

Scottish Borders Council

Assurance and Improvement Plan Update

2012–15

Introduction

1. The aim of the shared risk assessment (SRA) process is to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response for the Council over a three year period.
2. The first Assurance and Improvement Plan (AIP) for Scottish Borders 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.
3. The AIP gave an overview of the information that informed the risk assessment and showed how this links to the proposed scrutiny response.
4. 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.
5. This report is the result of the most recent 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).
6. 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

7. The overall scrutiny risk assessment of Scottish Borders Council for 2011/12 remains that of a low risk council which has shown a positive response to external scrutiny bodies and is making good progress in taking forward its improvement agenda.
8. The Council, in common with other local authorities, faces significant financial challenges in addressing cost pressures and the reduction in government funding. However, it has made good progress in reducing some areas of expenditure and, at the end of 2010/11, was able to increase its General Fund reserves by £1.3 million.
9. There are, however, a number of areas of uncertainty. Some of these simply relate to changes within the Council, with a new Chief Executive recently appointed, changes within its corporate management team, and the potential changes in political leadership following the May elections. Others, however, relate to some concerns highlighted in recent external scrutiny of social work, and housing. As well as identifying specific areas of service delivery that are in need of improvement, these exercises have identified weaknesses in the Council's self-evaluation work, raising some questions about its self-awareness and its culture of improvement.
10. Some limited scrutiny is planned for 2012/13:
 - Following the completion of an ISLA and file review exercise during 2011/12, the Care Inspectorate are expected to carry out some follow-up work within social work, with a particular focus on criminal justice service
 - The local area network (LAN) will establish arrangements for regular engagement with the council during 2012/13 to maintain an overview of progress in relation to improvement areas where areas of uncertainty have been identified, including:
 - partnership working
 - performance management
 - asset management

National risk priorities

11. 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.** An inspection of child protection, carried out by the Care Inspectorate in 2011, found evidence of positive outcomes for children and young people. However, an ISLA, carried out in late 2011 highlighted concerns about the quality of care planning and risk management processes. Follow-up scrutiny activity evidenced that the service had responded immediately to these concerns and work was well underway to address the areas for improvement. Targeted work carried out by the Scottish Housing Regulator has also highlighted concerns about the Council's approach to helping prevent homelessness. Both of these areas are assessed by the LAN as areas of uncertainty and some follow-up work is now planned to be carried out during 2012/13.
- **Assuring public money is being used properly:** No significant risks were identified. Assurance on the financial position of the Council is obtained through the annual audit process. Proper scrutiny of activities is undertaken by both members and officers through the work of the Audit Committee and the internal audit service. The Council's external auditors will continue to assess progress in this area as part of their annual audit programme
- **How councils are responding to the challenging financial environment:** Nationally the financial outlook for all public bodies is uncertain. However, Scottish Borders Council recognises the challenging financial environment it is facing and has made progress in achieving some reductions in expenditure. It has been able to increase its General Fund reserve by £1.3 million, giving it greater flexibility in meeting its financial challenges over the coming year. It has also been able to resolve the legal uncertainties over its deposits in Icelandic banks, with 95% of its £7.5 million deposits now expected to be returned. We have identified no specific risks to the council in this area. Consequently, no additional scrutiny work is planned in this area, but it should be noted that this 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.

12. 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

13. 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 set out below.

