

Shared risk assessment: Assurance and improvement plan 2011–14

Aberdeen City Council



Aberdeen City Council

Assurance and Improvement Plan

Update 2011–14

Introduction

1. The first Assurance and Improvement Plan (AIP) for Aberdeen City 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 local area network met in late 2010 to update the AIP for the period 2011-14. The update process drew on evidence from a number of sources, including:
 - The annual report to the Controller of Audit and elected members for 2009/10 from the council's appointed external auditors (Henderson Loggie).
 - The council's own performance data and self-evaluation evidence.
 - Evidence gathered from HMIE, SWIA, SHR and the Care Commission (including published inspection reports and other supporting evidence).
4. The outcomes of that exercise are contained in this short report which summarises changes to the council's risk assessment and proposed scrutiny responses. Appendix 1 to this report sets out a timetable for proposed audit and inspection activity between April 2011 and March 2014 which reflects the revised and updated scrutiny risk assessment.

Summary

5. Aberdeen City council has faced significant problems in the past in relation to its leadership, management and service performance. Evidence now shows an improving managerial leadership and performance picture although the council still faces some important challenges, notably that of making significant financial savings and maintaining improvement momentum at a time of considerable organisational change and in a highly charged political environment which presents risks to the efficient and effective conduct of business. Whilst the council is aware of the scale of on-going challenges that it faces and is managing the risks appropriately a number of important and significant scrutiny risks still exist which are set out in the AIP, as is the scrutiny activity that is proposed in response to them.

National risk priorities

6. A number of core national risk priorities will be applied to all 32 councils. These are:
 - **The protection and welfare of vulnerable people (children and adults) including access to opportunities.** These areas are covered in the council's defined outcomes and social work service area. We have identified a high scrutiny risk area in respect of learning disability services and on-going areas of uncertainty in relation to services for children and young people and the council's arrangements for re-balancing care and developing a more strategic approach to commissioning services. In response to these scrutiny risks the council will be receiving a child protection inspection in March 2011 as part of the ministerially directed second cycle of child protection inspections. This inspection will be undertaken by Social Care and Social Work Improvement Scotland (SCSWIS), a new scrutiny body which, on the 1st April 2011, will take on the existing responsibilities of the Care Commission and SWIA along with responsibility for leading on the inspection or services to protect children, currently undertaken by HMIE and the inspection of the integration of children's services. SCSWIS will also be monitoring progress in relation to learning disability services and the council's approach to the strategic commissioning of social care services.
 - **Assuring public money is being used properly.** Financial control is much improved since the first Best Value audit. The council has taken difficult decisions in implementing plans to address its financial challenges and adopted an improved budget process. The financial statements for 2009/10 showed better than expected outturn, with a General Fund balance at 31 March 2010 (including the Housing Revenue Account) of £37.7 million, £5.7 million more than the equivalent figure at 31 March 2009. In 2009/10 the council reported £10.6m cash releasing efficiency savings which is in excess of the national two per cent annual target set for local authorities by the Scottish Government. However, we have identified the council's financial strategy as an area of uncertainty as it considers financial re-alignment and service re-design. Monitoring the impact of the council's financial re-alignment strategy and service redesign activity will form a key strand of the external auditors baseline annual audit activity during 2011/12.

