growing by 4% in 2018, despite rising unemployment and costs. The forecast predicts a challenging long-term outlook due to the new Brexit deal calling for a "harder" Brexit and cautions firms that a no-deal scenario still remains a possibility.
54. On 30 October Nic Beech was [appointed](#) as Chair of the NHS Tayside Board.

COSLA

55. On 8 October COSLA and the Scottish Government [published](#) a joint action plan that aims to improve the lives of Scotland's Gypsy/Travellers. The £3m plan covers improving accommodation, access to public services, outcomes in and out of work, tackling discrimination and improving Gypsy/Traveller representation. Local authorities

are to use £2m to improve accommodation, with the remaining funding going to third sector children's education schemes and health and social care projects.

56. On 11 October COSLA and the Improvement Service held their annual conference in St Andrews. Amongst the speakers at the conference included COSLA President Councillor Alison Evison, First Minister Nicola Sturgeon and former Prime Minister Gordon Brown. Some Commission members attended the conference.
57. On 21 October COSLA [published](#) its Human Trafficking and Exploitation Guidance for Scottish Local Authorities.

Improvement Service

58. On 20 September the Improvement Service [published](#) the Early Learning and Childcare Expansion Delivery Progress Report. This report tracks the progress towards delivering the expansion of funded early learning and childcare hours to 1140 a year from August 2019. This report provides an update on the position as of August 2019. As of August 2019, all indicators are broadly in line with or ahead of the forecast. However, there continues to be significant variability at the local level.

Other Scottish local government news

59. On 2 October Shelter Scotland [started](#) legal proceedings against Glasgow City Council over claims that the local authority's homelessness service is preventing people from accessing certain services, like temporary accommodation. The judicial review is the first time that Shelter Scotland has taken such action against an entire local authority.
60. On 9 October North Ayrshire Council became the first council in the UK to offer free re-usable fabric nappies for the entire period from birth to potty training. The council estimates its expanded scheme could save families up to £1,300 per child compared to the cost of disposable nappies, while also reducing the environmental impact of nappies by 40 per cent.
61. On 12 October it was [announced](#) that councillor Lezley Marion Cameron from the City of Edinburgh Council would resign from her post as vice-finance chief after criticism over travel expenses that she had claimed since May 2017.
62. On 16 October The Times [published](#) analysis using the Local Government Benchmarking Framework (LGBF) which attempted to rank councils using a range of measures.
63. On 22 October Cycling Scotland, Cycling UK, Forth Environment Link, Living Streets, Paths for All, Ramblers Scotland, Sustrans Scotland and Transform Scotland [submitted](#) a joint response to the Scottish Government's National Transport Strategy consultation. The joint response urged the Scottish Government to step investment in the creation of new trunk roads and instead prioritise investment into more environmentally forms of transport.
64. On 28 October Citizens Advice Scotland [published](#) analysis which suggests that of the 3,399 people who sought help from the charity during 2018/19 had council tax debts averaging £1,900 - a cumulative total of £6.4m. Citizens Advice Scotland has encouraged all people to research to find out whether they are entitled to a council tax exemption. Previous figures released by the Scottish Government in June suggest that 9,210 fewer households were claiming Council Tax Reduction (CTR) compared to

June 2018, and almost 80,000 fewer households are claiming it compared to April 2013 when the new scheme was introduced.

