

Report

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Report to:	Risk and Audit Scrutiny Forum
Date of Meeting:	4 September 2012
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Shared Risk Assessment - Assurance and Improvement Plan 2012 - 2015
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ advise the Risk and Audit Scrutiny Forum of the outcome from the annual Shared Risk Assessment (SRA) process carried out by Audit Scotland and other inspection agencies, together with the 2012-15 refresh of the Assurance and Improvement Plan (AIP)
- ♦ inform the Forum of the publication of the National Scrutiny Plan for Local Government

2. Recommendation(s)

2.1. The Forum is asked to approve the following recommendation(s):-

- (1) that the Assurance and Improvement Plan is noted;
- (2) that the content of the National Scrutiny Plan is noted; and
- (3) that the report is referred to the South Lanarkshire Partnership Board for noting

3. Background

- 3.1. The SRA is an annual process where all local government scrutiny bodies participate in a round table discussion designed to deliver an Assurance and Improvement Plan (AIP) for the Council. The AIP is jointly owned by all members of the Local Area Network (LAN) and sets out the shared view across the key scrutiny partners of the risks and issues facing the Council. This is the third Assurance and Improvement Plan received to date.
- 3.2. The Forum is advised that in previous years, the Council provided a brief submission statement and evidence checklist to the LAN in advance of its deliberations. This year, however, that approach was supplemented by piloting the use of the National Scrutiny Portal, a web-based portal designed to hold and share relevant data for inspectorates. The data contained within the portal is public and provided evidence regarding the day to day planning, governance and performance management arrangements within the Council. This year, specific feedback was also given to the LAN to demonstrate how the Council had progressed the previous year's areas of uncertainty and to demonstrate progress in the implementation of the corporate self assessment tool Empower.

- 3.3. Assurance and Improvement Plans for all 32 Scottish local authorities have now been published following consideration by the National Quality Assurance Panel. The South Lanarkshire Council AIP is attached at Appendix 1.
- 3.4. Following publication of all 32 Assurance and Improvement Plans, the Accounts Commission prepares a National Scrutiny Plan, which summaries the strategic scrutiny work (April 2012 – March 2013) as described in each AIP.

4. Shared Risk Assessment and Assurance and Improvement Plan

- 4.1. The key points included within the AIP are:
- Overall, the Council has continued to make good progress on its strategic priorities and continues to deliver high quality public services
 - Education is identified as being an area of strength and Social Work is also noted as generally performing well
 - In addition, no significant risks have been identified in environmental, regulatory, cultural or roads services
 - Some areas have moved from being uncertain to having no significant risk (2) and others have moved in the other direction from no significant risk to being uncertain (1)
 - Overall, from approximately 30 areas against which the Council is assessed, only three have been identified as being uncertain

Summary details of the movement are contained below

- 4.2. The AIP considers activity under three headings as follows:-

Outcomes

Area	2011/12 risk assessment	2012/13 risk assessment	Comment
Vision and strategic direction - leadership and culture	Area of uncertainty	Area of uncertainty	While it is noted that the Council continues to benefit from strong and clear direction, recent new senior appointments have resulted in significant changes to the Corporate Management Team. As it is too early to assess the impact of these changes on working relationships, the LAN has concluded that this remains an area of uncertainty.
Working and learning (in respect of the working element)	Area of uncertainty	No significant risk	As a result of the significant actions which have been taken by the Council, the LAN has concluded that 'working' should now be assessed as an area of no significant risk.
Housing - homelessness	No significant	Area of	The LAN has identified

Area	2011/12 risk assessment	2012/13 risk assessment	Comment
services	risk	uncertainty	that it needs to better understand the ongoing work being undertaken by the Council to improve homelessness services and, specifically, how the Council plans to achieve the abolition of priority need.
Use of resources - financial management	Area of uncertainty	No significant risk	The Council received an unqualified audit opinion in September 2011 and the appointment of a new Executive Director (Finance and Corporate Resources) resulted in the LAN now classifying this as an area of no significant risk.
Use of resources - procurement	Area of uncertainty	Area of uncertainty	Progress made within the Council has been recognised, however, the LAN considers it is too early to assess the effectiveness of the procurement strategy and the revised officer leadership of procurement. On this basis, they have decided that procurement should remain an area of uncertainty.

