

# **Orkney Islands Council**

## **Assurance and Improvement Plan**

### **Update 2013–16**

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# 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 (SRA) 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 SRA 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 LAN 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 SRA 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 SRA process we have amended our criteria to make it clearer what we mean. Our 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'.

# Summary

5. The overall scrutiny risk assessment of Orkney Islands Council remains that of a low risk council which shows good self awareness and a positive response to external scrutiny bodies. Most areas of the council were assessed as requiring no specific scrutiny.
6. 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 has recently restructured its services and senior management structure. The restructure has had an impact on governance arrangements for the new services and internal and external audit are in discussion about the assurance systems in support of the council's first Annual Governance Statement.
7. A significant risk was highlighted last year in relation to the Housing service's slow progress towards its projected delivery of the Scottish Housing Quality Standard (SHQS). The Scottish Housing Regulator (SHR) carried out work in 2012 which showed that although progress did not meet projections the council is committed to meet the requirements of the SHQS by 2015. There were also concerns about housing service costs and the performance of response repairs, but performance has improved in 2011/12 so no further scrutiny is required.
8. Orkney Health and Care is the integrated partnership between the council and NHS Orkney with delegated responsibility for a range of health services, the full range of social services functions and joint planning arrangements. The impact of the OHAC partnership arrangements on staff and the delivery of services was considered an area of uncertainty and joint scrutiny was planned by the Care Inspectorate and Audit Scotland during 2012/13 to address this. OHAC arrangements have continued to develop over the past year and the LAN has agreed that the annual audit and Care Inspectorate inspections will consider performance outcomes and the effectiveness of governance arrangements rather than carry out additional scrutiny.
9. In September 2012 Audit Scotland published a local report on *Maintaining Scotland's roads: a follow-up*. The report found that the council continues to progress its approach to managing the road network, and in 2011/12 it was the best performing council in Scotland in terms of the percentage of its road network requiring consideration for maintenance.
10. Further information is required in relation to progress and outcomes of the council's efficiency review programme, to ensure it is progressing in a timely manner and is supporting continuous improvement and efficiency savings.

# National risks

11. 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.

12. 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:**

13. At the request of Scottish ministers, the Care Inspectorate is developing a model of joint inspection of children's services in Community Planning Partnership (CPP) areas in Scotland, in co-operation with other scrutiny bodies (Education Scotland, Healthcare Improvement Scotland and HMICS). These inspections will focus on how well local public bodies (councils, the NHS, police, etc.) are working together to deliver effective outcomes for children and young people. Development work involving Angus Council took place in April/May 2012. These joint inspections, which will report publicly, began in the autumn 2012. Orkney Islands Council's pilot joint inspection of children's services started in November 2012 and was completed in January 2013 and the report will be published thereafter.

14. In addition, the Care Inspectorate is working in co-operation with Healthcare Improvement Scotland to develop an approach to inspecting services providing care and health 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 and will continue into the early part of 2013. Following this, the Care Inspectorate will implement a programme of these inspections. Further details of the schedule will be confirmed in due course.

15. Subject to ministerial approval, the Care Inspectorate, in partnership with the Association of Directors of Social Work (ADSW) and the Risk Management Authority (RMA), will undertake supported self-evaluation across the 32 local authority criminal justice social work services during the latter part of 2013. This will look at the impact of the Level of Service Case Management Inventory (LSCMI), otherwise known as the national assessment and care planning instrument. This particular approach is one of a number of approaches the Care Inspectorate will use in its current and future scrutiny and improvement work in this area.

16. 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 early 2013.

17. 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 the pilot joint inspection of children's services and Care Inspectorate reviews of registered care services. The council and its partners have clearly articulated this priority within the single outcome agreement and therefore ***no additional local scrutiny is required***.

#### **Assuring public money is being used properly:**

18. 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 auditor has concluded that 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 has restructured its services, and extraction of information from the financial ledger has been changed to reflect this and maintain financial accountability. The council is preparing an Annual Governance Statement within its financial statements for the first time this year, and a robust process is needed to support this. Internal audit are developing the underlying assurance system in conjunction with services, and Audit Scotland will be assessing the robustness of governance arrangements as part of the annual audit.
19. Financial management is a fundamental feature of the existing annual audit process and Audit Scotland routinely monitors the council's financial position. Overall we are satisfied that the council is taking appropriate steps to manage its budget. The council 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. This, and the financial stewardship demonstrated by the council in previous years enabled the LAN to conclude there is ***no additional scrutiny required*** regarding financial management.