65. On 27 October Shirley-Anne Sommerville MSP [called](#) on the UK Government to cover the costs of clearing up the spillage at Limekilns beach, Fife. More than 500 tonnes of contaminated sand, seaweed and gravel were removed following the oil spill. Fife Council had to cover the costs of £600,000 to clean up after the oil spillage.
66. On 28 October the Convention of Highlands and Islands was [held](#) in Inverness. This group seeks to strengthen alignment between the Scottish Government and member organisations in order to support sustainable economic growth. It seeks to enable the exchange of ideas on strategic issues affecting the people of the Highlands and Islands. Delegates discussed a range of issues affecting the region including climate change, population growth, economic opportunities related to energy, marine land technologies, and the impact of Brexit on rural communities. Following the meeting, council leaders across the Highlands and Islands agreed to work with the Scottish Government and other partner organisation to tackle population decline. The Convention of Highlands and Islands agreed to treat this a priority area.
67. On 28 October Argyll and Bute Council [launched](#) a consultation to ask members of the public to help decide the council's priorities. This is being done as the council seeks to bridge an estimated £9.2 million funding gap in 2020/21. Proposals to save money include transferring four council-run ferry services to Transport Scotland.
68. On 30 October SNP politicians representing Edinburgh [issued](#) a letter to the Scottish Government urging them to take action to regulate short-term lets.
69. On 31 October Councillor Eva Bolander [resigned](#) as Glasgow Lord Provost following criticisms of her expenses claim.
70. On 4 November the 2018-19 report on the operation of multi-agency public protection arrangements (MAPPA) in Scotland was [published](#). The purpose of MAPPA is for public protection and the reduction of serious harm. MAPPA brings together the police, the Scottish Prison Service and health and local authorities to assess and manage the risk posed for certain categories of offenders.

By-election results

71. On 4 October Scottish Conservative and Unionist candidate Sarah Cross and SNP candidate Jessica Mennie were both [elected](#) to serve as elected members in Ward Bridge of Don, of Aberdeen City Council, following a by-election. The election was triggered due to the death of SNP councillor, Sandy Stuart, and the resignation of the Conservative's Brett Hunt. The turnout for the by-election was 34.2%.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO)

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

Standards Commission for Scotland

73. On 7 October the Standards Commission for Scotland [imposed](#) an interim suspension on Councillor Colin Stewart of Perth and Kinross Council. A decision to impose an interim suspension should not be seen as a finding on the merits or validity of any allegations against the councillor concerned. The Standards Commission received correspondence from the Chief Executive of Perth and Kinross Council, raising concern about Councillor Stewart's behaviour at a meeting of Perth and Kinross Health and Social Care Partnership on 29 July 2019. The Standards Commission concluded that it was in the public interest to impose an interim suspension on Councillor Stewart.
74. On 7 October the Standards Commission [decided](#) against imposing an interim suspension on Councillor Callum Purves of Perth and Kinross Council. The Standards Commission received correspondence from the Chief Executive of Perth and Kinross Council, raising concern about Councillor Purves' behaviour at a meeting of Perth and Kinross Health and Social Care Partnership on 29 July 2019.

Care Inspectorate

75. On 1 October the Care Inspectorate [published](#) a joint inspection report on services for children and young people in need of care and protection in Stirling. The report noted that strong collaborative working, and delegated leadership had successfully brought children and young people back into their local communities and more effectively supported other children to remain with their families. Inspectors also found that the emphasis on nurture and trauma-informed practice in universal services was improving the safety and wellbeing of children and young people in need of care and protection. The report also found some areas for improvement including addressing the point that many older care leavers do not always receive high quality support as they enter into adulthood. Inspectors also noted that chief officers need to take timely action to identify and address all emerging and potential risks. The Care Inspectorate has requested that a joint action plan is provided that clearly details how the partnership will make improvements in the key areas identified by inspectors.
76. On 7 October the Care Inspectorate [published](#) the new quality framework for support services (not care at home). It is anticipated that the new quality framework will assist the Care Inspectorate in answering key questions about the difference that care is making to people and the quality and effectiveness of the elements that contribute to those differences. The framework is intended to support services to evaluate their own performance. It will also be used by inspectors to provide independent assurance about the quality of care and support.
77. On 9 October the Care Inspectorate [published](#) 'The effectiveness of strategic planning in East Renfrewshire Health and Social Care Partnership' report. The report noted that there was clear evidence that the partnership was improving health and social care services for adults. Inspectors found that the partnership had a culture of collaborative leadership, sound governance and a strong commitment to integration. It was also found that the partnership had made commendable progress with technology-enabled care. Although the partnership had positive relations with its third sector partners, more work was required to engage with the independent sector. Inspectors evaluated three quality indicators as 'good'. These were the partnership's performance; strategic planning and commissioning; and leadership and direction.

