

Shared risk assessment: Assurance and improvement plan 2011–14

Midlothian Council



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Assurance and Improvement Plan

Update 2011–14

Introduction

1. The Assurance and Improvement Plan (AIP) for Midlothian Council was published in July 2010, setting out the planned scrutiny activity for the council for the period April 2010 to March 2013 based on a scrutiny risk assessment. The Local Area Network (LAN) met in the autumn of 2010 to revise the risk assessment, reconsider the level of scrutiny required for the council and update the AIP. The meeting was chaired by Ian Ronald, HMIE. In December 2010 Kevin Mitchell, HMIE succeeded Ian Ronald as LAN Lead. A further meeting was held in January 2011 to finalise this work. This update summarises any changes to the risk assessment, scrutiny undertaken in 2010/11, revisions to planned scrutiny and areas of good practice.
2. The updated AIP draws on evidence from a number of sources, including:
 - The annual audit report to the Controller of Audit and elected members for 2009/10.
 - The council's own website, self-evaluation and supporting evidence.
 - Evidence gathered from HMIE, SWIA, SHR and the Care Commission (including published inspection reports and other supporting evidence).

Summary

3. Over the past year the council has undergone significant organisational change to transform the delivery of services to the people of Midlothian. Although we have highlighted a number of ongoing areas of risk and uncertainty, the LAN has been encouraged by progress that has been made, particularly in financial management, planning and internal audit and the council's commitment to continuous improvement. This is reflected in the revision of relevant risk assessments (para 5). A SWIA follow-up inspection in 2010 identified good progress in making improvements in services following their 2008 inspection. The LAN has recognised the council's on-going commitment to continuous improvement and their positive approach to scrutiny.

Areas of on-going risks and uncertainties

4. The following table relates to issues where risks or uncertainties in the council's processes and activities were identified in the 2010/11 AIP and remain unchanged.

Area	R/A/G	2011/12 Update
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Supporting healthy, caring, diverse communities where local needs are met.	Uncertainty	The council has continued to deliver on its house building programme. There has been further progress in meeting recommendations on services for people with learning disabilities, measuring outcomes and in making information about social work services more readily available to the public. In a few areas there was insufficient information to assess progress eg in 'Enhance Support Systems for Carers'. A mixed picture on addressing drug and alcohol misuse, homelessness management and access to affordable housing. There are still areas of uncertainty, particularly in relation to tackling inequalities in health. Outcomes for service users and carers are not yet clear. Based on their Community Plan, Performance Report data is not available for some performance indicators. This is due to the difference in NHS Lothian and the community planning partnership reporting timeframes. Overall, a positive direction of travel, but with a few uncertainties remaining due to lack of performance data.
Maximising business opportunities	Concerns	No evidence yet of any significant improvement or whether targets are being met. The council are currently carrying out a self-assessment of their approach in this area. This is still an area of risk and will be included in the year 1 BV2.
Improving opportunities for people in Midlothian	Uncertainty	Improvements have been made in some areas, eg in 16-18 year olds progressing to positive destinations and some pupil attainment figures. Evidence is required regarding performance in other areas and whether targets are being met. This will be included in the year 1 BV2.
Strategic Services (Now part of Corporate Resources Directorate)	Uncertainty (Except for concerns over maximising business opportunities)	A 5-year Business Transformation Programme (BTP) was commenced in February 2010 with the overall aim of improving effectiveness, efficiency and economic viability of Council services. Asset management is one of the main workstreams of the BTP. Some areas of the former Strategic Services division are performing well and meeting targets, e.g. Building Standards. In other areas targets are not being met, e.g. Trading Standards and affordable housing plans. Vacant posts are impacting on performance in some areas eg food hygiene.
Executive Services (Now part of Corporate Resources Directorate)	Uncertainty	A 5-year Business Transformation Programme (BTP) was commenced in February 2010 with the overall aim of improving effectiveness, efficiency and economic viability of council services. There have been improvements in the council's website. Progress has been made with expanding the contact centre and with response targets. However, there is uncertainty around the impact of significant organisational restructuring. There is a risk of over-reliance on a number of key officers across the council. There are a number of areas such as HR systems which are undergoing significant change and not yet fully developed. HR capacity is being increased and resources redirected using Business Transformation funds to meet additional demands. It is intended this will continue to ensure delivery of the transformation programme. Overall, this remains an area of uncertainty.
Commercial Services	Uncertainty	Improvements are being made and targets being met in a number of areas e.g. waste recycling, street cleanliness and completion of school building programme. Progress includes

