

REPORT TO: East Lothian Council

MEETING DATE: 25 June 2013

BY: Chief Executive

SUBJECT: Assurance and Improvement Plan Update 2013-2016

1 PURPOSE

- 1.1 To inform Council of the Assurance and Improvement Plan Update 2013-2016 provided by Audit Scotland.

2 RECOMMENDATIONS

- 2.1 Council is asked to welcome the Assurance and Improvement Plan Update 2013-16 and to note that the Chief Executive will keep the Council updated on any inspections and focused work by the Auditor and Local Area Network (see paragraphs 3.10 and 3.1).

3 BACKGROUND

- 3.1 Audit Scotland works closely with other local government inspectorates in a Local Area Network (LAN) of local audit and inspection representative. The LANs undertake a shared risk assessment process for all 32 local authorities, to identify targeted, risk-based scrutiny. This process results in each council receiving an Assurance and Improvement Plan each year which sets out the scrutiny activity that the council can expect to take place over a rolling three-year period. The first Assurance and Improvement Plans covered the period April 2010 – March 2013. This third update brings the Plan up to the period April 2013 – March 2016.
- 3.2 The update process which began in October 2012 drew on evidence from various sources, including:
- The annual report to the Controller of Audit and elected members for 2011/12 from the Council's appointed external auditors.

- The Council's own performance data, discussion with senior Council officers and the Council's self-evaluation evidence.
 - Evidence gathered from Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (including published inspection reports and other supporting evidence).
- 3.3 Based on this review, the LAN has produced the Assurance and Improvement Plan Update 2013-16 (see Appendix 1) which reflects an appropriate level of scrutiny based on the risks identified.
- 3.4 The narrative to the plan includes a summary of areas where risk assessments have changed since the last Assurance and Improvement Plan Update together with the impact on the scrutiny plan. It also includes an assessment of areas of on-going risks and uncertainties as against national risk priorities identified by the Scottish Government. Lastly, it includes a review of planned audit and inspection activity 2013-2016.
- 3.5 The summary of the Assurance and Improvement Plan states that *“Overall, East Lothian Council continues to perform well in most areas. However, it is entering a period of significant change in financial and organisational terms as a Council. The Chief Executive, appointed in August 2011, has established a clear vision and direction for the Council. She has ensured that there continues to be areas of strong performance and a number of improvement activities have progressed well, for example around using How Good is Our Council to support and extend self-evaluation and in Corporate Services. She is now seeking to extend this work into new areas in the Council.”*
- 3.6 The possibility of a full Best Value Audit was identified in the first Assurance and Improvement Plan of 2010. This was to focus on scrutiny risk areas, particularly in Corporate Services. However, the Annual Audit over the last three years has identified that the council has made effective progress on many areas within Corporate Services. This has meant that the Best Value Audit has been deferred for several years. The latest Scrutiny Plan indicates that a Best Value 2 Audit based on progress against financial plans and governance arrangements may be possible in 2014/15.
- 3.7 The Assurance and Improvement Plan considers 38 areas¹ of scrutiny risk assessment specific to East Lothian Council. The assessment criteria descriptions used in last year's plan have changed from 'significant concerns' to 'scrutiny required'; 'no significant concerns' to 'no scrutiny required'; and 'uncertainty' to 'further information required'.

¹ The 38 areas covered by the assessment include Council services, Single Outcome Agreement outcomes and strategic functions/ responsibilities

- 3.8 The 2013-2016 Update has assessed 21 areas as areas where no scrutiny is required.
- 3.9 Two areas have been identified as areas which will be the subject of scrutiny – Education and Children’s Services and the outcome ‘We have improved the life chances for children, young people and families at risk.’ These will be covered by a Care Inspectorate Children’s Services inspection which is scheduled to take place in autumn 2013.
- 3.10 Fifteen areas have been identified as areas where further information is required.
- Five of these are areas where the Council will work in partnership with the LAN on focused work as part of an agreed programme of self-evaluation for improvement around the development of the How Good is our Council framework.
 - Five areas assessed as requiring further information relate to the use of resources and financial management which will be subject to ongoing consideration by the Council’s appointed auditor as part of the annual audit process.
 - Three areas relating to education, children and young people which will be subject to focused work by the Council in partnership with the Education Scotland Area Lead Officer on a planned and mutually agreed programme of support activities.
 - Two areas relate to the inspection carried out by the Scottish Housing Regulator in late 2012 which is the subject of an improvement action plan agreed by Council.
- 3.11 The 2012-2015 Scrutiny Plan indicated that there would be a shared educational inspection with Midlothian in autumn 2013. However, given the changes in approach to sharing education services the 2013/14 Scrutiny Plan includes scrutiny activity led by Education Scotland with assistance from Audit Scotland and the external auditor on the impact of shared services on Education and Children’s Services.

