

Shared risk assessment: Assurance and improvement plan 2011–14

City of Edinburgh Council



City of Edinburgh Council

Assurance and Improvement Plan

Update 2011–14

Introduction

1. The first Assurance and Improvement Plan (AIP) for Edinburgh City Council was published in July 2010, setting out the planned scrutiny activity for the council for the period April 2010 to March 2013. This AIP was based on a shared assessment of scrutiny risk (the shared risk assessment or SRA) involving local representatives of the main scrutiny bodies (the Local Area Network or LAN). 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.
2. As part of this annual process, the local area network met again in early 2011 to update the AIP, revise its risk assessments and reconsider the level of scrutiny required for the council based on any new evidence. This update summarises any changes to risk assessments, scrutiny responses and provides a revised timetable for proposed scrutiny activity at Appendix 1.
3. The updated AIP draws on evidence from a number of sources, including:
 - The annual report to the Controller of Audit and elected members for 2009/10.
 - The council's own website and supporting evidence.
 - Evidence gathered from Her Majesty's Inspectorate for Education (HMIE), Social Work Inspection Agency (SWIA), the Scottish Housing Regulator (SHR) and the Care Commission (including published inspection reports and other supporting evidence).

Summary

4. In January 2011, Edinburgh's new chief executive commenced her appointment and in the coming months there will be a restructuring of the management team following two scheduled retirements. The council identified a funding gap of £90 million over 3 years and has taken significant steps by identifying savings for two of those three years. The Alternative Business Model project is on schedule to select preferred strategic partners in summer 2011 following a competitive dialogue process. Due to the fundamental change required in service delivery, however, the project may face challenges in delivering the longer term planned savings. Uncertainty also continues to surround decisions about the tram project and the level of any additional funding it may be require.

Risk assessment changes

5. **Summary and introduction.** Overall, there is an improving situation. In the previous assessment, we concluded there were five areas of significant scrutiny risk. Having considered the additional evidence available, we have altered our judgements in respect of four areas leaving only the tram project within the significant risk category. Further explanation is given below on those areas together with areas where risk assessments have changed as a result of updated evidence or a change in circumstances.
6. **SOA priority: older people have improved health.** The 2010/11 AIP identified this SOA priority as an area of uncertainty. With the absence of clear statistics and readily accessible information to support improvements in health, the LAN initially considered this an area of uncertainty. However, LAN members were able to reflect and share experiences of different initiatives in place to support older people. For example, the care home replacement programme, the implementation of capacity planning for older people and a new dementia strategy, and improvements through reablement services. The LAN also noted that NHS Lothian had made good progress in shifting the balance of care for older people with complex needs and that plans are in place to ensure future targets in this area meet the national average. On balance, the LAN therefore concluded that no significant risks were identified for this area.
7. **SOA priority: We live in well-designed, sustainable places where we are able to access the amenities and services we need.** The 2010/11 AIP identified this SOA priority as an area of uncertainty pending the outcome of the Scottish Housing Regulator's (SHR) inspection. A key aspect considered by the LAN was the council's ability to meet the demand for affordable housing. Having considered SHR's findings with particular reference to the council's strategy for 21st century homes and its single application process which provides prospective tenants with access to the majority of social housing in the city, the LAN concluded that the council is aware of the city's social housing shortfall and is taking steps to address this. The LAN therefore concluded that this is an area of no significant concern.
8. **Corporate assessment area: risk management.** The 2010/11 AIP identified this corporate assessment area as an area of uncertainty. Through review of Edinburgh material and from the contribution of LAN members there is now more evidence to illustrate that risk management processes are becoming embedded with scrutiny being undertaken by the corporate management team and the Audit Committee. As a result the LAN considers there is no significant scrutiny risk in this area.
9. **Corporate assessment area: financial management.** The 2010/11 AIP identified this corporate assessment area as an area of significant concern. Whilst recognising that the council was addressing its £90 million budget shortfall over a three year period, the LAN felt this was an area of significant concern as the level of change required was on a greater scale than anything previously experienced by the council. In March 2011, the council has plans in place demonstrating how it intends to achieve two of the three years planned savings and aims to identify further savings through its 5Ps framework and the Alternative Business Model project. Overall, the LAN feels there is uncertainty around the

council's ability to deliver the planned savings given the scale of change required. There may also be further material costs arising from equal pay claims and the tram project resulting in increased pressure for further substantial savings to be identified. Fundamental changes to service delivery are anticipated through the Alternative Business Model (ABM) project. This project may face pressures to deliver additional savings required to assist the council balance its budget whilst aiming to maintain service quality. As a result the LAN considers this as an area of uncertainty which will be kept under review as part of the annual audit process.

