

Ariane Burgess MSP
Convener
Local Government, Housing and Planning Committee
The Scottish Parliament
Edinburgh
EH99 1SP

29 July 2021

Dear Ariane

Local Government, Housing and Planning Committee

Accounts Commission Engagement and Support

Thank you for your letter of 1 July in the above regard and thank you and your Deputy Convener for your time on 27 July. This letter supplements and provides further content to build on that discussion, with the intention of helping your Committee plan its forthcoming activities.

I would start by restating my desire to develop a strong and meaningful relationship between the Commission and your Committee, both in public session and private informal briefings. It would be my intention that you and your colleagues can view the Commission as a source of evidence-based, independent and impartial judgement on the performance of local government, not least in relation to how it contributes to Scotland's recovery from the pandemic, and on findings and recommendations on how local government can improve.

The Commission is currently considering a revised Strategy in recognition of the very different landscape in which we operate, brought about by the pandemic. We intend to publish this in the Autumn.

Meantime, our current [work programme](#), which we published in May and update quarterly, commits us to working closely with the Auditor General for Scotland (who is responsible for securing and reporting on the audit of the rest of the Scottish public sector beyond the Commission's remit of local government and health and social care integration joint boards (IJBs)) to ensure that public audit contributes to the effective recovery and renewal of public services following the pandemic. In doing so, we have placed a high priority on examining local and national government's response to the economic effects of the pandemic. At the same time, we will continue to focus audit attention on the core areas of financial management, financial sustainability, governance and accountability, and value for money, as well as priority, cross-cutting policy areas such as climate change and inequalities and human rights.

For the Commission's part, in the coming two years, we will:

- Publish annually our two local government overview reports: one reporting on the finances of local government, and the second providing a more general assessment of the performance of local government. Most immediately, we will be publishing our Local Government Financial Overview in January 2022 (you can find the scope [here](#)), which will report upon:

- the 2020/21 funding settlement from the Scottish Government, councils' budget responses and the budget pressures and constraints, including consideration of the impact of the pandemic
 - councils' financial performance in 2020/21
 - the funding, financial planning and performance of IJBs
 - councils' financial positions at 31 March 2021, including levels of reserves, debt, financial sustainability and spending
 - the financial outlook and implications for medium and longer-term financial planning.
- Our most recent [local government overview report](#), published in May, found that Scotland's councils reacted quickly, working alongside communities and partners, to address the unprecedented challenges created by the pandemic. Many challenges, however, remain significant, made more urgent by the multiple impacts of the pandemic on communities and services. Reporting on the progress made against these challenges will be a core focus of our continuing overview reporting.
 - It is customary for the Commission to brief the Committee on the messages from our overview report. The Secretary of the Commission has already been in touch with your clerk, Euan, to this end and I would suggest that the briefing consider not just the recent overview report but the financial overview published in January of this year as well. It was good to hear from Euan that he is hoping to build this into your schedule around September time. This can also be an opportunity to us explore with the Committee areas of innovative practice that you sought in your letter.
 - Publish jointly with the Auditor General in Spring 2022 a national performance audit on tracking the implications of the pandemic on Scotland's public finances.
 - Publish later this Autumn a specific audit on the impact of the pandemic on councils' benefits administration services.
 - Publish later this year a briefing paper on social care, in the lead-up to a national performance audit (jointly with the Auditor General) in this area, reporting in Autumn 2022.
 - Work towards further proposed national performance audit reporting in 2022-23 including:
 - a follow-up audit to our previous audits on [early learning and childcare](#)
 - digital exclusion and connectivity
 - mental health; and
 - a further report in our series of audits on [health and social care integration](#).
 - Alongside this national work, report on the annual audit work in all councils, related bodies and IJBs. We expect annual audit work to cover pandemic-related funding and expenditure; financial management arrangements and systems of internal control; and governance and accountability.

- Further, report up to the end of 2022 on the [audits of Best Value](#) in a series of seven councils, thereby completing a schedule of at least one audit across all councils in Scotland since 2017. This work will continue to focus on continuous improvement while taking account of the impact of and response to the pandemic within local government. (From 2023, the annual audit in all councils will continue to report on the progress made by councils in fulfilling their duty of Best Value. IJBs also have such a duty of Best Value; we will also report from 2023 on the progress made by every IJB in this regard.)
- In terms of other areas of the Committee's remit, we will consider in late 2022 or early 2023 a report on the impact of our April 2020 performance audit on [affordable housing](#) that we published with the Auditor General.

Our work with the Auditor General will be driven by a number of themes, including:

- 'Following the pandemic pound', to enable us to provide overall conclusions to the public and the Scottish Parliament on the level of pandemic-related funding that has been allocated to business, communities, and public services.
- How the pandemic is impacting on different groups in society, focusing on the deepening and widening of pre-existing inequalities.
- Public services' ability to deliver on long-term strategic priorities and outcomes, including on community empowerment, community justice and climate change. (To this end, we monitor and consider closely the Scottish Government's programme and that of the Parliament.)
- Ensuring that our audit reporting provides a focus on the experience of the citizen and service-user.
- How public bodies are learning lessons and innovating and transforming public services, including through service redesign, digital transformation and workforce planning. This will be enhanced this year through the introduction of our innovative Strategic Alliance with the Improvement Service to amplify good practice and improvement approaches.

I trust that this provides a helpful summary of how we are prioritising our work. I would finish by underlining our desire to help the Committee in whichever way we can help it fulfil its remit, to ensure that we both fulfil our mutual responsibilities of contributing to Scotland's recovery from the pandemic.

I look forward to working with you and the Committee.

Yours sincerely



Elma Murray
Interim Chair, Accounts Commission