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ADDITIONAL CIRCULATION



To: Councillor Jackie Dunbar, Convener; Councillor Yuill, Vice Convener; and Councillors Cameron, Cooney, Copland, Crockett, Donnelly, Flynn, Graham, Greig, Hutchison, Lawrence, Malik, Jean Morrison MBE, Nathan Morrison, Reynolds and Townson.

Town House,
ABERDEEN 3 March 2016

AUDIT, RISK AND SCRUTINY COMMITTEE

The undernoted items are circulated in connection with the meeting of the **AUDIT, RISK AND SCRUTINY COMMITTEE** to be held here in the Town House on **WEDNESDAY, 9 MARCH 2016 at 2.00 pm.**

FRASER BELL
HEAD OF LEGAL AND DEMOCRATIC SERVICES

BUSINESS

8 Value for Money

- 8.2 Local Scrutiny Plan 2016/17 - Report by the External Auditor (Pages 3 - 10)

Should you require any further information about this agenda, please contact Karen Rennie, tel 01224 522723 or email karrennie@aberdeencity.gov.uk

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Draft Local Scrutiny Plan 2016/17

Prepared for Aberdeen City Council Audit, Risk and Scrutiny Committee
March 2016

Introduction

1. The following pages set out Aberdeen's draft Local Scrutiny Plan for 2016/17. Each year the Local Area Network of scrutiny partners meet to update on progress against the previous year's plan, agree risk assessments and consider whether there are any new areas which require scrutiny. In addition, senior members of the respective scrutiny bodies set out details of nationally directed scrutiny activity including programmes of inspection approved by Scottish Ministers. Each council's scrutiny plan is normally concluded in March each year for publication before the start of the relevant financial year.
2. While we have shared the content of previous plans with officers in March, it is normally April or June before the plan is considered by the Audit, Risk and Scrutiny Committee (the committee). Our Annual Audit Plan in respect of the local audit is generally considered by the committee in February. This is also the meeting which considers the internal audit plan for the year ahead and therefore, through discussion with the chief executive, it was considered appropriate to bring forward the local scrutiny plan so that all the council's audit plans could be considered at the same meeting of the committee.
3. That said, the 2016/17 plan is currently in draft. There may yet be some change arising from the finalisation of national inspection programmes. In addition, we held an initial meeting with the chief executive to discuss the content of the report on 1 March 2016 and while the plan is not likely to change significantly, we have agreed to include additional context in the body of the report. For example, some more detail on the development of the Aberdeen integrated joint board, the status of the inspection of services for older people which is currently ongoing and the outcome of a recent routine visit to the council by Scottish Housing Regulator colleagues.
4. In the knowledge that there will be some amendment to the body of the report, the committee is asked to consider the 2016/17 Local Scrutiny Plan.

Aberdeen City Council

DRAFT Local Scrutiny Plan 2016/17

Introduction

1. This local scrutiny plan sets out the planned scrutiny activity in Aberdeen City Council during 2016/17. The plan is based on a shared risk assessment undertaken by a local area network (LAN), comprising representatives of all the scrutiny bodies who engage with the council. The shared risk assessment process draws on a range of evidence with the aim of determining any scrutiny activity required and focusing this in the most proportionate way.
2. This plan does not identify or address all risks in the council. It covers only those risk areas that the LAN has identified as requiring scrutiny, or where scrutiny is planned as part of a national programme. Planned scrutiny activity across all councils in Scotland informs the National Scrutiny Plan for 2016/17, which is available on the Audit Scotland website.

