

# Shared risk assessment: Assurance and improvement plan 2011–14

Shetland Islands Council



# Shetland Islands Council

## Assurance and Improvement Plan

### Update 2011–14

#### Introduction

1. The Assurance and Improvement Plan (AIP) for Shetland Islands 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 risk assessment. As part of the process of on-going scrutiny, the local area network (LAN) has revised its assessment of risks to produce an updated AIP and to reconsider the level of scrutiny required for the council. The appendix provides a revised timetable for proposed scrutiny activity.

#### Summary

2. As in the previous assessment, significant risks and areas of uncertainty have been identified by the LAN. The council prepared an Improvement Plan in 2010 and, as part of this, it is currently reviewing the governance structure within the council. While the council continues to hold a large level of reserves, it recognises the challenges presented by the current economic climate and budgetary reviews have been performed leading to the agreement by members of a challenging 2011/12 budget. Areas of risk and uncertainty will be kept under review by the LAN.

#### Areas of on-going and changed risks and uncertainties

##### Strategic priorities

3. No changes were made to the risk assessments in relation to the council's strategic priorities outcome assessments and no additional scrutiny requirements have been identified. However it is acknowledged that the financial climate could impact on the council's outcomes in the future. This will be kept under review by the LAN members.

##### Services

4. **Housing.** Areas of uncertainty were identified in last year's AIP. Information discussed at the LAN meeting in December 2010 indicated that there remained areas of uncertainty, although there was evidence of some improvements having taken place. Areas of improvement identified during the year were:
  - Improving statistics in relation to rent losses due to voids.

- Changes to the system used to assess, suspend and bypass applicants.
  - Improved response times to perform emergency repairs.
  - The introduction of a performance management strategy.
  - A review of the value for money of the council's housing service.
  - The council's agreement to fund construction of new homes.
  - The formation of the housing strategy steering group.
  - The completion and submission to the government of a Housing Need and Demand Assessment (HNDA) which was assessed as robust and credible.
5. Areas of uncertainty remain in relation to the following:
- Evidence from the council's self-assessment improvement plan indicates that time spent in temporary accommodation is increasing and there is a need for more focussed work to be done in this area.
  - The average time to let low demand housing has worsened and at 203 days is double the levels recorded by Orkney Islands Council and four times that of Highland Council.
  - Shetland Islands Council is 26<sup>th</sup> out of 26 councils in the area of performing routine repairs to housing.
  - The council's return to the SHR in 2010 raised questions around the reliability of stock condition data which will affect future decisions on asset management, improvement works and rent levels. This was highlighted as a significant risk area during the LAN meeting.
  - Repeat homeless applications remain over four times the national average and there is a risk that the council will not meet the government's 2012 target for the abolition of priority need.
6. As a result of the above, the LAN assessment of the Housing Service is unchanged for 2011/12 as areas of uncertainty continue to exist. The planned activity by SHR as a result of this assessment is included on the Scrutiny Plan.
7. There were no changes to risk assessments in other council service areas.

## **Corporate assessments**

8. **Vision & Strategic Direction and Governance & Accountability.** Discussions at the LAN meeting concluded that significant concerns and risks remain in the current year in relation to the need for change within the council as detailed in the Accounts Commission report following the public hearing in Lerwick in June 2010. A new interim chief executive was appointed after

the hearing and an improvement plan is now in place to help the council develop the leadership, governance and strategic direction it requires. Audit Scotland will review and report on progress in this area during 2011 as reflected in the Scrutiny Plan at Appendix 1.

9. **Performance management & improvement.** Information discussed at the LAN meeting in December 2010 indicated that there remain areas of uncertainty here, although there was evidence of some improvements having taken place. The following evidence was considered at the LAN meeting:
  - The 2009/10 Single Outcome Agreement (SOA) progress report was submitted to the Scottish Government by the deadline of 30 September. This highlighted that 54 targets were met or exceeded, 13 were missed, there was not enough data for 23 indicators and five had no target set.
  - The 2012 corporate plan progress report showed that, of the 71 targets included in the plan, 45 are green (likely to meet or exceed target), 24 are amber (experiencing minor issues) and two are red (significant issues). There is a risk that this level of progress will not be maintained due to increasing resource pressures.
  - Work on the council's risk register is still not complete as several departments have failed to provide the required data.
10. Audit Scotland will continue to review this area throughout the year and will report on progress in the annual report to members.
11. **Asset management & procurement.** Discussions at the LAN meeting in December 2010 concluded that significant concerns and risks remain in this area in the current year. The council's score in a procurement capability assessment was significantly lower than the Scottish average and improving this level of performance will require significant investment in procurement practices across the organisation. In an annual efficiency statement to COSLA in August 2010 the council estimated that £38,000 of efficiencies had been achieved in 2009/10 in respect of procurement arising from national contracts through Scotland Excel. The council acknowledges that work is required to achieve further savings. In relation to asset management, a planned review of non-housing stock has not yet taken place. The council's improvement plan includes the development of a comprehensive assets strategy and Audit Scotland plans to report in 2011 on the council's progress in relation to its improvement plan.
12. **People management.** The LAN concluded that some improvement has been made in this area since last year's AIP but that areas of uncertainty still remain. An interim chief executive is now in post and working to address the required improvement areas. An agreed workforce strategy for the council is not in place and some staff have yet to be added to the single status offer.
13. Audit Scotland will continue to review this area throughout the year and will report on progress in the annual report to members.