4 POLICY IMPLICATIONS

- 4.1 The Assurance and Improvement Plan Update 2013-2016 provides the Council with the LAN’s assessment of areas of risk that will be subject to specific scrutiny activity. It recognises the Council’s on-going commitment to continuous improvement and developing self-evaluation. The Assurance and Improvement Plan Update provides the Council with an indication of areas where the Local Area Network expects improvement work to be targeted in order to meet the identified risks. It will assist in service planning and in supporting the development and implementation of the Council’s Improvement Framework.

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – none
6.2 Personnel – none
6.3 Other – none

7 BACKGROUND PAPERS

- 7.1 Appendix 1: East Lothian Council, Assurance and improvement Plan Update 2013-16

AUTHOR'S NAME	Paolo Vestri
DESIGNATION	Corporate Policy and Improvement Manager
CONTACT INFO	pvestri@eastlothian.gov.uk Tel: 01620 827320
DATE	14 th May 2013

East Lothian Council

Assurance and Improvement Plan

Update 2013–16

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Introduction

1. The first Assurance and Improvement Plan (AIP) for East Lothian 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 2011/12 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. Overall, East Lothian Council continues to perform well in most areas. However, it is entering a period of significant change in financial and organisational terms as a Council. The Chief Executive, appointed in August 2011, has established a clear vision and direction for the Council. She has ensured that there continues to be areas of strong performance and a number of improvement activities have progressed well, for example around using How Good is Our Council to support and extend self-evaluation and in Corporate Services. She is now seeking to extend this work into new areas in the Council. The LAN will look to work actively with the Council to support self-evaluation activities. The Council has also had a change in political leadership over the last year. Following the local government elections of May 2012, a Labour-Conservative-Independent coalition administration took over. There are a number of new councillors and there have been changes in the chairs of a number of Council committees that provide corporate scrutiny.
6. The need for a Best Value Audit was identified in the first AIP of 2010. This was to focus on on-going scrutiny risk areas, particularly in Corporate Services. The Annual Audit over the last three years has identified that the council has made positive progress within Corporate Services. This meant that the Best Value audit was not held last year. The LAN notes that the Council recognises it will have to continue to make significant changes in its organisation and how it operates to deliver the services needed in East Lothian. The LAN notes that the Council is working closely to monitor the financial position and to ensure that there is consistency in approaches to corporate scrutiny. The LAN's view is that it was important that the Council maintains a disciplined approach to the implementation of any change programme and delivers the financial efficiencies in accordance with that programme. Although no additional scrutiny is currently required, ongoing consideration will be given by the appointed auditor as part of the annual audit process. In addition, the LAN will work in partnership with the Council on focused work as part of an agreed programme of self-evaluation for improvement and to support the consistency of corporate scrutiny. If the LAN judges that insufficient progress is being made in these two areas, it is likely that this will result in a Best Value Audit in 2014-15. This will provide independent public assurance that the council is effectively managing risks, addressing areas of under performance and maintaining the pace of improvement.
7. The LAN noted that the introduction of the shared services work with Midlothian Council, particularly in education, has slowed its progress and the original proposal to share Head of Education was rescinded, following the change in administration. Last year the LAN noted that the Council's approach to developing a shared approach to the strategic management of its education services with Midlothian Council presented the two councils with the opportunity to both strengthen capacity and improve services to vulnerable groups such as Looked after and Looked after and accommodated young people. The LAN also noted that the process of managing change carries with it important risks and that the impact on staff and on service users remained uncertain. The LAN noted that the development of shared services and its implications for activities in partnership working, education services, governance and council

finances would be an area for future scrutiny activity in the AIP of 2011-12. Given changes in approach to sharing education services there are now uncertainties around these activities at this point in time. Accordingly, the education service will be the subject of focused scrutiny activity from the LAN in 2013-14. This will be led by Education Scotland, supported by Audit Scotland and the External Auditor.

