

Shared risk assessment: Assurance and improvement plan 2011–14

East Lothian Council



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Assurance and Improvement Plan

Update 2011–14

Introduction

1. The Assurance and Improvement Plan (AIP) for East Lothian Council was published in July 2010, setting out the planned scrutiny activity for the council for the period April 2010 to March 2013 based on a scrutiny risk assessment. The Local Area Network (LAN) met in December of 2010 to revise the Shared Risk Assessment (SRA), and to propose scrutiny plans, taking account of any new evidence and update the AIP. This update summarises any changes to the risk assessment, scrutiny undertaken in 2010/11 and revisions to planned scrutiny.
2. The updated AIP draws on evidence from a number of sources, including:
 - The annual audit report to the Controller of Audit and Elected Members for 2009/10.
 - The council's own website, self-evaluation and supporting evidence.
 - Evidence gathered from Her Majesty's Inspector of Education (HMIe), Social Work Inspection Agency (SWIA), Scottish Housing Regulator and the Care Commission (CC) (including published inspection reports and other supporting evidence).

Summary

3. The LAN recognises the council's on-going commitment to continuous improvement, developing self evaluation and their Corporate Improvement Plan. Although we have highlighted on-going areas of risk and uncertainty we are confident in the council's ability to manage these areas and work to achieve further improvements in service delivery in the near future eg by the comprehensive implementation of risk management and corporate asset management.

Risk assessment changes

4. In the Assurance and Improvement Plan (AIP) five areas of significant scrutiny risk were identified. These covered Corporate and Community Services, Corporate Assessment Areas - Use of Resources (Financial and Asset Management) and Performance Management & Improvement. One area of uncertainty covered the National Outcome 'We live in well-designed, sustainable places where we are able to access the amenities and services we need'.

5. East Lothian Council has been developing and adjusting their service provision in response to their Corporate Improvement Plan and the significant financial challenges from reduced government funding. As a result, we have identified a number of changes in the risk assessments from service developments. Areas where risk assessments have changed as a result of updated evidence or a change in circumstances are detailed below and those which have not changed are covered in 'Areas of On-going Risks and Uncertainties'.
6. **SOA priority: We live our lives safe from crime, disorder and danger:** The 2010/11 AIP identified this outcome as an area of no significant risks, but some areas of concern. Due to inherent diseconomies of scale and the impact of the current financial environment on Criminal Justice Services, East Lothian Council and Midlothian Council are currently exploring the viability of merging the two services. Work to develop a business plan for a joint Criminal Justice Service is at an advanced stage. Until full details of the proposed merger and implementation become clearer, we have concluded that this national outcome is to be considered as an area of uncertainty.
7. **Education & Children's Services:** The 2010/11 AIP identified this council service as an area of 'no significant risks', but some areas of concern. Arrangements are now being made to implement a shared education service with Midlothian Council. There is some uncertainty about the impact on staff morale and performance, and on the delivery of planned savings. This assessment has now been reassessed as an area of 'uncertainty', until full details of the proposed merger and implementation become clearer for East Lothian and Midlothian Councils.
8. **Community Services:** The 2010/11 AIP identified this Corporate Service as an area of 'significant concerns' and some areas of no concerns. SWIA have noted that there has been a significant improvement in the numbers waiting for community care. The council's social work services waiting times initiative has resulted in the clearing of occupational therapy and social work waiting lists by the end of 2010. This assessment has now been reassessed as an 'area of uncertainty', based on the improvements in service provision information to date for East Lothian Council.