5. National Risk Priorities

5.1. The AIP also refers to the Council's position in terms of national priorities. These are:-

- The protection and welfare of vulnerable people (children and adults) including access to opportunities. **The LAN noted that this is a new Council Plan priority in the draft Connect 2012-2017 and, consequently, there is no planned scrutiny.**
- Assuring public money is being used properly. The LAN noted that the Council's interim arrangements for overall responsibility for financial management have now been addressed by the recent appointment of the Executive Director (Finance and Corporate Resources). **Accordingly, there is no significant risk associated with this national priority and no planned scrutiny.**
- How councils are responding to this challenging environment. Across Scotland the financial outlook was assessed as an area of uncertainty. **However, no significant scrutiny risks were identified within South Lanarkshire Council regarding this national priority and, consequently, there is no planned scrutiny.**

6. Scrutiny Plan Changes

- 6.1. The following changes have been made to the Scrutiny Plan 2012/2013:-
- 2012/2013 - The housing benefits performance audit planned for 2011/2012 will now take place in 2012/2013
 - 2012/2013 - Targeted scrutiny work by the Scottish Housing Regulator will take place in response to identified risks around aspects of homelessness, including lets
 - 2012/2013 - There will be a focused follow-up audit to Audit Scotland's National Report "Maintaining Scotland's Roads - a follow-up report". This is a planned follow-up review across all Councils
 - 2012/2013 - The proposed targeted best value audit work to consider the "working" aspect of the working and learning outcome and member/officer working relationships has been reviewed and no planned scrutiny will take place over 2012/2013
 - 2013/2014 - At this stage, there is no planned activity beyond ongoing audit and inspection work
- 6.2. Following consideration the LAN recommends the scrutiny plan for the Council for the next three years in line with the above, and as noted in the appendix.
- 6.3. There are several footnotes relating to the scrutiny plan. The following are of interest to the Council:-
- The Care Inspectorate will lead a joint inspection of children's services in each local authority in Scotland. These inspections will commence in 2012/2013
 - Audit Scotland will be working with scrutiny partners to pilot an approach to assess the delivery of outcomes by community planning partnerships. Pilot sites will be confirmed with LAN leads in due course
 - Audit Scotland will continue to undertake a rolling programme of thematic performance audits
 - The annual audit of local government will now incorporate the benefits performance audit work previously undertaken by the Benefit Fraud Inspectorate
 - Education Scotland will continue to support and challenge education services regularly and the Care Inspectorate will regulate care services and inspect social work services
 - Scrutiny bodies continue to reserve the right to make unannounced scrutiny visits

7. National Scrutiny Plan for Local Government

- 7.1. The National Scrutiny Plan for Local Government is prepared by the Local Government Scrutiny Coordination Strategic Group, which includes representatives from the six scrutiny/inspection bodies, ie
- Accounts Commission/Audit Scotland
 - Education Scotland
 - Care Inspectorate
 - Scottish Housing Regulator
 - Her Majesty's Inspectorate of Constabulary for Scotland
 - Healthcare Improvement Scotland
- 7.2. The Local Government Scrutiny Coordination Group identifies and agrees key risks in each individual council and develops a plan of scrutiny activity to respond to those risks. These are noted within each council's Assurance and Improvement Plan and collectively form the basis of the National Scrutiny Plan for Local Government.

- 7.3. The Forum is asked to note that the National Scrutiny Plan refers to the change in status of the Scottish Housing Regulator (with effect from 1 April 2012) from executive agency to a non-ministerial department. This means that the Regulator will be independent from Scottish Ministers, but accountable to Parliament.
- 7.4. The National Scrutiny Plan includes information on a range of scrutiny development work being progressed by scrutiny bodies. The Forum is asked to note the following which are of relevance to the Council:-
- Audit Scotland – programme of work to support the delivery of better outcomes for Community Planning Partnerships
 - Care Inspectorate – develop and pilot an integrated framework for the strategic inspection of children’s services
 - Scottish Housing Regulator – continued delivery of a risk based and proportional approach to regulation, focus resource on areas of assessed or potential risk
- 7.5. The Plan also notes that scrutiny bodies will continue to work with councils to support self evaluation activity.

8. Next Steps

- 8.1. Based on the details noted in the AIP, Executive Directors through the Corporate Improvement Advisory Board (CIAB), will:-
- consider the areas of uncertainty with a view to addressing these in the coming year
 - ensure adequate progress is made to maintain the existing risk assessment status
 - note the changes made to the Scrutiny Plan and the footnotes identified in paragraphs 6.1 and 6.3
- 8.2. The Forum is asked to note that this report will also be presented to the South Lanarkshire Partnership Board for noting.

9. Employee Implications

- 9.1. There are no employee implications.

10. Financial Implications

- 10.1. There are no financial implications.