8. In common with the public sector across Scotland, East Lothian continues to face acute financial challenges but there continues to be a very strong commitment from officers and members to improving the work of the council. The council continues to use self-evaluation through the How Good is our Council model to drive its approach to continuous improvement. This approach is well established and is now being extended across more departments in the Council. The LAN will look to actively support the Council in its' self-evaluation activities in 2013-14.

National Priorities

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 Priorities are applied to all 32 councils. These are:

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

- Scrutiny is required in this area. The council continues to be strongly committed to the protection and welfare of vulnerable people. However, there are a number of worsening outcomes for vulnerable young people who are looked after and adults who are homeless or using temporary accommodation. The LAN considered Key Performance Indicator performance and outcome data when making this judgement. The council demonstrate under-performance under this outcome area with worsening recent trends for some indicators. A number of areas demonstrate persistent under-performance against national trends. Further information through focused work by the Council in partnership with Scottish Housing Regulator is required in the area relating to adults who are homeless or using temporary accommodation.
- At the request of the Scottish Ministers, the Care Inspectorate is developing a model of joint inspection of children's services in community planning partnership areas in

Scotland, in cooperation 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. A number of key outcomes which require improvement for vulnerable young people were identified by the LAN. The Care Inspectorate will undertake an inspection of Children's Services in East Lothian in September or October of 2013.

- In addition, the Care Inspectorate is working in cooperation 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.
- Subject to Ministerial approval the Care Inspectorate will undertake supported self evaluation across the 32 local authority criminal justice social work services looking at the impact of the Level of Service Case Management Inventory (LSCMI), otherwise known as the national assessment and care planning instrument. This will take place in the latter part of 2013.
- 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.

Assuring public money is being used properly:

- There is no additional scrutiny required in this area. The Council maintains an integrated governance framework to provide an appropriate structure for maintaining decision-making, accountability, control and behaviour. Although there have been no changes in the overall governance framework, there have been a number of changes in councillor composition as a result of the local elections in May 2012. During 2011/12 KPMG LLP, the council's appointed external auditor, identified a number of significant weaknesses and risks arising from gaps in the strategic and financial control framework, including in respect of procurement arrangements, bank and other reconciliation and journal authorisation processes. A number of improvement actions were agreed and have either been or are being implemented. Although no additional scrutiny is required ongoing consideration will be given by the appointed auditor as part of the annual audit process.

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.

- Further information required in this area. All councils continue to face significant financial challenges in the ongoing economic climate and this is likely to increase in the next few years. The LAN has judged that East Lothian faces a number of particular challenges. 2011-12 was the first year that the Council actually used reserves albeit this was at a lower level than had been planned. The Council is planning to utilise most usable un-earmarked general reserves by 31 March 2015. In 2015-16 the Council is planning for a sustainable balanced budget that does not draw from reserves. Although no additional scrutiny is required ongoing consideration will be given by the appointed auditor 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 (CPP) 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. The LAN identified no scrutiny is required in the following areas:

Area	Update
Environment	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Overall, performance is good. Improvements can be observed for planning, roads and lighting and waste management
We live in a Scotland that is the most attractive place for doing business in Europe.	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Overall, a fairly positive outcome, with almost two thirds of indicators demonstrating improvement.
We realise our full economic potential with more and better employment opportunities for our people.	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Two thirds of outcome data demonstrates positive performance.
We are better educated, more skilled and more successful, renowned for our research and innovation.	The LAN considered outcome data when making this judgement. The percentage of the population obtaining qualifications is improving in the short and longer term.
We live longer, healthier lives.	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. The council performs well under this outcome area, with the vast majority of indicators demonstrating improvement activity.
We live our lives safe from crime, disorder and	The LAN considered Key Performance

