

Work programme: Consultation on priorities and longer-term pipeline

Introduction

1. The Auditor General for Scotland, working with Audit Scotland and the Accounts Commission, is committed to ensuring that public audit makes a positive contribution to Scottish public services. This is more important than ever in the context of the unprecedented challenges and uncertainties facing Scotland's public services and public finances.
2. Public services in Scotland are facing significant financial challenges. The lingering impact of the pandemic and the current cost of living crisis risks deepening existing inequalities. Scottish public services are trying find the right balance between addressing immediate short-term challenges and the need to reform and transform services in the longer-term. It is crucial for public audit to report on these challenges and whether Scottish Government investment is delivering better outcomes for citizens.
3. A key principle in the Auditor General's work programme is ensuring that wherever possible audit work captures and reflects the needs and concerns of the people who use, and in some cases critically rely on, important public services.
4. This draft work programme sets out how the unique national and local perspective that public audit can bring will be used to produce valuable insights into how Scotland's public services are responding to these challenges and thinking innovatively about reform. In this way audit can contribute to learning across the whole public sector and help inform thinking.

Auditor General for Scotland draft longer-term work programme

5. This consultation document sets out:
 - how the Auditor General for Scotland (AGS) intends to respond to the current context for the public sector in Scotland
 - the dual focus on how public bodies are tackling the challenges facing them as well as enabling systems change
 - audit work in the pipeline for the next two years, including a summary of confirmed audit products

Consultation on the draft work programme

6. The purpose of this consultation is to ensure that the AGS' longer-term work programme considers key areas of interest to the Parliament and is focusing on

those topics that will add greatest value in supporting effective parliamentary scrutiny. The AGS will use the feedback received from Parliament and other key stakeholders to refine his longer-term work programme.

7. We would like feedback from the Parliament on the following areas:
 - the proposed response of public audit to the current public sector operating context (slides 3-5)
 - the content of the proposed audit work for April 2023 to March 2025 (slides 7- 18)
 - areas of priority for audit work
 - any gaps in our proposed response

Auditor General for Scotland work programme

Priorities and longer-term pipeline

23 March 2023

Public services across Scotland face significant financial challenges over the coming years. Rising costs and increasing demand are leading to difficult choices about spending priorities to ensure balanced budgets and delivery of vital public services.

Public services in Scotland need to find the right balance between both immediate financial sustainability challenges and the need to accelerate the pace of longer-term transformation and reform.

The ongoing impact of the pandemic and the cost-of-living crisis risks deepening existing inequalities. Meaningful engagement to understand the needs and experiences of public service users needs to be at the heart of ensuring a fair response to Scotland's short-term and long-term challenges.

Public audit will focus on supporting public bodies to tackle the biggest social and environment challenges for Scotland.

We do this through scrutinising the efficient and effective use of public money, and enabling innovation, improvement and change across the public sector.

We will look at **what** public services are doing:

- in the **short-term**, to manage public finances to respond to the cost-of-living crisis, support Scotland's economic performance and ensure **sustainable public services**.
- over the **long-term**, working towards **strategic outcomes** for people and communities in Scotland, with emphasis on children and young people, education, poverty, communities, the economy, the environment and health.

We will also look at **how** the public sector is learning through continuous improvement and innovation, to **redesign and transform public services** to ensure long-term sustainability and deliver better outcomes.

We will consider the complex relationships and contexts around social issues that impact on how well the public sector is working as a system and how well public bodies are embracing the enablers of change:

- **Empowering people and communities** to deliver services built around people.
- Integrating service provision through **partnership working** to achieve better outcomes.
- Prioritising **preventative spending, reducing inequalities and promoting equality and human rights** to prevent negative outcomes, recognising how different groups in society experience public services and the multiple ways people experience disadvantage and poorer outcomes.
- **Improving efficiency** by reducing duplication and considering different options for delivering services.

