

Perth & Kinross Council

Assurance and Improvement Plan

Update 2013–16

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Introduction

1. The first Assurance and Improvement Plan (AIP) for Perth & Kinross Council was published in July 2010. That document set out the planned scrutiny activity for the council for the period April 2010 to March 2013 based on a Shared Risk Assessment (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 January 2011 and in November 2011. The last AIP update was published in April 2012 covering 2012-15.
2. This update is the result of the SRA which began in November 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 2012-15 AIP recognised the strength of the council's self-evaluation and performance management arrangements and its achievements in securing improved performance and better outcomes for local people. This 2013-16 refresh confirms this position, with no significant scrutiny risks identified.
6. The LAN recognises that there is uncertainty faced by the council, and all public bodies, in relation to the financial outlook. The council has a strong track record in delivering efficiency savings over the last five financial years but recognises that continuing delivery of efficiencies will be more challenging in future years. It is, however, in a relatively strong financial position going forward through the efficiencies achieved to date. The council, operating within its reserve strategy, has continued to have a favourable position in its uncommitted reserves in 2011/12.
7. In August 2012 Audit Scotland published a local report on *Maintaining Scotland's roads: a follow-up*. The report found that the council is currently focussing efforts on the National Road Maintenance Review (NRMR) work and implementing associated recommendations. This national review is the Scottish Government's response to the Audit Scotland national report. Officers advised that as the focus of work moved to NRMR this effectively deferred progress on areas of planned work, for instance the Road Asset Management Plan was still in development.
8. As set out in the 2012/13 AIP, the Scottish Housing Regulator (SHR) undertook focused scrutiny work on the council's progress in delivering the Scottish Housing Quality Standard in 2015 and its approach to managing rent arrears. The SHR is currently drafting its report on the findings of this piece of work.

National risks

9. 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 strategic developments, recognising the increasing importance of partnerships and outcomes for Scotland's public services.
10. 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:
11. At the request of Scottish ministers, the Care Inspectorate developed 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 HM Inspectorate of Constabulary for Scotland). 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.
12. 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 (including Perth & Kinross Council) 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.
13. 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.
14. The Scottish Housing Regulator (SHR) plans to undertake a thematic inspection into the outcomes that local authorities are achieving by delivering a Housing Options and Prevention of Homelessness approach. SHR will do 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.

15. In relation to these national risks, performance results indicate that the council is generally in line with or better than the Scottish average. Within a few areas performance has declined or is below the national average and the Care Inspectorate will monitor progress in these areas through its link inspector engagement with the council.
16. In October 2011 the Care Inspectorate published extremely positive findings in relation to a joint inspection of services to protect children and young people in Perth & Kinross Council and as a result does not plan any further scrutiny of services to protect children.
17. Whilst the LAN will continue to monitor the council's progress in these national risk areas no specific local scrutiny is required.

Assuring public money is being used properly:

18. The annual external audit of councils forms part of the baseline scrutiny and examines the financial management and controls in each council. For Perth & Kinross Council, the external auditors found that well established governance and scrutiny arrangements are in place. Audit Scotland routinely monitors the council's financial position. Overall we are satisfied that the council is taking appropriate steps to manage its budget. 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.
19. The internal audit service forms part of the council's governance arrangements and in the previous AIPs this has been flagged as an area of uncertainty with external audit unable to place reliance on internal audit's work. However, progress has been made in relation to completing outstanding internal audit work and in 2011/12 external audit were able to place reliance on a few areas of key financial systems controls. The chief internal Auditor has also confirmed that, within the scope of the internal audit plan, more emphasis will be placed on reviewing key financial controls. Audit Scotland will continue to monitor progress in improving delivery through the annual audit process therefore ***no additional scrutiny is required***.

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 on this 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 well placed to manage the challenging financial environment and continues to be proactive in its responses. It has shown a good understanding of the financial challenges it faces, and has been proactive in preparing financial plans to manage budget reductions. The council's funds and reserves at 31 March 2012 totalled £53.394 million, an increase of £8.714

million on the previous year. A significant proportion of this balance is earmarked for specific areas or projects leaving the council with an unallocated general fund balance of £14.763 million. This is approximately 4.4 per cent of the council's net revenue budget for 2012/13 and is within the range of 2-5 per cent the council has deemed it requires to cover unexpected or unplanned events.

