

# South Ayrshire Council

## Assurance and Improvement Plan

### Update 2012–15

#### Introduction

1. The first Assurance and Improvement Plan (AIP) for South 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 shared risk assessment process 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 AIP published in May 2011
  - Audit Scotland's Best Value follow-up report of June 2010
  - the annual report to members and the Controller of Audit for 2010/11
  - evidence gathered from Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (including published inspection reports and other supporting evidence)
  - the council's own self-evaluation, performance reporting and 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. This is an improved position from the previous AIP which reported significant risks in the corporate plan theme; prosperous and in a number of corporate governance areas including planning and resource alignment, partnership working and community leadership, performance management, challenge and improvement and efficiencies. The council has made progress in all of these areas but still has some way to go before we can be assured that there are no significant risks. Accordingly the LAN has re-assessed these areas as being areas of uncertainty.
7. In all of these areas work will be carried out, as part of the baseline scrutiny activity, to gather more information or monitor the effect of council improvement actions. As part of the annual audit, the council's progress against its improvement plan for delivering best value will be monitored. The results of this work will inform the LAN's future risk assessments and will influence the need for any future BV audit work. The updated position in these areas will be reflected in LAN member reports or the next AIP as appropriate.
8. Progress on some of the council's longer term aspirations in terms of economic regeneration and health remain difficult to assess. Consequently the LAN has assessed both these corporate plan themes as being areas of uncertainty.
9. Some of the processes in place to enable the council to deliver services have been improved and refined over the past year, including implementation of a computer based performance management system, an improved procurement capability assessment and the preparation of an asset management plan, further development in these areas will strengthen the council's capacity to deliver best value services to the citizens of South Ayrshire.
10. Officers have asserted their continuing commitment to collaborative working with neighbouring councils; however, some key projects have not proceeded as quickly as they might have done. The council's effort on community planning has, in the past, delivered limited results. The council is aware of its position on community planning and has an appetite to improve on this. A refreshed community plan is being drafted and there are plans in place to approve this after the May 2012 local government elections.

## National risk priorities

11. 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 is performing well against this national priority. The Care Inspectorate will undertake an Initial Scrutiny Level Assessment (ISLA) of social work services beginning April 2012 to determine the level of scrutiny required. Since the last AIP update the Care Inspectorate has undertaken a full child protection inspection. Inspectors found a very

encouraging picture with positive evaluations across all four quality indicators examining the impact on, and outcomes achieved for children in need of protection. No further specific scrutiny of child protection services is planned. Currently the draft report is with chief officers for comment and publication is expected on 1 March 2012. In common with other councils, the council has experienced some disruption and uncertainty arising from the closure of private sector care homes, the council dealt well with the issues arising.

- **Assuring public money is being used properly – No significant risks.** The council demonstrates good financial management. The section 95 officer is an executive director and qualified accountant with significant local government service in senior finance roles. Both asset management and procurement are also now making good progress. Accordingly no additional scrutiny work is planned however; we will continue to monitor the position as a normal part of the annual audit process.
- **How councils are responding to the challenging financial environment – Area of uncertainty.** The council holds some £34m in reserves after providing for anticipated equal pay compensation claims. Within the reserves, £7.5m has been classified as an uncommitted General Fund balance. Budgets are well controlled. In response to the challenging funding position, the council undertook a “Big Budget Challenge” consultation process during 2010/11. This exercise allowed the council to understand the views of local residents on how it should prioritise its spending. The council has responded to the new funding climate by formulating its forward financial strategy to address constraints to funding and, following the announcement of the provisional three year local government finance settlement, it set three a year revenue budget and capital programme on 15 December 2011. Further work is needed to integrate financial plans with directorate and service plans to ensure the efficient allocation of resources to council priorities.
- In setting its 2012/13 budget the council agreed to all of the conditions, including a freeze on council tax, set out by the Scottish Government. In view of the announcement by the Minister for Finance and Sustainable Growth of, essentially, cash frozen budgets for the years 2012/13 to 2014/15, a similar level of savings will be required from the council’s budgets over the next three years. The scale of the proposed real terms reductions in expenditure inevitably creates a degree of uncertainty and this is compounded by the lack of certainty over future budget allocations, in that the 2013/14 and 2014/15 figures announced are clearly described as “illustrative”. While this remains an area of uncertainty nationally, we consider that the council’s financial position and its recent track record provide a firm basis to meet the challenging financial environment; consequently we have no significant concerns over the council’s ability to manage this risk. Accordingly no additional scrutiny work is planned; however, we will continue to monitor the position as a normal part of the annual audit process.

