

Aberdeen City Council

Local Scrutiny Plan – April 2018 to March 2019

Introduction

1. This local scrutiny plan sets out any scrutiny risks identified by the local area network ('LAN'), proposed scrutiny responses and expected scrutiny activity for Aberdeen City Council ('the Council') during the financial year 2018-19.
2. The scrutiny risks and responses are based on a shared risk assessment undertaken by a 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 risks in the Council and the IJB.
3. Expected scrutiny activity across all councils in Scotland informs the National Scrutiny Plan for 2018-19, which is available on the Audit Scotland website.

Scrutiny Risks

4. In recognition of the need for financial restraint, the growing demand pressures and changing customer expectations, a new Target Operating Model ('TOM') was approved in August 2017. The TOM is designed to better enable the Council deliver the outcomes within Local Outcome Improvement Plan and improve the involvement of stakeholders including customers and elected members. The TOM is a fundamental redesign of the structure of the Council. Wide ranging governance transformation is being embedded alongside the new model, to enhance the existing arrangements. The drivers for the operating model change have been set out by the Council, although the significance of the transformation to the TOM brings inherent risk.
5. One of the drivers for the TOM was the need to deliver savings of £125 million over the next five years, despite useable reserves of £87 million as at 31 March 2017. On 6 March 2018 the Council approved a detailed balanced budget for 2018-19 and a five year high level budget through to 2022-23. The budget incorporates a reduction in the headcount of the Council, of up to 230 FTE posts, including the disestablishment of 140 vacant posts. Indicative funding for the Integration Joint Board is assumed to reduce over the five year period, with £84.99 million approved for 2018-19.
6. Transformation is being overseen by the Strategic Transformation Committee, supported by control boards and delivery boards. The LAN notes the following matters to be managed and monitored:
 - Effective delivery of savings to achieve balanced budgets over the next five years.
 - Continued service delivery during and after transformation.
 - Elected members need to continue providing robust scrutiny whilst working collaboratively across the political parties, and whilst supporting Council officers with the culture change arising from the transformation.

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- Ensuring effective governance through a period of change, including embedding the new governance structure and proposed governance improvements.
7. The Council has a capital plan of circa £1 billion focused around the City Centre masterplan. This plan is designed to support economic growth, financed in part by a £370 million bond listed on the London Stock exchange. This brings scrutiny risks in respect of effective programme delivery within the revised capital governance arrangements, as well as conditions within the Bond Trust Deed regarding maintenance of the Council's credit rating relative to UK Sovereign debt.
 8. As stated in the 2017-18 Local Scrutiny Plan, there continues to be a clear performance risk in relation to educational attainment and achievement. Outcomes for children and young people have been consistently below the national average and the virtual comparator in almost all key measures in Aberdeen since 2013. Scrutiny outcomes have overall shown a weak picture in recent years, particularly in the primary sector. The Council is aware of these challenges and intends to build on some modest progress in supporting quality improvement within education. The Council is currently taking steps to strengthen leadership and improvement capacity. The Chief Executive is keen to work together with Education Scotland to build more capacity for improvement.
 9. Aberdeen City Council is part of the Scottish Attainment Challenge, Schools Challenge programme. It has four primary schools and three secondary schools receiving attainment challenge funding. Pupil Equity Funding plans are in place in Aberdeen City schools and are being progressed. Education Scotland will continue to liaise with establishments as appropriate.
 10. Comparison of performance relative to other social landlords identified risks in relation to satisfaction levels, including: the way the Council keeps tenants informed about services and decisions; complaints dealt with within SPSO timescales; re-let times for voids; and certain aspects of the council's homelessness service. These matters include the use of B&B for temporary accommodation, number of withdrawn applications and increased repeat homelessness assessments.
 11. Other key challenges identified by the LAN are:
 - Recruiting for certain posts, specifically within the social care sector.
 - Delivery of transformational change within the Aberdeen City Integration Joint Board, and the national pressures on GP prescribing costs.

Scrutiny activity

12. Any expected scrutiny activity between April 2018 and March 2019 is shown in Appendix 1. For some of their scrutiny activity in 2018-19, scrutiny bodies are still to determine their work programmes and 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.
13. In addition to specific work shown in Appendix 1, 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. The outcomes of this work will help to inform future assessment of scrutiny risk.

Best Value Audit Report

14. The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. Best Value will be assessed over the five year audit appointment, as part of the annual audit work. In addition a Best Value Assurance Report ('BVAR') for each council will be considered by the Accounts Commission at least once in this five year period. The current proposed BVAR programme includes publication of a report for Aberdeen City Council in 2021.
15. The BVAR programme could change if the risk profile of individual councils changes. If this is the case we will update the Council. In the meantime, Best Value audit work planned in this year will focus on the Council's arrangements for demonstrating Best Value in two areas:
 - Leadership, governance and scrutiny
 - Improvement.
16. The results of this work will be reported in KPMG's Annual Audit Report.

April 2018

Appendix 1: Scrutiny activity

Scrutiny body	Scrutiny activity	Date
External auditor (KPMG)	<p>Annual audit of Aberdeen City Council's financial statements including BV assessment of the council's arrangements for:</p> <ul style="list-style-type: none"> • Leadership, governance and scrutiny • Improvement. <p>The governance changes, leadership and scrutiny risks noted within paragraph six will be considered during the annual audit, with specific observations included within the leadership, governance and scrutiny BV assessment.</p> <p>KPMG's audit strategy document also identifies a significant financial statement risk in respect of capital expenditure, reflecting the significance and complexity of the capital plan.</p>	Annual audit report to be completed by end September 2018 and ISA 260 report to be completed by 30 June 2018.
Audit Scotland	<p>Audit Scotland is currently carrying out a performance audit on <i>Children and young people's mental health</i>. Aberdeen City Council is not included as one of the sample councils in this audit.</p> <p>Other performance audit work due to start in 2018-19 which will be of relevance to Aberdeen City Council includes audits examining:</p> <ul style="list-style-type: none"> • Community assets • City Deals • Skills investment and planning • Educational outcomes • Housing (precise area still to be finalised) <p>The extent of Aberdeen City Council's involvement in these audits has still to be determined.</p> <p>Audit Scotland also expects to publish its review of ALEOs in May 2018.</p>	Report publication date is September 2018

Care Inspectorate	Joint inspection of services for children and young people. Five joint inspections will be conducted, including scrutiny partners from Education Scotland, Healthcare Improvement Scotland and HMICS. Aberdeen City Council is planned to be inspected towards the end of 2018-19.	Quarter 4 of 2018-19
	Thematic review of self-directed support building on previous Audit Scotland report. Inspection of up to six areas across the country, not planned to include Aberdeen City Council.	
Education Scotland	Education Scotland will undertake enhanced monitoring during 2018-19.	Ongoing throughout the year
Scottish Housing Regulator	<p>The Scottish Housing Regulator ('SHR') will monitor the council's progress in addressing the housing and homelessness service weaknesses identified in this LSP. It will review the Council's quarterly performance management reports and meet council officials as necessary.</p> <p>SHR may carry out thematic inquiries during 2018-19 or it may carry out survey or onsite work to follow up on published thematic reports. The SHR will also review the Scottish Social Housing Charter data submitted by landlords and carry out data accuracy visits during the second quarter of 2018-19. Where councils are to be involved in a thematic inquiry, any follow-up work to a published thematic inquiry, or a data accuracy visit, the SHR will confirm this directly with the Council and the LAN lead.</p>	