

Midlothian Council

Assurance and Improvement Plan Update

2012–15

Introduction

1. The first Assurance and Improvement Plan (AIP) for Midlothian 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 again 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 2009/10 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, Social Care Social Work Improvement Scotland and the Scottish Housing Regulator (SHR) (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. Over the past year, the council has continued to undergo significant organisational change to transform the delivery of services to people of Midlothian. There was also significant scrutiny activity in the council by a number of inspection agencies and scrutiny bodies including the Care Inspectorate, SHR, Education Scotland (for Educational Psychology Services) and Audit Scotland in 2011. The outcomes of this scrutiny and the activities for the LAN and its component agencies are noted in the section below on National Risk Priorities. The Best Value Audit from November 2011 is ongoing. Audit Scotland, in discussions with the council, has agreed that publication will take place after the publication of this AIP update and local council elections in May 2012. The focus of the Best Value scrutiny is on areas identified in the AIP of 2010/11 as significant risks and areas of uncertainty in outcomes, council services and in the corporate assessment framework. The four outcomes are; supporting healthy, caring, diverse communities where local needs are met, maximising business opportunities, improving opportunities for people in Midlothian and delivering responsive and effective services to the people of Midlothian. The services are Corporate Services, Corporate Resources, Education and Children's Services and Housing Management. The corporate assessment framework covers a significant number of areas relating to performance including financial and people management, risk, Information Communications Technology (ICT), shared services and partnership working. This activity has resulted in a number of changes to the relevant risk assessments. However, since the Best Value activity is not complete, these changes do not preclude the possibility of further follow up activity by appropriate scrutiny bodies and the LAN will monitor these areas closely.
7. The LAN recognises the council's ongoing commitment to continuous improvement. There continues to be very strong commitment from officers and elected members to improving the work of the council. The council continues to extend and embed its approach to corporate self-evaluation. Midlothian Council has continued to explore and develop shared services across education and children's services, in partnership with East Lothian Council. Progress has been made in developing work streams that bring together staff from both councils to take forward this work. Elected members from both councils approved the work undertaken to date in November 2011. The two councils will now look to appoint a new joint head of education early in 2012 and both councils will share a director of education and children's services from March 2012 on a temporary basis. However, there remains further work to be done. The LAN will review the possibility of scrutiny work relating to shared services in 2013-14.

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: Significant Risk Identified.** The Care Inspectorate inspection of Child Protection services in August 2011 was a positive inspection. Midlothian Council's Adult Care Services was re-inspected by the Care Inspectorate in January 2012 following the implementation of an agreed action

plan on adult services. The Care Inspectorate is satisfied with the progress that has been made. The first follow-up inspection of Educational Psychology Services in September 2011 found there remained a need to raise the pace of improvement. A further follow-up will be undertaken by Education Scotland in 2012. In housing, urgent improvement is needed in the homeless service and the council is at risk of not achieving the Scottish Government's 2012 homelessness target. This was identified in the inspection by the SHR in September 2011. There will also be a audit of Housing Benefit. These areas will be subject to further scrutiny by SHR in 2012.

- **Assuring public money is being used properly: No Significant Risk.** Performance against budget continues to be reported to council throughout the year and includes a detailed material variance analysis including descriptions of, and reasons for variances, their value and the action taken as a result of the variance. It is important that budget performance continues to be closely monitored throughout the year to highlight issues to enable corrective action to be taken in a timely manner. This will continue to be monitored by the LAN.
 - **How councils are responding to the challenging financial environment: Area of uncertainty.** Across Scotland, the financial outlook was assessed as an area of uncertainty. Midlothian Council will face significant financial challenges over the next three years. In overall terms, Midlothian Council managed its budget well resulting in a net under spend this financial year. The council recognises the challenging financial environment it is facing. The council is clear about the projected budget gap for the next three financial years. The Business Transformation Programme (BTP) is considered the principal means of identifying savings options to address the projected budget gaps but that the BTP is not yet sufficiently developed to completely bridge the gap in later years. If the BTP does not deliver the anticipated savings, the council may have to consider other alternative measures which will enable it to deliver services with reduced resources. These uncertainties around the financial environment will be followed up through ongoing engagement by the LAN.
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 assessments

10. 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
Communities and Wellbeing - Housing	Operational –Significant concerns	2011 SHR Inspection found significant risks in several areas, particularly within services to homeless people. Key Performance Indicators (KPI's) for income maximisation show improvement in the time taken to let not low demand housing but the time taken to let low demand housing has increased. Arrears performance has remained static at a figure worse than the national average.