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

20. 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 Reshaping Scotland's public sector workforce will be undertaken in 2013/14.
21. The council is aware of the need to continue its planned improvements, for example comprehensive and robust asset management plans, 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. The

LAN considers ***no additional local scrutiny is required***, other than monitoring through the local audit.

22. At the request of Scottish ministers, Audit Scotland has piloted an approach to auditing 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 may be audited during the second half of 2013/14. Audit Scotland will be contacting any likely audit sites in spring 2013.
23. The Equalities and Human Rights Commission (EHRC) has commissioned a piece of 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.
24. 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'

25. 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. The LAN identified that no scrutiny is required in the following areas:

Service, Outcome, or Corporate Assessment Area	Update
Education and Leisure Services	School educational attainment indicators present a positive picture with attainment at most measured levels being better than national and comparator authority averages. Leisure performance indicators show a higher usage level of leisure facilities than the Scottish average.
Development and Infrastructure Services	Roads Maintenance follow-up audit carried out in 2012; Development Services performance indicators audited in 2011/12. No specific issues noted that require a scrutiny response.
Corporate Services	See Corporate Assessment areas below.
Orkney's people and business achieve their full potential on a long-term sustainable basis.	The council compares well to others on many of the indicators for this outcome, but there are some particular areas of challenge for the council: the comparatively low income levels, despite good employment rates, low levels of new and affordable housing, high levels of fuel poverty and a high dependency rate between the working and non-working age population. In contrast to these challenges the area performs well on employment and people's own perception of their financial stability.
A learning culture in which everyone develops an enthusiasm and motivation for learning, determination to reach high standards of	The council continues to make good progress with the implementation of Curriculum for Excellence. There is a strong infrastructure to



Service, Outcome, or Corporate Assessment Area	Update
achievement, and an openness to new thinking and ideas.	support implementation. Over recent years, Education Scotland inspections of individual schools indicate a good standard of learning and achievement, overall. Almost all inspections of nurseries, primary and secondary schools have resulted in positive outcomes.
A healthy and caring community with health and care services for all who need them.	Outcome assessment is based on the OHAC service assessment. See page 13. Public health report was published in Dec 2012 by NHS Orkney outlining key points regarding the health of Orkney's population. Action is planned by NHS Orkney and OHAC to improve outcomes against Scottish Government health targets.
A community where everyone may live, work, visit and play safely without undue fear or risk of harm.	Outcome data shows low levels of crime and offences and high levels of satisfaction with the local area as a good and safe place to live.
Everyone in Orkney has a suitable home.	The Scottish Housing Regulator carried out work in 2012 which showed that although progress did not meet projections, the council is committed to meet the requirements of the SHQS by 2015.
An effective and efficient transportation network that supports the economic vitality, community well-being and environmental integrity of all of Orkney.	Roads Maintenance follow-up audit carried out in 2012; 3 ferries have been/are being lengthened, which increases capacity, although discussions are ongoing with respect to longer term provision, in particular in relation to the Scottish Ferries Plan; continued engagement between council and trustees on managing debt position on Merchant Navy Officers Pension Fund.
A natural environment which is protected, enhanced and sustainably managed to combat climate change.	Some indicators show strong comparative performance, such as the cleanliness index and levels of waste going to landfill. However others compare very poorly, including overall levels of waste and the recycling rate. There is

Service, Outcome, or Corporate Assessment Area	Update
	<p>a general trend of improvement. The introduction of Alternate Weekly Collection is also assisting in improving this.</p> <p>No specific issues noted which require a scrutiny response.</p>
Enhanced cultural activity enabling heritage, arts and sport to grow and thrive in Orkney.	Performance indicators for leisure, libraries and museums show that usage figures compare well to the national average, particularly for leisure facilities.
Vision and strategic direction	The chief executive has recently returned from a secondment to Shetland Islands Council. It remains to be seen whether this will change the strategic direction of the council.
Leadership and culture	It is too early to assess if the new senior management structure will impact on leadership and culture
Planning and resource alignment	The council has a robust budget setting process, including identification of efficiency savings. Any growth bids are subject to challenge from senior management and then members.
Partnership working and community leadership	OHAC is the main partnership the council has, and a strong partnership ethos is evident. Local voluntary partnerships seem strong.
Community engagement	The council has a record of strong community engagement, including the 'Tough Times, Tough Choices' consultation.
Performance management	Performance management framework is in place and performance is reported to members. Electronic performance management system being procured: system implementation and data migration will be audited as needed in due course.
Challenge and improvement	Scrutiny is undertaken by the Monitoring and Audit Committee and internal audit; a corporate programme of reviews is in place to ensure continuous improvement and

