

Orkney Islands Council

Assurance and Improvement Plan Update

2012–15

Introduction

1. The first Assurance and Improvement Plan (AIP) for Orkney Islands 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 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.
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, the Care Inspectorate and the Scottish Housing Regulator (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. The overall scrutiny risk assessment of Orkney Islands Council for 2011/12 remains that of a low risk council which shows good self awareness and a positive response to external scrutiny bodies.
7. The council, in common with other local authorities, faces significant financial challenges in addressing cost pressures and the reduction in government funding. Savings proposals and priorities have been agreed, but the extent of these savings will have a significant impact on some services and the council has therefore engaged in extensive consultation. The council is currently restructuring its services and senior management structure.
8. A significant risk has been highlighted in relation to the Housing service's slow progress towards its projected delivery of the Scottish Housing Quality Standard (SHQS). The council had planned to bring 114 homes up to standard during 2010/11, but brought no properties up to standard by the end of the year, and a further 14 homes failed the standard during the year. The council plans to review its original programme and will establish a more realistic set of targets in consultation with the Scottish Housing Regulator. There are also concerns about Housing service costs and the performance of response repairs, the latter resulting from contractor insolvency. The Scottish Housing Regulator will request self assessment information from the council during 2012, with follow up on-site work in focused service delivery areas including the SHQS.
9. The council and NHS Orkney have established a substantive Community Health and Social Care Partnership (CHSCP), Orkney Health and Care. The integrated partnership has delegated responsibility for a range of health services, the full range of social services functions and joint planning arrangements. During the initial shared risk assessment, uncertainties were identified over the impact the CHSCP would have on staff and the delivery of services. Following lengthy consultation, it has taken longer to implement the Orkney Health and Care structure than the original planned date of 1 April 2010. Orkney Health and Care is moving towards a fully integrated workforce: Heads of Service have been recently appointed and managers are being recruited. A review of Orkney Health and Care governance arrangements was completed by the external auditor at the end of 2011 and this report will be finalised shortly. The impact of the CHSCP arrangements is still considered an area of uncertainty. The Care Inspectorate and Audit Scotland will carry out joint scrutiny work during 2012/13, focussing on performance outcomes and any outstanding governance issues.

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 - No significant risks.** The LAN has not identified any significant scrutiny risks for the council for this national risk priority as a result of its risk assessments for the relevant local outcome areas and for the council services involved in providing services to vulnerable

people. This reflects findings from child protection and home care reviews; initial indications show improving services. The council and its partners have clearly articulated this priority within the single outcome agreement.

- **Assuring public money is being used properly - No significant risks.** Assurance on the financial position of the council is obtained through the annual audit process conducted by Audit Scotland. Proper scrutiny of activities is undertaken by both members and officers, through the work of the Monitoring and Audit Committee and the internal audit service. The council is restructuring its services, which creates an element of uncertainty. Despite the relatively low level of risk identified, the council has to continue to actively implementing robust measures, strategies and plans to help embed Best Value principles at the heart of everyday operations. For example, asset management plans need to be progressed, efficiency and management reviews need to be completed within agreed timescales, and arrangements need to be introduced to demonstrate how efficiency savings impact on service delivery. These measures will strengthen the council's overall approach to ensuring public money is used effectively.
- **How councils are responding to the challenging financial environment:** The council continues to be proactive in responding to the current financial environment but given the strategic uncertainty in this area the LAN has concluded that **the financial outlook is an area of uncertain scrutiny risk.** No additional scrutiny work is planned for this area but Audit Scotland will continue to monitor the financial position of the council during the annual audit process.
- There are **no significant scrutiny risks in the council's financial management processes.** It has robust budgeting procedures, has shown a good understanding of the financial challenges it faces, and has financial plans in place to manage budget reductions.