		<p>the joint purchase of land with the City of Edinburgh Council and a service review of waste management is underway. Response repair times have dropped slightly and the impact of severe weather on the roads maintenance budget is unknown. In other areas there are gaps in performance and value for money information eg high costs of refuse collection. Overall, encouraging progress, but still an area of uncertainty.</p>
Corporate Services – Housing Management	Concerns	<p>Following significant restructuring, housing is now part of the Council's Community and Wellbeing Division with new senior staff. Some improvements have been made, eg in lets to homeless people, rent arrears and B&Bs used as temporary accommodation. Significant challenges remain in relation to high levels of demand in the face of a very low turnover of housing stock and a general trend of increasing homeless applications. There is continuing decline in re-let times with associated loss of revenue and a dip in responsive repairs performance. This remains an area of risk.</p> <p><u>Note</u>:- Response to previous inspection report in 2008 is being considered during the latter part of the current year (2010/11)</p>
Public performance reporting	Uncertainty	<p>There is positive improvement of the council's website and the council has a strong Planning and Performance Management Framework with performance information reported regularly to officers, managers and elected members across the authority. Plans to further develop public performance reporting have been delayed as a result of the divisional restructure and further evidence is required of improvements overall. This remains an area of uncertainty.</p>
Customer focus and responsiveness	Uncertainty	<p>Customer service is one of the main workstreams within the Business Transformation Programme. Progress has been made on expanding the contact centre and with response targets. Replacement draft customer care standards have been produced, which are yet to be finalised and underpinned by training. This remains an area of uncertainty. This will be included in year 1 BV2.</p>
Efficiency	Uncertainty	<p>Through the BTP significant organisational restructuring has taken place with a reduction from 5 divisions to 3. The management structure has been reviewed which has led to a reduction of 62 posts. The council have put in place a fund to support the Business Transformation Programme (£1m revenue and £2m capital) and this has had a key role in the delivery of a balanced budget for 2011/12. Midlothian Council is exploring opportunities to develop shared services with East Lothian. A range of service reviews are underway. There is uncertainty around the impact of the restructuring and the development of the Council's ambitious shared services agenda. This will be included in the year 1 BV2.</p>
Competitiveness	Uncertainty	<p>A Midlothian Excellence Framework has been established and a Corporate Improvement and Business Transformation Strategy, incorporating BV2 has been produced. A best value toolkit self-evaluation is being progressed. However, this is still an area on uncertainty and this will be included in year 1 BV2.</p>

Asset Management	Uncertainty	A 5-year Business Transformation Programme (BTP) was commenced in February 2010 with the overall aim of improving effectiveness, efficiency and economic viability of council services. Asset management is one of the main workstreams of the BTP. A Corporate Asset Management Plan has been approved. The impact of these changes remains unclear. This is still an area of uncertainty.
Managing people	Uncertainty	As part of the Business Transformation Programme (BTP) significant organisational restructuring has taken place with a reduction from 5 divisions to 3. (1. Education and Children's Services, 2. Communities and Wellbeing and 3. Corporate Resources). The People Strategy (under development) complements and supports the BTP and has included key activities such as reviewing the management structure which has led to a reduction of 62 posts. The impact of this is not yet clear. This is a critical area in managing change and the current financial situation. A temporary Head of Business Transformation has been appointed to drive the change agenda. The council recently completed an employee survey and an IIP assessment is underway to inform the developing People Strategy. This remains an area of uncertainty and will be included in the year 1 BV2.
ICT	Concerns	In June 2010 a revised IT structure and strategy was approved by the CMT. There is limited evidence on how this has been taken forward and the impact is not yet clear. However, the implementation of a new social work system has begun to improve performance reporting. This remains an area of risk for the council.