## Areas of unchanged scrutiny risk assessment

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 additional evidence in the current year, continue to be so.

Service Areas	Corporate Assessment	Outcomes
Education	Vision and strategic direction	Learning and achieving
Social work	Leadership and culture	Safe
Housing	Community engagement	Clean and attractive
Corporate services	Governance and accountability	
Environmental services	ICT	
Regulatory services	Customer focus	
Cultural services –libraries & museums	Procurement	
Roads & street lighting	Risk management	
	Competitiveness	
	Financial management	
	Asset management	
	Managing people	
	Sustainability	

13. There were no areas assessed as being uncertain or having significant risks previously which remain unchanged in the current year.

## 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
Corporate plan theme: Prosperous	Significant risks	Area of uncertainty	<p>The council has clearly articulated objectives which are consistent with “National Outcomes”. External factors will inevitably have an influence on whether they can be fully realized. Over the past year key indicators have presented a mixed picture:</p> <ul style="list-style-type: none"> <li>▪ The unemployment rate increased to 4.3% in November 2011 (source: Skills Development Scotland – JSA claimant count as a percentage of working age population). Although, in relative terms, the neighbouring Ayrshire councils have fared worse. The rate for Scotland as a whole is 4%.</li> <li>▪ The business start-up rate has decreased and the business closure rate has increased.</li> <li>▪ An Experian resilience survey (October 2010) ranked the council mid table, both in Scottish and UK terms but considerably in advance of the neighbouring Ayrshire councils.</li> <li>▪ Progress on refurbishing Ayr Town Centre by Ayr Renaissance LLP has been slower than anticipated. However, the council has secured funding towards the project costs of renovating gateway buildings in the town centre.</li> </ul>

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			No additional scrutiny work is planned, however, through the local audit team, Audit Scotland will monitor progress against the single outcome agreement and the council's other plans. We will comment in our annual report to members and the Controller of Audit as appropriate.
<b>Corporate plan theme: Healthy and caring</b>	<b>No significant risks</b>	<b>Area of uncertainty</b>	<p>The effectiveness of the council and its partners' strategies can only be judged in the longer term, a level of uncertainty on progress remains. The most recent CHP Health and Wellbeing profile (2010) indicates that 15 out of 59 (25%) health and wellbeing indicators published by the Scottish Public Health Observatory (ScotPHO) are statistically significantly worse than the Scottish average.</p> <p>No additional scrutiny work is planned, however, through the local audit team, Audit Scotland will monitor progress against the single outcome agreement and the council's other plans. We will comment in our annual report to members and the Controller of Audit as appropriate.</p>
<b>Planning and resource alignment</b>	<b>Significant risks</b>	<b>Area of uncertainty</b>	<p>Previous auditors were consistently critical of the council's financial planning; specifically in relation to reserves and forward budgeting. The council's position on reserves has now been regularised and the council approved its budget for 2012/13 on 15 December 2011. As part of that process three year revenue and capital budgets were prepared.</p> <p>The linkages between service planning and budgeting remain an area for further development.</p> <p>No additional scrutiny work is planned, however, through the local audit team; Audit Scotland will monitor progress and comment in the annual report to members and the Controller of Audit as appropriate.</p>
<b>Partnership working and community leadership</b>	<b>Significant risks</b>	<b>Area of uncertainty</b>	<p>Officers have asserted their continuing commitment to collaborative working with neighbouring councils however; some key projects have not proceeded as quickly as they might have done. The council's effort on community planning has, in the past, delivered limited results. The council is aware of its position on community planning and has an appetite to improve on this. A refreshed community plan is being drafted and there are plans in place to approve it before the May 2012 local government elections.</p> <p>No additional scrutiny work is planned, however, through the local audit team; Audit Scotland will monitor progress and comment in the annual report to members and the Controller of Audit as appropriate.</p>
<b>Performance management</b>	<b>Significant risks</b>	<b>Area of uncertainty</b>	<p>Overall, the council has made good progress in implementing its computer based performance management arrangements. Some aspects of reporting still need further development. Progress on some of the council's longer term aspirations in terms of economic regeneration and health remain difficult to assess.</p> <p>The focus will now need to be on building the momentum and embedding a culture of performance management and continuous improvement.</p> <p>No additional scrutiny work is planned, however, through</p>

