

North Ayrshire Council

Assurance and Improvement Plan

Update 2012–15

Introduction

1. The first Assurance and Improvement Plan (AIP) for North Ayrshire 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 third shared risk assessment which began in November 2011. The risk assessment considers the audit and scrutiny risks in relation to the council strategic priorities, services and corporate governance framework. 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).
5. The outcomes from the LANs most recent shared risk assessment 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. No significant scrutiny risks were identified by the LAN as part of this shared risk assessment process. This is an improved position from the last AIP where significant risks were reported in risk assessment and management within social services and health; within governance; and within performance management and challenge and improvement. Arrangements in these areas have improved, however, the LAN considers they still require to be fully embedded and have therefore re-assessed these as “areas of uncertainty”. The LAN also considers there are uncertainties regarding the council’s approach to asset management due to insufficient progress within this area, in particular the absence of an asset management plan.
7. In these areas work will be carried out as part of the ongoing base line scrutiny activity to gather more information or monitor the impact of council improvements. The updated position in these areas will then be reflected in LAN member reports or the next AIP as appropriate. In addition, Audit Scotland will carry out a further review of the council’s progress against its latest Best Value Improvement Plant. The results will be reported in the annual report to the Controller of Audit and elected members in October 2012. The results of this work will be key to determining the timing of any future Best Value work carried out by the scrutiny bodies.
8. There is no scrutiny activity aimed specifically at North Ayrshire Council. This is reflected in appendix 1. However, please note the footnotes at appendix 1 which highlight the baseline scrutiny activity which will continue at unit level throughout the period of the AIP; or national scrutiny activity which is planned such as the joint inspection of children’s services.

National risk priorities

9. A number of core national risk priorities have been assessed in all 32 councils as part of this process. These are:
 - **The protection and welfare of vulnerable people (children and adults) including access to opportunities - No significant risks.** The council places high priority on the protection and welfare of people. It continues to plan and implement improvements in the assessment and management of risk, as outlined below. Outcome focused practice is developing and the council is committed to strengthening and accelerating its work in identifying, recording and aggregating outcomes for people using services. The council is developing its strategic approach to personalisation and has involved a range of partners in this work, including people using services and carers. A local pilot was planned in order to test a new resource allocation system and the council has used learning from other councils to inform this development. Services to protect children were evaluated as good and very good in 2010, and improvements have continued to be made to these services.

- **Assuring public money is being used properly – Area of uncertainty.** The council has satisfactory internal control systems and good internal audit arrangements. The council continues to make improvements to its governance arrangements such as providing member training, reviewing the role of the scrutiny committee, and a revision of corporate governance documents. In addition to the work done to support members in their scrutiny role the council has strengthened the way officers conduct business. For example, the capital programme and asset group has revised the format of its monitoring reports, improving accountability. The change to the format of reporting has improved the management of the council’s capital account, allowing it to manage its projects and resources more effectively. However, capital slippage continues to be a concern.
- Despite these improvements, weaknesses have been identified in relation to a fraud perpetrated against the council and in the payment of goods and services not yet received. In response, officers have revised systems and processes in order to help prevent similar issues arising in future. However, the LAN considers that uncertainties remain regarding the impact of the actions taken by the council. The 2011/12 annual audit will address this by including testing in this area of uncertainty, and will report its findings.
- **How councils are responding to the challenging financial environment - Area of uncertainty.** The council enters these challenging financial times with usable reserves totalling £52.712 million (as at 31 March 2011) and a history of spending within its budgets. These reserves include an unallocated general fund balance of £4.966 million, which is slightly below its target of £5.118 million. The council has demonstrated that it is engaged in identifying efficiency savings to address funding shortfalls.
- The Scottish Government issued the proposed financial settlement for 2012/15 in December 2011. This indicated that North Ayrshire Council will receive £282.767 million in 2012/13, a reduction of £0.795 million (0.3 per cent) from 2011/12. This represents a deterioration on earlier planning assumptions made by the council. The proposed financial settlements provide planning figures for 2013/14 and 2014/15, however external factors such as the risk of further recession or the downgrading of economic growth could have an impact on the local government settlement. The council has also been advised that funding for the Irvine Bay regeneration project will fall short of current funding levels and those identified within its business plan. Officers have addressed these issues in its most up to date budget for 2012/13 to 2014/15.
- Consultation has taken place with local organisations, community groups and members of the public through “Straight Talking” sessions. These events allow local people to give their views as to how the council should address the financial challenges it faces. The council is working on rolling three year financial plans and members are engaged in the process regarding proposed efficiency savings or service reductions. The council has identified the efficiency savings and service reductions it requires in order to set a balanced budget in 2012/13. The savings proposed for 2012/13 are considered to be sustainable and should help in the requirement to meet further savings in 2013/14 and 2014/15.

Currently, there is a funding gap of approximately £3.3 million and £5.5 million for 2013/14 and 2014/15 respectively which will be addressed in future year's budgets.