- **How councils are responding to the challenging financial environment.** The Comprehensive Spending Review (CSR) covering public sector expenditure for the period 2011/15 was announced in October 2010 and the Scottish Government responded to it by announcing a single year Scottish budget for 2011/12 and this creates an uncertainty over medium term financial planning. The financial climate will impact on the council's ability to deliver its outcome targets and maintain service performance into the future. The extent of this is currently uncertain and will be kept under review by LAN members. The council continues to be proactive in responding to the current financial environment but given the strategic uncertainty in this area the LAN has therefore concluded that this is an area of uncertainty. No additional scrutiny work is planned but it should be noted that this is a fundamental feature of the existing annual audit process and the external auditor will routinely continue to monitor the financial position of the council.
- Aberdeen City Council faces significant budget reductions in real terms. The outlook for 2011/12 to 2014/15 indicates a 12.8 per cent budget reduction, the impact on the council equating to a £95.6 million reduction. However, given the significant financial issues faced by the council in recent years, it has had to respond to fiscal constraints prior to the impact of the recession being felt. The council has taken an outward looking, regional approach to managing the impact of the recession on the local economy, and internally it has taken difficult decisions in implementing plans to address its financial pressures. The council has developed a draft priority based budgeting final draft report which, once a council budget is agreed in February, will form the basis for a five-year costed business plan setting out its strategy for making the significant budget savings that are needed to respond to the current financial outlook. The council is establishing a framework for reshaping the organisation around an agreed set of priorities which reflect available resources, but the scale of the change programme means that it carries significant uncertainties and risks. Whilst the council is well placed to manage these risks, the external auditor will assess progress on the council's management of change as part of the baseline annual audit process during 2011/12.

7. The LAN is committed to maintaining its engagement with the council between now and the next SRA/AIP refresh so that we can retain an overview of how the council is managing its response to the significant financial challenges that it and all other Scottish public bodies face. The LAN therefore plans to meet with the council's management team during the late summer/early autumn to discuss progress in this area prior to the start of the 2012 SRA/AIP refresh process. As part of that meeting the LAN will consider how best to approach the planned scrutiny activity in 2012-13 which will be focusing on the impact and effectiveness of the council's Change Agenda. This work will assess the extent to which the council, working with its partners, is delivering the planned improvements in efficiency and cost reduction and securing better outcomes for citizens and service users.

Areas of on-going risk and uncertainty

8. There are two outstanding areas of scrutiny risk or uncertainty. These relate to political leadership/governance and accountability and aspects of social care and well-being.
9. In our initial risk assessment in 2010 we reported that the council had taken action to improve and develop the leadership, capacity and culture of the organization and that the all-party leadership board was helping to drive forward improvement in the council. However, the impact of significant changes at senior management level were not yet clear at that time and a second tier management recruitment was in process. All of these factors created a context of significant uncertainty.
10. In our updated risk assessment we have identified important improvements in the managerial leadership of the organisation, most notably through the introduction of a more streamlined set of senior management arrangements with a much stronger emphasis on corporate working and the implementation of clearer senior management structures within the five new Directorates. The organisation has begun to establish a stronger performance culture, but this will take time to become embedded through the organisation. Whilst the departure of the council's chief executive who has been a significant factor in the changed culture within the organisation presents a clear risk to maintaining the momentum for change there is evidence that the council has been effective in managing the period of transition between the departure of the outgoing chief executive at the end of 2010 and the arrival of the new chief executive on 1st March 2011.
11. In our initial risk assessment in 2010 we reported that the council was taking steps to improve and strengthen its political leadership and governance arrangements, including actions to address previous weaknesses in scrutiny and challenge.
12. In our updated risk assessment we have identified important improvements in the arrangements that are now in place, including the adoption of an updated Local Code of Corporate Governance, revised Standing Orders to reflect the changes made to the organisational structure. However, some areas still need to be developed further. These areas were raised with the council in the Year-end Management Letter for action from the council's external auditor. We have also noted improvements in the council's approach to scrutiny and challenge. These are important changes but our scrutiny risk assessment is that whilst the council's political arrangements are improving they remain volatile. All groups on the council need to work more productively together and demonstrate a clearer focus on the needs of the local area. In addition, improvements need to be made in member officer relations to create a position of mutual trust and respect founded on a clear understanding of the distinctive roles that officers and members play within the council. The current situation creates risks to the efficient and effective conduct of business. The council recognises these risks and is committed to undertaking self evaluation activity, drawing on the August 2010 Accounts Commission/Audit Scotland report on 'roles and working relationships: are you getting it right?' report, to improve members officer relations and support the efficient and effective conducts of business.