Area	Update
danger.	Indicator (KPI) data and outcome data when making this judgement. The Council performs well for this outcome area, with indicators demonstrating either sustained or improving performance.
We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Overall, performance is good with two thirds of indicators improving.
We value and enjoy our built and natural environment and protect it and enhance it for future generations	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. The Council performs well, with three quarters of indicators demonstrating improvement.
We take pride in a strong, fair and inclusive national identity.	The LAN considered outcome data when making this judgement. Six of nine indicators are met or exceed target and were improving in the latest results and long term trend.
We reduce the local and global environmental impact of our consumption and production.	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. All indicators are the same or improving in the latest results and long term trend.
Our public services are high quality, continually improving, efficient and responsive to local people's needs.	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Overall, this outcome area performs well, with performance either being sustained or improving, with only a few indicators narrowly missing their targets.
Vision and strategic direction	The LAN considered evidence supplied by the council as well as evidence gathered by link inspectors. Following the May 2012 local government elections the Council plan was updated to reflect the manifestos of the new coalition administration. In developing the

Area	Update
	<p>Council plan management has aligned it to the requirements of the agreed outcomes within Single Outcome Agreement (“SOA”) and the broader public sector reform agenda. Additionally, the Council plan has been developed to take into account the local priorities of East Lothian. The revised Council plan was approved in August 2012. The Council plan has four key objectives, all of which are aligned to the SOA</p>
Community engagement	<p>The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Overall, the majority of Performance Reporting indicators on this Performance area are positive</p>
Performance management	<p>The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. The LAN also considered evidence supplied by the council. The 2011-12 performance report highlighted that the Council has achieved or exceeded agreed targets for 61% of the performance indicators.</p>
Customer focus and responsiveness	<p>The LAN considered evidence supplied by the council as well as evidence gathered by link inspectors. Overall, the Council continues to build a sustainable and integrated improvement approach.</p>
ICT	<p>The LAN considered evidence supplied by the council as well as evidence gathered by link inspectors and the appointed auditor. The high level review of the ICT policy did not identify any significant weaknesses</p>
Use of resources – efficiency	<p>The LAN considered evidence supplied by the council as well as evidence gathered by link inspectors and the appointed auditor. The LAN have considered the Council's arrangements in responding to Audit Scotland</p>

Area	Update
	and Accounts Commission national studies, preparing short returns to Audit Scotland as appropriate.
Use of resources – managing people	The LAN considered evidence supplied by the council as well as evidence gathered by link inspectors. The number of days lost per employee for teachers and other local government employees has been improving in the latest results and long term trends.
Equalities	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Overall, the majority of Performance Reporting indicators on this Performance area are positive
Sustainability	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Overall, the Council performs well

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
Challenge and improvement	Further information required through focused work by the Council in partnership with the LAN as part of an agreed programme of self-evaluation for improvement	During 2011-12 internal audit completed a review of the HGIOC process. A number of recommendations were made to improve the process. The corporate policy unit has also produced a report evaluating the current process. This makes a number of suggestions for enhancement to the current arrangements. To ensure effective preparation, management have incorporated questions from the Best Value 2 toolkits into HGIOC. After discussion with the LAN, it was agreed that ELC will focus on support and challenge activities in self-evaluation. This will be delivered in partnership with the LAN over 2013-14
Use of resources – asset management	Further information required through focused work by the Council in partnership with the LAN (Audit Scotland and KPMG) as part of an agreed	An Asset Management Plan was approved by Council in October 2010, providing strategic direction. Whilst progress has been made and

Area	Assessment	Update
	programme of self-evaluation for improvement	positive impacts on Council activities can be evidenced further progress is required. Although no additional scrutiny is required ongoing consideration will be given by the appointed auditor as part of the annual audit process

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
Corporate Services	Uncertainty	No further scrutiny required	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. The majority of indicators now demonstrate improvement.
Education & Children's Services	No scrutiny required	Scrutiny required	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. One of the current challenges faced by Children's Wellbeing relates to an ongoing trend of disappointing figures for the educational attainment of looked after children and exclusions of looked after children. There will be a Children's Services Inspection in 2013. Given changes in approach to sharing education services there are now