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			the local audit team; Audit Scotland will monitor progress and comment in the annual report to members and the Controller of Audit as appropriate.
<b>Challenge and improvement</b>	<b>Significant risks</b>	<b>Area of uncertainty</b>	<p>The council has carried out a number of service reviews. It recognises that in a number of services a self evaluation culture will take some time to embed. A high level corporate assessment has been carried out, using the "How Good is our Council" model of self evaluation. Our latest information is that this exercise has been completed and a report is imminent.</p> <p>Council and panel meetings already attended indicate a level of challenge consistent with that in other councils.</p> <p>No additional scrutiny work is planned, however, through the local audit team; Audit Scotland will monitor progress and comment in the annual report to members and the Controller of Audit as appropriate.</p>
<b>Use of resources – efficiency</b>	<b>Significant risks</b>	<b>Area of uncertainty</b>	<p>Ayrshire Joint Services Executive, supported by the Ayrshire Joint Services Board has been established with North and East Ayrshire Councils and NHS Ayrshire and Arran. Work is on going to develop a shared service on road maintenance and social work standby cover; however development of shared regulatory services and a shared residual waste management facility have been slower than expected.</p> <p>Further collaborative work is on going in relation to economic development (Ayrshire Economic Partnership) and Tourism.</p> <p>No additional scrutiny work is planned, however, through the local audit team; Audit Scotland will monitor progress and comment in the annual report to members and the Controller of Audit as appropriate.</p>
<b>Equalities</b>	<b>Area of uncertainty</b>	<b>No significant risks</b>	<p>Revised disciplinary procedures were presented to the Leadership Panel during the year following a revision to ensure the policy complies with the Equality Act 2010.</p> <p>The three Ayrshire Councils and NHS Ayrshire and Arran joined together to meet the challenge through the Ayrshire Equality Partnership. A questionnaire issued to ethnic minority groups brought about some progress in further integrating these groups into the community.</p> <p>Education services have made particularly good progress in equalities.</p> <p>Reports to members include equalities implications.</p> <p>No additional scrutiny work is planned.</p>

## Review of 2011/12 scrutiny activity

15. All of the scrutiny activity detailed in the AIP for 2011/12 has been completed. Results of work undertaken in 2011/12 have been used to inform our consideration of this year's scrutiny assessments.

- The inspection of the council's child protection arrangements has been completed and a report will be issued in early March.
- The BV review of Strathclyde Fire and Rescue Service has been completed. There are no specific references to South Ayrshire Council. A report will be submitted to the March meeting of the Accounts Commission.

## Scrutiny plan changes

- 16.** SWIA's initial scrutiny level assessment (ISLA) programme will continue into the first year or more of the Care Inspectorate. The ISLA's are primarily desk based exercises, supplemented by case file reading. This work is focused on identifying risks in the planning and delivery of social work services, and planning targeted and proportionate scrutiny. An ISLA of South Ayrshire Council's social work service is scheduled to begin in April 2012. The case file reading will involve local file readers and is scheduled to begin to last up to four days in May 2012. If necessary, any potential areas of risk requiring further scrutiny will be inspected later in 2012.
- 17.** The revised three year scrutiny plan for 2012-13 to 2014-15 is set out at Appendix 1.

## Summary of scrutiny activity

## Appendix 1

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.

SOUTH AYRSHIRE COUNCIL		2012-13											
Scrutiny activity year 1		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Care Inspectorate initial scrutiny level assessment (ISLA)													
Audit Scotland follow-up: Maintaining Scotland's Roads													
Housing Benefit Audit													
		2013-14											
Scrutiny activity year 2		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No planned scrutiny activity													
		2014-15											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved												
No planned scrutiny activity													

### 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 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. These will generally be for care services in relation to services for vulnerable client groups.
- Scrutiny activity in the shaded rows does not result from the shared risk assessment but is a national activity e.g. national follow up work or activity requested by Ministers.

**May 2012**