13. Taking all of these factors into account we have assessed the council's political leadership as an area of on-going concern with important risk and uncertainty associated with the efficient and effective conducts of business. We will continue to monitor the situation as part of our on-going engagement with the council and if necessary offer scrutiny challenge or support in light of the outcomes of the council's self-evaluation activity and changing circumstances.
14. Based in their recent inspection findings SWIA continue to have significant concerns about the performance of the council's learning disability service. For that reason, SCSWIS (the successor body to SWIA) will be monitoring progress that the council makes in relation to improving its learning disability services during 2011-12, as set out in Appendix 1.

Changes to the 2010/11 scrutiny risk assessment

15. The following table (Exhibit 1) sets out risk assessments that have been changed from the 2010/11 AIP and the reasons for those changes. The overall direction of travel is:
 - Two significant concerns (red) now assessed as no significant concerns (green).
 - Two significant concerns (red) now assessed as areas of uncertainty (amber): aspects of one of which (learning disability services within the social care and well-being outcome area) remains a significant concern)
 - Two areas of uncertainty (amber) now assessed as no significant concerns (green)
 - One area of no significant concerns (green) now assessed as an area of uncertainty (amber)
16. These changes to the risk assessment reflect the important improvements in the managerial leadership of the organisation, most notably through the introduction of a more streamlined set of senior management arrangements with a much stronger emphasis on corporate working and the beginning of the establishment a stronger performance culture that the LAN has observed since the 2010 risk assessment.

Exhibit 1

Changes to the 2010/11 Aberdeen City Council scrutiny risk assessment

Area	2010/11 Risk Assessment	2011/12 Risk Assessment	Reason for Change	Proposed scrutiny response
Education culture and sport - education	Significant concerns	No significant concerns	<p>In our initial risk assessment in 2010 we identified significant issues associated with poor and inconsistent performance within education.</p> <p>In our updated risk assessment we have identified that whilst performance in educational establishments continues to be too variable improved management arrangements are now in place with clearer lines of accountability, and educational establishments are beginning to receive more consistent support and challenge. The director of the service has also established a clear vision for the service with a stronger focus on performance and outcomes. Given the positive performance trend we have therefore moved our scrutiny risk assessment from significant concerns to no significant concerns.</p>	HMIE will undertake routine education follow through inspection activity and on-going engagement with the council to maintain assurance that continued improvement is sustained in this outcome area.
Lifelong learning outcome area	Significant concerns	No significant concerns	<p>In our initial risk assessment in 2010 we identified significant issues associated with poor performance in relation to educational attainment (including that of looked after children). The council was also not meeting its own targets in relation to adult literacy and numeracy and family and community-based support.</p> <p>In our updated risk assessment we have identified improved management arrangements in place with clearer lines of accountability with educational establishments beginning to receive more consistent support and challenge. During 2010 HMIE undertook education follow through inspection activity and provided some support to the authority. This scrutiny activity provided evidence of some improvements in relation to overall performance which is reflected in a series of largely positive recent school inspections. Given the positive performance trend we have therefore moved our scrutiny risk assessment from significant concerns to no significant concerns.</p>	HMIE will undertake routine education follow through inspection activity and on-going engagement with the council to maintain assurance that continued improvement is sustained in this outcome area.
Social care and well-being	Significant concerns	<p>Significant concerns (learning disability)</p> <p>Area of uncertainty (Commissioni</p>	<p>In our initial risk assessment in 2010 we identified no significant issues within this service concerning the resourcing, management and performance of important aspects of the council's social work service. There was also concern about the pace at which the council had managed to implement improvement actions over an extended period of time.</p> <p>In our updated risk assessment we have identified that good progress has been made in relation to establishing a clear vision and direction for the children and families service and performance management arrangements across the service are</p>	SCSWIS will be monitoring progress in relation to learning disability services and the council's approach to the strategic commissioning of social care services. These aspects of council