Areas of on-going risks and uncertainties

9. Areas of significant scrutiny risk and one area of uncertainty that remain unchanged are detailed below.

Area	2010/11 Risk Assessment	2011/12 Update
<p>We live in well-designed, sustainable places where we are able to access the amenities and services we need.</p>	<p>Area of uncertainty</p>	<p>Scrutiny work review: The council has made progress in its investment in affordable housing, increasing the numbers of properties attaining Scottish Housing Quality Standards (SHQS) and in refurbishing housing stock. However, homelessness cases continue to rise and recent work by Scottish Housing Regulator (SHR) raises concerns about the council's ability to meet the SHQS targets by 2015. The council's self- assessment of progress in the delivery of its homelessness services is to be submitted to the SHR in February, this will, in part, determine future scrutiny. SHR will undertake on-site scrutiny activity in July/August. Where information is available, progress against sustainable transport indicators is mixed. The council is also facing severe budget constraints while dealing with increasing challenges in trying to maintain the council's road networks after severe winter weather. There is a positive direction of travel, but there are a number of areas of uncertainty remaining.</p>
<p>Corporate Services</p> <ul style="list-style-type: none"> • Information technology & financial services • Customer services • Revenue & benefits services • Human resources/OD • Accounting • Budgeting • Supplier management • Bank management • Payroll • Insurance • Legal & licensing 	<p>Significant concerns identified</p>	<p>Scrutiny work review: In view of funding cuts in future years the council has challenging decisions to make in terms of priorities, efficiency plans and cuts. In addition, the council tax collection rate is down for the first time in many years but is still above the national average of 94.4%. However, the council has set a three year budget which is sustainable. The Corporate Property Asset Register has yet to be completed and whole life costings are not available for all assets and asset management is only now being addressed corporately. There is no standard option appraisal format used across the council, nor are options formally recorded for all projects. In the current financial climate this is still an area of risk. This area will be covered in the BV audit proposed.</p>
<p>Performance Management & Improvement</p> <ul style="list-style-type: none"> • Challenge and improvement • Risk management 	<p>Significant concerns identified</p>	<p>Scrutiny work review: Risk management is still not fully implemented or embedded in the council, but work on developing local/service risk registers is progressing, with a Corporate Risk Register to be produced by March</p>

		<p>2011. A new Audit and Governance Committee was set up in 2010 to enhance challenge and scrutiny.</p> <p>The council's Best Value report was published in October 2007. An agreed Improvement Programme contained 17 Actions/Improvement Points, all of which are now considered to be complete or substantially underway. The council's Corporate Improvement Plan takes forward development issues and any outstanding actions, which will be monitored as part of Audit Scotland's Statutory Audit.</p> <p>Adult Social Care has made reasonably good progress with strategic self-evaluation and strategic risk assessment. There is a positive direction of travel; however, this is still an area of risk.</p> <p>This area will be covered in the BV audit proposed.</p>
<p>Use of Resources</p> <ul style="list-style-type: none"> Financial management 	<p>Significant concerns identified</p>	<p>Scrutiny work review:</p> <p>The council has been improving its capacity for change by developing management expertise through the 'Challenge for Change' transformation programme and adoption of a Workforce Management Plan, the WorkSmart Project, the PrintSmart Project and new ways of delivering services to cut costs, share services and increase income.</p> <p>The council has strong financial management processes and has been proactive in preparing financial plans. The council is running a surplus in 2010/11, which will increase its reserve levels; the council recognises that despite this positive position, it faces severe financial challenges over the next three years, with potential deficits amounting to £11m in 2011/12, £14m in 2012/13 and £15m in 2013/14. In response to these challenges, the council has set a three year budget, which is sustainable.</p> <p>Although there has been close monitoring of budgets by the council, repeat budget overspends have occurred in the past within some services e.g. Adult Social Care. Significant concerns have been identified for the Corporate Assessment Area – Use of Resources, and Audit Scotland will monitor this as part of our statutory audit and for the Members' Report. Overall, this is still an area of risk.</p> <p>This area will be covered in the BV audit proposed.</p>

<p>Use of Resources continued</p> <ul style="list-style-type: none"> Asset management 	<p>Significant concerns identified</p>	<p>Scrutiny work review: The Property Asset Management Plan 2010-2014 was approved by Council on 26th October 2010 and the Corporate Asset Strategy 2010-2014 was approved by Council on 7th December 2010. The Corporate Asset Strategy document will be finalised shortly and lodged in the Members' Library. East Lothian Council also has in place a number of individual asset management plans for the school estate, roads and IT. With full implementation of the Corporate Asset Strategy and property planning, the council will soon be able to more fully demonstrate the achievement of Best Value.</p> <p>However, due to the recent completion of the Property Asset Management Plan 2010-14 and yet to be finalised Asset Management Strategy the council has not yet had the opportunity to see the full impact on council activities. As such, the impact of these changes remains unclear and this is still an area of risk.</p> <p>This area will be covered in the BV audit proposed.</p>
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10. Many of the areas of significant scrutiny risk and uncertainty are impacted upon by the recent completion of the Corporate Asset Strategy and Property Asset Management Plan, as well as Risk Management developments, which are still work in progress. When these areas have an opportunity to fully bed down the classification of scrutiny risk is more than likely to change. In addition, these areas of significant scrutiny and uncertainty are also severely affected by the economic challenges facing the public sector.

