

# Dumfries and Galloway Council

## Assurance and Improvement Plan Update

### 2012–15

#### Introduction

1. The aim of the shared risk assessment (SRA) process is to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response for the council over a rolling three year period.
2. The first Assurance and Improvement Plan (AIP) for Dumfries and Galloway 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.
3. The AIP gave an overview of the information that informed the risk assessment and showed how this links to the proposed scrutiny response.
4. The local area network met again in November 2010 to update the AIP for the period 2011-14. The AIP Update was published in May 2011.
5. This report is the result of the most recent 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 and self-evaluation evidence.
  - Evidence gathered from Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (SHR) (including published inspection reports and other supporting evidence).
6. 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

7. Dumfries and Galloway Council continues to build on the improvements it has been putting in place to strengthen corporate capacity and improve performance management across the council. These are reflected in the reduction in the number of significant and uncertain scrutiny risks from last year's AIP update. The council has strengthened its arrangements in key areas such as people management, local area working, performance management, and challenge and improvement. The council continues to effectively manage its resources. However, there has been limited improvement in asset management.
8. Services generally operate well, with the gross cost of some services such as waste collection, roads and winter service operations being among the lowest across Scottish local authorities. Education and social work have been subject to significant change in relation to structures and staffing numbers. These changes have created risks within the education service related to its ability assure quality. Within social work it is still too early to risk assess the impact service change and restructuring will have on the service.
9. Overall, the council and its partners are able to demonstrate improving outcomes to their communities through the Dumfries and Galloway Strategic Partnership. The Strategic Partnership has agreed to form an Efficiency Working Group to provide a clearer focus on shared services and potential efficiency savings that might arise through joint working. The council has also signed a joint statement of intent with NHS Dumfries and Galloway to develop a joint strategy on care for older people to address the long term challenges facing the area arising from demographic change in the region.

## Review of scrutiny activity 2011/2012

10. Audit Scotland carried out a review of Dumfries and Galloway Fire and Rescue. The Accounts Commission findings highlight the need for the council to ensure that members have sufficient skills to oversee the service. Dumfries and Galloway Constabulary was the subject of a joint Best Value Audit and Inspection in January 2012. The report will be published in June 2012.
11. The council undertook a self assessment of its homelessness service and this gave the SHR sufficient assurance of improvement which resulted in no onsite activity. In August 2011 the Care Inspectorate reported the outcomes of targeted inspection work undertaken following its 2009 initial scrutiny level assessment (ISLA) of Dumfries and Galloway. The ISLA identified one significant risk (staff management and support), three areas of uncertainty (assessment and care management, risk assessment and management, and governance and financial management). There were four areas where no significant risks were identified as part of the ISLA process (outcomes, partnership working, self-evaluation, and equalities). The outcomes of the targeted inspection work were four improvement recommendations.

## National risk priorities

12. 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:** the council continues to perform well against this priority and there are encouraging signs of a more cohesive direction based on clear prioritisation in areas such as education. The council and its partners have clearly articulated this priority within the single outcome agreement. The council has been a Scottish Government test site for developing personalisation and the council is working with NHS Dumfries and Galloway and third sector partners to agree developments in older peoples' services.
- **Assuring public money is being used properly:** the council has implemented its commissioning framework and new area management framework. Both initiatives will strengthen the council's overall approach to ensuring public money is used effectively. The external auditors found no material weaknesses in the accounting and internal control systems of the council and were able to take assurance from key controls within the council's financial systems and systems tested by internal audit. The council has appropriate corporate level arrangements in place to prevent and detect fraud, inappropriate conduct and corruption. This is an area of low scrutiny risk.
- **How councils are responding to the challenging financial environment:** Dumfries and Galloway Council continues to respond positively to the challenging financial climate and is managing this risk well. The council has built on the improvements made to the annual budget process. At 31 March 2011 it had total funds of £60.72 million, with £53.23 million (88 per cent) which has been earmarked for future spending in specific projects. The level of unallocated general fund balance (£7.49 million) is in line with the council's minimum target. The council created a corporate change fund by requesting service departments to underspend their budgets by one per cent. This fund was used to support upfront costs associated with the 2011/12 agreed savings, in particular the costs associated with early retirement and voluntary severance schemes. While there is no significant scrutiny risk with this national priority, given the economic situation, we have assessed the overall financial outlook as an area of uncertainty, as is the case with all other councils in Scotland.

