

City of Edinburgh Council

Assurance and Improvement Plan

Update 2013–16

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Introduction

1. The first Assurance and Improvement Plan (AIP) for the City of Edinburgh 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. The aim of the shared risk assessment process is to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response over a three year period. The local area network met again in November 2010 and in November 2011 to update the AIP. The last AIP Update was published in May 2012 covering 2012-15.
2. This update is the result of the shared risk assessment which began in October 2012. The update process drew on evidence from a number of sources, including:
 - The annual report to the Controller of Audit and elected members for 2011/12 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).
3. A timetable for proposed audit and inspection activity between April 2013 and March 2016 which reflects the revised and updated scrutiny risk assessment is at Appendix 1.
4. Following feedback about the clarity of the Shared Risk Assessment process we have amended our criteria to make it clearer what we mean. The assessment criteria descriptions used last year have changed from 'significant concerns' to 'scrutiny required'; 'no significant concerns' to 'no scrutiny required'; and 'uncertainty' to 'further information required'.
5. Publication of the City of Edinburgh Council AIP was deferred to allow us to include references to the Care Inspectorate's report on services for children and young people (which was published on 29 April) and Audit Scotland's Best Value audit report (which was published with the Accounts Commission's findings on the report on 30 May).

Summary

6. There was significant scrutiny activity in 2012/13, including work by:
- the Scottish Housing Regulator - its work was reported to the council in January 2013.
 - the Care Inspectorate - its report on services for children and young people was published in April 2013.
 - Audit Scotland - its Best Value audit report and the Accounts Commission's findings on the report were published in May 2013.

The outcome of this scrutiny activity is summarised below and there are more detailed references to it at relevant points in the AIP.

7. The SHR reviewed the council's progress toward the 2012 homelessness target and concluded that the council would meet the 2012 target early in 2013. The council plans significant changes to its homelessness services and is developing an action plan that will incorporate all areas for improvement.
8. The Care Inspectorate's report on services for children and young people concluded that the council and its partners are providing a good service. It assessed services as good for seven out of eight quality indicators and very good for the eighth, i.e. recognising the very wide range of measures to consult and seek the views of children, young people, families and other stakeholders. The report also indicated mostly positive and improving outcomes.
9. The Best Value audit focused on areas of scrutiny risk and uncertainty identified in the previous AIP. Audit Scotland's report noted that the council shows a strong understanding of what it needs to do to meet the service and financial issues it faces, the scale and complexity of which are substantial.
10. Audit Scotland's report focused on the two judgements at the centre of the current Best Value audit approach:
- How well the council is performing in relation to services and outcomes. On this, Audit Scotland assessed the council's overall performance as 'good'.
 - The council's prospects for future improvement, based on leadership and management, partnership working and resource use. Because many of the changes the council has made are relatively recent and improvements are required in key aspects of best value, Audit Scotland concluded that the council has 'fair' prospects for improvement.
11. The Accounts Commission's findings on the report highlighted points of particular concern, including the risks associated with the council's long-term financial plans, which rely heavily on savings from improved procurement. The Commission requested follow-up work and a report on progress in about 18 months' time. This scrutiny activity is reflected in Appendix 1 of this AIP.
12. No specific scrutiny will take place in 2013/14 arising from this shared risk assessment process. The external auditors will continue to monitor and report on key matters, as part of

their planned annual audit. Audit Scotland will ensure close liaison between its staff involved in the annual audit work and Best Value audit work.

National risks

13. Local councils are operating within a context of significant change as a result of the challenging financial environment and the public service reform agenda, including the review of community planning, health and social care integration, police and fire reform, college regionalisation, and welfare reform. The Local Government Scrutiny Co-ordination Strategic Group is currently considering how audit and inspection arrangements should collectively respond to these significant strategic developments, recognising the increasing importance of partnerships, place and outcomes for Scotland's public services.

14. A number of core National Risk Priorities are applied to all 32 councils. These are:

The protection and welfare of vulnerable people (children and adults) including access to opportunities:

At the request of Scottish Ministers, the Care Inspectorate is developing a model of joint inspection of children's services in community planning partnership areas in Scotland, in cooperation with other scrutiny bodies (Education Scotland, Healthcare Improvement Scotland and HMICS). These inspections focus on how well local public bodies (councils, the NHS, police, etc.) are working together to deliver effective outcomes for children and young people. As part of these arrangements, the Care Inspectorate led a joint inspection of services for children in Edinburgh.

The inspection report on services for children and young people in Edinburgh was published in April 2013. Among its findings, the Care Inspectorate noted encouraging trends in achieving outcomes for all children and young people and in reducing outcome gaps for those whose life chances are at risk. The report also noted that the council and its partners have made considerable improvements in the quality of services to protect children.

The Care Inspectorate is also working in cooperation with Healthcare Improvement Scotland to develop an approach to inspecting services providing care and health services for adults, drawing on its experience of implementing joint inspections of child protection and children's services. Development work involving a number of local authorities is underway, following which the Care Inspectorate will implement a programme of these inspections. Further details of the schedule will be confirmed in due course.