10. **Corporate assessment area: asset management.** The council has recently finalised its third Corporate Asset Management Plan which relates to the period 2010/13. The revised plan has been extended to cover non property assets such as vehicles, housing stock and roads. Overall there is a significant funding shortfall in the amount required to fully maintain the estate. Conditions surveys which are regularly carried out are therefore critical in establishing maintenance and upgrade priorities. As a result the LAN considers there is no significant scrutiny risk in this area.
11. **Corporate assessment area: managing people with specific reference to the implementation of single status.** The 2010/11 AIP identified the delay in implementing single status as an area of significant concern. In October 2010, new terms and conditions were implemented by the council. However, important areas remain in dispute, for example, the on-going negotiations with trade unions in respect of the refuse collection service and with regard to the pay protection element of the new terms and conditions, questions have been raised about the method of calculation adopted by the council. The LAN considers this to be an area of uncertainty which will continue to be monitored by the local audit team as part of the annual audit.
12. **Service assessment area: education psychology services.** The 2010/11 AIP identified this aspect of the education service as an area of significant concern. A two-stage follow through inspection by HMIE commenced in 2010 and will be concluded by February 2012. The first stage identified improvements in the service while the second stage, yet to be undertaken, will assess the impact of improvements in areas such as challenge, planning and self-evaluation. Consequently, until the impact has been assessed, the LAN regards education psychology services as an area of uncertainty.
13. **Service assessment area: care for people in their own homes.** The 2010/11 AIP identified the care and support aspect of health and social care as an area of uncertainty. On conclusion of the shared risk assessment, the LAN was awaiting the outcome of the council's lessons learnt review following its withdrawal of a new contract. During the year, officers prepared several comprehensive reports on events surrounding the contract for elected members, detailed scrutiny was undertaken by the Audit Committee and Health and Social Care led the work to prepare an overarching commissioning strategy for the council. In terms of the experiences of service users, there has been no reduction in service. They continue to receive the same level and standard of service which existed prior to the award and withdrawal of the new contract. The council has yet to take decisions on options for future service delivery. While there is uncertainty about the council's plans for this service, the LAN felt that there are currently no significant scrutiny risks but that the council's failure to adequately consider users would be captured as a weakness of the commissioning process and for this reason, it would continue to be

identified as an area of uncertainty. Procurement activities will be further considered as part of the annual audit process.

14. **Service assessment area: housing.** The 2010/11 AIP identified this service assessment area as one of uncertainty pending the outcome of the SHR's inspection of housing management functions. This concluded that many aspects of the council's service were excellent and highlighted examples of good practice e.g. the council's use of annual neighbourhood surveys. Consequently no areas of concern have been identified with regard to housing services.
15. **Service assessment area: housing benefits administration.** The 2010/11 AIP identified this service assessment area as one of significant concern. The local audit process had identified a number of significant errors in the council's processing and classification of housing benefit overpayments. Consequently the Department of Work and Pensions recently concluded that there will be a clawback of housing benefit subsidy from the council. In addition, the HB Performance Audit identified a number of important risks and requested an improvement plan from the council within six months. Over 2010, improvements in the service were noted. However, the LAN has concerns around the impact on service delivery of a recent restructuring within the department. Consequently, this area has been identified as an area of uncertainty which will continue to be monitored as part of the annual audit process. As a result of the DWP's decision to clawback subsidy, the Controller of Audit may issue a formal report setting out the issues for the consideration of the Accounts Commission. The programme for undertaking the second round of HB Performance Audits has also been released and plans for a further review of Edinburgh in 2012/13.

Areas of on going risk and uncertainty

16. **Service assessment area: tram project.** The 2010/11 AIP identified the tram project as an area of significant concern. In view of the on-going contractual dispute and the decision to participate in mediation, the LAN continues to regard the project as an area of significant scrutiny risk. The Accounts Commission and Auditor General for Scotland published an interim report in February 2011 which summarises the current position and identified some of the key challenges for the council and its partners to resolve if they are to ensure timely completion of this project. The project will continue to be monitored through the local audit process until the legal dispute is resolved. Further scrutiny work may be undertaken when the project is more advanced or complete.

| Area | 2010/11 Risk Assessment | 2011/12 Update |
|-------------------------------------|-------------------------|---|
| Reduced drug and alcohol dependency | Uncertainty | In March 2009, Audit Scotland published a report on drug and alcohol services in Scotland. The report concluded that it was difficult to quantify how much councils and NHS Boards are spending on such services and there is no consistent understanding of what the money has |

| | | |
|---|--------------------|---|
| | | <p>bought. Public bodies do not routinely evaluate the effectiveness of drug and alcohol services.</p> <p>Information systems and targets to measure this expenditure are still at an early stage of development and therefore uncertainty remains.</p> |
| Looked after children are cared for and supported | Uncertainty | <p>There are still areas of uncertainty. Service improvement plans are in place and services for looked after and accommodated children reorganised. While there is evidence of improvement, there are still areas to resolve and aspects which remain below national averages.</p> |
| Refuse collection, street cleansing, recycling and the local and global impact of consumption and production. | Uncertainty | <p>The refuse collection service continues to be affected by industrial action and as a result has experienced increased costs over the last year. The service is being considered for outsourcing as part of the Alternative Business Model project but a decision is not due before summer 2011. The level of recycling has increased in the last year but is still below target.</p> <p>Data sources for carbon management are being developed. The council experienced slippage in the development of a second Carbon Management Programme.</p> |
| Partnership working and community leadership | Uncertainty | <p>While there is a robust structure in place for community planning and community health partnerships, there are uncertainties around the effectiveness of these partnerships.</p> |
| Efficiency and procurement | Uncertainty | <p>The council now has plans in place which separately identify budget reduction and expected efficiencies. With regard to procurement, it has been difficult to compare actual savings and efficiencies against planned amounts. In terms of actual amounts, the main focus is the council's overall budget outturn. ABM is being progressed but key decisions have yet to be taken and therefore it remains unclear what efficiencies will be delivered as a result.</p> |