Service, Outcome, or Corporate Assessment Area	Update
	efficiency.
Customer responsiveness	No specific issues noted which require a scrutiny response. The council's complaints handling process has been accepted by the Scottish Public Services Ombudsman as adhering to the model process for complaints handling.
Risk management	Risk Management arrangements will be considered by internal audit.
ICT (information and communications technology)	A computer service review (high level risk assessment) is undertaken as part of the annual audit's baseline scrutiny. No further scrutiny currently considered necessary.
Use of resources - competitiveness	No specific issues noted that would require a scrutiny response.
Use of resources - financial management	The annual audit 2011/12 gave an unqualified opinion on the annual financial statements. The council has a robust budget setting process and regular reports on revenue and capital outturn are presented to members.
Use of resources - managing people	Performance indicators for absence management, staff appraisals, disciplinary action etc. are reported regularly to members. National scrutiny work on workforce planning to be undertaken in 2013/14 at all councils.
Equalities	Performance indicators on aspects of equalities are reported regularly; no specific issues noted that would require a scrutiny response.
Sustainability	No specific issues noted that would require a scrutiny response.

# Areas that remain 'scrutiny or further information required'

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

Area	Assessment	Update
Use of resources - efficiency	Further information required	More recent evidence required on progress of efficiency review programme.

# Areas with changed assessments

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

Area	2012/13 Risk Assessments	2013/14 Risk Assessment	Reason for Change
Orkney Health and Care	Uncertainty	No scrutiny required	Results of recent Care Inspectorate inspections; progress over time in recruiting managers and moving towards integrated teams.
Housing Services	Significant concerns	No scrutiny required	SHR scrutiny was carried out in 11/12 to address concerns over costs and response repairs performance. Improved service performance in key areas was reported in 2011/12; and SHR scrutiny showed that although progress did not meet projections, the council is committed to meet SQHS requirements by 2015.
Marine Services	Uncertainty	No scrutiny required	Based on information in the service's annual report 2011/12.
Governance and Accountability including public performance reporting	No significant concerns	Further information required	Further information and assurance is being sought in support of the council's first Annual

Area	2012/13 Risk Assessments	2013/14 Risk Assessment	Reason for Change
			Governance Statement. Annual Performance Report 2012 now published on council website.
Use of resources - asset management	Uncertainty	No scrutiny required	Plans in place and progress made in developing asset management plans.
Use of resources - procurement	Uncertainty	No scrutiny required	Improvements being made, evidenced by improved and 'conformant' score in annual Procurement Capability Assessment by Scotland Excel.

# Scrutiny plans

28. The governance and performance impact of the Orkney Health and Care partnership will now be considered as part of the baseline scrutiny by Audit Scotland and the Care Inspectorate, rather than as additional specific scrutiny work (as was previously planned).
29. No additional scrutiny has been identified from that highlighted in our 2012/15 AIP. The following areas of national follow-up or work requested by ministers have been included in the updated scrutiny plan:
  - Scotland's Public Finances: Addressing the challenges (Audit Scotland: 2013/14).
  - Reshaping Scotland's public sector workforce (Audit Scotland: 2013/14).
  - Supported Self-Evaluation of the impact on quality of the newly introduced national assessment and care planning instrument in local criminal justice social work services (Care Inspectorate: Date to be confirmed).
30. The updated scrutiny plan is attached at Appendix 1.

# Appendix 1

National scrutiny activity 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.

ORKNEY ISLANDS COUNCIL		2013-14										
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No additional local scrutiny work planned												
<b>National or supported self-evaluation work year 1</b>												
Scotland's Public Finances: Addressing the challenges follow up (Audit Scotland) Timing tbc.												
Audit Scotland - Reshaping Scotland's public sector workforce	X											
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. Timing tbc.												



ORKNEY ISLANDS COUNCIL		2014-15											
Scrutiny activity year 2		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No additional local scrutiny work planned													
National or supported self evaluation work year 2													
No national scrutiny activity planned													

ORKNEY ISLANDS COUNCIL		2015-16											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved												
No additional local scrutiny activity planned													
No national scrutiny activity 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 ongoing 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 Area Lead Officer, 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 with their responsibilities under the Public Services Reform (Scotland) Act 2010.