13. 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

14. 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 continue to be so. This is based on evidence from various sources including where applicable, recent inspection reports, annual audit work, performance reports and additional file reviews. The LAN has no significant concerns in the following areas:

Outcomes	Corporate Assessment
<ul style="list-style-type: none"> <li>Healthier</li> </ul>	<ul style="list-style-type: none"> <li>Community Engagement (except area working)</li> </ul>
<ul style="list-style-type: none"> <li>Safe and stronger</li> </ul>	<ul style="list-style-type: none"> <li>Financial Management</li> </ul>
<ul style="list-style-type: none"> <li>Smarter</li> </ul>	<ul style="list-style-type: none"> <li>Equalities</li> </ul>
<ul style="list-style-type: none"> <li>Greener</li> </ul>	

### Significant risks and uncertainties

15. 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
<b>Services</b>		
<b>DG First</b>	Area of uncertainty	Whilst the council has made progress in strengthening its approach to review and challenge in relation to competitiveness, and has introduced a new commissioning framework for services, the impact of the changes in relation to securing improved outcomes and better use of resources remain unproven through commissioning.
<b>D&amp;G Police Authority</b>	Area of uncertainty	A joint best value audit and inspection of the Police Authority by Audit Scotland and Her Majesty's Inspectorate Authority is currently taking place, which will be reported later in 2012. This remains an area of uncertainty until the scrutiny process is completed and has been publicly reported.
<b>Outcome areas</b>		
<b>Wealthier and fairer</b>	Area of uncertainty	Whilst the council is responding well to the challenging financial environment in which it is operating this outcome area remains an area of uncertainty.
<b>Corporate Assessment areas</b>		
<b>Asset management</b>	Significant risk	There has been limited improvement in asset management. It does not

Area	R/A/G	2011/12 Update
		have a corporate asset management strategy. This will be monitored through the annual audit work.

## Changes to 2011/12 risk assessments: reducing risks

16. The following table relates to risk assessments that have reduced from the 2011/12 AIP Update.

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
<b>Services</b>			
<b>D&amp;G Fire &amp; Rescue Authority</b>	<b>Area of uncertainty</b>	<b>No significant risk identified</b>	Dumfries and Galloway Fire and Rescue provides an effective service. It has a clear vision and priorities which are consistent with its community safety partners.  In advance of the creation of a national fire & rescue service, responsibility for currently integrated arrangements, such as payroll, payment of rates and utilities, as well as ownership of assets, should be agreed between Dumfries and Galloway Council and the new organisation.
<b>Community &amp; customer services</b>	<b>Area of uncertainty</b>	<b>No significant risk identified</b>	Customer services are undergoing management restructuring as well as a number of integration projects. It is currently undertaking a phased PSIF assessment. The service is working with a number of partners to deliver various projects/initiatives throughout D&G. The majority of community and customer services indicators are on target
<b>Corporate Assessment areas</b>			
<b>Managing people</b>	<b>Significant risk</b>	<b>No significant risk identified</b>	The council has approved a workforce strategy which has strengthened arrangements for people management. It has introduced a leadership development programme and rolled out a staff appraisal and development scheme. The council also has the lowest sickness absence rates among Scottish local authorities.
<b>Performance Management</b>	<b>Significant risk</b>	<b>Area of uncertainty</b>	The council has made good progress in the last year in strengthening its performance management arrangements. It has now introduced an organisation-wide performance management framework which is aligned to its business planning arrangements. This new framework provides a vehicle for aligning service performance towards the council's key corporate priorities. As this is the first year of operation of the new system, including performance reporting against new business plans and at area committees, it will take time for the arrangements to demonstrate their full impact in terms of improved scrutiny and wider performance.
<b>Challenge and Improvement</b>	<b>Significant risk</b>	<b>Area of uncertainty</b>	The council has made good progress in the last year in taking forward its improvement agenda through its