- Overall, we are satisfied that the council is taking appropriate steps to manage the budget reductions in future years. This, and the financial stewardship demonstrated in previous years enabled the LAN to conclude that there are no significant risks regarding financial management.
- However, the unprecedented scale of the reductions being sought means that the LAN, inevitably, considers there is a degree of uncertainty over their attainment and the impact that this will have on the services provided. The LAN will continue to keep the financial position of the council under review and report on it as part of the 2011/12 annual audit.

Areas of unchanged scrutiny risk assessment

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, based on additional evidence in the current year, continue to be so. These are:

Service	Outcome	Corporate Assessment
<ul style="list-style-type: none"> • Education and skills • Infrastructure • Housing • Homelessness • Housing asset management and repairs 	<ul style="list-style-type: none"> • Working and training • Healthy and active • Caring and supportive • Safe and secure • Learning and taking part • Clean and green • For you and everyone 	<ul style="list-style-type: none"> • Vision/strategic direction • Leadership and culture • Planning and resource alignment • Partnership working and community leadership • Community engagement • Customer focus and responsiveness • Risk management • ICT • Efficiency • Competitiveness • Financial management • Managing people • Procurement • Equalities • Sustainability

11. All areas identified as significant risks or areas of uncertainty in the 2011/12 AIP update have had their risk assessments updated below.

Changes to 2011/12 risk assessments

12. 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
Social services and health-strategic planning and strategic partnership with health	Area of uncertainty	No significant risks	<p>Care Inspectorate scrutiny report September 2011.</p> <ul style="list-style-type: none"> • Work on financial planning had been prioritised by the service and there was evidence of some progress being made in linking longer term service and financial planning especially for older people's services and family placement services. Work on procurement and contracting had been prioritised to good effect and the council is working with the Care Inspectorate in the development of an overarching, service wide 10-year commissioning strategy. • Relationships with the local NHS had improved and positive progress had been made. Joint work had also progressed on a pan Ayrshire basis through the aegis of the Strategic Alliance with the other Ayrshire local authorities and the NHS in developing a joint equipment store, out-of-hours social work services and other specialist resources. • Addiction services were to become co-located and a revised budget allocation for these services had been agreed based on a needs assessment that resulted in North Ayrshire getting additional resources. • Good partnership working had been developed between social work services and the police. <p>The LAN has therefore decided that this is no longer an area of uncertainty.</p>
Social services and health- risk assessment and management	Significant risks	Area of uncertainty	<p>Care Inspectorate scrutiny report September 2011.</p> <ul style="list-style-type: none"> • The social work service had responded promptly to issues identified in relation to concerns about assessing and managing risk. However, while actions have been taken there is a level of uncertainty about the impact of proposed changes and a number of actions have yet to be implemented. • The newly formed social work governance board had initiated an audit of all guidance and tools for assessing and managing risk and set up a working group to develop practice guidance for developing and using chronologies. Thresholds for children who did not meet child protection criteria were being fundamentally reviewed and improvements were planned.

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			<ul style="list-style-type: none"> The service was planning a practice review to assess the impact of changes made and proposed, and was committed to learning and benchmarking with others to improve practice. <p>Steps have been taken to improve how the council assesses and manages risk. However, some actions have yet to be implemented and the LAN considers there is still uncertainty over their impact. The Care Inspectorate will continue to monitor planned improvements that have yet to be fully implemented. This will be carried out as part of the on-going monitoring by the link inspector from the Care Inspectorate, hence this area of work is not included in the scrutiny plan.</p>
Governance and accountability	Significant risks	Area of uncertainty	<ul style="list-style-type: none"> Overall, the council has satisfactory internal control systems and good internal audit arrangements. The council has improved its governance arrangements such as providing member training, reviewing the role of the scrutiny committee, and revising corporate governance documents. It has also strengthened the way officers conduct business. For example, the capital programme & asset group has revised the format of its monitoring reports, improving accountability. The change to the format of reporting has improved the management of the council's capital account, allowing it to manage its projects and resources more effectively. However, this did not prevent slippage in the general services capital programme in 2010/11. Weaknesses, particularly in relation to a fraud perpetrated against the council and the payment of goods and services not yet received were identified during 2010/11. This latter weakness also arose in the previous year. We are satisfied that the council has taken steps to address the identified weaknesses. However, the LAN considers a level of uncertainty remains until we carry out testing to ensure that prescribed procedures are being followed. <p>The LAN considers that the council have taken steps to address the risks identified in last year's AIP. However, the weaknesses identified during the 2010/11 audit mean that uncertainties remain as to the effectiveness of these arrangements. This will be considered further by Audit Scotland as part of the 2011/12 annual audit work.</p>
Performance management and challenge and improvement	Significant risks	Area of uncertainty	<ul style="list-style-type: none"> Self evaluation is under developed and the council still has more work to do to develop a culture of continuous improvement and behavioural change across services. Some services still require to buy into the council's improvement agenda. The council is clearly focusing on performance management and the change agenda. The council's senior management team and elected members demonstrate commitment to improving