Her Majesty's Chief Inspector of Constabulary Scotland (HMICS)

78. On 8 October HMICS [published](#) the 'Strategic review of Police Scotland's response to online child sexual abuse - Terms of Reference'. This sets out the approach that will be

undertaken which will provide a strategic overview of Police Scotland's response to online child sexual abuse.

Scottish Housing Regulator

79. On 22 October the Scottish Housing Regulator [wrote](#) to all social landlords to remind them of their responsibilities with regards to tenant safety. The Regulator's letter comes after it identified that some of the registered social landlords it had been engaging with had been unable to show they met the required duties. This includes those around the management of asbestos and electrical safety.

UK Parliament

General

80. On 14 November the Queen's Speech was delivered in the House of Lords. [Potential legislation](#) to be introduced includes proposing to scrap the rail franchise system; an update to the Mental Health Act; tougher sentences for criminal activity; binding targets on air pollution and cutting plastic use; and enhanced devolution for English cities and regions. It was also announced that a new Withdrawal Agreement Bill would also be introduced by the UK Government.

Housing, Communities and Local Government Committee

81. On 21 October the committee took evidence from a range of stakeholders as part of its inquiry into the long-term delivery of social and affordable rented housing.
82. On 28 October the committee took evidence from the Secretary of State for Housing, Communities and Local Government, Robert Jenrick MP, in order to examine the UK Government's priorities in addressing the pressures facing adult social care and housing.

Public Accounts Committee

83. On 27 September the committee [published](#) its 'Serious and Organised Crime' report. The report noted that serious and organised crime is increasing but the UK Government does not know how successful its interventions are in tackling it.

Other UK Audit Bodies

National Audit Office

84. On 16 October the National Audit Office [published](#) the 'UK border: preparedness for EU exit October 2019' report. The report found the Government had made progress putting in place the required border management systems, infrastructure and resources for a no-deal Brexit on Thursday 31 October. However, the NAO suggested there was still work needed to finalise arrangements before they were tested in a live environment for the first time. The report also concluded the mitigation of the most significant risks to the operation of the border – business readiness, controls imposed by EU members states and arrangements for the Irish border – was now out of the Government's control to an extent.

Wales Audit Office

85. On 3 October the Wales Audit Office [published](#) a report into the Welsh Government's action to tackle fuel poverty. The report concluded that the Welsh Government's

investment and efforts seem to have helped to reduce the levels of estimated fuel poverty but it has not met any of its targets.

86. On 22 October the Auditor General for Wales [published](#) a report on primary care services in Wales. The report concluded primary care transformation is not happening as quickly as required despite significant investment.

