

Moray Council

Assurance and Improvement Plan Update

2012–15

Introduction

1. The first Assurance and Improvement Plan (AIP) for the Moray Council was published in July 2010. This 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 local area network met again in December 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 and self-evaluation evidence.
 - Evidence gathered from Education Scotland, Social Care and Social Work Improvement Scotland (the Care Inspectorate) 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. As part of its modernisation programme, The Moray Council reviewed its service structure and reduced the number of directors from five to four with effect from April 2011. The new structure amalgamated the directorates of education and community services into an education and social care directorate, brought together finance, personnel, ICT and legal and committee services into a corporate services directorate, and created a new strategic planning and governance directorate to lead on community planning, the single outcome agreement (SOA), performance management, corporate governance and customer care. As part of the restructuring, the environmental services department now includes the responsibility for housing. In addition, there have been a number of changes in key officer roles during 2011/12, including the appointment of an acting chief executive.
7. One aim of the restructuring has been to improve corporate and joint working and approaches across the council. It is too early to assess the impact of the new structure and responsibilities on service delivery. The previous AIPs have noted that council services are generally performing to an acceptable level and that where performance was less good this was being managed. This remains the case and there are some areas of strong performance, for example within the education service and around financial management. Whilst overall there are no significant concerns about the social work and housing services, there are some areas of uncertainty, including risk assessment and risk management practice in social work and aspects of the homelessness service, for example the housing options team impact on homelessness.
8. There are some indications that the revised structure has allowed the council to review and refine its vision and sense of direction against a set of strategic objectives which take account of key national and local priorities. The council has agreed a corporate improvement plan “Best Value for Moray” and is revising its service planning framework to be more fully aligned with these objectives. The council has consulted with the Scottish Government as part of its work to develop its best value approach and its review of the SOA. Overall we consider that the council has the capacity to move forward and make improvements in line with the objectives it has set itself. However, some concerns and uncertainties still exist around political leadership and how improvement plans are turned into demonstrable improvements. We will undertake some focused joint Best Value work later in 2012/13 to assess the council’s progress in advancing its modernisation and improvement agenda.
9. The previous AIPs have commented on the uncertainty for the Moray community and economy arising from the Strategic Defence Review and its implications for the RAF bases. In 2011, the decision was taken to retain RAF Lossiemouth.

National risk priorities

10. 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.** This was an area of uncertainty in the AIP for 2011-14. Overall it is now evaluated as an area of no significant concerns. A joint inspection of multi-agency arrangements to protect vulnerable children (CP2) was undertaken in January 2012. The detailed findings of the inspection will be published in May 2012. However, it was a positive inspection which found that very good progress had been made in all the main points for action identified in the first inspection of services to protect children. No further inspection visits will be made in connection with the inspection. The Care Inspectorate's link inspector will maintain contact with the services to support improvement.

The Care Inspectorate's ISLA (Initial Scrutiny Level Assessment) process includes consideration of risk assessment and risk management practice. This includes children and families, community care and criminal justice services. The ISLA undertaken in respect of Moray's social work service in April 2011 identified a number of areas for improvement. The improvement action taken by the council and the scrutiny undertaken by the Care Inspectorate is described at Paragraph 13. However, overall there are now no significant concerns about the social work service's approach to the protection of vulnerable people.

