

**REPORT TO: POLICY AND RESOURCES COMMITTEE - 22 APRIL 2013 & SCRUTINY COMMITTEE - 19 JUNE 2013**

**REPORT ON: ASSURANCE AND IMPROVEMENT PLAN UPDATE 2013-2016**

**REPORT BY: DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 191-2013**

## **1 PURPOSE OF REPORT**

To provide elected members with an update on the Assurance and Improvement Plan 2013-16 that was recently issued by Audit Scotland on behalf of the various regulatory bodies responsible for scrutinising the services provided by the Council.

## **2 RECOMMENDATIONS**

It is recommended that elected members note the information contained within this report and in the attached Assurance and Improvement Plan Update 2013-16.

## **3 FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

## **4 MAIN TEXT**

4.1 The Assurance and Improvement Plan (AIP) was first issued in July 2010 and set out the programme of work planned to be undertaken during the period 2010 to 2013 by the various regulatory bodies responsible for scrutinising the services provided by the Council.

4.2 The AIP is the product of a collaborative approach adopted by the various scrutiny bodies that are responsible for reviewing services provided by the Council. Through working together and sharing knowledge, expertise and information, this approach aims to maximise the efficiency and effectiveness of external scrutiny arrangements and focus scrutiny activity where it is most needed and to determine a proportionate scrutiny response of the period of the plan.

4.3 The AIP is based on a shared risk assessment undertaken by a local area network (LAN) made up of representatives of the various agencies. The LAN undertake an annual review of the plan that covers a rolling three year period and last published an AIP update in May 2012 that covered the period 2012-15 (report 206-2012 refers). Since October 2012, the LAN has been undertaking a review of progress on the AIP. This update considered changes to risk assessments based on information from a number sources including the Council's appointed external auditor's annual report, the Council's own performance and self-evaluation data and other evidence gathered from the above inspection agencies. The last AIP update in May 2012 identified that the overall level of risk had reduced since the previous risk assessment was undertaken in 2011. It is pleasing to note that this trend has continued in the latest update which concludes there is no specific scrutiny activity required as a result of their shared risk assessment. The attached AIP 2013-16 summarises the outcome of this review together with an updated timetable of planned scrutiny activity for the period April 2013 to March 2016.

- 4.4 The AIP covers a wide range of the City Council's activities and overall the findings are very positive. In particular, the Council can take encouragement from the following findings:
- the council has sustained and/or improved its service performance overall
  - a joint inspection of services to protect children and young people in the Dundee area, resulted in broadly positive reports
  - in terms of outcomes assessed, the AIP concluded no specific scrutiny is necessary in 2013/14
  - the risk assessment of the council's corporate arrangements also indicates progress in a number of areas
- 4.5 The last AIP update in May 2012 noted that the delivery of the Scottish Housing Quality Standard (SHQS) remained a significant risk for the Council. Following focussed reviews into progress towards meeting the SHQS by 2015 the current update concludes the Council are continuing towards meeting this target and mitigating the related financial risks and other challenges. It is very pleasing to note that no further scrutiny is required in 2013/14 in respect of the SHQS although the Council will continue to monitor progress towards achieving the delivery of the SHQS.
- 4.6 The AIP acknowledges the significant changes for local government as a result a challenging financial environment and the ongoing public service reform agenda. The AIP outlines the various national risk priorities that apply to all local authorities and assesses the Council's position in relation to each of these. The update concludes there are no significant scrutiny risks for the Council in any of these priority areas.
- 4.7 An updated three year rolling programme of work that details all planned scrutiny activity for the following agencies during the period April 2013 to March 2016 is included in Appendix 1. It should be noted all planned scrutiny activities relate to national reviews being carried out across all local authorities, there are no activities relating specifically to the Council. Activities planned include the following:
- Education Scotland: Validated self-evaluation support (June 2013)
  - Audit Scotland: Housing Benefit Performance Audit (January 2014)
  - Scottish Housing Regulator: Thematic inspection into the outcomes through Housing Options and Prevention of Homelessness approach (tbc)
  - Care Inspectorate: Supported self-evaluation of the impact on quality of the newly introduced national assessment and care planning instrument (LSCMI) in local criminal justice social work services (tbc)
  - Audit Scotland Review of Scotland's Public Finances: Addressing the challenges follow up (tbc) & Workforce Planning (tbc)

## **5 POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of sustainability, Strategic Environmental Assessment, Anti-Poverty and Equality Impact Assessment and Risk Management. There are no major issues.

## **6 CONSULTATIONS**

The Chief Executive and Head of Democratic and Legal Services.

## **7 BACKGROUND PAPERS**

None.