Public audit's response

Looking at how public bodies are:

Tackling the challenges (What)

Short-term focus: Sustainable public services

Longer-term focus: Strategic outcomes

**People across
Scotland benefit
from better public
services**

Enabling system change (How)

Redesigning and reforming public services:

- Empowering people and communities
- Partnership working
- Preventative spending, tackling inequalities and promoting equality and human rights
- Improving efficiency

We would like feedback from the Parliament on the following areas:

- the proposed response of public audit to the current public sector operating context (slides 3-5)
- the content of the proposed audit work for April 2023 to March 2025 (slides 7-18)
- areas of priority for audit work
- any gaps in our proposed response

Audit work in the pipeline – April 2023 to March 2025

Area of focus	Latest plans
Annual audits of public bodies	<p>We aim to improve governance and transparency and provide insight through effective engagement and scrutiny of delivery within 225 individual public bodies.</p> <p>The annual audit The annual audit includes the audit of the financial statements and other reports within the annual accounts and the wider-scope audit responsibilities: Financial management, Financial sustainability Vision, leadership and governance, Use of resources to improve outcomes. Auditors use their professional judgement to assess risks within individual audited bodies and design their audit approach in response to those risks.</p> <p>Statutory reporting The Auditor General will consider the findings of the annual audits and may prepare reports to bring significant findings to the attention of the Scottish Parliament.</p>

Area of focus	Latest plans
Children and young people with additional support needs	We are considering options for a full performance audit looking at the learner journey from pre-school to post-school for children and young people who need additional support. This would allow us to look at transition points. We will engage with stakeholders around the potential for joint work and to ensure the timescales for any work are of most value.
Climate change	Auditing climate change is a key priority for the AGS and Accounts Commission. We will publish a performance audit on behalf of the AGS in April 2023, assessing the effectiveness of the Scottish Government's governance and risk management arrangements for climate change. We are considering options for audit work in key risk areas for the delivery of Net Zero and adaptation outcomes.
Community justice: Sustainable alternatives to custody	We continue to monitor this area and plan to deliver a joint performance audit in 2023/24. Our audit work will follow planned joint inspection work on community justice services by other scrutiny bodies as well as our work on court backlogs, which have implications for community justice services.
Counter fraud	We will continue to look for opportunities to raise awareness and report in a variety of ways on fraud across the Scottish public sector. The next iteration of the National Fraud Initiative will complete in summer 2024. We will also continue to publish the annual fraud and irregularity report. This report summarises cases of fraud and other irregularities at public bodies reported by external auditors, and shares risks and case studies to support the Scottish public sector in the prevention of fraud.

Area of focus	Latest plans
Criminal court backlogs	We have a performance audit underway that will provide independent assessment of the progress that has been achieved in reducing the criminal courts backlog in Scotland, which has built-up since the start of the pandemic. This will publish in May 2023.
Digital exclusion	We have started scoping a joint performance audit on how the public sector is addressing digital exclusion with a view to publishing in March 2024. We will take a Human Rights based approach for this audit. This includes considering how we can engage with service users as part of this audit. We will also continue to look at digital exclusion through other audit work, such as overviews and social care.
Drug and alcohol services	We plan to carry out a joint performance audit in this area during 2023/24. This will include detailed analysis of spending and will explore what is being delivered in local areas by Alcohol and Drug Partnerships and other partners such as integration authorities and community planning partnerships. We are also considering looking at links with criminal justice.

Area of focus	Latest plans
Early learning and childcare	<p>We are carrying out a series of audits to understand and assess progress with the expansion and its impact on children and families. Our third audit in this area is due to publish in June 2023 and will look at progress with addressing the risks that we identified in our previous reports in 2018 and 2020, and with delivery of the expansion. It is too early to comment on the impact of the expansion on outcomes for children and families, but the audit will assess the plans to allow the impact to be assessed in future.</p> <p>The next joint performance audit in this series will look at the impact of the expansion. This is likely to focus on assessing whether the significant investment being made in expanding publicly funded ELC has delivered improved outcomes, is helping to reduce the poverty-related attainment gap and has made a difference in supporting parents and carers to work, train or study. This audit is likely to start in 2024/25.</p>
Estates management	<p>The AGS has highlighted a continuing need for a public sector consolidated account to understand the potential risks to financial sustainability and the scale of assets and liabilities. The use of public sector assets is under increased scrutiny given public financial pressures. There is a need to rationalise the public sector estate and make better use of its assets to deliver more joined up services in a sustainable way. However, there is a risk that this is not done in a coordinated way, and that community needs and tensions are not fully considered. We propose initially exploring this area, at a high level, in the proposed briefing on the challenges facing the Scottish Government's capital investment plans (see slide 12 on infrastructure and investment) with a view to further work in this area at a later date.</p>