- **Assuring public money is being used properly.** There are no significant scrutiny risks in this area. Assurance on the financial position of the council is obtained through the annual audit process which was reported by Audit Scotland to the council and to the Controller of Audit in October 2011. The council assesses its own corporate governance arrangements each year against the CIPFA/SOLACE framework "Delivering Good Governance in Local Government". The most recent assessment suggests that the council has a sound governance framework. The Audit and Performance Review Committee meets regularly to receive reports from internal and external audit and to scrutinise performance. The committee is well attended and overall complies with expectations of such committees as set out by CIPFA in its guidance. No material weaknesses were identified in the council's accounting and internal control systems during the annual audit process. Audit Scotland as external auditors concluded that it could take reliance from the internal audit work undertaken. The annual audit identified a number of high level risks. These included ICT where due to the heavy involvement in the DBS programme, planned improvements to service delivery standards had not been implemented and the National Fraud Initiative where progress had initially been slow in reviewing and reacting to some reports, particularly blue badges. The council has action plans to manage these risks and no additional scrutiny is required as progress will continue to be monitored by the external auditors.
- **How councils are responding to the challenging financial environment.** All councils are facing significant financial challenges in the current economic climate. The Scottish Spending Review 2011 indicates that significant budget reductions will continue to be required over the next few years. This has the potential to impact on the council's outcome targets and delivery of services and is therefore an area of uncertainty. In addition, the council faces a number of financial pressures, including essential improvements to the school estate and an increasing demand for care and support services for older people.

However, we consider that the council is well placed to deal with the uncertain financial outlook. The council has been proactive in preparing financial plans and identifying savings to reflect reduced government settlements. The DBS project is a key part of its response to the financial challenges it faces in the coming years. It aims to modernise the delivery of the council's services and generate recurring benefits of £4.4 million by 2014. In 2010/11 the council reported an underspend of £7.5 million against budget, of which around £2 million relates to recurring annual savings. These will be used to offset delays in achieving savings in 2011/12 and will also reduce the savings target for 2012/13. One of the key elements of DBS, the procurement project, has been successfully completed. The financial benefits exceeded expectations with a forecast £1.14 million of efficiencies achieved against a target of £0.682million. Non cash savings were also realised through simplifying and standardising ordering and payment processes throughout the council. No additional scrutiny work is planned in this area, but the local external auditors (Pricewaterhouse Coopers) will continue to monitor the financial position of the council.

11. 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

12. 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 new evidence in the current year continue to be so. These are:

Service Areas	Corporate Assessment	Outcomes
Education	Vision and strategic direction	As in the last AIP, there are no significant concerns in respect of the council's performance towards the majority of the 15 National Outcomes.
Social Work (overall no significant concerns)	Planning and resource alignment	Longer, healthier lives
Housing (overall no significant concerns)	Partnership working and community leadership	Our young people are successful learners
Environmental Services	Governance and accountability	We value and enjoy our built and natural environment
Corporate Services	Performance management	
	Use of resources – asset management and procurement	
	Sustainability	

13. 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
Leadership and culture	Significant concerns	<p>Audit Scotland in collaboration with HMIE undertook best value scrutiny in 2010 in response to concerns around political leadership. In February 2011 the council identified a number of improvement actions in response to the best value report. Audit Scotland's annual report of its 2010/11 for the council in October 2011 identified that at that time none of these improvement actions had yet been completed but were now scheduled to be completed by the end of March 2012. This was concerning given that the BV report (published in November 2010) had highlighted the need for the improvement actions to be progressed quickly. As part of the AIP refresh for 2012 – 15, the LAN has received some evidence of action being taken more recently to address the issues raised in the best value scrutiny. In addition the LAN has noted that the council was able to take the necessary action to close a primary school, an outcome which had not previously been secured in earlier attempts to rationalise the school estate.</p> <p>In the council's staff survey in 2011, only 12% of respondents agreed that elected members are effective leaders and only 21% agreed that the council has an open and honest culture.</p> <p>Leadership and culture will be considered as part of the focused Best Value scrutiny to be undertaken in November 2012 (see paragraph 15)</p>
Equalities	Significant concerns	<p>Concerns about the lack of leadership by elected members of the equalities agenda was included in the best value scrutiny in 2010. This found that members still lacked commitment to the equalities agenda. The council said it would consider the appointment of an elected member champion. Audit Scotland's annual report of its 2010/11 audit for the council in October 2011 identified that at that time none of these improvement actions had yet been completed but were now scheduled to be completed by the end of March 2012. As part of the AIP refresh for 2012 – 15, the LAN has received only limited evidence of action being taken to address the issues raised in the best value scrutiny.</p> <p>Equalities will be considered as part of the focused Best Value scrutiny to be undertaken in November 2012 (see paragraph 15).</p>
Social Work	<p>No significant concerns overall</p> <p>Some areas of uncertainty</p>	<p>Overall there are no significant concerns in respect of the social work service. However, as in the last AIP, there are some areas of uncertainty. An ISLA was completed in April 2011 with the associated scrutiny taking place in May 2011. A number of recommendations for improvement were made in the scrutiny report published in July 2011 and the Care Inspectorate is monitoring the service's progress in implementing these recommendations.</p> <p>In the ISLA, risk assessment and risk management was identified as an area of significant concern. The council prepared an immediate action plan in response. The scrutiny of this area in May 2011 found that the service had taken action to address the areas identified for improvement, although there was still a need to improve how quality assurance processes</p>

