

Perth and Kinross Council

Assurance and Improvement Plan Update

2012–15

Introduction

1. The first Assurance and Improvement Plan (AIP) for Perth and Kinross 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 January 2011 to update the AIP for the period 2011-14. The AIP Update was considered by the council in June 2011.
4. This update 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 Social Work Improvement Scotland (known as Care Inspectorate), the Scottish Housing Regulator and HM Inspectorate of Constabulary (including published inspection reports and other supporting evidence).
5. The outcomes of that November exercise are contained in this short update which summarises changes to risk assessments and proposed scrutiny responses. A timetable for proposed audit and inspection activity between April 2012 and March 2015 which reflects the revised and updated scrutiny risk assessment is set out in Appendix 1.

Summary

6. The 2011/12 AIP recognised the strength of the council's self-evaluation and performance management arrangements and its achievements in securing improved performance and better outcomes for local people. This 2012 refresh confirms this position, with no significant scrutiny risks identified by the LAN. The LAN recognises that there is uncertainty faced by the council, and all public bodies, in relation to the financial outlook. However the council is well placed to manage the challenging financial environment. The council, operating within its reserve strategy, has had a favourable movement in its uncommitted reserves in 2010/11 with further increases planned in 2011/12 and 2012/13 as planned savings are realised.
7. Some areas of uncertainty for the LAN were identified during the process. The current update highlights that within Housing and Community Care, the council missed its own target for properties being brought up to Scottish Housing Quality Standard (SHQS) standards, and that rent arrears are increasing. The Scottish Housing Regulator (SHR) will review the council's asset management, progress against SHQS and rent arrears in late 2012.

National risk priorities

8. A number of core national risk priorities will be applied to all thirty two councils. These are:
 - **The protection and welfare of vulnerable people (children and adults) including access to opportunities: No significant scrutiny risks.** The council is performing well in respect of this area. In the last year the Care Inspectorate published extremely positive findings in relation to a joint inspection of services to protect children and young people and as a result does not plan any further scrutiny of services to protect children. In September 2010, the Care Inspectorate published its report of its inspection of the council's social work services provided at HMP Perth and HMP Open Estate. The council provided an update in December 2011 on its progress in implementing the recommendations for improvement arising from the inspection. There were no significant concerns arising from the progress report and continued progress will be monitored via the Care Inspectorate's link inspector arrangements.
 - **Assuring public money is being used properly: No significant scrutiny risks.** The council has well established governance and scrutiny arrangements in place. These arrangements are reviewed by external audit through the annual audit process. The internal audit service forms part of the council's governance arrangements and in previous risk assessment has been flagged as an area of uncertainty as a result of longstanding resourcing issues. The council carried out an internal review of the service in 2011, and additional resources were employed to address shortfalls from long term sickness absence. Whilst progress has been made in relation to completing outstanding audit work the council's external auditors were unable to place reliance on internal audit's work in 2010/11.

External audit will continue to monitor progress in improving delivery through the annual audit process therefore no additional scrutiny activity is required.

- **How councils are responding to the challenging financial environment:**

- Along with all other public bodies in Scotland, the council is facing up to the prospect of having to make significant budget savings. At the same time as the council aims to support the local economy and maintain current service provision, it is likely to face a severe reduction in resources. The 2011 Comprehensive Spending Review confirmed that on-going budget reductions will be required between 2012/13 and 2014/15. Although the settlement for 2012/13 represents a 0.8 per cent (£2 million) increase in funding level assumed in the council's provisional budget, reductions in future central funding levels mean there is still uncertainty over the council's ability to deliver services to budget. Given the strategic uncertainty in this area the LAN has therefore concluded that the **financial outlook is an area of uncertainty**.
- The council is well placed to manage the challenging financial environment and continues to be proactive in responding to the current financial environment. It has robust budgeting procedures in place, has shown a good understanding of the financial challenges it faces, and has been proactive in preparing financial plans to manage budget reductions. The provisional 2012/13 budget set in February 2011 estimated savings of £5.8 million were required and potential savings in excess of this have been identified. The council has updated its medium term financial plans to reflect Scottish Government provisional settlement figures for the coming years. Financial management is a fundamental feature of the existing annual audit process and the external auditors will routinely continue to monitor the financial position of the council. Overall we are satisfied that the council is taking appropriate steps to manage budget reductions in future years. This, and the financial stewardship demonstrated in previous years enabled the LAN to conclude there are **no significant risks regarding financial management**.

