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Report to: **Risk and Audit Scrutiny Forum**
Date of Meeting: **19 May 2011**
Report by: **Chief Executive**

Subject: **Best Value 2 – Shared Risk Assessment – Assurance and Improvement Plan**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise the Forum of the outcome from the Shared Risk Assessment process carried out by Audit Scotland, in association with the other inspection agencies, and the 2011/12 refresh of the Assurance and Improvement Plan

2. Recommendation(s)

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

- (1) that the draft Assurance and Improvement Plan (AIP) is noted
- (2) that relevant Resources consider the content and ensure adequate progress is made both to maintain the existing risk assessment status and to mitigate any identified risk in advance of next year's AIP

3. Background

- 3.1. In December 2010, the Council's Executive Committee considered a report which provided details of the Shared Risk Assessment (SRA) submission for Year 2. It was noted in the report that advice from the Local Area Network (LAN) Lead Officer confirmed that this year would see a 'lighter touch' to the Shared Risk Assessment process.
- 3.2. The submission was considered by the LAN during December 2010. The LAN compiled an Assurance and Improvement Plan (AIP) which will be published during May 2011 by Audit Scotland for South Lanarkshire Council as well as for all other Scottish local authorities. This report provides the Forum with information on the AIP, a copy of which is attached as an appendix.
- 3.3. It should be noted that all AIPs have been subject to consideration by a quality and consistency panel, which ensures consistency of approach across the various LANs. All 32 draft AIPs are further considered by a National Round Table Strategic Group in order to produce a national risk assessment and joint scrutiny plan. All AIPs remain provisional (draft) until final confirmation is provided by the Strategic Group.
- 3.4. All Assurance and Improvement Plans will be published at the same time, and alongside the National Scrutiny Plan.

4. Shared Risk Assessment and Assurance and Improvement Plan

- 4.1. The key points included within the AIP are:
- the updated Shared Risk Assessment for 2011/12 remains largely unchanged and there are no significant scrutiny risks
 - some priorities have moved from areas of uncertainty to having no significant risks and others have moved in the other direction from no significant risk to areas of uncertainty

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

Outcomes

- The assessment of risk for the 'working' element of 'Working and learning communities' is considered to be an area of uncertain scrutiny risk and may be the subject of targeted Best Value audit work in 2012/13. This is due to the economic downturn having a more acute impact on South Lanarkshire Council than some other parts of Scotland.
- 'Safer and healthier communities' was an area of uncertainty in 2010/11, but is now confirmed for 2011/12 as having no significant risks and therefore no specific scrutiny work planned

Services

- The scrutiny risk identified in 2010/11 for Social Work (Adults at Risk) is no longer considered necessary. Overall, there are now no significant scrutiny risks relating to services and no specific audit or inspection activity required.

Corporate Assessment

- The Council has a structured approach to improvement.
- Use of Resources – Procurement was an area of uncertainty in 2010/11 and remains the same for 2011/12.
- Reference is included to concerns about the 2011/12 budget process and investigations into expenses claims by elected members, both of which generated a degree of publicity. Whilst the AIP recognises that the Council acted promptly to address these issues, the LAN is not clear whether the cumulative impact of resolving these issues has, or will, adversely affect working relationships between members and officers. The LAN therefore identified member/officer working relationships as an area of uncertainty. Whilst the LAN will review this towards the end of 2011, targeted Best Value audit work may take place in 2012/13.
- Use of Resources – Finance has also been identified by the LAN as an area of uncertainty for 2011/12. At this stage, however, no additional scrutiny measures are proposed as this will be monitored through the annual audit process.

- 4.3. The Council met with the LAN lead officer, Audit Scotland and PWC regarding the draft AIP during March 2011. This was following consideration of the draft AIP by the National Quality Assurance Panel, and following the late addition of the penultimate bullet point above, regarding member/officer working relationships. Whilst the Council had worked collectively with the LAN lead officer in the development of the early draft AIP, officers questioned the need for this additional piece of work. Wording changes were requested to reflect this view and to reflect the speculative nature of Best Value work proposed. Some of these changes have now been included in the revised draft and the Council has committed to work with whoever is given the task of assessing the need for this targeted piece of work at the appropriate time.