Area of focus	Latest plans
Health and social care / National Care Service	<p>We are monitoring developments in the social care sector on the issues highlighted in the January 2022 joint briefing including workforce challenges, sector capacity and financial risks. We are also monitoring progress with the development of the National Care Service (NCS) Bill and the Scottish Government's planning and preparations for the new NCS.</p> <p>We are considering the interconnections and dependencies across sector-based reform in health and social care and local government, including the impact the development of the NCS has on the shape and size of local government, on NHS services, and on governance and funding arrangements. We plan to prepare a range of audit outputs which will focus on the current issues and challenges facing the social care system in Scotland. We are also considering potential audit work on the Scottish Government's planning for the creation of the NCS.</p>
Homelessness	<p>We are considering a report on homelessness during 2024, potentially examining the pathways through the system for homeless people and families. Our work on the picture of homelessness across Scotland would support priorities around inequalities, human rights, access and affordability. In taking a pathways approach, it would be firmly person-centred. Work being undertaken across the UK by the Centre for Homelessness Impact on the impact and cost of temporary accommodation for homeless families would complement our work by providing a wider narrative of one element of the cost of homelessness.</p>

Area of focus	Latest plans
Infrastructure and investment	<p>We are preparing briefing publishing after summer recess 2023 which describes the challenges and risks facing the Scottish Government's capital investment plans and how it is prioritising investments. This will provide an opportunity to look at Estate/asset management strategies at a high level and how the public sector is considering this to deliver joined up services, reduce costs and improve environmental efficiency. It will summarise the main funding mechanisms available to Government, and will provide an opportunity for Audit Scotland to revisit the recommendations in our Privately financed infrastructure (2020) report and see what progress has been made with the Mutual Investment Model. We will also propose scoping and starting an audit on sustainable transport during 2023/24.</p> <p>We will continue to monitor developments with vessels 801 and 802 at Ferguson Marine Port Glasgow and be flexible about adding further products to the programme as required. We continue to monitor Scotrail, Caledonian Sleeper and major road projects such as the A9 and A96 dualling projects, with the Transport Scotland audit team and will report as appropriate.</p>

Area of focus	Latest plans
Mental health	<p>We have a performance audit underway which will provide an independent assessment of how well adult mental health and wellbeing services in Scotland are being delivered. It will focus on progress made since the publication of the 2017-2027 mental health strategy, including consideration of the impacts of Covid-19 across these services. The audit is due to publish in Q2 2023/24.</p> <p>We are seeing some progress against the recommendations in our 2018 report on Children and young people's mental health, but many of the issues are complex and long-term. We will closely monitor the progress on the actions being taken by the Scottish Government and the wider system to inform potential future audit work in this area.</p>
National Health Service	<p>With the way health and care services are delivered expected to change, we will continue to adapt our approach to auditing the NHS.</p> <p>The ongoing scale of the financial challenge facing the NHS is clear. A systematic approach to reform is required in order to deliver financially sustainable health and care services this will require both time and financial investment. We will look to use the annual NHS overview in 2023 to report on how well the NHS in Scotland is responding to these challenges.</p> <p>We are also considering audit work looking at demand and capacity in primary care and progress with wider primary care reform.</p>

Area of focus	Latest plans
Police and Fire and Rescue	<p>We will undertake Best Value audit work on policing and fire and rescue service during the next audit appointment round. We intend to allocate resources to research and development work on policing over summer 2023 to inform the potential scope and approach to this work. This will be followed by development work on Fire and Rescue services. We will work closely with two relevant inspectorates (HMICS and HMFSI) on the scope and timing of this work.</p>
Public finances	<p>The Resource Spending Review and Medium-Term Financial Strategy make clear the extent of the significant fiscal challenge ahead, and the Scottish Government's spending priorities. The challenges relate to both the devolved tax position and spending pressures arising from the expansion of devolved social security measures and existing financial sustainability pressures in areas such as health.</p> <p>During 2023/24 we will investigate the reform agenda, which is critical to the Scottish Government's medium to long term position. This will include tracking progress on reform, defining reform, and considering the implications for value for money, pace and scale. We will propose audit products on the sustainability of public finances, including consideration of pace of reform, public sector efficiency and financial management.</p>