Changes to 2010/11 risk assessments

5. The following table relates to risk assessments that have been changed from the 2010/11 AIP.

Area	2010/11 Risk Assessment	2011/12 Risk Assessment	Reason for Change
Conserving and improving Midlothian's natural environment.	Uncertainty	No significant concerns	A range of improvements have been made, for example in CO2 emissions, waste recycling and waste to landfill. Zero waste project with City of Edinburgh Council is progressing well and on target. There is still room for further improvement, but good progress overall.
Delivering responsive and effective services to the people of Midlothian	Concerns	Uncertainty	Although positive development in some areas, eg to council website, call centre responsiveness and complaints management, there is only limited performance information available. The Citizens panel survey has been utilized again with surveys having taken place in Autumn 2009 and 2010. A Community

Area	2010/11 Risk Assessment	2011/12 Risk Assessment	Reason for Change
			<p>Engagement Strategy is to be developed, implemented and monitored as part of the Business Transformation Programme. Encouraging progress has been made, but this is still an area of uncertainty and will be included in the year 1 BV2.</p>
Education and communities	No significant concerns	Uncertainty	<p>There has been improvement in attainment and in the number of young people entering further education. However, there has been a reduction in young people seeking employment and training and a mixed picture relating to implementation of Curriculum for Excellence.</p> <p>Midlothian Council is exploring opportunities to develop shared services with East Lothian Council. The Education and Communities Division will feature strongly in these proposals. Together with significant organisational restructuring and a reduction of posts, this introduces uncertainty around the impact of these changes. Planned scrutiny of the education functions of the council have been deferred pending the outcome of the proposals with the possibility of scrutiny focusing on education functions in 2012/13. This will be kept under review by the LAN.</p>
Corporate Services Finance Internal Audit Revenues	Concerns	Uncertainty	<p>There has been notable improvement in the council's financial position during 2009/10. Significant areas have been addressed such as implementing Modernising Midlothian and resolving equal pay issues although significant financial challenges remain.</p> <p>The internal audit function has shown marked improvement over the past two years winning an award from CIPFA in recognition of their development. Organisational restructuring and staff changes could impact on the effectiveness of these services going forward leading to uncertainty in this area.</p>
Planning and resource alignment	Concerns	Uncertainty	<p>A 5-year Business Transformation Programme (BTP) was commenced in February 2010 with the overall aim of improving effectiveness, efficiency and economic viability of council services in the face of a very challenging economic environment.</p> <p>The BTP includes a structured approach to</p>

Area	2010/11 Risk Assessment	2011/12 Risk Assessment	Reason for Change
			<p>a programme of service reviews covering the whole authority, with savings anticipated. The council faces a reduction in funding in years 2011-2014 and faces continued challenges in balancing their budget.</p> <p>The impact of this and significant organisational restructuring is uncertain and this remains an area of risk. The BTP is being taken forward by the Business Transformation Steering Group and Board with senior officer and elected member representation. This will be included in the year 1 BV2.</p>
Partnership working and community leadership	No significant concerns	Uncertainty	Partnership working has developed well. However, the impact of significant organisational restructuring and reduction of posts together with proposals for ambitious shared services introduces uncertainties around partnership working. This will be included in the year 1 BV2.
Performance management	Uncertainty	No significant concerns	The Public Service Improvement Framework (PSIF) has been introduced as the 'Midlothian Excellence Framework' as part of the Business Transformation Programme (BTP). In June 2010 the Council approved the creation of a separate Performance Review and Scrutiny Committee (PRSC). Performance Officers have been appointed in each Division. Short and long-term trends in performance are being monitored more closely
Financial management	Concerns	Uncertainty	<p>There has been notable improvement in the council's financial position during 2009/10 although significant financial challenges remain. In 2009/10 the council achieved a net under spend of £1.9M. The council's General Fund reserve increased by £6.2 M from £2.1 M to £8.3M. £3.4 of this is earmarked for specific purposes leaving £4.9M uncommitted. The general fund shows significant improvement although there is still a level of risk due to the Council's limited capacity to deal with unforeseen costs or losses. The council faces a significant reduction in funding in years 2011-2014. There was an improvement in the quality of financial information available to the council during 2009/10.</p> <p>A 5-year Business Transformation</p>

Area	2010/11 Risk Assessment	2011/12 Risk Assessment	Reason for Change
			Programme (BTP) was commenced in February 2010 with the overall aim of improving effectiveness, efficiency and economic viability of council services in the face of a very challenging economic environment. The impact of significant organisational restructuring and reduction of posts is uncertain This is still an area of uncertainty and will be included in year 1 BV2.
Procurement	Uncertainty	Concerns	A 5-year Business Transformation Programme (BTP) was commenced in February 2010 with the overall aim of improving effectiveness, efficiency and economic viability of council services. In March 2010 the Council approved an updated Procurement Strategy covering the period 2010-2014. Procurement is now one of the main work streams for the BTP. Recent internal audit reports have revealed serious weaknesses in procurement processes. Current procurement activities are being reviewed to address these concerns, strengthen processes, identify potential areas for savings and cost effectiveness. This will be kept under review and will be included in year 1 BV2.
Sustainability	Uncertainty	No significant concerns	Performance Indicators for this area suggest that the council is on track.