Area	R/A/G	2011/12 Update
Education and lifelong learning	Green	No significant risk identified. There is some uncertainty about the impact of a restructuring of the Education and Lifelong Learning Department, carried out in July 2011. However, the results of school inspections and attainment levels in secondary schools demonstrate continued improvement in service performance.
Planning and economic development	Green	No significant risk identified. There is limited evidence available, but the Council has improved its SPI performance and the cost of services is relatively low compared with other councils.
Corporate resources	Green	No significant risk identified. Strong and improving performance in council tax and benefits administration. Also good assessments from external audit of finance department and internal audit.
Develop greater economic resilience	Green	No significant risk identified. The general economic recession continues to have an impact on all council areas. Within this context, however, there is evidence of relative success in meeting this challenge within the Scottish Borders. Just over half of the relevant SOA indicators show improvements in performance, particularly in a skilled workforce and the numbers living in poverty.
Increase connectivity	Green	No significant risk identified. There has been a slippage of £3.5 million in the Council's capital spend during 2010/11 on the Borders Railway Project. Overall, however, the relevant SOA indicators show improvements in communication infrastructure and public transport.
Health and well being	Green	No significant risk identified. Around two-thirds of SOA indicators show an improving performance.
Integrated planning for demographic challenges	Green	No significant risk identified. Ten of the twelve relevant SOA indicators show an improving performance, with people supported to live independently and a good supply of high quality accommodation.
Environmental resilience	Green	No significant risk identified. Seven of the nine relevant SOA indicators show an improving performance.

Area	R/A/G	2011/12 Update
Community resilience	Green	<p>No significant risk identified.</p> <p>79% of SOA indicators show an improving performance.</p> <p>BV audits of Lothian & Borders Police and Lothian & Borders Fire and Rescue, carried out in 2011, have not highlighted any major concerns in relation to service performance.</p>
Cultural and community services	Green	<p>No significant risk identified.</p> <p>The council continues to make progress with its Transforming Community Services (TCoS) project to make these services more sustainable, bring them closer to public need and expectation and improve service delivery. Whilst there has been some delay in bringing detailed proposals to Council on the four main project headings underpinning TCoS (Libraries and Contact Centre integration; Community Asset transfer; Community Learning and Development Service review, and; Culture Trust), an internal audit review identified good project governance in this area, and made no recommendations for improvement.</p>
Community engagement	Green	<p>No significant risk identified.</p> <p>No evidence of any significant issues, but further evidence is being sought from the Council on how it assesses the effectiveness of its approach to community engagement.</p>
Governance and accountability	Green	<p>No significant risk identified.</p> <p>Sound governance structures, with appropriate support for the Audit Committee. Member training currently being reviewed.</p>
Risk management	Green	<p>No significant risk identified.</p> <p>External audit have commented on a sound approach to corporate risk management. At a service level, Care Inspectorate also commented favourably on the social work risk register.</p>
Technical services	Amber	<p>Area of uncertainty.</p> <p>Mixed evidence on performance. Overall, waste management performance is good, but roads maintenance indicators have deteriorated, along with those for other councils.</p> <p>In April 2010 the Council approved the creation of a new department which brought together the existing Technical Services and Planning and Development Departments into an Environment and Infrastructure Department (E&I) which would deliver four key sets of services (Economic Development and Regeneration, Planning and Regulatory Services, Engineering and Infrastructure, and Neighbourhood Services). Whilst progress has been made with this change project, notably in relation to streamlining the management structure, a recent internal audit report on the E&I Restructure Phase 2 Implementation Project has highlighted a number of weaknesses in the controls in place to the project management and governance which are to be subject to internal audit follow-up work.</p>

Area	R/A/G	2011/12 Update
ICT	Amber	<p>Area of uncertainty.</p> <p>The council's ICT strategy has been approved, with underlying plans on specific areas being developed and improvements implemented. Following a recent audit of Payment Card Industry (PCI) data security standard (DSS) compliance which highlighted significant weaknesses in the council's approach, the council has contracted with a third-party supplier to enable it to achieve compliance in this area. This will involve the supplier providing partial hosting of the council's income management system. Staff training on the Council's Income Management policy and related legislation is also being rolled out during 2012.</p>
Use of resources - efficiency	Green	<p>No significant risk identified.</p> <p>Annual efficiency statements are submitted to Scottish Government. Effective monitoring of budgets and planned savings have been demonstrated in recent years.</p>
Equalities	Green	<p>No significant risk identified.</p> <p>Highest ranking council for SPI on disabled access to buildings. Improvements in proportion of senior posts held by women.</p>
Sustainability	Green	<p>No significant risk identified.</p> <p>Energy consumption for Council property is well above target. Overall, however, steady improvements against broader targets, such as reductions in waste going to landfill and increases in recycling.</p>