**MARJORY M STEWART**  
**DIRECTOR OF CORPORATE SERVICES**

**12 APRIL 2013**

# **Dundee City Council**

## **Assurance and Improvement Plan**

### **Update 2013–16**

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# Introduction

1. The first Assurance and Improvement Plan (AIP) for Dundee 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. 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 local area network met again in November 2010 and in November 2011 to update the AIP for the period 2011-14. The last AIP Update was published in May 2012 covering 2012 - 15.
2. This update is the result of the shared risk assessment which began in October 2012. The update process drew on evidence from a number of sources, including:
  - The annual report to the Controller of Audit and elected members for 2010/11 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 shared risk assessment 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 Assurance and Improvement Plan (AIP) identified the overall level of risk had reduced since the previous risk assessment in 2011. This trend continues to be the case.
6. The council has sustained and/or improved its service performance overall. Inspection and audit work during 2012/13, including a joint inspection of services to protect children and young people in the Dundee area, resulted in broadly positive reports. Following work carried out by The Scottish Housing Regulator during the year the risk assessment in relation to aspects of housing services has changed in two areas. No further scrutiny is required in 2013/14 in relation to the Scottish Housing Quality Standard (SHQS).
7. In terms of outcomes we have assessed that no specific scrutiny is required in 2013/14. The last AIP identified the 'work and enterprise' outcome area as an area of uncertainty. As a result Audit Scotland carried out some targeted audit work in this area and no further scrutiny is required in this area.
8. Our risk assessment of the council's corporate arrangements indicates progress in a number of areas. As a result of this year's risk assessment there are two areas where further information is required relating to governance and accountability and risk management. No additional scrutiny is required in these areas as they will be covered by the appointed auditor as part of the annual audit process.

# 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 significant strategic developments, recognising the increasing importance of partnerships, place 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.**

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

In addition, the Care Inspectorate is working in co-operation with Healthcare Improvement Scotland to develop an approach to inspecting services providing care and health for adults drawing on its experience of implementing joint inspections of child protection and children's services. Development work involving a number of local authorities is underway and will continue into the early part of 2013. Following this, the Care Inspectorate will implement a programme of these inspections. Further details of the schedule will be confirmed in due course.

The risk assessments relating to the children and young people and health and wellbeing outcome areas and social work services do not identify that scrutiny is required and a joint inspection of services to protect children and young people in the Dundee area which took place during 2012 was generally positive.

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.

The SHR plans to carry out a thematic inspection into the outcomes that local authorities are achieving by delivering a Housing Options and Prevention of Homelessness approach. SHR will carry out this thematic inspection during the first half of 2013/14. This is likely to involve fieldwork visits to a small sample of local authorities. SHR is currently identifying potential fieldwork sites and will be contacting those councils that it would like to visit in early 2013.

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

The annual audit of councils forms part of the baseline scrutiny of councils. This audit examines the financial management and controls in each council.

The council has sound budgeting and financial management processes in place. As part of the 2013/14 budget process the council is committed to undertaking a formal updated review of its reserves policy and providing members with budgetary information beyond a one year time frame.

It continues to assess the efficiency and effectiveness of its services through a strategic review programme 'Changing for the Future'. Our risk assessment of the corporate management of the council does not indicate that there are areas requiring specific scrutiny work during 2013/14.

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

Recognising the significance of the uncertain financial context within which councils operate, Audit Scotland produced Scotland's Public Finances: Addressing the Challenges in August 2011. Follow-up work around the issues raised in the report will be undertaken in each council during 2013/14 to provide the Accounts Commission and the Auditor General for Scotland with evidence on the progress that public bodies are making in developing a strategic response to these long-term financial challenges. In addition, a specific piece of work on Scottish Public Finances: Workforce Planning will be undertaken in 2013/14.

The council is responding constructively to the financial environment and has set challenging savings targets. This, in combination with its financial management arrangements means that we have not identified this as an area requiring specific scrutiny work during 2013/14. However, the 2011/12 annual audit report to elected members and the Controller of Audit identified that the council has the fifth highest level of net external debt as a proportion of revenue spend in Scotland and that this represents a significant risk. The council is managing this through its long term capital plan and the risk will continue to be monitored as part of the annual audit process.



11. At the request of Scottish ministers, Audit Scotland has piloted an approach to auditing Community Planning Partnerships 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.
12. The 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.
13. The LAN is committed to maintaining its engagement with the council between now and the next SRA cycle so that we can retain an overview of how the council is managing its response to the significant financial challenges that it and all other Scottish public bodies face.