Area	R/A/G	2011/12 Update
		Reported responsive repairs performance is relatively poor and the Council's performance is in the bottom quartile of Local Authorities. SHR will undertake further scrutiny in 2012.
Communities and Wellbeing	No significant risks	Midlothian Council's Adult Care Services was re-inspected by the Care Inspectorate in January 2012 following the implementation of an agreed action plan on adult services. The Care Inspectorate is satisfied with the progress that has been made.
Communities and Wellbeing – Regulated Care Services	No significant risks	Midlothian Council's Adult Care Services, including Regulated Care Services, was re-inspected by the Care Inspectorate in January 2012 following the implementation of an agreed action plan on adult services. The Care Inspectorate is satisfied with the progress that has been made.
Vision and strategic direction	No significant risks	Positive progress in maintaining and improving standards The Council and its partners continue to present a clear vision for the future of the area.
Leadership and culture	No significant risks	Positive progress in maintaining and improving standards. A key focus for the council is in developing people and culture.
Partnership working and community leadership	Area of Uncertainty	Midlothian Council and East Lothian Council have continued to develop their approaches to sharing education services. Following the councils' meeting on 22 November 2011, they will now seek to appoint a joint Head of Schools. There is still uncertainty over the outline structure, governance and personnel in terms of impact. Other aspects of Partnership working are presently subject to scrutiny under Best Value 2 and the LAN will continue to work with the Council upon publication of the Best Value 2 report.
Community engagement	No significant risks	Positive progress in maintaining and improving standards. In the Care Inspectorate's November 2011 Initial Scrutiny Level Assessment (ISLA), it was reported that social work services had done significant work on involving and obtaining feedback from people who use services and carers. People who used services and their carers were involved in helping to shape services for the future
Performance management	No significant risks	Positive progress in maintaining and improving standards. The annual audit report noted positive examples of improvement such as the performance reporting structure now produces quarterly reports to reflect the new structure. The reports include an overall summary of major successes and challenges, a performance indicator summary and corporate/divisional priorities action update.
Maintaining Midlothian as a safe place to live, work and visit.	No significant risks	Best Value Audit of Lothian & Borders Fire & Rescue Report is not published until February 2012, but positive findings with decreases in number of fires and related deaths and injuries. Midlothian Council's Adult Care Services was re-inspected by the Care Inspectorate in January 2012 following the implementation of an agreed action plan on adult services. The Care Inspectorate is satisfied with the progress that has been made.
Governance and	No	Area of scrutiny as part of 2011 Best Value audit, particularly

Area	R/A/G	2011/12 Update
accountability (including public performance reporting)	significant risks	around Education and Children's Services and the LAN will continue to work with the Council upon publication of the Best Value report.
Risk management	No significant risks	Positive progress in maintaining and improving standards. Internal Audit in the main continues to work effectively, performing reasonably well against its audit plan and responding to changes as a result of emerging risks.
Conserving and improving Midlothian's natural environment.	No significant risks	Positive progress in maintaining and improving standards. SOA Performance report 2010/11: There is mixed performance where with seven indicators. Three are on target with three slightly below target and 1 awaiting data
Equalities	No significant risks	Positive progress in maintaining and improving standards. Care Inspectorate ISLA of November 2011 found that there were no significant concerns about equality, human rights and exclusion in social work services. There was a clear commitment at corporate level.
Sustainability	No significant risks	Positive progress in maintaining and improving standards. Annual Audit Report 2011 found that Midlothian Council has been proactive in its response to waste management and is already meeting the municipal waste recycling target of 50% by 2013.