22. In December 2012 the council considered the medium term financial plan to reflect the Scottish Government provisional settlement figures for the next two years and extended the current five year capital budget to seven years. This was considered in the context of uncertainties in relation to Scottish Government funding beyond 2014/15 and the potential impact of health and social care integration, inflation, pay strategy, and legislative changes (e.g. welfare reform; Children and Young Peoples Bill). Whilst the council is in a relatively strong financial position to deal with the challenges, it is recognised that the level of efficiencies previously achieved will not be available in future years. The council must, therefore, remain vigilant in its financial management to ensure it continues to deliver sustainable services. However, the LAN considers that ***no additional local scrutiny is required*** other than monitoring the position through the local audit.
23. 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.
24. 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.
25. The LAN is committed to maintaining its engagement with the council between now and the next shared risk assessment 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'

26. 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, based on the evidence highlighted at paragraph 2, continue to be so. The LAN identified that no scrutiny is required in the following areas:

Service Area	Update
Chief Executive Services	The council is second best in Scotland for council tax collection and has below average costs for administering and collecting this tax. Good performance continues to be achieved in this area.
Education & Children's Services	Statutory & key performance indicators show a positive picture of performance overall for this service. Education continues to perform well across almost all sectors with attainment levels amongst the best in Scotland. Whilst sickness absence for teachers is above the national average it is improving year on year. The council also shows an improving trend in indicators relating to cultural and community services and performance data in respect of social work services are generally in line with or better than the national average. The Care Inspectorate will monitor progress through its link inspector engagement with the council.
Environmental Services	The council has high recycling rates and its cleanliness index is better than average. In line with other rural councils the net cost of refuse collection is above the national average. Net cost of refuse disposal has demonstrated improvement. Asset management indicators also demonstrate very good performance.

Service Area	Update
Housing & Community Care Service	Performance indicators show that Housing performance overall is good with homelessness indicators demonstrating some of the best in Scotland. SHR has recently undertaken work on asset management/SHQS progress and rent arrears and findings will be discussed with officers shortly. Social Work performance data indicates that the council is generally in line or better than the Scottish average. In a few areas the performance has historically been below the national average (for example, the balance of care for older people) however more recent performance indicates that this gap is narrowing. The introduction of re-ablement has changed the landscape in terms of care for older people. ISD are presently developing new performance indicators through which progress in relation to preventative care can be better measured.

27. A positive picture of performance is also displayed by the council across most local outcome areas with improvements being demonstrated in historically poorer performing areas. Based on the assessment of evidence the LAN identified no additional scrutiny is required in the following outcome areas:

Outcome Area	Update
Economy	Overall this outcome area performs well. The council reported steady performance in its gross domestic product indicator. The number of households describing themselves as coping well financially is worsening but remains above the national average and the employment rate is improving although the percentage of working age population claiming key benefits is above the national average.
Young People Reach Potential	Overall there is a very positive picture with attainment levels amongst the best in Scotland.

Outcome Area	Update
Infrastructure and Transport	The percentage of the road network in need of repair is slightly above the national average. Active travel to school is declining and is below the national average. Active travel to work shows a more positive performance and is improving.
Sustainable Environment	This outcome has a mixture of good performance eg recycling/composting rates and road repairs and more challenging areas such as delayed journeys as a result of traffic congestion and carbon dioxide emissions.
Skills and Training	Performance for this outcome is fairly positive. The percentage of people with formal qualifications in the council area is improving but is slightly below the national average.
Employment	The unemployment rate continues to be well below the national average (slight increase last year). Pay rates across the area have increased but remain below the national average.
Best Start in Life	This outcome area generally performs well. The number of children on the child protection register and persistent young offenders have fallen. Breastfeeding rates are higher than the national average (although a downward trend is noted).
Inequalities	The council's Annual Public Performance Report demonstrates that most indicators are above the national average. The picture in the council area remain mixed with high employment rates for disabled people whilst there are lower rankings on gender pay gap and fuel poverty, however these are on an upward trend.
Safer Communities	The council reported steady performance or improving performance in the majority of indicators for this outcome.

Outcome Area	Update
Healthier	Overall this outcome area performs very well particularly for life expectancy.
Vibrant and Active	The majority of indicators under this outcome show a steady or improving performance
Access to Services	<p>Generally an improving picture. Disabled access to council buildings has improved significantly but remains below the national average. Performance indicators covering inclusion and equalities are either in line with previous years or are improving.</p> <p>The introduction of the Welfare Reform Act 2012 introduces uncertainty with councils facing significant challenges in understanding and acting upon the welfare reform changes. The council's progress in implementing the reform and the impact of this on council services and service users will be monitored through the annual audit process and on-going inspection work.</p>
Area Image	Performance in this area has been mixed with high performance levels in feelings of safety, satisfaction with local services and neighbourhoods but lower performance for adults rating their housing condition as good (although this is improving).
Affordable Housing	The number of new builds and affordable housing completions declined in the previous year however this area demonstrates a positive trend over the last ten years.
Public Services	Satisfaction with local services is high and improving.