Other general – UK

87. On 19 October, following a vote in the House of Commons, the Prime Minister issued a formal letter to the European Council requesting an extension to the UK's withdrawal from the European Union. This letter was required as a result of parliament previously approving the Benn Act. The Prime Minister wrote another letter expressing his desire for the UK to leave the EU by Thursday 31 October, as a further extension would "damage the interests" of both the UK and the EU.
88. On 19 October, the Treasury [wrote](#) to local authority finance officers saying it will increase Public Works Loan Board interest rates by 1% for new loans with immediate effect from 9 October. The Local Government Association has said: "This 1% increase could cost councils an extra £70m a year for borrowing to be undertaken in the next year. It presents a real risk that capital schemes, including vital council house building projects, will cease to be affordable and may have to be cancelled as a result."
89. On 22 October the House of Commons voted 329 to 299 in favour of the Withdrawal Agreement Bill at second reading. The result is the first time MPs have supported a Brexit deal, after the withdrawal agreement negotiated by Theresa May was defeated on three occasions. However, following the House of Commons voting against the UK Government's programme motion, the Prime Minister decided to 'pause' the Withdrawal Agreement Bill until EU leaders responded to the UK's request for an extension. On the 28th of October, EU Leaders accepted the House of Commons' request for a three-month extension before the UK withdrawals from the European Union.
90. On 24 October the UK Government's Queen Speech was [approved](#) by the House of Commons last night by 310 votes to 294. Amendments from Labour and the SNP calling for greater investment in public services and the retention of freedom of movement were rejected. The Liberal Democrat amendment calling for a second referendum on EU membership was not selected.
91. On 31 October Royal Assent was granted to the Early Parliamentary Election Bill. The date of the next General Election will now take place on the 12th of December 2019.
92. On 5 November, the Institute for Public Policy Research [published](#) research suggesting that public health cuts worth nearly £900m over the last five years in England have impacted communities that need the funding most. More than £1 in every £7 that has been cut from public health services in England over the last five years has come from the ten most deprived communities.
93. On 6 November the New Economics Foundation [published](#) research suggesting that the UK government's business rates retention plans will exacerbate income inequality between councils in England in its first four years. Weak incentives for business rates growth and an insufficient safety net in the case of low revenues will undermine the policy, while authorities will face a funding gap of £27.8bn a year by 2024-25. The report urges the government to introduce mandatory pooling of rates at a regional level to reduce inequalities and raise the point at which central government tops up lost

revenues. Currently councils in England keep 50% of business rates but this will be increased to 75% in 2021-22 – a year later than previously planned.

Conclusion

94. The Commission is invited to consider and note this report, and in particular, in relation to the Scottish Government consultation on youth justice standards (paragraph 21), to note that I will advise the Commission if there should be a response to the consultation.

Paul Reilly
Secretary to the Accounts Commission
6 November 2019

APPENDIX: Accounts Commission reports in past 12 months – downloads

Report	Date	Report downloads	Podcast downlds
Scottish Borders Council: Best Value Assurance Report	22 Oct 19	300 (n/a)	21
National Scrutiny Plan	30 Sept 19	283 (n/a)	n/a
Perth and Kinross Council: Best Value Assurance Report	22 Aug 19	723 (+193)	21
Principles of community empowerment	25 July 19	3,655 (+742)	n/a
Midlothian Council: Best Value Assurance Report	4 July 19	1,111 (+112)	44
Clackmannanshire Council: Best Value Assurance Report progress report	27 June 19	685 (+50)	57
Accounts Commission annual report 2018/19	31 May 19	275 (+34)	n/a
Accounts Commission Engagement strategy and plan 2019-24	31 May 19	193 (*)	n/a
Accounts Commission Strategy and annual action plan 2019-24	31 May 19	218 (*)	n/a
Accounts Commission Engagement plan progress report 2018/19	31 May 19	86 (*)	n/a
North Lanarkshire Council: Best Value Assurance Report	23 May 19	772 (+173)	48
Stirling Council: BV Assurance Rprt	25 Apr 19	923 (+98)	73
How council work: Safeguarding public money	11 Apr 19	1,539 (+106)	n/a
South Lanarkshire Council: BV Assurance Rpt	28 Mar 19	1,221 (+144)	61
Local government in Scotland: Challenges and performance 2019	21 Mar 19	3,723 (+527)	175
Local government in Scotland: Challenges and performance 2019 - Supplement	21 Mar 19	425 (+46)	n/a
Social Work in Scotland – Impact report	5 Dec 18	1,281 (+89)	n/a
Local government in Scotland – Financial overview 2017/18	28 Nov 18	3,525 (+244)	305 (*)
Local government in Scotland – Financial overview 2017/18 - Supplement	28 Nov 18	330 (*)	n/a
Dumfries & Galloway Council BV Assurance Rpt	22 Nov 18	1,509 (+44)	305 (*)
Health and social care integration: update on progress	15 Nov 18	13,121 (+883)	284 (<30)
East Lothian Council Best Value Assurance Report	1 Nov 18	1,507 (+40)	240 (n/a)

Key:

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