National risk priorities

11. The LAN is required to give consideration to three national risk priorities.
12. **The protection and welfare of vulnerable people (children and adults) including access to opportunities:** The LAN has not identified any significant scrutiny risks for the council for this national risk priority. The 2007 Child Protection Inspection and 2009 follow-up found that the majority of indicators were very good or good, with good progress in meeting all the main action points. Practices in relation to adult protection referrals by Adult Social Care and its partners have also improved in response to SWIA recommendations.
13. Nevertheless, areas of concern have been identified, for example: over the timing of help for children and a lack of longer term planning caused uncertainty for some children; referrals to the

Child Protection Committee and subsequent inclusion in the Child Protection Register have increased. Currently, this is being managed by the service who have capacity concerns should the rise in referrals continue. None of these matters warrant specific scrutiny work. However, as part of the national risk priorities, an HMIE led Joint Inspection of Services to Protect Children took place in February 2011, which included CC carrying out inspections of the Council Fostering and Adoption Services. LAN members will monitor other areas of concern.

14. **Assuring public money is being used properly:** Assurance on the financial position of the council is obtained through the annual audit process conducted by Audit Scotland and best value reviews. The council's last Best Value audit was published in October 2007 and the overall conclusion at that time was that the council had made limited progress in establishing Best Value. Since then, the council has established various initiatives, such as the self-evaluation framework 'How Good is our Council', a new Audit & Governance Committee and a more corporate approach to asset management and risk management. It has also currently exploring opportunities for shared services with Midlothian Council. It is planned to carry out a Best Value audit of the Council in 2012/13 in order to help assess the impact of these changes.
15. **How councils are responding to the challenging financial environment:** As captured in previous Reports to Members the council has been improving its capacity for change by developing management expertise through the 'Challenge for Change' transformation programme. The council is also transforming the way it works based on the Workforce Management Plan, the WorkSmart Project, the PrintSmart Project and new ways of delivering services to cut costs, share services and increase income.
16. The council is also progressing a range of shared service initiatives as part of its Corporate Improvement Plan. It is currently exploring opportunities to develop shared services with Midlothian Council such as education, social work and back office services. A Shared Services Board and a Joint Liaison Group have been established.
17. The council does have strong financial management processes and it has been proactive in preparing financial plans. However, it faces severe financial challenges over the next three years, with potential deficits amounting to £11 million in 2011/12, £14 million in 2012/13 and £15 million in 2013/14. Our risk assessment has identified significant concerns for Corporate Services and the Corporate Assessment Area – 'Use of Resources' (Para 9). Audit Scotland will monitor this as part of our statutory audit and for the members report.
18. Overall, the council recognises the challenging financial environment it is facing and has responded positively by setting a three year budget that is sustainable. The council has increased its reserve levels in the last two financial years and will be recording a further increase in 2010/11. Close budget monitoring and a recent selective staff recruitment freeze have contributed to this positive position, so we are confident that the council will continue to manage their financial situation in the challenging economic times ahead.

Review of 2010/11 planned activity

19. The 2010/11 scrutiny plan has been substantively completed in accordance with the timetable reported, except for SWIA who due to council staff changes delayed their Initial Scrutiny Level Assessments until August 2011. HMIE – Educational Psychology Services reported on a Follow-through Inspection Evaluation of the Educational Psychology Service, which reported positive results eg improvements in service focus and increased access to Educational Psychology Services for an increased number of stakeholders across East Lothian. The council's Educational Psychology Service has a good understanding of its strengths and areas for improvement. Progress will now be monitored through HMIE District Inspector's regular contact with the education authority.
20. Currently, as planned, an HMIE led Joint Inspection of Services to Protect Children was carried out at East Lothian Council in February 2011. As part of the Joint Inspection, the Care Commission carried out inspections of the East Lothian Council Fostering Service and the East Lothian Council Adoption Service (as part of statutory duties). All the latter scrutiny activities have yet to report formally.