Area	2010/11 Risk Assessment	2011/12 Risk Assessment	Reason for Change	Proposed scrutiny response
		ng/balance of care)	<p>improving important changes still remain in relation to:</p> <ul style="list-style-type: none"> ▪ improving project management arrangements linked to rebalancing care and supporting the enablement of service users ▪ developing and implementing a strategic approach to commissioning services ▪ improving the council's learning disability service <p>That mixed performance picture has led us to our mixed scrutiny risk assessment.</p>	performance will form a key focus of SCSWIS's engagement with and oversight of the council.
Children and young people outcome area	Significant concerns	Area of uncertainty	<p>The council had received a very critical child protection inspection report in 2008 and at the time our initial risk assessment in 2010 whilst improvements had been made in the leadership and management of services for children, at the time of the 2009 joint interim follow-through inspection it was too early to evaluate the impact of these on outcomes for vulnerable children.</p> <p>There is evidence of arrange of improvements in this area, including:</p> <ul style="list-style-type: none"> ▪ Improvements in fostering and adoption performance ▪ Reduced numbers of out of authority child placements ▪ Care Commission data on the majority of individual registered services indicates a level of risk which indicates the need for a less frequent and less intense inspection in 2011/12. ▪ Improved governance and management arrangements ▪ Good joint working between the council's education, children's services and housing departments ▪ The introduction of ring fenced employment opportunities for young care leavers <p>Whilst the council is aware of where improvements are required and has plans in place to effect change further progress is still needed in a number of areas and the evidence of impact of improved outcomes for vulnerable children remains unproven. On that basis we have therefore moved our scrutiny risk assessment from significant concerns to no area of uncertainty, with the expectation that the child protection follow-up inspection planned in March 2011 will provide evidence of progress in this area.</p>	HMIE's services for children directorate (which will form part of SCSWIS from 1 st April 2011) will undertake a joint child protection inspection in March 2011 as part of the ministerially directed second cycle of child protection inspections.
Performance Management	Area of uncertainty	No significant concerns	<p>In our initial risk assessment in 2010 we reported that the council was making steady progress in implementing a corporate performance management process across all services, but still had work to do to introduce an effective performance culture throughout the organisation.</p> <p>In our updated risk assessment we have identified important improvements in the</p>	The LAN will continue to monitor progress in this area, drawing on the external auditors assessment of progress

Area	2010/11 Risk Assessment	2011/12 Risk Assessment	Reason for Change	Proposed scrutiny response
			<p>arrangements that are now in place, including a streamlined and clearer planning hierarchy with improved performance reporting to members.</p> <p>Whilst further work is still required to embed a performance management culture consistently throughout the organisation, given the progress made over the last year we have been able to move our scrutiny risk assessment from area of uncertainty to no significant concerns.</p>	with the council's improvement agenda.
Asset Management	Area of uncertainty	No significant concerns	<p>In our initial risk assessment in 2010 we reported that the council was improving its approach to Asset Management but progress with moving forward some improvement actions had been delayed by management restructuring.</p> <p>In our updated risk assessment we have identified considerable progress with this agenda. The council's first Property Asset Management Plan was approved by Committee in June 2009. An update to this plan was reported to Finance and Resources Committee in September 2010, identifying key areas of progress since 2009 along with highlighted areas for development. The objectives and priorities have been amended slightly to reflect the priority based budgeting project and the Council's 5-year Business Plan.</p> <p>Service Asset Management Plans are now being drafted, with the completion of this work targeted for the end of November 2010.</p> <p>Given the progress made over the last year we have been able to move our scrutiny risk assessment from area of uncertainty to no significant concerns.</p>	
Health outcome area	No significant concerns	Area of uncertainty	<p>In our initial risk assessment in 2010 we concluded that the council and its partners face some difficult challenges in relation to addressing the underlying causes of health difficulties in the city but is generally making good progress across a range of fronts</p> <p>In our updated risk assessment we have identified continued mixed performance against Single Outcome Agreement targets aimed at improving the overall health and wellbeing of the people of Aberdeen City through focusing on the factors that are harmful to health and wellbeing and in particular by supporting those most vulnerable.</p> <p>The council also faces a significant challenge in relation to shifting the balance of care at a time of significantly reducing resources and increasing demands. At present, any impacts of budget reductions on the ability of the council to progress this agenda are uncertain and it is for that reason that the scrutiny risk assessment has moved from no significant concerns to area of uncertainty.</p>	We will monitor the progress made by the council in this area and any impacts of reduced resources on the achievement of strategic objectives and outcomes.