5. National risk priorities

5.1 The AIP also refers the Council's position in terms of National Risk Priorities. These are:

- The protection and welfare of vulnerable people (children and adults)
- Assuring public money is being used properly
- Response to the challenging financial environment

The protection and welfare of vulnerable people (children and adults)

- The inspection of services to protect children and young people, the inspection of educational psychological services, and social work services for adults were identified as areas for scrutiny in the Council's 2010/11 Assurance and Improvement Plan. The positive results of various strands of inspection activity (as detailed in section 6 national risk priorities) has led to the conclusion that this area is now categorised as having no significant risks and no further specific scrutiny work is proposed.

Assuring public money is being used properly

- Overall, this area is categorised as having no significant risks and this will continue to be assessed as part of the annual audit process. The following points are noted in the AIP:
 - This is a key strand of the Council's approach to improvement
 - Scrutiny of activities is undertaken by both members and officers and the Risk and Audit Scrutiny Forum operates in line with CIPFA recommended practice
 - The annual audit report to members identified the need for Internal Audit to review its Audit Plan to ensure it is focussed on the appropriate areas of risk

Response to the challenging financial environment

- It is noted that the financial climate will impact on the Council's ability to deliver its outcome targets and maintain service performance in the future. Whilst it is noted that the Council continues to be proactive in responding to the current financial environment, given the strategic uncertainty in this area it is considered to be an area of uncertainty. No additional scrutiny work is planned, but this is a core feature of the existing annual audit process and the external audit will routinely continue to monitor the financial position of the Council.

6. Scrutiny plan changes

6.1. The following changes have been made to the scrutiny plan:

- 2010/2011 - HMIE were invited by the Council to carry out a validated self-evaluation with education services. This commenced in December 2010 and will be ongoing from January to March 2011. A report will be published later in 2011. This was not a scrutiny response to any identified risks.
- 2011/2012 - there are no significant changes to the planned scrutiny activity. A Housing Benefits Performance audit will be undertaken as part of the annual local audit and in partnership with the local auditor.
- 2012/2013 – Targeted Best Value audit work on the progress being made on the 'working' aspect of the 'working and learning' outcome area. The continued need for this work will be reviewed as part of the 2011/12 SRA process. Targeted Best Value audit work is also planned on the areas of uncertainty around the working relationships within the Council. The continued need for this work will also be reviewed as part of the 2011/12 SRA process.
- 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 as noted in the Appendix.

7. Next steps

7.1. Based on the details noted at 4.2 and 5.1, Executive Directors through the Corporate Improvement Advisory Board, will consider the areas of uncertainty with a view to addressing these in the coming year as well as taking note of the changes to the scrutiny plan identified in paragraph 6.1.

7.2. Once agreed, the AIP is a public document and all Councils are expected to consider the AIP at an appropriate Committee and/or at full Council level. All 32 AIPs will be published on the Accounts Commission scrutiny web page together with the National Scrutiny Plan.

7.3. The Forum is asked to note the content of this report.

8. Employee Implications

8.1. There are no employee implications.

9. Financial Implications

9.1. There are no financial implications.

10. Other Implications

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

11. Equality Impact Assessment and Consultation Arrangements

11.1. 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.

Archie Strang
Chief Executive
20 April 2011

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

Improvement Theme – Efficient and effective use of resources
Performance management and improvement

Previous References

- Risk and Audit Scrutiny Forum (8 July 2010) SRA – AIP

List of Background Papers

- Shared Risk Assessment submission

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 2011–14

Introduction

1. The Assurance and Improvement Plan (AIP) for South Lanarkshire 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) reconvened in December 2010, to update the AIP, revise the risk assessments and consider the level of scrutiny required for the council. The refresh includes a short report which summarises any changes to evidence, risk assessments, scrutiny responses and good practice.
2. The updated AIP draws on evidence from a number of sources, including the following 2010/2011 planned activity.
 - Annual Report to Members from the External Auditors.
 - Review of progress on Best Value improvement actions by External Auditors.
 - HMIE inspection of services to protect children and young people.
 - HMIE inspection of educational psychology services.
 - SHR inspection of housing management, asset management/property maintenance and homelessness.
 - SWIA supported self-evaluation approach to support the management of high risk offenders.
 - SWIA post ISLA (initial scrutiny assessment level) scrutiny of some areas of social work.
 - Care Commission's inspection of Adoption and Fostering Services.
 - Review of performance, including; Single Outcome Agreement performance and SPIs.
3. Over the past year the council has continued to make progress on its strategic priorities and continues to deliver high quality public services. It has a structured approach to improvement. The council, however, has experienced some challenges during 2010/2011 which have tested the working relationships between senior officers and members and this has impacted on aspects of our assessment of risk in the council.