11. The LAN is committed to maintaining its engagement with the council between now and the next shared risk assessment/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 continuing with an assessment of 'No significant risks'

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 scrutiny risks, based on the findings from recent inspection reports, annual audit work, performance reports and national data, continue to be so in the current year. These are:

Service Areas		
Education and Leisure Services	Development and Infrastructure Services	Corporate Services

Corporate Assessment		
Vision and strategic direction	Leadership and culture	Community engagement
Performance management	Challenge and improvement	Risk management
ICT	Equalities	Sustainability
Use of resources – managing people	Use of resources - competitiveness	
Outcomes		
Orkney's people and business achieve their full potential on a long-term sustainable basis	A learning culture in which everyone develops an enthusiasm and motivation for learning, determination to reach high standards of achievement, and an openness to new thinking and ideas	A healthy and caring community with health and care services for all who need them
A community where everyone may live, work, visit and play safely without undue fear or risk of harm.	Everyone in Orkney has a suitable home.	A natural environment which is protected, enhanced and sustainably managed to combat climate change.
Enhanced cultural activity enabling heritage, arts and sport to grow and thrive in Orkney.		

Areas of unchanged scrutiny risk assessments

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. In relation to Orkney Islands Council, those areas which continue to be assessed as amber reflect continuing conditions of uncertainty rather than of significant risk.

Area	Risk assessment	2012/13 Update
Orkney Health and Care (includes community social services)	Area of uncertainty	Partnership working with NHS Orkney is developing well. Strong commitment and leadership are evident from both the management of both partners. However, the move towards a fully integrated management structure has taken longer than originally planned and the performance of the CHSCP in terms of impact and outcomes has not yet been reviewed by the LAN. The Care Inspectorate and Audit Scotland will be carrying out a review of outcomes in 2012/13.
Efficiency	Area of uncertainty	The council has approved a range of measures to deliver efficiencies and these have been delivered as planned. However there is future uncertainty as to whether 2012/13 savings will all be delivered. The situation will be periodically monitored as part of the external auditor's annual audit work.

Area	Risk assessment	2012/13 Update
Asset management	Area of uncertainty	The Asset Realisation Workstream is continuing to develop Service Asset Management Plans (SAMP). However, the council continues to make relatively slow progress with final approved asset management plans still not in place. This will be monitored as part of the external auditor's annual audit work.
Procurement	Area of uncertainty	The council was assessed as non-conformant in its 2009 and 2010 Procurement Capability Assessments (with a low score of 8% and 12% respectively). There have been some improvements in procurement processes since then and the council has now been assessed as conformant (27%) in the 2011 PCA but there is scope to further improve procurement practices at the council. The council's procurement arrangements and PCA assessments will be monitored as part of the external auditor's annual audit work.
Marine services – Orkney Towage Company Ltd.	Area of uncertainty	Restructuring programme – full management structure due to be in place by mid-2012. There is uncertainty with respect to significant Section 75 liabilities associated with Towage Company Ltd pension scheme. A detailed work programme will establish a long term position on these issues and report to the Council in autumn/winter 2012. This will be monitored as part of the external auditor's annual audit work.

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
Housing Service	No significant risk identified	Some areas of significant scrutiny risk have been identified	A significant risk has been highlighted in relation to the Housing service's slow progress towards its projected delivery of the Scottish Housing Quality Standard. The council had planned to bring 114 homes up to standard during 2010/11, but brought no properties up to standard by the end of the year, and a further 14 homes failed the standard during the year. The council plans to review its original programme and will establish a more realistic set of targets in consultation with the Scottish Housing Regulator. There are also concerns about Housing service costs and the performance of response repairs, the latter resulting from contractor insolvency. The Scottish Housing regulator will require the completion of a Self Assessment in 2012/13.
An effective and efficient transportation network	Area of uncertainty	No significant risk identified	Whilst discussions continue with the Scottish Government on funding to finance the replacement programme the council has made provisions for alternative funding arrangements.
Planning and resource	Area of uncertainty	No significant risk identified	The Community Health and Social Care Partnership (CHSCP) continues to develop and it is deemed that