Area of focus	Latest plans
School education	<p>We are continuing to monitor progress against the recommendations in the 2021 joint report on Improving outcomes for young people through school education through ongoing cluster monitoring and stakeholder engagement. We anticipate carrying out further audit work, but not until 2024 at the earliest.</p>
Skills and training	<p>We continue to monitor the impact of our performance audit report on Planning for skills and await the findings and recommendations of the independent review of the skills delivery landscape, due in spring 2023. We will use this, and the Scottish Government's response to the review, to inform proposals for future audit work, which is likely to begin during 2024/25.</p>
Supporting economic development and growth	<p>We are carrying out work to assess progress against the recommendations in our 2020 City Region and Growth Deals report. The work will focus on key areas from the previous report and will set out recent regional economic developments. We will propose publishing the briefing in Summer 2023/24.</p> <p>We are undertaking audit work focussed on early analysis of the Scottish Government's National Strategy for Economic Transformation and lessons learned from our 2016 performance audit (Supporting Scotland's economic growth). We anticipate this work will publish during 2023/24.</p> <p>We are also considering a performance audit on the Scottish National Investment Bank in 2024/25, which would cover investment to date and an early assessment of what impact this has made, as well as how it is evaluating and monitoring the impact of its investments.</p>

Area of focus	Latest plans
Poverty	<p>We are developing options for a full performance audit on child poverty, which is likely to start in 2024/25, allowing us to include data on performance against the 2023/24 interim targets for reducing child poverty. Future audit work relating to services for children and young people will also consider links with child poverty.</p> <p>We will continue to monitor the transfer of social security powers to Scotland with a view to considering how this informs and impacts on other audit areas, such as child poverty and inequalities, and whether we should produce any further outputs in this area.</p>
Workforce	<p>Increasing workforce shortages across the public sector, including particularly severe difficulties recruiting and retaining a sustainable social care workforce, pose risks to service delivery and performance. Current cost-of-living and inflationary pressures, alongside the continuing recovery from the pandemic have created significant additional financial challenges to delivering a sustainable workforce for the future. The Scottish Government has also set out its intention to return the size of the public sector workforce to pre-covid pandemic numbers by 2026/27.</p> <p>The Scottish Government medium-term plans include reforms that will affect the Scottish workforce. There is significant investment required in new skills and jobs to support a more digital and more inclusive economy that can deliver on Net Zero ambitions.</p> <p>We are developing options for specific audit work around the public sector workforce in Scotland to 17 look at how the Scottish Government and public bodies are managing these challenges.</p>

In the pipeline: April 2023 to March 2025

Summary of confirmed products

Product	Type	Author	Quarter
Climate change: Scottish Government delivery arrangements (ref: slide 9)	Performance audit	AGS	Q1 23/24
Criminal courts backlogs (ref: slide 9)	Performance audit	AGS	Q1 23/24
Early learning and childcare (follow up) (ref: slide 10)	Performance audit	Joint – AGS and Commission	Q1 23/24
City region and growth deals (ref: slide 15)	Briefing (Impact)	Joint – AGS and Commission	Q1 23/24
Adult mental health (ref: slide 13)	Performance audit	Joint – AGS and Commission	Q2 23/24
Administration of Scottish Income Tax 2022/23	Report	AGS	Q4 23/24
Digital exclusion and connectivity (ref: slide 9)	Performance audit	Joint – AGS and Commission	Q3 23/24
Community justice: Sustainable alternatives to custody (ref: slide 8)	Performance audit	Joint – AGS and Commission	Q4 23/24
NHS in Scotland 2023: Focus TBC (ref: slide 13)	Overview	AGS	Q4 23/24
Drug and alcohol services (ref: slide 9)	Performance audit	Joint – AGS and Commission	Q1 24/25