Changes to 2011/12 risk assessments

11. 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
Strategic Services (Now part of Corporate Resources Directorate)	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.
Executive Services (Now part of Corporate Resources Directorate)	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.
Commercial Services (Now part of Corporate Resources Directorate)	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.
Supporting healthy, caring, diverse communities where local needs are met.	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
Improving opportunities for people in Midlothian	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and ISLA of November 2011 and the LAN will continue to work with the council upon publication of the Best Value report.
Delivering responsive and effective services to the people of Midlothian	Area of Uncertainty	No significant risks	Positive progress in maintaining and improving standards. LAN will continue ongoing monitoring of HEAT targets. There will be roads follow-up work in 2012-13.
Challenge and Improvement	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.
Planning and resource alignment	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.
Use of resources – efficiency	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.
Use of resources – financial management	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.
Use of resources – asset management	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.
Education and Children's Services	Area of Uncertainty	No significant risks	Positive progress in maintaining and improving standards. There was a positive Child Protection inspection in 2011. The authority continues to make steady progress on a number of areas such as literacy and numeracy in primary schools, young people requiring More Choices, More Chances, the school estate and Curriculum for Excellence. There are a number of areas for further improvement, most notably in terms of secondary attainment in areas of deprivation and poor housing in the former coalfield areas and Educational Psychology Services. There will be a further follow up inspection of the Educational Psychology Service in autumn 2012. Education and Children's Services were an area of scrutiny as part of 2011 Best Value audit. The LAN may identify further scrutiny activity upon publication of the Best Value report. These areas will continue to be monitored by the LAN with the possibility of further scrutiny by Education Scotland and SHR in 2013/14.
Maximising business opportunities.	Operational – Significant concerns	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.
Customer focus and responsiveness	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			publication of the Best Value report.
ICT	Operational – Significant Concerns	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.
Use of resources - competitiveness	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.
Use of resources – managing people	Area of Uncertainty	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.
Use of resources - procurement	Operational - Significant concerns	No significant risks	Area of scrutiny as part of 2011 Best Value audit and the LAN will continue to work with the council upon publication of the Best Value report.

Scrutiny plan changes

12. This plan for scrutiny this year encompasses both the completion of scrutiny work from 2011 in social work and scrutiny of housing functions.
13. The Care Inspectorate carried out scrutiny in January 2012 in regulated care. On-site scrutiny addressed the four areas of uncertainty identified in social work in late 2011. Any arising actions for improvement will be monitored in 2012-13.
14. The SHR will carry out targeted scrutiny relating to high risk elements of the Council's housing, homelessness services and audit housing benefit beginning in early 2013.
15. Audit Scotland and Education Scotland will publish a joint Best Value audit and inspection reporting May 2012 and the LAN will continue to work with the council upon publication of the Best Value report.
16. Education Scotland's District Inspector will work with the Director of Education and the Head of Education in supporting and challenging Midlothian Council to improve with regard to the attainment levels of secondary schools. In addition, the council will be asked for a report on progress on raising attainment by December 2012. There will possibly be joint scrutiny with the SHR on this area in 2013-2014 to look at the links between attainment levels and poor housing.

Given the ongoing development of shared services, the LAN will continue to monitor progress and will consider carrying out possible scrutiny in relation to the shared services agenda across Midlothian and East Lothian Councils in 2013/14. This was initially planned for 2012/2013, but progress with implementation has been slower than anticipated.

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 or national activity eg national follow-up work or work requested by Ministers.

MIDLOTHIAN COUNCIL		2012-13											
Scrutiny activity year 1		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Education Psychology Service follow up by Education Scotland													
SHR scrutiny of homelessness services													
Housing Benefit audit													
Roads follow up work TBC													
		2013-14											
Scrutiny activity year 2		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Shared Educational Services with East Lothian (indicative date only)													
		2014-15											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved												
Joint scrutiny between Education Scotland and SHR on links between vulnerable families and educational attainment	SHR, Education 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.