Scrutiny Risks

3. The Accounts Commission published its report on the Audit of Best Value of Aberdeen City Council in July 2015. The Commission welcomed the progress by the council in a number of areas since the last best value report on the council in 2009. While the commission was encouraged by the council's self-awareness in recognising how it needs to improve, it also highlighted that a great deal more improvement needed to be delivered and consolidated. In particular the following areas were highlighted:
 - the council's vision needs to be translated into clear objectives and targets with links to service plans
 - in respect of elected members, better use should be made of the development framework, and consistent information on service performance should be provided to enable them to discharge their scrutiny role effectively
 - arrangements for employee engagement and communication should be reviewed and strengthened.
4. It was considered too early to assess the effectiveness of the improvements put in place or being implemented. While the Accounts Commission have not asked for a formal follow up report, the controller of audit has noted his continuing interest in the council. In the interim, progress will be monitored and reported through the external auditor's annual audit report.

5. Through the 2016 shared risk assessment process, the LAN did not identify any new risks which require scrutiny. However, offender serious incident reviews and educational attainment were highlighted by scrutiny partners as areas of concern. The LAN concluded that additional scrutiny in these areas would not necessarily assist improvement but that continued oversight and monitoring by link inspectors/lead area officers was essential.
6. Serious Incident Reviews (SIRs) are carried out when an offender on any kind of licence or order is involved in a serious incident. During 2014, the Care Inspectorate identified that there was significant under reporting of serious incidents by the council. Some subsequent reviews were submitted late and were not considered to be of an acceptable standard. The Care Inspectorate held discussions with the council throughout 2015 but few incidents were reported by the council and their quality has not improved.
7. A key challenge for the council remains the need to raise the standards of educational attainment and achievement for all young people. There is some evidence of improved outcomes including a higher percentage of young people moving to positive post school destinations but overall attainment in schools is not improving at a sufficient rate. There is a significant gap in levels of attainment between Aberdeen City and Virtual Comparator levels and national averages. The LAN recognised that the council continues to experience acute difficulties in recruiting and retaining teachers and acknowledged the obstacles this poses in terms of achieving stability and improvement in schools. Important steps were taken to address the matter in autumn 2015 when the Leader of the council chaired a 'Northern Alliance' summit on teaching shortages in north local authorities.
8. Another challenge is the performance of Community Learning & Development, with both inspections during the year resulting in weak evaluations. Strategies implemented by the council to improve performance are monitored on a regular basis by Education Scotland's Area Lead Officer who meets regularly with the council.
9. Audit Scotland carried out a follow up review to assess what further progress Aberdeen Community Planning Partnership (CPP) had made in addressing the improvement areas set out in the audit report published in March 2013. This found that good progress had been made by the CPP in the following areas:
 - undertaking a strategic assessment to provide an evidence base for a refreshed Single Outcome Agreement (SOA)
 - review of performance reporting arrangements and establishment a data group to help address weaknesses in the reliability of the performance data
 - aligning its priority and budget setting schedule to the timetables of partner organisations

- considering the implications of new legislation, such as that on health and social care integration, community empowerment and community justice.
10. Audit Scotland also concluded follow up activity in respect of Aberdeen's housing benefit risk assessment. The service was commended for the improvements it achieved in a time of significant change for the service. Consequently, no further scrutiny was considered necessary at this stage.
 11. The report of a Joint Inspection of Children's Services carried out by the Care Inspectorate, Education Scotland, Healthcare Improvement Scotland and HM Inspectorate of Constabulary for Scotland was published in March 2015. This was a positive inspection. Partners have drawn up an action plan comprehensively covering all the areas for development noted in the inspection report and is appropriately linked with the partnership's wider improvement processes. Scrutiny partners normally sign off an action with councils around a year later. In respect of Aberdeen, this is on track to be concluded on schedule by summer 2016.
 12. The Care Inspectorate and Healthcare Improvement Scotland carried out a joint inspection of services for older people during 2015-16. Its purpose was to assess how effectively health and social work services worked together in delivering quality services to older people whilst enabling them to be independent, safe, as healthy as possible and have a good sense of wellbeing. This is part of a wider national planned programme of scrutiny work being undertaken by the Care Inspectorate and Healthcare Improvement Scotland. Fieldwork was completed in February 2016 and the report is scheduled for publication in summer 2016.
 13. The Care Inspectorate and HMICS carried out a joint thematic review of Multi-Agency Public Protection Arrangements (MAPPA) across all 32 local authority areas in Scotland in 2015. The purpose of the review was to assess the state, efficiency and effectiveness of MAPPA in Scotland in terms of keeping people safe and reducing the potential risk of serious harm by registered sex offenders in our communities. It involved local authorities, Police Scotland, NHS Boards and the Scottish Prison Service.
 14. The key message within the review report is that MAPPA is making an effective contribution to public safety and sex offender management. There are a number of recommendations and areas for development which are intended to improve efficiency in processes. The Care Inspectorate will be asking Strategic Oversight Groups and Responsible Authorities to outline how these will be implemented and progress monitored and evaluated
 15. Education Scotland is working in partnership with councils to carry out a Validated Self-Evaluation (VSE) of educational psychology services across all councils over a two-year period which began in 2015/16. HM inspectors were confident that the VSE, carried out in Aberdeen City Council in early 2016, provided an accurate assessment of strengths

