Inverclyde Council
Assurance and Improvement Plan Update
2012–15

Introduction

1. The first Assurance and Improvement Plan (AIP) for Inverclyde Council was published in July 2010 setting out the planned scrutiny activity for the council for the period April 2010 to March 2013. It was 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. The aim of the process was to focus scrutiny activity where it is most needed and to determine a proportionate scrutiny response over a three year period. The LAN met again in November 2010 to update the AIP for the period 2011-14. The AIP Update was published in May 2011.

2. This update is the result of the shared risk assessment which began in November 2011. It summaries the changes to risk assessments and proposed scrutiny responses based 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 Audit Scotland, Care inspectorate, Education Scotland, and the Scottish Housing Regulator (SHR) (including published inspection reports and other supporting evidence).

3. A timetable for proposed audit and inspection activity between April 2012 and March 2015 which reflects the revised and updated scrutiny risk assessment is at Appendix 1.

Summary

4. Inverclyde council continues to build on the good work it has established over the past few years. It has good awareness of where it needs to improve and is progressing work in outcome areas that will benefit the local communities.

5.   Services are generally performing well and the council has received positive reports from Education Scotland and the Care Inspectorate. There are no service areas identified as having significant scrutiny risk.

6.   Our risk assessment of the council's corporate arrangements indicates progress in a number of areas and as a result there are fewer areas of significant risk and uncertainty than in 2011/12.

7.   There have been a number of changes to risk assessments this year which have lead to a reduction in the risk of scrutiny. As a result the council will not be subject to any additional scrutiny activity in 2012/13 beyond unit level registered services and national activity requested by Ministers. Scrutiny agencies will continue to monitor activity through their established communication channels. There are some areas which remain areas of uncertain scrutiny risk and as a result we have provisionally scheduled some focussed Best Value audit work during 2013/14. The continued relevance of this work will be reviewed as part of the next shared risk assessment in 2012/13.

National risk priorities

8.   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:** There are no significant scrutiny risks aligned with this priority in Inverclyde Council. Social Work Services benefit from committed, strong and capable leadership. The Inverclyde Community Health and Care Partnership is progressing the work on the integration of services to children and adults in Inverclyde. While there remains an issue about exclusions from school for looked after young people, the council is actively dealing with this and is working closely with Education Scotland and the Care Inspectorate.

- **Assuring public money is being used properly:** There are no significant scrutiny risks with this national priority. Inverclyde Council's control environment is a key responsibility of its Audit Committee, along with evaluating the arrangements in place for securing value for money. The Audit Committee is effective and operates in line with best practice.

- **How councils are responding to the challenging financial environment:** The council faces a challenging financial climate with a £13.4 million revenue funding gap over the two year period 2011/13. It has successfully reduced this gap through prudent budgetary decision-making and by undertaking a full review of the council's savings work streams. The council updates its financial strategy on a six monthly basis, taking into account the challenging economic circumstances. There are therefore no significant risks with this national priority in terms of the council's response. However, 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.

9. 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 - No significant risks

10. 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:

Service Areas	Outcomes	Corporate Assessment
• Education	• Educated, Informed, Responsible Citizens	• Vision and Strategic Direction[1]
• Social Work	• Healthy, Caring Communities	• Community Engagement
• Cultural Services		• ICT
• Roads & Street Lighting		• Financial Management
		• Asset Management
		• Equalities

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[1] Strategic direction relating to the council's Operating Model remains an area of uncertainty in the 2011/12 AIP. This continues to be the case and in covered on page 4 below.

Areas of unchanged scrutiny risk - 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	Risk assessment	2011/12 Update
Corporate Assessment Areas		
• Vision & Strategic Direction – operating model	**Areas of uncertainty**	The council is progressing a major transformation programme made up of four parts; a Finance Strategy; an Asset Strategy; Organisational Structure: and the Operating Model (OM). Progress has been made on the first three parts and in December the council noted that it expects to deliver the programme savings overall. Some aspects of the OM project have been problematic and the council has agreed to suspend the development of that project. Further progress and the impact of the transformation programme will be monitored by the appointed auditor and part of the annual audit process in 2012/13.
• Governance & accountability	**Areas of uncertainty**	In April 2012 the council agreed to recommend a revised committee structure to the new council in May. Further refinements to the council's scheme of delegation will also take place early in the life of the new council. Progress and impact will be monitored by the appointed auditor and part of the annual audit process in 2012/13.
Service areas		
• Regeneration & environment	**Areas of uncertainty**	The council had developed an outline business case as part of the Clyde Valley Community Planning Partnership to develop a shared approach to waste management. In February 2012 the council decided to withdraw from the project, noted that it had a residual waste contract in place until 2014 and called for future options to be brought back to a future committee meeting. Progress on the options appraisal and implementation will be monitored as part of the annual audit process.