Area	R/A/G	2011/12 Update
		impacted on practice. Additional file reading scrutiny of 30 files took place in February 2012 to further assess the action taken by the social work service to improve risk assessment and risk management practice. This scrutiny found that overall practice had improved from the previous file reading exercise in February 2011. Whilst it also identified the scope for some continued improvement this will be supported via the link inspector role, rather than by further scrutiny.
Housing	<p style="text-align: center;">No significant concerns overall</p> <p style="text-align: center;">Some areas of uncertainty</p>	<p>Overall there are no significant concerns about the Housing Service. For example, the council's performance in responding to repairs is significantly above the national average and there are no concerns about its ability to fund its investment programme.</p> <p>However, there are areas of uncertainty in relation to the Homelessness service due to some changing indicators and a lack of information around the impact of the housing options team introduced in October 2010. SHR will arrange for a self-assessment in relation to homelessness.</p>
Outcomes approach	Area of uncertainty	The council has continued to make some progress in its approach to outcomes. There are no significant concerns about the council's performance against the majority of the national outcome measures. However, there are still outcome measures which lack supporting data about performance. Moray Performs which has been the basis for the council's outcomes approach has been subject to review as part of the Best Value for Moray Approach. The council's outcomes approach, including those outcome areas assessed as areas of uncertainty in this AIP will be considered as part of the focused Best Value scrutiny to be undertaken in November 2012 (see paragraph 15).
<p>The volume and quality of housing in Moray will increase</p> <p>We will increase the number of people assessed as homeless who are provided appropriate accommodation.</p>	Area of uncertainty	Moray placed the 4 th highest proportion of homeless applicants in 2010/11. (see above reference to the Housing Service)
We have strong resilient and supportive communities	Area of uncertainty	There is a continuing lack of performance indicators, although there is some evidence of partnership working to support communities, eg Operation Avon and midnight football.
We take pride in a strong, fair and inclusive national identity	Area of uncertainty	There is a continuing lack of information and performance indicators in respect of this outcome.
We have improved the life chances for children, young people and families at risk	Area of uncertainty	See national risk priorities and the protection and welfare of vulnerable people.

Changes to 2011/12 risk assessments

14. 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
Challenge and improvement	Significant concerns	Area of uncertainty	<p>The council has been active in its take up and use of PSIF and it is one of the few councils to have completed PSIF assessments of all of its services. There was less evidence available in respect of “challenge”, although the LAN noted that the risks arising from the DBS programme are subject to on-going monitoring .</p> <p>One of the tasks outstanding from the BV scrutiny is a report clarifying roles for elected members and senior officers. It remains to be seen if this will address their respective roles in providing constructive challenge. This will be considered as part of the focused Best Value scrutiny undertaken in November (see paragraph 15).</p>
Customer Focus and responsiveness	Significant concerns	Area of uncertainty	<p>The previous AIP reported the lack of a corporate strategic approach to customer focus and responsiveness. As required, the council submitted a progress to the LAN in November. This showed that the council had taken action to develop a corporate action and had further plans in place to develop this. However, there is limited evidence available at present of how customer feedback and involvement has contributed to demonstrable service improvements. Customer focus will be considered as part of the focused Best Value scrutiny to be undertaken in November 2012 (see paragraph 15).</p>
Risk management	No significant concerns	Area of uncertainty	<p>Whilst the council has made some progress in further developing its risk management and business continuity arrangements, resources to support this activity were limited. As a result risk registers have not been timeously reviewed. The council says that it has now “mainstreamed” the responsibility for risk management. The impact of this in terms of the delivery of effective risk management needs to be demonstrated. Risk management will be considered as part of the focused Best Value scrutiny to be undertaken in November (see paragraph 15).</p>
ICT	No significant concerns	Area of uncertainty	<p>Due to the heavy involvement in the Designing Better Services programme, the IT section has not implemented planned improvements to its service delivery standards. The council’s action plan to address this will be monitored by the external auditors.</p>
Use of resources - financial management	Area of uncertainty	No significant concerns	<p>The council has been pro-active in preparing financial plans and identifying savings to reflect reduced government settlements. Financial</p>