# Areas that remain 'no scrutiny required'

14. This update focuses predominantly on those areas assessed as 'scrutiny required' and 'further information required'. However, in the interest of providing a broader view of the council's overall risk assessment, it is important to highlight those areas that were previously assessed as requiring no scrutiny which continue to be so. This is based on evidence from various sources including where applicable, recent inspection reports, annual audit work, national and local performance information and additional file reviews. The LAN identified no scrutiny is required in the following areas:

Service Areas	Outcomes	Corporate Assessment
Education	Learning and culture	Vision and strategic direction
Social work	Children and young people	Leadership and culture
Housing	Health and wellbeing	Partnership working
Environmental services	Community safety	Community engagement
Roads and lighting	Building stronger communities	Planning & resource allocation
Cultural services	Dundee environment	Use of resources
		Performance management
		Challenge and improvement/efficiency
		Customer focus and responsiveness
		Equalities
		Sustainable development

# Areas that remain 'scrutiny or further information required'

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

Area	Assessment	Update
Governance and accountability	Further information required - this area will be monitored on an ongoing basis as part of the annual audit process	<p>In the last AIP we reported that there had been a number changes in this area, most notably the creation of a single scrutiny committee.</p> <p>The council carries out an annual self-assessment of corporate governance arrangements to support its annual governance statement.</p> <p>The council's own internal audit work has identified that further improvements are required to some aspects of council's corporate governance arrangements.</p> <p>As part of the annual audit process the appointed auditor will be reviewing the self-assessment arrangements in respect of governance and accountability.</p>
Risk management	Further information required - this area will be monitored on an on-going basis as part of the annual audit process	<p>The council is continuing to develop its approach to risk management, but the full impact of this work has yet to fully flow through. The council's own internal audit work has identified that further improvements are required to the council's risk management arrangements.</p> <p>This will be followed up as part of the annual audit process to assess the council's progress in implementing and embedding the internal audit recommendations.</p>

# Areas with changed assessments

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

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
Outcome: Work and enterprise	Area of uncertainty	No scrutiny required	<p>During 2012/12 Audit Scotland undertook targeted Best Value audit work on this outcome. This concluded that the council leadership is committed to economic development and actively promotes the local economy and that the council and its partners have strong and constructive working relationships and a clear vision for supporting economic development and creating jobs.</p> <p>The audit work found that the council and its partners are meeting its targets in areas including employability, business support through the Business Gateway, and the long-term re-development of the Dundee Waterfront. However a number of significant economic outcomes for Dundee have continued to decline at a faster rate than other Scottish cities.</p>
Service: Housing	Significant risk	No scrutiny required	<p>The SHR has carried out focussed scrutiny work into the council's progress towards meeting the Scottish Housing Quality Standard (SHQS) by 2015. SHR saw that the council is continuing to work towards meeting the standard and mitigating the financial risks and other challenges it faces. SHR do not intend to undertake any further scrutiny on this during 2013/14. SHR will engage with the council during 2013/14 on specific aspects of the homelessness service.</p>

# Scrutiny plans

17. No specific scrutiny activity will take place arising from the shared risk assessment process.
18. Scheduled audit and inspection work will take place through the annual audit process and the ongoing inspections of schools and care establishments carried out by Education Scotland and the Care Inspectorate. This will inform future risk assessment work.
19. The education service has reached an agreement with Education Scotland to undertake a validated self-evaluation exercise. Initial engagement activities began in March 2013, with self-evaluation activities taking place between April and June 2013. A report will be published in August 2013.

# Appendix 1

DUNDEE CITY COUNCIL 2013-14												
Scrutiny activity year 1 arising from the shared risk assessment.	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No specific scrutiny required.												
<b>National or supported self-evaluation work year 1</b>												
Validated self-evaluation support (Education Scotland)	X	X	X									
Housing Benefit performance audit (Audit Scotland)										X		
Thematic inspection into the outcomes through Housing Options and Prevention of Homelessness approach (SHR) tbc												
Supported self-evaluation of the impact on quality of the newly introduced national assessment and care planning instrument (LSCMI) in local criminal justice social work services (Care Inspectorate) tbc												
Scotland's Public Finances: Addressing the challenges follow up (Audit Scotland)												
Scotland's Public Finances: Workforce Planning (Audit Scotland) tbc												

<b>DUNDEE CITY COUNCIL 2014-15</b>												
<b>Scrutiny activity year 2</b>	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No local scrutiny work planned.												
<b>National or supported self evaluation work year 2</b>												
No national work planned.												

<b>DUNDEE CITY COUNCIL 2015-16</b>	
<b>Indicative scrutiny activity for rolling third year</b>	<b>Potential scrutiny bodies involved</b>
No specific scrutiny required.	

## 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 District Inspector, 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 their responsibilities under the Public Services Reform (Scotland) Act 2010.