and areas for improvement. Progress in implementing an action plan to address the areas identified will be monitored by the Area Lead Officer.

16. To assess the risk to social landlord services the Scottish Housing Regulator (SHR) has reviewed and compared the performance of all Scottish social landlords to identify the weakest performing landlords. We found that Aberdeen City Council is in the bottom quartile for all social landlords in relation to tenant satisfaction with the standard of their home on moving in; dealing with complaints within Scottish Public Sector Ombudsman timescales; void times; rent lost through voids; gas safety check renewal timescales; repairs time. In relation to housing services, SHR will engage with the council to monitor its progress in addressing the weaknesses identified. They will also review the council's quarterly performance management reports and engage with council officials as appropriate.
17. With regard to homelessness, the number of people sleeping rough as a percentage of applications has increased, as has the percentage of applicants who lost contact before a decision is made. There has also been an increase in the average length of time spent by homeless people in bed and breakfast accommodation. The SHR will therefore engage with the council about these areas during 2016/17. Assurance has already been given by council officials that there are plans in place to address these weaker areas of performance and that there is evidence of improvement.
18. The LAN continues to monitor the council's financial position and the challenges to service delivery in the future from increased demand and reducing resources. In February 2015, the council approved a balanced revenue budget for 2015/16. The 5 year indicative budget at that time however predicted a cumulative shortfall at 2019/20 of £52 million assuming that the council did nothing and accepted estimated future cost pressures.
19. Adversely impacting on this position was the Scottish Government funding settlement announcement in December 2015. This covered one year only and in respect of Aberdeen, resulted in a reduction in funding of £10 million. The council also had to identify further savings of £16 million to meet additional cost pressures. While a balanced budget was achieved for 2016/17, it was not possible to prepare anything meaningful in terms of the 5 year financial position until indicative funding figures for future years become available later in the year. In common with other councils, Aberdeen only approved a one year budget in February 2016.
20. The overall level of usable reserves held by the council at 31 March 2015 was £128 million. This total includes £11.3 million of unallocated general fund reserves which has maintained within the 2016/17 budget setting process.
21. The LAN will monitor progress with implementation of health and social care integration during 2016/17. This is a significant strategic development with important implications for the council and its NHS partner (NHS Grampian). The council and NHS Grampian

agreed to implement a body corporate model in the form of an Integrated Joint Board of health and social care integration. Good progress has been made with agencies working closely together to finalise arrangements. The shadow board is in place and work is being undertaken on the necessary strategic plans. Due to the scale of the reforms, the LAN will continue to monitor developments in this area.