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
Social work	No significant risk identified	Area of uncertainty	<p>Concerns were highlighted about aspects of the council's assessment, care planning and risk management arrangements as part of the Care Inspectorate's ISLA process, carried out in 2011. An Action Plan has been prepared and implemented by the council to address these issues.</p> <p>Criminal justice file reviews also demonstrated weaknesses and the Care Inspectorate identified a range of issues concerning morale, communications and the management of change within the criminal justice social work service. The criminal justice service is to undertake a comprehensive self evaluation to better understand the areas for improvement. This will lead to an action plan that will be implemented and its impact reviewed.</p> <p>The Care Inspectorate's link inspector will be maintaining ongoing engagement with the council throughout 2012 to ensure that adequate progress is being made in taking forward the identified improvements in these areas.</p>
Housing	No significant risk identified	Area of uncertainty	<p>SBC restructured its homelessness service last year in order to develop a clearer focus on preventative work.</p> <p>Targeted scrutiny by Scottish Housing Regulator (SHR) took place in late 2011. SHR has identified some improvements in the council's approach to delivering its homelessness service. It has moved proactively to abolish priority needs assessments ahead of the Scottish Government's 2012 target. Whilst there are still some areas where further improvements are required, the council is working to address these.</p>
Reduce alcohol problems among young people and adults	Area of uncertainty	No significant risk identified	An overall improvement is being reported by the council in relation to all relevant SOA indicators.
Strategic direction / leadership	No significant risk identified	Area of uncertainty	<p>There have been changes within the corporate management team, with a new Chief Executive recently appointed. There is therefore some uncertainty about what implications this might have for the Council's vision and strategic direction.</p> <p>The LAN lead will maintain contact with the Chief Executive and CMT throughout the year to ensure that any significant changes to the Council's vision and strategic direction are reflected in the next SRA refresh and, if necessary appropriate scrutiny responses are agreed with the council.</p>

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
Partnership working	No significant risk identified	Area of uncertainty	<p>Significant levels of partnership activity, and growing evidence about its impact on outcomes which is subject to development. The council has acknowledged that there is scope to refocus and strengthen its community planning arrangements and plans to address this issue during 2012.</p> <p>The local appointed auditor (KPMG) will assess progress with this agenda as part of annual audit process.</p>
Planning and resource alignment	No significant risk identified	Area of uncertainty	<p>Council has ambitious plans for managing efficiencies and realigning resources to service priorities. Longer term financial planning is under development.</p> <p>The local appointed auditor (KPMG) will assess progress with this agenda as part of annual audit process.</p>
Performance management	No significant risk identified	Area of uncertainty	<p>Performance management system is in place, but lack of evidence that this is making a difference and helping to drive improvements.</p> <p>The local appointed auditor (KPMG) will assess progress with this agenda as part of annual audit process.</p>
Challenge and improvement	No significant risk identified	Area of uncertainty	<p>Council is still in process of introducing corporate arrangements for PSIF self-assessment. At a service level, however, external scrutiny during 2011 identified areas of improvement in the approach to self-assessment in Education, Housing and Social Work.</p> <p>The LAN will monitor the council's progress with improving self evaluation during 2012 and ensure that this is reflected in the next SRA refresh, including any scrutiny support.</p>
Financial management	Significant risk	No significant risk identified	<p>The council has made significant progress in this area over the past year, with budget cuts achieved, an increase in the General Fund reserve by £1.3 million, and legal dispute over deposits in Icelandic banks of £7.5 million largely resolved.</p>
Asset management	Significant risk	Area of uncertainty	<p>Significant improvement in SPI on proportion of buildings suitable for their current use. Asset Strategy and Management Plan now in place, although impact still to be seen.</p> <p>The local appointed auditor (KPMG) will assess progress with this agenda as part of annual audit process.</p>
People management	Significant risk	No significant risk identified	<p>The Council has been strengthening its people management arrangements over the last year. This has included introducing more consistent approaches</p>