National Risk Priorities

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

6.1 In 2007/08 inspection of social work services and joint inspection of services to protect children highlighted significant concerns about services provided to vulnerable children and adults. Joint follow-through inspections of services to protect children undertaken in 2007 and 2008 found that significant improvements had been made in some key processes and in leadership and direction with management responsibilities and arrangements for child protection clarified and strengthened. A follow-up inspection undertaken by SWIA in 2010 identified significant progress in key processes, permanency planning and the provision of community care services to vulnerable adults. More needed to be done to ensure thresholds for intervention were consistent. Overall, encouraging progress and remaining uncertainties will be clarified through planned scrutiny activities by SCSWIS in 2011. A Joint Child Protection Inspection planned for April 2011 will provide an opportunity to evaluate the impact of these improvements on outcomes for vulnerable children. Similarly, an Initial Scrutiny Level

Assessment (ISLA) of social work services will provide a further opportunity evaluate impact and outcomes for vulnerable children and adults.

7 Assuring public money is being used properly

- 7.1 The council has appropriate mechanisms in place for internal audit and control of their financial systems. Arrangements are in place to help prevent and detect fraud, inappropriate conduct and financial irregularities. The Audit Scotland annual audit report to the Controller of Audit and elected members for 2009 /10 was able to give an unqualified opinion on the financial statements of the council.
- 7.2 In June 2010, following a review, the council approved the creation of a separate Audit Committee and a separate Performance Review and Scrutiny Committee. The first meeting of the new Audit Committee took place in September 2010.
- 7.3 In February 2010 Midlothian Council embarked on an ambitious five-year Business Transformation Programme to improve the effectiveness, efficiency and economic viability of council services. The programme covers six workstreams: people strategy, service reviews, asset rationalisation customer services, shared services and procurement. The Public Service Improvement Framework (PSIF) has been introduced as the 'Midlothian Excellence Model' as part of the Business Transformation Programme.
- 7.4 During 2009/2010 the council worked hard to manage its budget and achieved a net under spend of £1.9 million. This comprised of an overspend on the current level of service of £0.6 million, which was offset by one off savings and windfall income totalling £2.5 million. The council's General Fund reserve increased by £6.2 million from £2.1 million to £8.3 million. £3.4 million of this is earmarked for specific purposes leaving £4.9 million uncommitted. There was an improvement in the quality of financial information available to the council during 2009/10. Overall, a positive direction of travel, but this remains an area of uncertainty that will be kept under review by the LAN and revisited during the BV2 audit in 2011.

8. How councils are responding to the challenging financial environment

- 8.1 The council is well aware that it faces a significant challenge in the current economic climate, in particular a reduction in funding in the years 2011 to 2014. Planning to address a significant anticipated funding gap is underway. The council has revised its Best Value Strategy and Best Value Action Plan. A Corporate Improvement and Business Transformation Strategy, which sets out how the Council will meet the major financial challenges facing it over the next five years, has been developed. The council has allocated a business transformation fund and appointed a temporary Head of Business Transformation to drive the change agenda.
- 8.2 In the second half of 2010, as part of the Business Transformation Programme, there has been significant organisational restructuring with a reduction from five divisions to three (1.Education and Children's Services, 2. Communities and Wellbeing and 3. Corporate Resources). The management

structure has been reviewed and has led to a reduction of 62 posts contributing to significant recurring savings.

- 8.3 The council is progressing a range of shared service initiatives as part of business transformation and exploring opportunities to develop shared services with East Lothian Council such as education, social work and back-office services. A Shared Services Board and a Joint Liaison Group have been established.
- 8.4 The Business Transformation Programme was developed to address the major financial challenges faced by the council. Through this process, the council has recognised an opportunity to modernise and improve business processes, achieve a greater focus on the needs of service users and restructure the budget to meet anticipated future demands. There is considerable uncertainty of the impact of these changes and risk associated with the loss of skills and knowledge of managers and staff and over reliance on a number of key officers across the council. This could have an impact on the council's ability to achieve its objectives. The council is well aware of this and a risk management approach led by the Risk and Audit Manager has been developed. Whilst there has been notable overall improvement in the council's financial position during 2009, this remains an area of uncertainty that will be kept under review by the LAN and revisited during the BV2 Audit in 2011.