28. The council continues to demonstrate clear direction and strong leadership which is reflected in the LAN assessment of the council's corporate approach. The council's governance arrangements are well established and refined and it has a robust approach to performance management which covers the wider community planning partnership area. The LAN therefore identified that no additional scrutiny is required in the following corporate assessment areas:

Corporate Assessment Area	Update
Vision & Strategic Direction	The council is currently developing an approach to a combined single outcome agreement and community plan. The Corporate Plan 2013-18 was approved by the council in February 2013.
Leadership & Culture	Following the May 2012 elections the council reviewed its political structure to ensure it was fit for purpose. The Executive Officer Team has been revised with the introduction of two Deputy Chief Executive posts during 2012.
Planning and resource alignment	The council is delivering a challenging transformation programme to ensure efficiencies and redesign services. This is underpinned by a medium term financial plan.
Partnership working and community leadership	The council has a strong track record in partnership working and continued to develop this during 2012.
Community Engagement	Extensive performance information is published on the council's website and an electronic feedback survey is also available.
Governance and accountability	The annual governance statement provides a platform for the council to report its internal governance arrangements and a number of improvements to the process and statement are being actioned following the 2011/12 audit.
Customer focus and responsiveness	Indicators for this area are all above average.
Performance management	The council displays a robust approach to performance management. The annual performance report was published in June 2012.
Challenge and improvement	The council continues to demonstrate a commitment to continuous improvement and self evaluation (see planning and resource alignment above)

Corporate Assessment Area	Update
Risk management	The corporate risk management strategy has been integrated with the corporate risk profile to provide a single document setting out the council's strategic direction in terms of risk management along with a mitigation plan for key corporate risks.
ICT	A computer services review highlighted that the IT service is generally well run and provides good services to the user departments. An action plan is in place to address risk areas identified in the review. The service was restructured in 2012 and will need some time to bed in.
Use of resources	There is a long term programme of activity to support and develop the workforce. The council demonstrates effective financial management of its budget and manages capital within the constraints of the prudential code. Action is being taken to address risks around slippage within the capital programmes.
Equalities	The number of women in the top percentage of earners in the council is slightly below average but improving.
Sustainability	Carbon dioxide emissions from public sector organisations have shown improvement from the previous year although the three year trend indicates that this has increased due to additional floor space being utilised by the council. Zero Waste Scotland has highlighted the furniture procurement policy at the council as an example of best practice in relation to sustainable procurement.

Areas that remain 'scrutiny or further information required'

29. The LAN identified that, in common with the shared risk assessment last year, scrutiny or further information is required in the following areas:

Area	Assessment	Update
Chief Executive's Service	Further information required in relation to Internal Audit	<p>We seek to place assurance on the work of internal audit wherever possible however, during 2011/12 this was limited to only a few controls across four of the key financial systems. The chief internal auditor has confirmed that, within the scope of the internal audit plan, more emphasis will be placed on reviewing the key financial controls.</p> <p>Improvements planned in the internal audit service will be monitored by Audit Scotland through the annual audit process.</p>

Scrutiny plans

30. The 2012-15 scrutiny plan included follow-up work by Audit Scotland's benefits team in January 2013. As the council has made significant improvements in this area and provided an action plan to address the remaining risks our risk assessment was revisited and the follow up work deferred until later in 2013.
31. Due to the changeover from District Inspector to Area Lead Officer, the joint work between Education Scotland and the council on capacity improvements in relation to community campus' scheduled to take place in September/October 2012 did not start until later in the year. The results of this work are expected to be available shortly.
32. 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: year 13/14).
 - Reshaping Scotland's public sector workforce (Audit Scotland: year 13/14).
 - 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).
33. 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.

Perth & Kinross Council												
2013-14												
<i>Scrutiny activity year 1</i>	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No additional work identified												
<i>National or supported self evaluation work year 1</i>												
Audit Scotland - Reshaping Scotland's public sector workforce	X											
Scotland's Public Finances: Addressing the challenges follow up (Audit Scotland)	X											
Housing Benefit Work - Follow up (Audit Scotland)								X				
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)												

Perth & Kinross Council												
2014-15												
<i>Scrutiny activity year 2</i>	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No additional work identified												

Perth & Kinross Council		2015-16
Scrutiny activity year 3		
No additional work identified		

Footnotes:

- The focus of the AIP Update is strategic scrutiny activity, that is scrutiny activity which is focused at corporate or whole service level, but there will also be baseline scrutiny activity at unit level 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.