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
alignment			any outstanding issues are low risk. Indications from local audit demonstrate that NHS Orkney's financial position has improved.
Partnership working and community leadership	Area of uncertainty	No significant risk identified	Partnership working with NHS Orkney through the CHSCP is developing well. A board has been established within Orkney Health and Care and there seems to be an enthusiastic approach to creating a shared vision for the new CHSCP.
Customer responsiveness	Area of uncertainty	No significant risk identified	<p>The council has been proactive in engaging local people in a consultation about its future spending priorities and has made attempts to improve customer focus.</p> <ul style="list-style-type: none"> • There has been a pilot attempt to move away from the traditional 9-to-5 operation towards flexi-time to make services more responsive to local people. • OIC developed a tele-care service to help people with long term needs to remain safe within their own homes, and support carers using a range of technologies. Grant funding for the continuation of the telecare service is in place for most of 2011/12 and plans for consideration of charging for the service have been replaced with a successful Council growth bid to cover the remaining funding gap. • A meeting with the chairs of the community councils has been held to explore the opportunities that exist to locate or deliver council services in alternate ways, e.g. community councils, or by developing posts based in islands.
Capital programme	Area of uncertainty	No significant risk identified	Slippage in capital programme has been an issue in past years. The spending has been re-profiled and an accountable officer appointed for each project. The capital programme is now being managed against a realistic programme spend profile and slippage against the revised budget is acceptable.
Governance and accountability	Area of uncertainty	No significant risk identified	There is no significant risk; however, a number of governance arrangements will need to be refreshed in line with OIC structural changes.

Review of 2011/12 scrutiny activity

15. The 2011/12 scrutiny plan included a CHCSP review and a Marine Services review. However, following service restructuring and staff integration issues within the services, this separate scrutiny activity was deferred, as limited benefit would be derived from the reviews at this point in time. However these areas will continue to be monitored as part of the local audit.
16. The best value audit of fire and rescue authorities is largely complete. The main output from this programme of audits will be a national overview report, which will be published in early 2012.

Underpinning this national report is a programme of local audits and reports at each of the eight fire and rescue services and authorities. These audits are proportionate, focusing on key aspects of Best Value and providing summary reports with local findings and improvement recommendations.

17. The previous external auditors, Scott-Moncrieff, and the Care Inspectorate carried out a review of Orkney Health and Care's governance arrangements at the end of 2011. The report on this scrutiny work will be finalised shortly.
18. Scott-Moncrieff's report to members on the 2010/11 audit covered their review of capital project management and the planned restructuring of Marine Services. Progress on these areas will be monitored by Audit Scotland.

Scrutiny plan changes

19. The table in Appendix 1 highlights the proposed scrutiny plan for OIC 2012/13. At present no specific scrutiny activity has been planned beyond financial year 2012/13.
20. It is anticipated that the SWIA (now Care Inspectorate) "file reading - children with disabilities" scrutiny work will not take place as previously planned in last year's AIP. 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 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. Orkney Islands Council has been selected for inspection in October 2012.
21. Audit Scotland is not planning to undertake a specific review of procurement in 2012/13, but will monitor the progress of the Council's continuing planned improvement actions in relation to procurement.
22. The Care Inspectorate review of Orkney Health and Care outcomes and impacts originally planned for 2011/12 has been postponed to 2012/13 due to slow progress in the development of Orkney Health and Care integrated performance reporting arrangements. This will be joint scrutiny carried out by the Care Inspectorate and the external auditor.

Appendix 1- 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 e.g. supported self evaluation work or national activity e.g. national follow up work or work requested by Ministers.

ORKNEY ISLANDS COUNCIL		2012-13											
Scrutiny activity year 1		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Risk Assessment scrutiny activity													
Self Assessment with follow up on-site scrutiny in focused service delivery areas including SHQS (Scottish Housing Regulator)													
Children's Services inspection (Care Inspectorate)													
Orkney Health and Care performance: outcomes and impact (Care Inspectorate and Audit Scotland)													
Maintaining Scotland's Roads: follow up (Audit Scotland)													
		2013-14											
Scrutiny activity year 2		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No additional scrutiny work identified													
		2014-15											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved												
No additional scrutiny work identified													

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.
- 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 undertakes 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.