Planned scrutiny activity

22. As shown in Appendix 1, the council will be subject to a range of risk-based based and nationally driven scrutiny activity during 2016/17. For some of their scrutiny activity in 2016/17, scrutiny bodies are still to determine their work programmes which specific council areas they will cover. Where a council is to be involved, the relevant scrutiny body will confirm this with the council and the appropriate LAN lead.
23. In addition to planned scrutiny activity, routine, scheduled audit and inspection work will take place through the annual audit process and the ongoing inspection of school and care establishments by Education Scotland and the Care Inspectorate respectively. Audit Scotland will carry out a programme of performance audits during 2016/17 and individual audit and inspection agencies will continue to monitor developments in key areas of council activity and will provide support and challenge as appropriate. This will help to inform future assessment of scrutiny risk.
24. In December 2014, the Accounts Commission concluded its review of Best Value and set out principles for a new approach to auditing Best Value. These principles include the need for more frequent assurance on Best Value across all 32 councils, integrating the audit processes, an increased emphasis on driving improvement, and a strong focus on the quality of service experienced by the public and the outcomes achieved.
25. The new approach will be rolled out from October 2016 but will continue to evolve. It will include assessment each year of aspects of Best Value as part of an integrated annual audit and a public report, (Controller of Audit report to the Accounts Commission) for each council at least once in a five year period, that will bring together an overall picture of the council drawn from a range of audit activity. The results of this current SRA will make a significant contribution to the audit intelligence that will underpin the new approach, and inform the development of the initial programme.
26. 2016 is a transition year. This includes development of the intelligence about each council for the new approach and the handover to new audit appointments. While preparation for the new approach progresses, Best Value audit work will continue. But, appropriate elements of the new approach, such as reporting mechanisms, will also be tested in some councils.

March 2016

Appendix 1: Scrutiny plan

Scrutiny body	Scrutiny activity	Date
Audit Scotland	<p>Audit Scotland plans to undertake performance audit work in three areas covering local government during 2016/17. It will undertake a performance audit on early learning and childcare and a follow-up on audit on self-directed support. Audit Scotland will also carry out audit work on equal pay, but is still considering the focus and outputs of work in this area. Any engagement with councils is still to be determined. Details of future audit work are available on the Audit Scotland website here.</p> <p>In addition, there will be targeted follow-up of the national performance audit report <i>Scotland's Public Sector Workforce</i> published in November 2013.</p>	<p>To be confirmed</p> <p>June 2016</p>
Care Inspectorate and Healthcare Improvement Scotland	<p>The Care Inspectorate will undertake validated self-evaluation (VSE) activity with Alcohol and Drug Partnerships. The purpose of this activity is to support the validation of ADP and services' self-assessment of local implementation and service compliance with the Quality Principles: Standard Expectations of Care and Support in Drug & Alcohol Services. The findings from this validation work will be reviewed by the Scottish Government to consider and inform the future programme of national support that will further encourage and support delivery of continued improvements at ADP and service level. It is anticipated that all 30 ADPs will participate. The Care Inspectorate will also provide brief, customised feedback to each ADP in order to help build their capacity for self-evaluation.</p>	<p>On site activity commenced in March 2016 with a national overview report completed by the end of 2016</p>
Scottish Housing Regulator (SHR)	<p>The Scottish Housing Regulator (SHR) will monitor the council's progress in addressing housing and homelessness service weaknesses identified in paragraphs 16 and 17. It will review the council's quarterly performance management reports and meet council officials as necessary.</p> <p>SHR will publish the findings of its thematic inquiry work completed during 2015-16. It will carry out further thematic inquiries during 2016-17. SHR will also review the Charter data submitted by landlords and carry out data accuracy</p>	<p>Quarterly monitoring throughout 2016/17</p> <p>To be determined</p>

	visits during the second quarter of 2016/17. If the council is to be involved in a thematic inquiry or a data accuracy visit SHR will confirm this directly with the council and the LAN lead.	
Education Scotland	Review of the quality of Careers Information Advice and Guidance (CIAG) services delivered by Skills Development Scotland across all council areas over the next two years.	Date to be confirmed during 2017/18