Scrutiny plan changes

21. The Scottish Housing Regulator will undertake some targeted scrutiny around the progress of the delivery of Homelessness services and the council's delivery of the Scottish Quality Housing Standards in August 2011. SWIA will undertake its Initial Scrutiny Level Assessments, covering partnership arrangements and service capacity including performance information in August 2011. Audit Scotland, as part of its normal review of Housing Benefit Performance, will undertake a review in 2011/12. HMIE is considering some possible scrutiny activity in 2012/13 to consider shared educational services between East Lothian Council and Midlothian Council.
22. A Best Value audit is planned by Audit Scotland in 2012/13 to cover the on-going scrutiny risk areas. In addition, the fieldwork for a Best Value audit of Lothian and Borders Police is planned for June/July 2011 and may involve Board members from ELC being interviewed. Field work for a Best Value 2 audit of Fire and Rescue Services is being planned for September/October 2011. The details are included in Appendix 1.

Nationally directed scrutiny

23. Audit Scotland's Performance Audit Group undertake a programme of studies on behalf of the Auditor General and Accounts Commission. The 2011/12 studies will cover a wide range of topics, which will not just impact solely on Local Government, in some cases jointly with Central Government and the National Health Service eg Community Health Partnerships, Community Planning Partnerships, Charging for Services in Local Government, Public Sector Estate

rationalisation. In addition, local auditors will be involved with a follow up of one study e.g. "Improving public sector purchasing".

24. Social Care and Social Work Improvement Scotland (SCSWIS) will accumulate intelligence to direct a more flexible inspection regime looking at the quality of services based on known and emerging risks, including unannounced visits.

Appendix 1 – Summary of scrutiny activity

East Lothian Council Scrutiny Plan	2011-12											
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Initial Scrutiny Level Assessment review – (SWIA)												
Assessment of progress towards meeting 2012 homelessness targets and council's progress in delivering SQHS – (SHR)												
SCSWIS Post ISLA (TBC)												
Housing Benefits Performance Audit Programme (AS) (TBC)												
Best Value audit of Lothian and Borders Police (AS)												
Best Value audit of Lothian and Borders Fire and Rescue Service (AS)												
	2012-13											
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Possible scrutiny of shared educational services with Midlothian Council (HMle) (TBC)												
Best Value audit (AS) (TBC)												
	2013-14											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved											

Footnotes

- The focus of the AIP is strategic scrutiny activity, that is scrutiny activity which is focused at corporate or whole service level, but there will also be baseline scrutiny activity at unit level on-going throughout the period of the AIP. This will include, for example, school and residential home inspections. Scrutiny bodies also reserve the right to make unannounced scrutiny visits. These will

generally be made in relation to care services for vulnerable client groups. The annual audit of local government also comprises part of the baseline activity for all councils and this includes work necessary to complete the audit of housing benefit and council tax benefit arrangements. HMIE, through the District Inspector, will continue to support and challenge Education Services regularly and as appropriate.

- The new body, Social Care and Social Work Improvement Scotland (SCSWIS), will be in place from April 1st 2011 and will regulate care services and inspect social work services based on the Public Services Reform (Scotland) Act 2010.
- SCSWIS will undertake supported self evaluation work with councils during 2011. Planning is currently taking place and SCSWIS will contact LAN leads when the detail of the fieldwork is established.
- HMIE and Learning and Teaching Scotland are to form a new quality and improvement agency on 1 July 2011.
- The Accounts Commission has decided to undertake Best Value audits of Fire & Rescue Services and Authorities during 2011. Planning is currently taking place and Audit Scotland will contact LAN leads when the detail of the fieldwork is established
- Audit Scotland also undertakes a series of national performance audit studies. Field visits to individual local authorities often form part of this work. When a visit is planned to a council this will be communicated to the council through the LAN lead.
- In April 2008, the Accounts Commission agreed to a request from the Department for Work and Pensions (DWP) to take over the Benefit Fraud Inspectorate's responsibility for inspecting housing and council tax benefit (benefits) services in Scotland. As Audit Scotland has no inspection function, this 'benefits performance audit' work has been incorporated into the annual audit of local government. The timing of the audits will be confirmed through the LAN lead.