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			<p>and promoting a performance management culture. The council has an ambitious vision for performance management. The council should use this vision as a basis for developing a more comprehensive performance management framework and integrating the various performance tools that it has in place.</p> <ul style="list-style-type: none"> • The council has improved the way it reports its performance. The use of, and access for members to, the covalent electronic performance management system provides more comprehensive performance reporting. It also makes available summary reports to the public as well as more comprehensive performance reports on its North Ayrshire performs website. This approach to performance reporting has improved the scrutiny and challenge of service performance. • The council is making good progress with its best value improvement plan. • The council has increased its capacity for improvement through the use of a strategic partner to help progress its change agenda. <p>The LAN considers that the council have made considerable improvements to its performance management arrangements. However, the LAN considers there are still uncertainties due to the need to further develop self evaluation and to ensure that all services are committed to continuous improvement. This will be considered further by Audit Scotland as part of the 2011/12 annual audit work.</p>
Asset management	No significant risks	Area of uncertainty	<ul style="list-style-type: none"> • The council has implemented actions to address concerns regarding the lack of progress with regards to asset management. A working group ('our future working environment') was created to develop an asset strategy. It aimed to provide 'a plan to rationalise the property portfolio, thus reducing running costs and obtaining capital receipts for the council'. We are informed that the group is making progress, that asset management plans have been developed and that these will be approved. Audit Scotland will review this progress as part of the annual audit. • The proportion of council accommodation that is in a satisfactory condition improved slightly between 2009/10 and 2010/11; whereas the proportion of council accommodation that is suitable for current use fell by a similar amount over the same period. • Significant slippage against capital expenditure was again experienced during the 2010/11 financial year regarding the general service programme. Slippage in the HRA programme is occurring in 2011/12. Members are aware of this and approved amendments to the capital programme to address

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			<p>this slippage.</p> <p>The LAN considers that there are uncertainties in asset management until the draft asset management plan is approved and embedded thus enabling the working group to demonstrate that improvements are being achieved. This will be considered further by Audit Scotland as part of the 2011/12 annual audit work.</p>

Review of 2011/12 scrutiny activity

13. Audit Scotland carried out a Best Value audit in September 2010. The performance management and governance aspects of this review were followed up in the summer of 2011 and reported in the annual report to the Controller of Audit and elected members in October 2011. The improvements to the council's performance management arrangements and governance arrangements; and the resulting areas of uncertainties in these areas have been included in the table of risk assessments above.
14. The Audit Scotland review of fire and rescue services in Strathclyde has been carried out and the report was published early in March 2012. There are no issues emerging from this review impacting directly on North Ayrshire Council.
15. Following completion of an initial scrutiny assessment (ISLA), the Care Inspectorate completed follow-up scrutiny in June 2011 and its report was published in September 2011. The report noted that social services and health had responded promptly to a number of issues identified at the ISLA stage and had initiated a number of work-streams. Overall, progress was made in most areas of concern and uncertainty and a comprehensive action plan to address remaining issues is being implemented. However, as previously described in this report, work had still to be completed and actions implemented in respect of assessing and managing risk. This is, therefore an area of uncertainty that is reflected in our updated risk assessments.

Scrutiny plan changes

16. There are no changes to the scrutiny plan arising from this shared risk assessment update. No specific risk based scrutiny activity is planned by LAN members as a result of the update.
17. There will, however, be scrutiny work in relation to the follow up of Audit Scotland's national report on Maintaining Scotland's Roads. This does not result from the shared risk assessment but is national activity.
18. Education Scotland have been invited by the council to carry out a validated self-evaluation working with education services. This commences in September 2012 and will be ongoing from September to

November 2012. A report will be published early in 2013. This was not a scrutiny response to any identified risks.

- 19.** At the request of Scottish Ministers the Care Inspectorate will lead a joint Inspection of Children's Services in each local authority in Scotland. These inspections will commence in 2012/13 and start with a development site in April/May 2012; and commence a cycle of inspection of services for children which will report publicly from Autumn 2012. North Ayrshire Council has been selected for inspection in 2012/13 and this will commence in January 2013.

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 activity requested by Ministers.

NORTH AYRSHIRE COUNCIL		2012-13											
Scrutiny activity year 1		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Self evaluation of education services working with Education Scotland. (note – this is a voluntary action by the council and is not a scrutiny response to any identified risks)													
Maintaining Scotland's Roads -Follow Up of National Report													
Joint Inspection of Children's Services													
No specific scrutiny work													
		2013-14											
Scrutiny activity year 2		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No specific scrutiny work													
		2014-15											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved												
No specific scrutiny work													

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 in Scotland. These inspections will commence in 2012/13 and start with a development site in April/May 2012; and commence a cycle of inspection of services for children which will report publicly from Autumn 2012. North Ayrshire Council has been selected for inspection in 2012/13 and this will commence in January 2013.
- 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.