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			Organisational Development Framework (ODF) which is used to set strategic improvement priorities and coordinate improvement activity across the organisation. A corporate improvement team has been established to drive the council's improvement programme, which is engaging well with departmental performance management and improvement staff. Whilst good progress has been made across a range of improvement priorities over the last year, notably in relation to workforce management, area and strategic commissioning, and strengthening performance management, the council recognises the need to manage the impact of its improvement and change programmes on morale and capacity across the organisation.
<b>Vision and strategic direction</b>	<b>Area of uncertainty</b>	<b>No significant risk identified</b>	Dumfries and Galloway Council is developing a clear vision and there is a renewed focus on its strategic direction. Members and officers are developing a good working relationship.
<b>Governance and accountability</b>	<b>Area of uncertainty</b>	<b>No significant risk identified</b>	There is evidence of good cross-party working linked to key council priorities at local area level and improvements are being made in relation to policy development and execution (including member/officer joint working).
<b>Customer focus and responsiveness previously Community engagement/area working</b>	<b>Area of uncertainty</b>	<b>No significant risk identified</b>	An Area Framework Implementation Team was established to support Area Committees. An Area Framework Member/Officer Working Group was also established. Area Committees have agreed how they will engage with communities through Area Committee Community meetings. Key issues including local bus service tender outcomes and local development plans will be discussed at these meetings.
<b>Sustainability</b>	<b>Area of uncertainty</b>	<b>No significant risk identified</b>	The council established a sustainable development team in 2010 with an initial remit to reduce the carbon footprint of the council. There is a revised Carbon Management Plan (CMP2) and wind farm community benefit framework review. There are numerous bio-diversity plans in place as well as renewable energy solutions to reduce energy expenditure and carbon emissions. Many strategies consider sustainability as integral eg – Local Transport Strategy; Local Development Plan; Corporate Waste Strategy. Work is ongoing on a Sustainable Development Strategy and Climate Change Action Plan.
<b>Leadership and culture</b>	Previous assessment was incorporated within Vision and Strategic Direction.	<b>No significant risk identified</b>	A leadership panel comprising the leaders of all parties was introduced in 2010 to consider strategic issues and council priorities. This is one strand of a broader programme of improvements that are being made in relation to policy development and execution (including member/officer joint working).

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
Planning and resource alignment	Previous assessment was incorporated within Vision and Strategic Direction.	No significant risk identified	The council has introduced a strategic management framework which links the planning and performance processes with the aims of the council.
ICT	No assessment	No significant risk identified	The council is improving its approach to ICT and is making savings through operational efficiencies and system rationalisation.

## Changes to 2011/12 risk assessments: elevated risks

17. 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
<b>Services</b>			
Education	No significant risk identified	Area of uncertainty	A further re-organisation of central structure in 2011 has led to a significant reduction in education officer and related staffing numbers within Education Services. The authority faces significant challenges in gaining an overview of developments and in ensuring the principles of Curriculum for Excellence are embedded in all schools. There is a need for more rigorous monitoring and early intervention in schools and departments where there is weak performance in order to ensure positive outcomes for learners. Senior officers are developing arrangements for proportionate support. They have recognised the need to enhance the quality improvement service and have recently agreed secondments. The director has a vision and determination to ensure improvement through promoting and building leadership capacity at all levels across schools. These important developments will take time to impact. Education Scotland will allocate resources to help build capacity across the quality improvement service in the areas already identified. They will work with council staff to support these aspects and will gather further information on progress and improvement. This information will be used to inform the next AIP. The LAN will continue to monitor progress through the District Inspector.
Social Work	No significant risk identified	Area of uncertainty	Social work is implementing a programme of service change and development – restructuring services to be locality based. It is too early to assess the effectiveness and impact of these changes.
<b>Corporate Assessment areas</b>			
Risk management	Previously	Area of	The council has a strategic risk register. However it is

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
	assessed under performance management and improvement.	<b>uncertainty</b>	unclear whether this is embedded throughout the organisation.
<b>Efficiency</b>	Previously assessed under performance management and improvement.	<b>Area of uncertainty</b>	All services have identified efficiency saving projects for the 12/13 – 14/15 budget rounds. However it is too early to assess the overall impact and whether these efficiencies will be realised.
<b>Competitiveness</b>	Previously assessed under performance management and improvement.	<b>Area of uncertainty</b>	The council has agreed a commissioning framework. A programme of service reviews is being developed. However it is too early to assess their effectiveness and impact.

## Scrutiny plan changes

18. The summary of planned scrutiny activity for the next three year period to 2014/15 is shown at Appendix 1. The scrutiny programme is focused on areas of significant scrutiny concern, with ongoing engagement with the council and targeted scrutiny activity planned for areas of uncertainty.



## Appendix 1: Summary of planned scrutiny activity

Scrutiny activity in the shaded rows does not result from the shared risk assessment but is either at the request of the council e.g. supported self evaluation activity, or national activity e.g. national follow up work or work requested by Ministers.

Dumfries and Galloway Council		2012-13											
Scrutiny activity year 1		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Education Scotland follow-up inspection activity focusing on quality improvement capacity within the council's education department								Education Scotland					
Housing and Council tax benefit Inspection (Audit Scotland)													Housing Benefit
Maintaining Scotland's Roads follow up (Audit Scotland). Timing to be agreed with local auditor – 3 scrutiny contact days													
		2013-14											
Scrutiny activity year 2		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
		2014-15											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved												
Best Value audit follow-up activity to assess progress against BV Improvement Plan	(Audit Scotland)												

## 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.