9. The LAN is committed to engaging 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. 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, continue to be so in the current year. The additional evidence includes relevant inspection reports, annual audit work, council and partner performance reports and national data. The unchanged areas are:

Services Areas			
Education & Children's Services (incorporating sports & leisure facilities)	Environmental Services	Chief Executive Services	Housing & Community Care Service
Outcome Areas			
Economy	Area Image	Skills and Training	Employment
Young People Reach Potential	Best Start in Life	Inequalities	Safer Communities
Vibrant and Active	Access to Services	Sustainable Environment	Affordable Housing
Public Services	Infrastructure and transport		
Corporate Assessment Areas			
*Vision & Strategic Direction	Leadership & Culture	Planning and resource alignment	Partnership working and community leadership
Community Engagement	Governance and accountability	Performance management	Challenge and improvement
Customer focus and responsiveness	Risk management	ICT	Use of resources
Equalities	Sustainability		

*Vision & Strategic Direction - targeted work was identified in the first AIP in 2010/11 in relation to the council's Transformation Programme. This was planned for 2012/13, focusing on improvements in value for money and outcomes. As external audit will be reviewing this through the annual audit process, no additional scrutiny activity is required and this area is no longer separately highlighted in Appendix 1.

11. 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	2012/13 Update
Corporate Assessment Areas		
Chief Executive's Services	Area of uncertainty in relation to Internal Audit only	The chief internal auditor reported to the October 2011 Audit Subcommittee meeting that of the eight 2011/12 assignments due for completion by the end of October only two were complete and four had started, with one planned for completion in 2012 also having been started. The chief internal auditor noted that unplanned work and further sickness absence was impacting on her ability to deliver the plan. Additional resources have now been secured to help complete the work. External audit will continue to monitor progress through the annual audit process.

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
Service Areas			
Housing & Community Care Service - Housing	No significant concerns	Area of uncertainty in relation to Asset management/ SHQS and rent arrears	The council did not meet its own target for properties being brought up to Scottish Housing Quality Standards. Approximately half of the council's stock is currently SHQS compliant. The SSHR will need assurance that the council is making progress to ensure SHQS compliance by 2015. SHR will review the council's asset management, progress against SHQS and rent arrears in late 2012.

Review of 2011/12 scrutiny activity

13. In October 2011 the Care Inspectorate published a report of the joint inspection of services to protect children and young people. This extremely positive report included evaluations of 'Excellent' in relation to three out of the four quality indicators which relate to outcomes for children in need of protection reported under the National Performance Framework. The other quality indicator was evaluated as 'Very Good'. The report found that children and families are benefiting from an outstanding level of support from a wide range of services, the leadership and direction provided to staff is exceptional and there are very effective planning arrangements for protecting children. The quality of outcomes for children in need of protection and their families is directly attributable to the quality of services received from council services such as education and social work and the corporate responsibility held across council services for the most vulnerable children and families at risk.

14. 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 at the end of June 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.
15. The audit of Tayside Fire & Rescue has been undertaken and the report was published in February 2012. The report highlights that Tayside Fire & Rescue provides a highly effective emergency response service but identifies several areas in its improvement agenda including how the joint fire and rescue board carries out its governance and scrutiny roles.
16. The above reviews informed the 2012/13 risk assessment process.

Scrutiny plan changes

17. Changes to the scrutiny plan arising from this shared risk assessment update are highlighted in paragraphs 10 to 12 above. Targeted work in relation to the Transformation Programme will now be covered as part of the external audit's annual audit process with additional scrutiny identified in relation to housing asset management/Scottish Housing Quality Standards progress and rent arrears.
18. At this stage the LAN has not identified any additional scrutiny for year 2 or 3 of the plan. The updated scrutiny plan is attached at Appendix 1.

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

PERTH AND KINROSS COUNCIL		2012-13											
Scrutiny activity year 1		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Asset management/SHQS progress and rent arrears (Scottish Housing Regulator)													
Maintaining Scotland's roads: a follow up (Audit Scotland)													
Capacity improvement in relation to Community Campus' (Joint work between PKC and Education Scotland) – timing to be confirmed													
Housing Benefit Work – Follow up (Audit Scotland)													
		2013-14											
Scrutiny activity year 2		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No additional work identified													
		2014-15											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved												
No additional 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.
- 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 (for PKC this is Audit Scotland) 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 audit of housing and council tax benefit at Perth & Kinross Council was reported in September 2011 and a follow up is scheduled for January 2013.
- **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.