11. Other Implications

- 11.1. The AIP does not identify any areas of significant scrutiny risk for the Council. There is no sustainability issues associated with the content of this report.

12. Equality Impact Assessment and Consultation Arrangements

- 12.1 This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 12.2. Resources were consulted on the submission paper prepared for the LAN.

Paul Manning

Executive Director (Finance and Corporate Resources)

23 July 2012

Link(s) to Council Objectives/Improvement Themes/Values

- Governance and accountability
- Performance management and improvement

Previous References

- None

List of Background Papers

- None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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South Lanarkshire Council

Assurance and Improvement Plan Update

2012–15

Introduction

1. The first Assurance and Improvement Plan (AIP) for South Lanarkshire Council was published in July 2010. That document set out the planned scrutiny activity for the council for the period April 2010 to March 2013 based on a shared risk assessment undertaken by a local area network (LAN) made up of representatives of all of the main local government audit and inspection agencies.
2. The aim of the shared risk assessment process was to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response over a three year period. The AIP gave an overview of the information that informed the risk assessment and showed how this links to the proposed scrutiny response.
3. The LAN met in November 2010 to update the AIP for the period 2011-14. The AIP Update was published in May 2011.
4. This report is the result of the shared risk assessment which began in November 2011. The update process drew on evidence from a number of sources, including:
 - The annual report to the Controller of Audit and elected members for 2010/11 from the council's appointed external auditors.
 - The council's own performance data, discussion with senior council officers and the council's self-evaluation evidence.
 - Evidence gathered from Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (including published inspection reports and other supporting evidence).
5. The outcomes of that exercise are contained in this short report which summarises changes to risk assessments and proposed scrutiny responses. Appendix 1 to this report sets out a timetable for proposed audit and inspection activity between April 2012 and March 2015 which reflects the revised and updated scrutiny risk assessment.

Summary

6. Overall, the council has continued to make progress on its strategic priorities and continues to deliver high quality public services. Education continues to be an area of strength; this was validated by Education Scotland in its report, published in July 2011. Social work generally performs well and no significant risks have been identified in Environmental, Regulatory, Cultural or Roads services and consequently no additional scrutiny is planned. Within Housing, the LAN has identified homelessness as an area of uncertainty and proposes to undertake some targeted work around aspects of homelessness, including lets.
7. A new Chief Executive, Lindsay Freeland, was appointed and took up post in January 2012. He was previously Director of Housing and Technical Resources. Paul Manning was appointed as the new Executive Director of Finance and Corporate Resources in September 2011. He previously held the role of Head of Finance, and had undertaken the Director role in an acting capacity for a number of months. Member/officer working relations were previously identified as an area of uncertainty and in view of the recent appointment of a new Chief Executive and other changes in the council's senior management team we have decided to keep this area under review. The Use of Resources - Procurement was also previously identified as an area of uncertainty. While the council has achieved progress, it is too early to assess the effectiveness of some of the actions taken and we have therefore decided to keep this area under review too.
8. The 'working' element of the working and learning communities outcome area and the 'financial management' element of the use of resources had previously been identified as areas of uncertainty. Following a review of improvements and actions taken by the council, the LAN has concluded that these are now areas of no significant risk.

National risk priorities

9. A number of core national risk priorities will be applied to all 32 councils. These are:

The protection and welfare of vulnerable people (children and adults) including access to opportunities: No significant scrutiny risks have been identified. The LAN also noted that this is a new council plan priority in the draft 'Connect 2012-2017'. Consequently there is no planned scrutiny. Care Inspectorate plans for the inspection of Integrated Children's Services and Adult Services are still to be confirmed nationally and may result in scrutiny.

Assuring public money is being used properly: There are no significant scrutiny risks with this national priority. Uncertainty about the council's interim arrangements for overall responsibility for financial management has been addressed by the appointment of the Director of Finance and Corporate Resources in September 2011.

How councils are responding to the challenging financial environment: Across Scotland, the financial outlook was assessed as an area of uncertainty. No significant scrutiny risks were identified

within South Lanarkshire Council regarding this national priority. The council is aware of the financial challenges it faces and has medium term financial plans in place. A break-even budget was approved for 2011/12 which required efficiency savings of £25 million and the council has reported that it anticipates a break-even position at 31 March 2012.

10. The LAN is committed to maintaining its engagement with the council between now and the next SRA/AIP refresh so that we can retain an overview of how the council is managing its response to the significant financial challenges that it and all other Scottish public bodies face.