Areas of on-going risks and uncertainties

4. Areas where risks or uncertainties were identified in the 2010/11 AIP and which remain unchanged include: The Use of Resources – Procurement. This was identified as an area of uncertainty in the 2010/2011 AIP and the LAN has continued to monitor work in this area through the annual audit process. The LAN has concluded that this area is improving, though these improvements are still at an early stage. The LAN has concluded this should remain an area of uncertainty for 2011/2012. This will be monitored as part of the annual audit process

Risk assessment changes

5. The overall scrutiny risk for South Lanarkshire Council for 2010/2011 indicated that there were no significant scrutiny risks.
6. The updated shared risk assessment for 2011/12 remains largely unchanged and there are no significant scrutiny risks. Some priorities have moved from areas of

uncertainty to having no significant risks and others have moved in the other direction from no significant risk to areas of uncertainty. Where there are individual changes to scrutiny risk, these are identified below.

7. **Outcomes.** For 2010/11, the delivery of two of the three outcomes by the council was identified as having no significant risks. These largely remain unchanged. The impact of the economic downturn has had a more acute impact on South Lanarkshire Council than some other parts of Scotland. Consequently the assessment of risk has increased for the 'working' aspect of 'working and learning communities' and this is now an area of uncertain scrutiny risk. This outcome area may be the subject of targeted Best Value audit work in 2012/13. The LAN has retained the 'learning' aspect of this outcome as having no significant risk and no specific scrutiny work is currently planned. The 'safer and healthier communities' outcome area was previously identified as an area of uncertainty, in part this was due to a lack of outcome data. The 2011/12 risk assessment identified that there had been an improvement in the information available and the LAN has concluded that there are now no significant risks and therefore no specific scrutiny work is planned.
8. **Services.** For 2010/2011, the LAN concluded that services generally performed well. Services which were considered to have few significant risks included; Education, Housing, Environmental, Regulatory, Cultural, Roads and Social Work, however, some scrutiny risks relating to some areas of Social Work Services were identified. Following scrutiny in 2010/2011, SWIA found evidence that improvements by social work resources were making a difference for adults at risk. Consequently, the LAN has concluded that for 2011/12 that there are no significant scrutiny risks relating to services and no specific audit or inspection work inspection activity is required.

Corporate Assessment. For 2010/2011, no significant scrutiny risks were identified within the corporate assessment and therefore no specific work was planned in this area beyond the LAN monitoring through ongoing/scheduled audit and inspection work. A number of challenges arose during 2010/2011 which the council has worked to address. These included concerns about the 2011/12 budget process and investigations into expenses claims by elected members. Both of these generated a degree of publicity. While the LAN recognise that the council has acted promptly to address these issues, the LAN is not clear whether the cumulative impact of resolving these issues has, or will, adversely affect working relationships between members and officers. The LAN has therefore identified member/officer working relationships as an area of uncertainty. As a result, while the LAN will review this towards the end of 2011, targeted Best Value audit work may take place in 2012/13. The Use of Resources – Finance has also been identified by the LAN as an area of uncertainty for 2011/2012. At this stage, however, no additional scrutiny measures are proposed as this will be monitored through the annual audit process.

National risk priorities

9. **The protection and welfare of vulnerable people (children and adults).** The inspection of services to protect children and young people, the inspection of educational psychological services and social work services for adults were identified as areas for scrutiny in the 2010/11 plan. The inspection of services to protect children and young people reported strengths in joint working to support children suffering from abuse or neglect, effective partnership working and consistent contact with staff helping to build trusting relationships. The inspection also found improved approaches to assessing risks and needs and planning, that more effective use of self-evaluation was being made by senior staff and that there was an effective shared vision for the protection of children. The main areas for improvement were around police and health

staff working together on joint investigations and information sharing with health professionals to ensure earlier involvement in decisions about medical examinations. The inspection of educational psychological services was very positive with excellence in aspects of research and leadership. The inspection of adoption and fostering services found that there was a very good quality of care, and that staff were continuing their commitment to improving and developing the service. SWIA found evidence to validate work carried out by social work to improve services for adults at risk. This risk assessment in this area is now therefore categorised as having no significant risks and no further specific scrutiny work is proposed.