Subject to Ministerial approval, the Care Inspectorate will undertake supported self evaluation across the 32 local authority criminal justice social work services looking at the impact of the Level of Service Case Management Inventory (LSCMI), otherwise known as the national assessment and care planning instrument. This will take place in the latter part of 2013.

The SHR plans to carry out a thematic inspection into the outcomes that local authorities are achieving by delivering a Housing Options and Prevention of Homelessness approach. SHR

will carry out this thematic inspection during the first half of 2013/14. This is likely to involve fieldwork visits to a small sample of local authorities. SHR is currently identifying potential fieldwork sites and will be contacting those councils that it would like to visit in 2013.

During last year, the SHR completed agreed scrutiny of the council's progress toward the 2012 homelessness target and its high use of bed and breakfast accommodation. SHR's report anticipated that the council would meet the 2012 target in January 2013. The council plans significant changes to its homelessness services that will impact on its use of B&B accommodation. The SHR found some other areas for improvement and the council is developing an action plan to address all issues.

Assuring public money is being used properly:

The annual audit of councils forms part of the baseline scrutiny of councils. This audit examines the financial management and controls in each council.

The previous AIP noted that the council has a good record of financial management. This was confirmed by the council's 2012 annual audit report. The only point of note was that the council needs to make more realistic capital planning assumptions as it is continually over-programming capital work in the knowledge that not all projects will proceed in accordance with plans. The council is reviewing capital budget practices as part of its wider governance review.

How councils are responding to the challenging financial environment:

15. Recognising the significance of the uncertain financial context within which councils operate, Audit Scotland produced Scotland's Public Finances: Addressing the Challenges in August 2011. Follow-up work around the issues raised in the report will be undertaken in each council during 2013/14 to provide the Accounts Commission and the Auditor General for Scotland with evidence on the progress that public bodies are making in developing a strategic response to these long-term financial challenges. In addition, a specific piece of work on Scottish Public Finances: Workforce Planning will be undertaken in 2013/14.

The previous AIP highlighted the council's overall financial position as an area of uncertainty and this was subsequently confirmed in the 2012 annual audit report. The council set a balanced budget for 2013/14 but the position becomes much more challenging from 2014/15. In the context of net annual expenditure of around £1 billion, the four-year budget for 2014-18 (as at April 2013) shows that the councils needs to achieve savings of £33 million in 2014/15, and recurring annual savings of £107 million by 2017/18. The four-year budget also identifies where the savings will come from. Assuming the council achieves all the savings it has identified it still needs to identify savings of £7 million in 2015/16, £19 million in 2016/17 and £17 million in 2017/18. The council's financial position was examined as part of the Best Value audit and will continue to be monitored closely by external audit.

16. At the request of Scottish Ministers, Audit Scotland has piloted an approach to auditing community planning partnerships (CPP) and the delivery of local outcomes. The CPP audit model was tested during 2012/13 in three council areas (Aberdeen City, North Ayrshire and Scottish Borders). Following evaluation of the approach in early 2013, a number of CPPs will

be audited during the second half of 2013/14. Audit Scotland will be contacting any likely audit sites in spring 2013.

17. The Equality and Human Rights Commission (EHRC) has commissioned work to assess the extent to which Scottish public authorities have complied with the specific duties of section 149 of the Equality Act 2010 during 2013. Analysis of public authorities' compliance with the duty to publish equality outcomes and employment information will be available later in 2013. The results of this activity will be reflected in future Shared Risk Assessment work.
18. The LAN is committed to maintaining its engagement with the council between now and the next SRA cycle 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 that remain 'no scrutiny required'

19. This update focuses predominantly on those areas assessed as 'scrutiny required' and 'further information required'. 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 requiring no scrutiny which continue to be so. This is based on evidence from various sources including where applicable, recent inspection reports, annual audit and Best Value audit work, national and local performance information and additional file reviews. The LAN has assessed that no specific scrutiny is required in the following areas:

Service Areas	Outcomes	Corporate Assessment
Economic development	Edinburgh's children and young people enjoy their childhood and fulfil their potential	Partnership working and community leadership
Schools and community education	Edinburgh's economy delivers increased investment, jobs and opportunities for all	Financial management
Youth justice	Edinburgh's citizens experience improved health and well-being, with reduced inequalities in health	Managing people
Social work services for children and their families	Edinburgh's communities are safer and have improved physical and social fabric	Planning and resource alignment
Housing and regeneration		Community engagement
Homelessness		Performance management
Anti-social behaviour		Challenge and improvement
Physical development support/planning		Customer focus and responsiveness
Public safety and emergency planning		Equalities
Social and residential care		Sustainability
24 hour emergency services		
Criminal justice services		
Lothian pension funds		

Areas that remain 'scrutiny or further information required'

20. The LAN identified that, in common with the SRA last year, scrutiny or further information is required in the following areas:

Area	Assessment	Update
Service areas		
Transport	Further information required	The council has implemented revised governance and monitoring arrangements for the tram project. However, the project is not due to be completed until 2014 and there remains potential for further problems. External audit will continue to monitor this area closely.
Waste services and street cleaning	Further information required	The council implemented new waste collection and recycling arrangements in September 2012. External audit will continue to monitor this area closely.
Welfare assistance and welfare reform	Further information required	A risk assessment of the council's housing and council tax benefits performance was carried out in July 2012. A range of improvement activity is planned and a further progress report is due in July 2013. Welfare reform is in progress. This is likely to have far reaching consequences for the council and its communities. External audit will continue to monitor these areas closely.
Corporate assessment areas		
Competitiveness	Further information required	Five significant trading organisations (STOs), including direct cleaning and refuse collection, have not achieved the

Area	Assessment	Update
		<p>statutory requirement to break-even over the past five years.</p> <p>The council is pursuing a programme of internal changes to improve the competitiveness of certain services.</p> <p>External audit will continue to monitor this area closely.</p>
Financial position	Further information required	<p>The council manages its budgets well but faces significant financial challenges, particularly from 2014/15 onwards.</p> <p>External audit will continue to monitor this area closely.</p>
ICT	Further information required	<p>Area of scrutiny as part of the 2012/13 Best Value audit - see the Best Value audit report published on 30 May 2013.</p> <p>External audit will monitor progress and this area will be considered again during the Best Value follow-up work in 2014/15.</p>

Areas with changed assessments

21. The following table relates to assessments of scrutiny risk that have been changed from the 2012/13 update.

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
Service Area			
Property repairs	No previous assessment	Further information required	<p>Following allegations of poor service, overcharging and mismanagement, the council has reviewed its property service. It identified a range of shortcomings in the service. A new 'Shared Repairs Service' was launched in April 2013.</p>

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			External audit will continue to monitor this area closely.
Corporate Assessment Area			
Vision, strategy and culture	Area of uncertainty	No scrutiny required	<p>Area of scrutiny as part of the 2012/13 Best Value audit - see the Best Value audit report published on 30 May 2013.</p> <p>External audit will monitor progress in this area, including aspects of workforce management identified in the Best Value report i.e. matters relating to organisational culture and capacity.</p> <p>Progress will be considered during the Best Value follow-up work in 2014/15.</p>
Governance and accountability	Area of uncertainty	No scrutiny required	<p>Area of scrutiny as part of the 2012/13 Best Value audit - see the Best Value audit report published on 30 May 2013.</p> <p>External audit will monitor progress and this area will be considered again during the Best Value follow-up work in 2014/15.</p>
Procurement	Significant scrutiny risk	Further information required	<p>Area of scrutiny as part of the 2012/13 Best Value audit - see the Best Value audit report published on 30 May 2013.</p> <p>The council's savings plans depend heavily on substantial savings from improved procurement.</p> <p>External audit will monitor progress and this area will be considered again during the Best Value follow-up work in 2014/15.</p>

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
Asset management	Area of uncertainty	No scrutiny required	Area of scrutiny as part of the 2012/13 Best Value audit - see the Best Value audit report published on 30 May 2013. External audit will monitor progress and this area will be considered again during the Best Value follow-up work in 2014/15.
Risk management	No significant scrutiny risk	Further information required	The council's internal audit function has been subject to significant change over the last year. External audit will continue to monitor progress in managing risks.

Scrutiny plans

22. No specific scrutiny will take place arising from this shared risk assessment process. The Accounts Commission has requested follow-up Best Value audit work and this will take place in 2014/15.
23. There will be some audit related work carried out in the council as part of two national studies following up on Audit Scotland's report on Scotland's Public Finances. These will look at how councils are addressing the challenges and planning their workforces accordingly.
24. Education Scotland will work with the Council to develop a programme of mutually agreed activities to provide support and challenge to assist continuous improvement.

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.

CITY OF EDINBURGH COUNCIL 2013-14												
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No local scrutiny work planned												
National or supported self evaluation work year 1												
Supported Self Evaluation of the impact on quality of the newly introduced national assessment and care planning instrument (LSCMI) in local criminal justice social work services	To be confirmed											
Scotland's Public Finances: Addressing the challenges follow up (Audit Scotland)	To be confirmed											
Scotland's Public Finances: Workforce Planning (Audit Scotland)	X											

CITY OF EDINBURGH COUNCIL 2014-15												
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Follow-up Best Value audit work, as required by the Accounts Commission following its consideration of the Best Value audit report in May 2013. (Timing tbc)												
National or supported self evaluation work year 2												

CITY OF EDINBURGH COUNCIL 2015-16	
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved
No local scrutiny work planned	

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. Scrutiny bodies also reserve the right to make unannounced scrutiny visits. These will generally be made in relation to care services for vulnerable client groups. The annual audit of local government also comprises part of the baseline activity for all councils and this includes work necessary to complete the audit of housing benefit and council tax benefit arrangements. Education Scotland, through the District Inspector, will continue to support and challenge Education Services regularly and as appropriate. The Care Inspectorate will continue to regulate care services and inspect social work services in accordance their responsibilities under the Public Services Reform (Scotland) Act 2010