National risk priorities

17. The LAN is required to give consideration to three national risk priorities.
18. **The protection and welfare of vulnerable people (children and adults) including access to opportunities.** The LAN has not identified any significant scrutiny risks for the council for this national risk priority. HMIE continue to monitor developments in child protection services following a satisfactory inspection in 2009. It is recognised that there is still much to be done to achieve the targeted standard of services including the development of multi-agency working.
19. **Assuring public money is being used properly.** Assurance on the financial position of the council is obtained through the annual audit process conducted by Audit Scotland and Best Value reviews. The

planned audit of Best Value audit, originally envisaged for 2011/12, is now recommended by the LAN for inclusion as part of the 2012/13 scrutiny activity. No significant scrutiny risks were identified and in overall terms the SRA process found a broad reduction in the areas of significant concern.

20. It was therefore felt that a delay until 2012/13 would be a reasonable timescale to elapse before assessing the impact of leadership in the council following the changes in structure and membership of the management team. Through the Alternative Business Model project, the council aims to select strategic partners who will potentially deliver a range of services from 2012/13. This would therefore be appropriate timing to assess the delivery of the project in terms of timescales and savings. The LAN also felt that the Best Value audit would provide the opportunity for a focus on service performance issues. For example, education attainment is improving but aspects remain below national averages.
21. The Accounts Commission carries out a programme of performance audits and the City of Edinburgh Council is regularly selected as one of the fieldwork sites. For example, energy efficiency, physical recreation, asset management.
22. **How councils are responding to the challenging financial environment.** The Comprehensive Spending Review 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.
23. As captured earlier under the corporate assessment heading of financial management, the council continues to undertake a range of work to identify sufficient savings to meet its budget shortfall. It is acknowledged that the financial climate may impact on the council's ability to deliver all aspects of the single outcome agreement and maintain service performance into the future. The extent of this is currently uncertain and will be kept under review as part of the local audit process.

Scrutiny plan changes

24. When the first AIP for the council was published in 2010, one area of scrutiny work was identified for 2011/12 in addition to on-going monitoring of attendance and attainment by the HMIE District Inspector and HMIE/SWIA monitoring of child protection and social work services: the audit of best value and community planning. In refreshing the SRA and AIP, it has been considered appropriate to delay the best value audit by one year to enable key changes in the council's management team and any fundamental change in service delivery to have a greater impact. The council has also adopted the Edinburgh Improvement Model for self evaluation of key activities across services. The first round of reviews was completed in autumn 2010 and an evaluation of the process was considered by the corporate management team. By 2012/13, the Best Value audit will be able to consider the impact and extent of improvement arising from self evaluation activity.

25. The second round of HB Performance Audits has commenced with a further review of Edinburgh scheduled for 2012/13 and on completion of SCSWIS' ISLA process, a scrutiny programme may be identified later in summer 2011. Furthermore SCSWIS have confirmed that inspection of registered care services, for example, adoption and fostering services, will be carried out at least once during the three year period 2011 – 2014. Finally, a programme of Best Value audits for both police and fire are in progress and will both be undertaken in respect of Lothian & Borders in 2011. The details are included in Appendix 1.

Review of 2010/11 planned activity

26. The 2010/11 scrutiny plan has been substantively completed in accordance with the timetable reported. No scrutiny activity was undertaken in relation to care and support services. Instead LAN colleagues jointly considered and monitored council activity over 2010.

Appendix 1 Summary of scrutiny activity

| SCRUTINY PLAN | Year 1: 2011/12 | | | | | | | | | | | |
|---|------------------------------------|-----|------|------|-----|------|-----|-----|-----|-----|-----|-----|
| | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar |
| Scrutiny activity year 1 | | | | | | | | | | | | |
| SCSWIS – Initial Scrutiny Level Assessment (ISLA) review | | | | | | | | | | | | |
| Best Value audit and inspection of Lothian and Borders Police | | | | | | | | | | | | |
| Best Value audit of Lothian and Borders Fire Service | | | | | | | | | | | | |
| Educational Psychology Services | | | | | | | | | | | | |
| | Year 2: 2012/13 | | | | | | | | | | | |
| Scrutiny activity year 2 | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar |
| AS/HMIE -Audit of best value and community planning & Education | | | | | | | | | | | | |
| HB Performance Audit – second round | | | | | | | | | | | | |
| Adoption and Fostering Services – timing tbc with LAN members | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | Year 3: 2013/14 | | | | | | | | | | | |
| Indicative scrutiny activity for rolling third year | Potential scrutiny bodies involved | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

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 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 being brought together to form a new agency from 1 July 2011 called Scottish Education Quality and Improvement Agency (SEQIA).
- 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.