10. **Assuring public money is being used properly.** Assurance on the financial position of the council is obtained through the annual audit process conducted by the external auditor and Best Value audit work. Assuring public money is being used properly is a key strand of the council's approach to improvement. Scrutiny of activities is undertaken by both members and officers and the council operates a Risk and Audit Scrutiny Forum which operates in line with CIPFA recommended practice. An Internal Audit service is an important part of a council's governance arrangements. The annual audit report to members identified the need for the internal audit service to review its audit plan to ensure that it was focused on the appropriate areas of risk. Overall, this area is categorised as having no significant risks and the council's external auditors will therefore continue to assess progress in this area as part of the annual audit process.
11. **The council's response to the challenging financial environment.** South Lanarkshire Council has a track record of effective financial management, but like all public sector organisations it faces significant financial pressures as a result of the economic downturn and the outcome of the national spending review. The Comprehensive Spending Review covering public sector expenditure for the period 2011/15 was announced in October 2010 and the Scottish Government responded to it by announcing a single year Scottish budget for 2011/12 and this creates an uncertainty over medium term financial planning. 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 LAN members. The council continues to be proactive in responding to the current financial environment but given the strategic uncertainty in this area the LAN has therefore concluded that this is an area of uncertainty. During the year the council experienced difficulties around its approach to dealing with the financial gap during 2010. This focused on the reporting of the council's savings plans which initially outlined an anticipated gap of £120 million; this was subsequently revised to a gap of £80 million. The external audit review commissioned by the council identified a number of improvements that could be made to the process and the communication methods in place. Each recommendation has been agreed by the council and the corporate management team and will be reflected in future member communications. While clearly this has had a detrimental impact on the reputation of the council, no irreversible actions were taken as a result of this matter. In addition, the council is now in a position of having additional information to enable them to prioritise savings while minimising the impact on the council's objectives. No additional scrutiny work is planned but it should be noted that this is a core feature of the existing annual audit process and the external auditor will routinely continue to monitor the financial position of the council.

Scrutiny plan changes

12. 2010/2011 - HMIE were invited by the council to carry out a validated self-evaluation working with education services. This commenced in December 2010 and will be

ongoing from January to March 2011. A report will be published later in 2011. This was not a scrutiny response to any identified risks.

13. 2011/2012 - There are no significant changes to the planned scrutiny activity. A Housing Benefits Performance audit will be undertaken as part of the annual local audit and in partnership with the local auditor.
14. 2012/2013 – Targeted Best Value audit work is planned on the area of uncertainty around the ‘working’ aspect of the ‘working and learning’ outcome area. The continued need for this work will be reviewed as part of the 2011/12 shared risk assessment process. Targeted Best Value audit work is also planned on the areas of uncertainty around the working relationships within the council. The continued need for this work will also be reviewed as part of the 2011/12 shared risk assessment process.
15. 2013/2014 – At this stage, there is no planned activity beyond ongoing audit and inspection work.

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Appendix – Summary of scrutiny activity

SOUTH LANARKSHIRE SCRUTINY PLAN	2011-12											
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
A Housing Benefits Performance audit will be undertaken as part of the annual local audit and in partnership with the local auditor (date tbc).												
	2012-13											
Scrutiny activity year 2	Potential scrutiny bodies involved											
Targeted Best Value audit work to consider the 'working' aspect of the 'working and learning' outcome area and working relationships in the council. Both aspects of this work will be confirmed following review by the LAN in 2011/2012.	Audit Scotland and the External Auditor											
	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 social work services based on the Public Services Reform (Scotland) Act 2010.
- HMIE and Learning and Teaching Scotland are being brought together to form a new agency from 1 July 2011 called Scottish Education Quality and Improvement Agency (SEQIA).
- 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.

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