Areas of unchanged scrutiny risk assessments

No significant risks

11. This update focuses predominantly on those areas assessed as being uncertain or having significant risk. However, in the interest of providing a broader view of the council's overall risk assessment, it is important to highlight those areas that were previously assessed as having no significant risks which, based on the additional evidence in the current year, continue to be so. These are:

Service Areas	Outcomes	Corporate Assessment
<ul style="list-style-type: none"> Education 	<ul style="list-style-type: none"> Working and learning communities (in respect of the 'learning element') 	<ul style="list-style-type: none"> Planning and resource alignment
<ul style="list-style-type: none"> Cultural Services 	<ul style="list-style-type: none"> Safer and healthier communities 	<ul style="list-style-type: none"> Partnership working and community leadership
<ul style="list-style-type: none"> Social work 	<ul style="list-style-type: none"> Successful and inclusive communities 	<ul style="list-style-type: none"> Community engagement
<ul style="list-style-type: none"> Corporate services 		<ul style="list-style-type: none"> Governance and accountability
<ul style="list-style-type: none"> Environmental services 		<ul style="list-style-type: none"> Performance management
<ul style="list-style-type: none"> Regulatory services 		<ul style="list-style-type: none"> Challenge and improvement
<ul style="list-style-type: none"> Roads and street lighting 		<ul style="list-style-type: none"> Customer focus and responsiveness
		<ul style="list-style-type: none"> Risk management
		<ul style="list-style-type: none"> ICT
		<ul style="list-style-type: none"> Use of resources (efficiency, competitiveness, asset management, managing people)
		<ul style="list-style-type: none"> Equalities and sustainability

Significant risks and uncertainties

12. The following comments relate to issues where perceived risks in the council's processes and activities remain unchanged since the 2011/12 AIP Update.

Area	R/A/G	2011/12 Update
<p>Vision and Strategic Direction and Leadership and Culture</p>	<p>Area of uncertainty</p>	<p>Member/officer working relationships</p> <p>The council continues to benefit from the strong and clear direction identified in the Best Value report 2009. The new draft Council Plan 2012-17 recommends continuation of the well established vision. The strategic priorities and objectives which have served the council well provide solid foundations which are likely to continue.</p> <p>A number of events have taken place to develop effective and productive member/officer working, these included budget awareness seminars; short life working groups; and preparations for the 2011 International Children's Games.</p> <p>In November 2011, the Council announced the appointment of the new Chief Executive, who took over in January 2012. This, together with other senior appointments, means that there have been recent and significant changes in the Corporate Management Team. While internal appointments provide a degree of stability, new working relationships will be required to be established.</p> <p>Consequently, it is too early to assess the impact of these changes on the work of the council and therefore the LAN has concluded that this remains an area of uncertainty. No additional scrutiny is proposed at this time and the LAN will continue to monitor the impact of the changes.</p>
<p>Use of Resources - Procurement</p>	<p>Area of uncertainty</p>	<p>The latest Procurement Capability Assessment (PCA) resulted in a score of 36% which is above the Scottish average of 32%. The council has now approved the Procurement Strategy, which includes an action plan with relevant timescales.</p> <p>While progress has been made, this remains an area of uncertainty this year because: it is too early to assess the effectiveness of the new procurement strategy; it is too early to assess the impact of changes to the officer leadership of procurement; and the post ISLA scrutiny report highlighted an area for improvement with social work procurement, specifically regarding the relationship between social work and corporate procurement. No additional scrutiny is proposed at this time and the LAN will continue to monitor the impact of the changes.</p>

Changes to 2011/12 risk assessments

13. The following table relates to risk assessments that have been changed from the 2011/12 AIP Update.

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
Working and learning (in respect of the 'working' element)	Area of uncertainty	No significant risk	<p>The LAN recognises that the council has been, and continues to be, active in understanding and monitoring the impact of the economic downturn. In addition, the Council has taken a number of important actions to help address this area including:</p> <ul style="list-style-type: none"> • Work by council and community planning partners to assist the business sector; • Meetings with representatives from Scottish and UK governments; • Engagement with local colleges and the University of the West of Scotland; and • The proposed development of a South Lanarkshire Economic strategy. <p>Recent data confirms that business failures have increased for three consecutive years and business survival rates show a sharp decline with the rate now at its lowest since 2005. The employment rate is better than the Scotland average but has worsened compared to last year and is showing a worsening longer term trend both in itself and compared to the Scotland average. Benefits claims and employment rates for disabled people show worsening short and long trends and do not compare favourably with the Scotland averages.</p> <p>While the council continues to be proactive in the extent to which it can influence this issue, it is accepted that all outcome themes are partnership driven, and in this case wider national policies, welfare reform and economic policy will all play a significant part in the recovery.</p> <p>As a result of the significant actions which have been undertaken by the council, the LAN has concluded that working should now be assessed as an area of no significant risk. The LAN will continue to review this.</p>
Housing – Homelessness Services	No significant risk	Area of uncertainty	<p>The SHR inspected the council's homelessness service in 2010 and awarded it a 'C' or 'fair' grade.</p> <p>The council is currently implementing an improvement plan and has a homelessness strategy in place to address key issues. It has assured us that it remains committed to the 2012 duty regarding the abolition of priority need, and we would seek to confirm how the council plans to achieve this.</p> <p>Our recent risk assessment work indicates that there</p>