14. **Financial management and planning.** Significant concerns and risks remain in this area although we recognise that the council is beginning to make progress. The council's aim to reduce the draw on reserves to zero by 2012/13 and maintain the £250 million reserves floor will be difficult to achieve in the current economic climate. The council's improvement plan states that a balanced budget for 2011/12 will be developed and approved by the council to reflect the reductions in national funding and ensure sustainability. To achieve this, savings have already been identified by the council covering 2011/12 and 2012/13. We will continue to review progress in this area during 2011.
15. **Financial position.** Increases in expenditure were noted in 2009/10 in all service areas of the council and the effect of this was that there was a draw on reserves of £36.9 million, which was in excess of the budgeted level. Further draws on reserves are forecast for the current financial year and this cannot be sustained in the longer term. The LAN meeting in December concluded that there are areas of uncertainty regarding how the council will deliver services and maintain the level of reserves included in the council's financial strategy. Audit Scotland will review and report on progress in this area during 2011.

## National risk priorities

16. **The protection and welfare of vulnerable people (children and adults).** The LAN has not identified any significant scrutiny risks for Shetland Islands Council for this national risk priority. SWIA reported to the LAN meeting that the adult protection committee is working well and that it is linked to the child protection committee. The Scrutiny Plan reflects the continuing commitment of HMIE to performing child protection inspections.
17. **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 continues to provide a range of high quality services but at a high cost. All scrutiny agencies agreed that the council needs to demonstrate that it delivers services in a way which demonstrates Best Value. This national risk priority has therefore been assessed as an area of uncertainty and Audit Scotland will monitor the financial position of the council during the annual audit process and review of the council's improvement plan. Audit Scotland has scheduled a best value review in the scrutiny plan for 2012/13, at Appendix 1. This best value review will assess the council's progress in being able to demonstrate Best Value after the council's improvement plan has been implemented.
18. **How councils are responding to the challenging financial environment.** As part of its improvement plan, the council is reviewing its budget processes to reflect the reductions in national funding and to ensure the sustainability of services in the longer term. This national risk priority was assessed as an area of uncertainty and Audit Scotland will monitor the progress in the improvement plan throughout 2011.

19. As noted above, it is acknowledged that the financial climate will impact on the council's ability to deliver its outcome targets and maintain service performance into the future. The extent of this is currently uncertain and will be kept under review by the LAN members.

## **Review of 2010/11 planned activity**

20. The 2010/11 scrutiny plan was substantively completed in accordance with the timetable reported. The outcomes of the work completed have been fed into the LAN's risk assessments as detailed above.

## **Scrutiny plan changes**

21. The revised scrutiny plan was compiled following the LAN meeting in December 2010 and includes changes as a result of the risks identified above. As the risk assessments are primarily the same as the previous version of the AIP, the Scrutiny Plan has not changed apart from the planned review by SHR in 2011/12 of targeted risk areas. The details are included below on Appendix 1.

## Appendix 1 Summary of scrutiny activity

Shetland Islands Scrutiny Plan	2011-12											
	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Scrutiny activity year 1												
Audit Scotland Fire and Rescue												
SHR – review of targeted risk areas												
HMIe – joint child protection inspection, including Adoption and Fostering												
Audit Scotland – follow-up of improvement plan												
	<b>2012-13</b>											
Indicative scrutiny activity for rolling second year	Potential scrutiny bodies involved											
Best Value review	Audit Scotland (timing to be confirmed)											
Link inspector contact and support for self-evaluation	SCSWIS (timing to be confirmed)											
Inspection of fostering and adoption services	SCSWIS (timing to be confirmed)											
	<b>2013-14</b>											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved											
ISLA	SCSWIS											
Inspection of fostering and adoption services	SCSWIS											

### 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 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 1<sup>st</sup> 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.