Source: Aberdeen City Council Local Area Network (LAN)

Summary of planned scrutiny activity

17. The planned activity for Aberdeen City Council as described throughout the text is detailed in Appendix 1. In summary this includes:

Specific work:

- Year 1 – Monitoring of improvement progress with homelessness, Scottish Housing Quality Standard and Gas Safety as part of the follow-up engagement following the SHR inspection activity in 2010.
- HMIE – Joint Child Protection Inspection (March 2011).
- Year 2 – Targeted Best Value corporate assessment work (including the piloting of a Total Place assessment of the extent to which the council and its partners are achieving effective outcomes for local people).

18. In addition to these specific pieces of scrutiny activity the LAN will also

- be maintaining an oversight of the impact of the council's financial re-alignment strategy during 2011/12.
- continue to monitor the leadership and governance situation as part of our on-going engagement with the council and if necessary offer scrutiny challenge or support in light of changing circumstances.
- Through SCSWIS (the successor body to SWIA, Care Commission and HMIE's Services for Children Directorate) be monitoring progress in relation to learning disability services and the council's approach to the strategic commissioning of social care services.

19. The focus of the AIP is on 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 (e.g. schools and care homes) on-going throughout the period of the AIP. 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.

20. National thematic scrutiny activity, such as ministerially-directed inspections (e.g. prison-based social work) and national performance audit studies undertaken by Audit Scotland on behalf of the Accounts Commission and Auditor General for Scotland, will also be taking place alongside the strategic scrutiny activity set out in the AIP. The LAN lead will liaise with the council where this work is likely to impact on Aberdeen City Council.

Appendix 1 Summary of scrutiny activity

Aberdeen City Council SCRUTINY PLAN	2011-12											
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
HMIE/SCSWIS* Child Protection 2 Inspection												
Audit Scotland Fire & Rescue												
SHR will monitor improvement progress in relation to Homelessness, Scottish Housing Quality Standard and Gas Safety												
	2012-13											
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Targeted Best Value corporate assessment work (including the piloting of a Total Place assessment of the extent to which the council and its partners are achieving effective outcomes for local people).												
The council will receive a Housing Benefit audit during 2012-13 as part of the Accounts Commission's Benefit Fraud Inspection work on behalf of the Department for Work and Pensions (DWP). The precise date of the work has yet to be determined.												
	2013-14											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved											
No additional work identified												

Footnotes

- The focus of the AIP 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. HMIE, through the District Inspector, will continue to support and challenge Education Services regularly and as appropriate.
- The new body, Social Care and Social Work Improvement Scotland (SCSWIS), will be in place from April 1st 2011 and will regulate care services and inspect social work services based on the Public Services Reform (Scotland) Act 2010.
- SCSWIS will undertake supported self evaluation work with councils during 2011. Planning is currently taking place and SCSWIS will contact LAN leads when the detail of the fieldwork is established.
- HMIE and Learning and Teaching Scotland are to form a new quality and improvement agency on 1 July 2011.
- The Accounts Commission has decided to undertake Best Value audits of Fire & Rescue Services and Authorities during 2011. Planning is currently taking place and Audit Scotland will contact LAN leads when the detail of the fieldwork is established.
- Audit Scotland also undertakes a series of national performance audit studies. Field visits to individual local authorities often form part of this work. When a visit is planned to a council this will be communicated to the council through the LAN lead.
- 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 timing of the audits will be confirmed through the LAN lead.