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			<p>has been an increase in case durations for priority decisions and an increase in lost contacts before discharge of duty. The council also continues to have breaches of the unsuitable accommodation order 2004.</p> <p>In addition to our follow-up work from our previous inspection, we need to better understand why these increases have occurred, their impact on homeless people and the ongoing work of the council to improve homelessness services.</p>
Use of Resources – Financial Management	Area of uncertainty	No significant risk	<p>During 2011 the council successfully reported its financial results under IFRS for the first time. The council achieved an under spend on the results for the year and received an unqualified audit opinion. In September 2011. A new Executive Director of Finance and Corporate Resources was appointed during the year, bringing to an end a period of uncertainty for the council since the departure of the Chief Financial Officer in 2010.</p>

Scrutiny plan changes

14. 2012/2013 – The Housing Benefits Performance Audit planned for 2011/12 will now take place in 2012/2013. This work will be undertaken as part of the annual local audit and in partnership with the local auditor.
15. 2012/2013 – Targeted scrutiny work by the Scottish Housing Regulator will take place in response to identified risks around aspects of homelessness, including lets.
16. 2012/2013 - There will be a focused follow up audit to Audit Scotland's national report "Maintaining Scotland's roads: a follow up report" (published February 2011). This is not specific to the council but is a planned follow up review across all Scottish Local Authorities.
17. 2012/2013 - The proposed targeted Best Value audit work to consider the 'working' aspect of the 'working and learning' outcome area and member/officer working relationships in the council has been reviewed. The 'working' aspect of 'working and learning' has now been assessed as having no significant risk. Member/officer relationships however remain the subject of monitoring by LAN members. No planned scrutiny will take place over 2012/2013 and the LAN will continue to review these areas.
18. 2013/2014 – At this stage, there is no planned activity beyond ongoing audit and inspection work.

Appendix 1 Scrutiny plans

Scrutiny activity in the shaded rows does not result from the shared risk assessment but is national activity e.g. national follow up work or activity requested by Ministers.

South Lanarkshire COUNCIL		2012-13											
Scrutiny activity year 1		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Scottish Housing Regulator – targeted work on aspects of homelessness, including lets													
Audit Scotland: Follow Up Review of Maintaining Roads (Date TBC)													
Audit Scotland: Housing Benefits Performance Audit (Date TBC)													
		2013-14											
Scrutiny activity year 2		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No planned scrutiny activity													
		2014-15											
Indicative scrutiny activity for rolling third year		Potential scrutiny bodies involved											
No planned scrutiny activity													

Footnotes

- The focus of the AIP Update 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.
- At the request of Scottish Ministers the Care Inspectorate will lead a **Joint Inspection of Children's Services** in each local authority area in Scotland. These inspections will commence in 2012/13 starting with a development site in April/May 2012 and a cycle of inspection of services for children which will report publicly from Autumn 2012.

The selection of local authority areas for inspection will be based on intelligence and risk and take account of the Shared Risk Assessment. LAN leads will be advised in due course.

- In addition, Audit Scotland will be working with scrutiny partners to pilot an approach to assessing the **delivery of outcomes by community planning partnerships**. Pilot sites will be confirmed with the LAN lead in due course.
- Audit Scotland undertake an annual rolling programme of **thematic performance audits**. The fieldwork sites are identified as part of the development of the scope for each individual audit. Fieldwork sites will be confirmed with LAN leads as each audit is developed.
- The **annual audit** of local government also comprises part of the baseline activity for all councils. 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 exact timing of the audits will be confirmed through the LAN lead.
- **Education Scotland**, through the District Inspector, will continue to support and challenge Education Services regularly and as appropriate the **Care Inspectorate** will regulate care services and inspect social work services based on the Public Services Reform (Scotland) Act 2010.
- 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.