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			to staff appraisal and performance management and the introduction of a suite of policies in this area. Over the same period it has effectively managed the difficult process of reducing staff numbers through a corporate Early Retirement / Voluntary Severance scheme which is still ongoing.
Procurement	Significant risk	No significant risk identified	The national Procurement Assessment Capability has now assessed Scottish Borders Council as 'conforming'. On that basis, we have not identified any significant scrutiny risks in this area.

Review of 2011/12 scrutiny activity

15. A housing and council tax benefit audit risk assessment of Scottish Borders council took place during 2011/12 and was published in March 2012. It followed up on an earlier risk assessment which had identified 23 risks to continuous improvement. Of those 23 risks only 9 now remain outstanding.
16. Education Scotland were invited to work with the Education and Lifelong Learning department on a validated self-evaluation (VSE) during 2011. During this process, the department identified a number of areas of strength across key aspects of their work. In addition, they recognised that there were areas where they needed to improve their approaches to self-evaluation and build capacity for further improvement. They are strongly committed to building further on this and will continue to work with Education Scotland. A report will be published later this year.
17. The Care Inspectorate carried out an initial scrutiny level assessment (ISLA) in late 2011. File reviews raised concerns about the quality of care planning and risk assessment processes. Almost half of the risk management plans in children and families were graded as weak. Just over a third of criminal justice and community care files contained no risk management plan.
18. The Care Inspectorate also carried out an inspection of Integrated Child Protection. This found evidence of good outcomes for children and young people, with processes in place to capture the views of young people and high school attendance rates for looked-after children. However, the number of young people leaving care and going into employment, training or education has fallen significantly.
19. Scottish Housing Regulator carried out a targeted inspection of homelessness services in late 2011. The inspection found mixed evidence on service delivery. Improvements have been made in the Council's approach to delivering its homelessness services and they have moved proactively to abolish priority needs assessments ahead of the Scottish Government's 2012 target. Improvements have also been made in the provision of temporary accommodation, but there were concerns about the Council's approach to helping prevent homelessness and the impact of its partnership work with local RSLs in providing settled accommodation outcomes.

- 20.** A Best Value audit of Lothian & Borders police was carried out in 2011 and the report published in December. It found no significant concerns in service performance, commenting on an effective approach to community policing and local partnerships. It also highlighted that crime rates in the area are continuing to fall.
- 21.** A Best Value audit of Lothian & Borders Fire & Rescue was also carried out in 2011. The report was published in March 2012. It reported that Lothian & Borders Fire & Rescue provides an effective service with a clear strategic vision supported by good integrated risk management planning.

Scrutiny plan changes

- 22.** The previous AIP contained no planned scrutiny work for 2012/13. However, largely as a result of the scrutiny carried out in 2011/12, some targeted work is now expected to be carried out over the coming year:
 - Following the completion of an ISLA and file review exercise, the Care Inspectorate are expected to carry out some follow-up work within social work, with a particular focus on criminal justice service.
- 23.** The proposed scrutiny plan for Scottish Borders Council in 2012/13 is summarised in Appendix 1. At present no specific scrutiny activity has been planned beyond financial year 2012/13.

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 Scottish Ministers.

SCOTTISH BORDERS COUNCIL		2012-13											
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
Risk Assessment scrutiny activity													
Maintaining Scotland's Roads national performance audit follow-up (Audit Scotland). The timing of this work will be agreed between KPMG and the council. It will average 3 contact days with the council.		Maintaining roads follow-up.											
		2013-14											
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
		2014-15											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved												

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.