Scrutiny plan changes

9. The past year has been marked by significant change for Midlothian Council. The Risk Assessment and Scrutiny Plan for 2010/11 took account of the planned changes and a BV 2 Audit was scheduled for September/October 2011. This was to allow sufficient time for changes to be implemented, take effect and provide an opportunity to evaluate their impact. The LAN have been encouraged by early improvements in a number of key areas, particularly those associated with high levels of risk. The Joint Inspection of Child Protection Services will take place as planned in April/May 2011 and will evaluate the impact improvements on outcomes for vulnerable children and their families. Partnership working is a key element of child protection work and this will also provide an opportunity comment on this. The new scrutiny body, Social Care and Social Work Improvement Scotland (SCSWIS) will be leading the inspection.
10. The LAN have taken careful consideration of the council's plans to develop shared services with East Lothian Council such as education, social work and back-office services. The risk assessment for education and community services, now part of the education and children's services, has been increased from 'No Significant Concerns' to 'Uncertainty'. This is due, primarily, to the significant uncertainty which this creates. In recognition of the significant work that these proposals will entail for officers, managers and staff of the council, the LAN have concluded that it is preferable to defer the previously planned scrutiny of the education functions of the council, which was due to take place in 2011/12, until decisions by Midlothian and East Lothian Council's are reached. These decisions are expected to be made around March 2011. Should the shared services agenda be progressed, the updated Scrutiny Plan includes provision for scrutiny of any such joint council project with a particular focus on education services. Social work services will have been inspected as part of the Joint Child

Protection Inspection and ISLA in year 1. There is also provision to undertake further scrutiny on any joint council project scheduled in year three which may be required to report on outcomes of any early developments in year 2. All of this will be kept under review by the LAN.

Review of 2010/11 planned activity

11. The annual financial audit undertaken by Audit Scotland was completed as planned and the Report to Members and the Controller of Audit was submitted in November 2010. The findings are incorporated within this report and associated risk assessment.
12. The inspection of the council's fostering and adoption services scheduled for November 2010 is not yet complete.
13. The Scottish Housing Regulator (SHR) has only recently received the council's progress report following their 2008 inspection. The SHR is currently assessing it. Scrutiny activity resulting from this was planned for January 2011 as part of the 2010/11 AIP, but the SHR has indicated that, due to the late submission of the progress report, this will not now be undertaken until April 2011. It will be noted from Section 2 of this report that Corporate Services - Housing Management is currently assessed as 'concerns'.
14. The Risk Assessment and Scrutiny Plan for 2010-11 include proposals to carry out short reviews of Competitiveness and Customer Focus. Given the self-assessment work currently being carried out by Midlothian Council and the ongoing impact of its Business Transformation Programme, this has been delayed and incorporated into the planned BV2 Audit which is planned to be carried out later in 2011. The remaining activities outlined in the AIP for 2010/11 have been incorporated into the work undertaken by Audit Scotland and the Annual Report to Members and the Controller of Audit.

Appendix 1 Summary of scrutiny activity

MIDLOTHIAN COUNCIL SCRUTINY PLAN	2011-12											
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Child Protection Inspection, including Adoption and Fostering. (including risk thresholds) SCSWIS.												
BV 2 – Audit Scotland/HMIE with an education component and including short reviews of Competitiveness and Customer Focus carried forward from 2010/11 (see para 13).												
Initial Scrutiny Level Assessment (ISLA) - social work – SCSWIS. Follow-up scrutiny of social work services including outcome information, availability of public information and modernising services for people with learning disabilities, and aligned financial information and planning systems – SCSWIS.												
SCSWIS Post ISLA (TBC).												
Scrutiny activity resulting from the SHRs review of the council's progress report following their 2008 inspection. Delay from 2010/11.												
BV Audit of Lothian and Borders Police.												
Housing Benefits Performance Audit Programme – carried forward from 2010/11.												
Audit Scotland Fire and Rescue												
Education Psychological Services Follow through HMIE												
	2012-13											
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Joint Council Project with a particular focus on education services. (Timing dependent on progress made on shared services agenda with East Lothian Council). HMIE/SCSWIS.												

	2013-14
Services for Children Inspection (possible)	SCSWIS
Joint Council Project with a particular focus on education services. (Timing dependent on progress made on shared services agenda with East Lothian Council).	HMIE/SCSWIS

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.