Changes to 2011/12 risk assessments

14. There have been a number of changes to risk assessments this year, all of which lead to a reduction in the scrutiny risk. 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
Service Area			
Strategic Housing Authority	**Areas of uncertainty**	**No significant risks**	The council completed a tailored self-assessment for the SHR as part of its follow up to an inspection report on homelessness services in 2008. The self-assessment and supporting evidence demonstrates that the council has made progress in a number of areas such as improving the quality of its temporary accommodation and reducing its 'non-priority' decisions.
Outcomes			
Safe, Sustainable Communities	**Significant risks**	**Areas of uncertainty**	The council is progressing work through a multi-agency Outcome Delivery Group (ODG), focusing on reducing the rate of population decline. It has also approved an Economic Regeneration Strategy which focuses on addressing the areas socio-economic challenges. However, given the difficult economic challenges it is too early to assess the impact that these initiatives will have on the local communities. Progress in this area during 2012/13 will be reviewed as part of the next risk assessment.
Thriving, Diverse Economy	**Significant risks**	**Areas of uncertainty**	The ODG focused on tackling issues of employability and skills development has progressed activity. In January 2011 unemployment was at same level as the Scottish average for the first time in recent decades. European funding awarded for Employability Programme, Employee Engagement team established, Graduate Programme delivered. However it is too early to fully assess impact of these activities. Progress in this area during 2012/13 will be reviewed as part of the next risk assessment.
Corporate Assessment			
Partnership working & community leadership	**Areas of uncertainty**	**No significant risks**	Strengths have been identified by scrutiny agencies in respect of Inverclyde Council's partnership working. The MCMC partnership is recognised by the Scottish Government as sector leading. The ICHCP has made progress this year on a number of activities and the council continues to work in collaboration with other councils in the Clyde Valley.
Governance & Accountability - PPR	**Areas of uncertainty**	**No significant risks**	The council prepares an annual PPR report which is available through its website.
Performance Management -	**Areas of uncertainty**	**No significant risks**	The council's Strategic Planning and Performance Management Board is reviewing the Strategic

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
Corporate			Planning and Performance Management Framework and progress has been made on implementing the performance management system – Inverclyde Performs.
Customer focus & responsiveness	No separate risk assessment in 2011/12	**No significant risks**	The council has implemented a Customer Services Centre and is making progress on customer focus as part of its Business Transformation Programme.
Risk Management	No separate risk assessment in 2011/12	**No significant risks**	The council has continued to develop its approach to risk management. The chief internal auditor presents a risk management progress report to the Audit Committee.
Procurement	**Significant risks**	**No significant risks**	The council has improved its procurement performance as measured in a PCA rating and has developed a project plan to enable further procurement activities to be more efficient and effective.
Sustainability	No separate risk assessment in 2011/12	**No significant risks**	Previously this was considered under the service/outcome section. Given the work the council is doing around depopulation, waste management and carbon management there is no significant scrutiny risks in this area.

Review of scrutiny activity 2011/2012

15. The scrutiny work scheduled in the 2011/12 AIP took place as planned, it included:

- a housing benefits performance audit

- a Best Value audit of Strathclyde Fire and Rescue.

16. The finding from this scrutiny work informed the 2012/13 shared risk assessment.

Scrutiny plans

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

Inverclyde COUNCIL	2012-13											
Scrutiny activity year 1	**Apr**	**May**	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**
No planned activity												
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
Focussed Best Value audit work on identified areas of risk – subject to next shared risk assessment update.											▨	
2014-15												
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved											
No planned 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 ongoing 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.