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			<p>uncertainties around these activities. Accordingly, the education service will be the subject of focused scrutiny activity from Education Scotland in 2013-14.</p>
Community Services	No scrutiny required	Further information required through focused work by the Council in partnership with SHR	<p>The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. SHR looked at this area in late 2012.</p> <p>The Council should continue to work to mitigate the risks identified to the achievement of SHQS by 2015;</p> <p>further develop its approach to reporting SHQS performance to management and Committee;</p> <p>ensure that it understands the issues around communal improvements where the co-operation of</p>

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			<p>owners is required; and ensure it addresses the increasing trend in arrears.</p>
<p>Our young people are successful learners, confident individuals, effective contributors and responsible citizens.</p>	<p>No scrutiny required</p>	<p>Further information required through focused work by the Council in partnership with the Education Scotland Area Lead Officer</p>	<p>The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Attainment is generally good and better than the Scottish average, but there are signs of a worsening picture, particularly for S4 and S6 attainment. Recent inspection reports show a positive picture of schools achieving very well, with a strong focus on the principles of Curriculum for Excellence (CfE). However, this focus is not consistently applied across all Secondary Schools in the development of the Broad General Education and the Senior Phase. Education Scotland will work with the Council on a planned and mutually agreed programme of support</p>

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
Our children have the best start in life and are ready to succeed	No scrutiny required	Further information required through focused work by the Council in partnership with the Education Scotland Area Lead Officer	activities in 2013-14 The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Two out of three Outcome indicators have declined. Education Scotland will work with the Council on a planned and mutually agreed programme of support activities in 2013-14
We have tackled the significant inequalities in Scottish society.	No scrutiny required	Further information required through focused work by the Council in partnership with the LAN as part of an agreed programme of self-evaluation for improvement	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Only one of five indicators for 'fewer people experience poverty in East Lothian' is better compared to target. The LAN will seek to engage with the Council in this area in 2013.
We have improved the life chances for children, young people and families at risk.	No scrutiny required	Scrutiny required	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. The council demonstrate under-performance under this

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			outcome area with worsening recent trends for some indicators. There will be a Children's Services Inspection in 2013
We live in well-designed, sustainable places where we are able to access the amenities and services we need.	No scrutiny required	Further Information required through focused work by the Council in partnership with Scottish Housing Regulator	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Whilst positive progress has been made within some aspects of housing there remain areas for continued improvement, identified in the Community Services paragraph.
Leadership and culture	No scrutiny required	Further information required through focused work by the Council in partnership with the LAN as part of an agreed programme of self-evaluation for improvement	East Lothian has continued to develop How Good is Our Council. The use of this self-evaluation tool has been extended across an increasing number of council departments. Discussions over the course of 2012 have shown a desire on the part of the Council to work with the LAN to further develop and

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			support approaches to self-evaluation across the Council.
Planning and resource alignment	No scrutiny required	Further information required.	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. The Council has the highest level of net external debt across Scotland when taken as a proportion of revenue expenditure and per head of population. In addition, the Council has the fourth highest level of debt as a proportion of fixed assets. Although no additional scrutiny is required ongoing consideration will be given by the appointed auditor as part of the annual audit process.
Partnership working and community leadership	No scrutiny required	Further information required through focused work by the Council in partnership with the Education Scotland Area Lead Officer	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Although no related financial savings are planned within the three-year budget consideration requires to be given as to how the planned improvements in

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			educational experiences that were proposed through sharing services will be achieved given the change in approach.
Governance and accountability (including public performance reporting)	No scrutiny required	Further information required through focused work by the Council in partnership with the LAN as part of an agreed programme of self-evaluation for improvement	The LAN considered evidence supplied by the council as well as evidence gathered by link inspectors. The Council maintains an integrated governance framework to provide an appropriate structure for maintaining decision-making, accountability, control and behaviour. Although there have been no changes in the overall governance framework, there have been a number of changes in councillor composition and chairing of key Council committees as a result of the local elections in May 2012. Although no additional scrutiny is required ongoing consideration will be given by the appointed auditor as part of the annual audit process.
Risk management	No scrutiny required	Further information required through focused work by the	The LAN considered evidence supplied by the council as well as