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			statements show the council has increased its cash backed reserves by £9.1 million.
Use of resources -managing people	Area of uncertainty	No significant concerns	The decision to retain RAF Lossiemouth means there has been some reduction in the uncertainty surrounding the impact of the Strategic Defence Review on the council's workforce. In addition, the council has developed a workforce strategy and plan to support its modernisation programme. Considerable resources have been invested in developing policies and employment practises to support new ways of working.

Scrutiny plan changes

15. **Focused Best Value work.** This work was scheduled for June 2012 and was intended to focus on Moray Performs and the progress made by the council with regards self-evaluation. However, given the recent development of "Best Value for Moray" and the local government elections in May, this work will now take place during the second half of 2012/13. As well as a general focus on the council's progress in taking forward its corporate improvement plan, it will also focus on those areas of significant scrutiny risk or uncertain scrutiny risk, identified in this refreshed AIP for 2012 – 15, namely leadership and culture, equalities, the outcomes approach, challenge and improvement (including self-evaluation), customer focus and risk management. This work will be led by Audit Scotland and will be done in collaboration with the local external auditors.
16. **Social work services.** The Care Inspectorate is currently developing integrated inspection models for both children's and adults' services as well as a model for validated self-evaluation. The local authority area location of these scrutiny activities in 2012/13 will be confirmed before the end of the current inspection year. All registered services will be regulated and inspected in accordance with legal requirements and based upon the Care Inspectorate's risk assessments.
17. **Scottish Housing Regulator.** Given the uncertainties identified in respect of homelessness, the SHR will arrange for the council to complete a self-assessment in relation to homelessness which it will then follow up with some focused on site activity. The level of this activity will be confirmed after consideration of the self-assessment.

Review of 2011/12 scrutiny activity

18. The council submitted a report to the SHR in April 2011 on its progress in implementing its homelessness improvement plan.
19. The Care Inspectorate completed post ISLA scrutiny of the social work service in May 2011 and file reading scrutiny in February 2012.

- 20.** Audit Scotland completed a Best Value audit of the fire and rescue services in 2011.
- 21.** Audit Scotland reviewed in November 2011 the council's progress in implementing its action plan for its housing benefits service. Audit Scotland was satisfied with the actions already taken by the council to manage risks in this area and with the further actions it planned to take. The council has been asked to provide an update report in October 2012.
- 22.** Education Scotland undertook a follow through evaluation of the educational psychology service in October 2011.
- 23.** The council submitted a progress report in November 2011 to the LAN on its approach to customer focus and responsiveness.
- 24.** In January 2012, the Care Inspectorate undertook a Child protection (2) inspection. This also included the inspection of the council's adoption and fostering services.
- 25.** The findings of the scrutiny work undertaken during 2011/12 have been used to inform the shared risk assessment and the scrutiny plan for the AIP refresh for 2012 – 15.

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.

MORAY COUNCIL												
2012-13												
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
SHR- council self-assessment of homelessness												
Audit Scotland led BV focused work on Best Value for Moray												
Maintaining roads follow up (tbc)												
2013-14												
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No activity planned												
2014-15												
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved											
No activity planned												

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.