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
		Council in partnership with the LAN as part of an agreed programme of self-evaluation for improvement	evidence gathered by link inspectors and auditors. Following the interim audit that reported that the risk management strategy demonstrated a commitment to good practice and increased focus by senior officers since 2009. The strategy remains under review and there is a need to clearly define 'risk appetite'. A revised strategy and Corporate Risk Register were approved by the Council in early 2013. Although no additional scrutiny is required ongoing consideration will be given by the appointed auditor as part of the annual audit process.
Use of resources - competitiveness	No scrutiny required	Further information required The LAN and KPMG will work in partnership with the Council on focused work as part of an agreed programme of self-evaluation to meet the financial challenges.	The LAN considered evidence supplied by the council as well as evidence gathered by link inspectors and auditors. To balance budgets there will need to be real term reductions in Council spending. This is something that the Council has not had to face in recent

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			history. Although no additional scrutiny is required ongoing consideration will be given by the appointed auditor as part of the annual audit process
Use of resources – financial management	No scrutiny required	Further information required through focused work by the Council in partnership with the LAN as part of an agreed programme of self-evaluation for improvement	The LAN considered evidence supplied by the council as well as evidence gathered by link inspectors and auditors. In 2015-16 the Council is budgeting for a break-even position. However there remain significant financial risks if the Council is to remain within budget. Although no additional scrutiny is required ongoing consideration will be given by the appointed auditor as part of the annual audit process.
Use of resources - procurement	No scrutiny required	Further information required through focused work by the Council in partnership with the Audit Scotland and KPMG as part of an agreed programme of self-evaluation for improvement	The LAN considered evidence supplied by the council as well as evidence gathered by link inspectors and the appointed auditor. Internal audit completed a routine review of procurement in early 2011 and identified weaknesses within the Council's procurement

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			<p>processes. The results of this investigation will be reported to the audit and governance committee. There is a need for further work to be undertaken in order to conclude on the wider implications of the procurement process weaknesses.</p> <p>Although no additional scrutiny is required ongoing consideration will be given by the appointed auditor as part of the annual audit process</p>

Scrutiny plans

17. This plan for scrutiny this year encompasses both the completion of scrutiny work from 2012 in Housing. These scrutiny events are not included within the plan diagram which commences from April 2014.
18. The LAN will work in partnership with the Council on focused work as part of an agreed programme of self-evaluation for improvement to provide independent public assurance that the council is effectively managing risks, addressing areas of under performance and maintaining the pace of improvement. There will be joint work to further develop and support approaches to self-evaluation across the Council through the use of the How Good is Our Council framework.
19. There will be focused work in partnership with Scottish Housing Regulator.
20. There will be scrutiny activity on the impact of shared services on Education and Children's Services. This will be led by Education Scotland, who will examine the educational impacts. Audit Scotland will assist in this by looking at the impacts in terms of corporate governance of Education and Children's Services. The External Auditor will assist by looking at the financial impacts of shared services. In addition, Education Scotland will work with the Council to develop a programme of mutually agreed activities to provide support and challenge to assist continuous improvement.
21. There will be focused work with the LAN and KPMG as part of an agreed programme of external audit to meet the financial challenges.
22. Audit Scotland will also undertake activities relating to the Follow-up of Audit Scotland national report "Scotland's Public Finances – addressing the challenges" and also Scotland's Public Finances: Workforce Planning.
23. The Care Inspectorate will undertake Care Inspectorate will undertake a Children's Services inspection in September or October 2013. This audit will be collaborative and draw upon members of other scrutiny bodies such as Education Scotland. The Care Inspectorate will undertake 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

Scrutiny plans

Scrutiny activity in the shaded rows does not result from the shared risk assessment but is either at the request of the council e.g. supported self-evaluation work or national activity e.g. national follow-up work or work requested by Ministers.

EAST LoTHIAN COUNCIL												
2013-14												
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Care Inspectorate Children's Services Inspection						X	X					
Scrutiny led by Education Scotland with assistance from Audit Scotland and the External Auditor in relation to shared services								X	X			
National or supported self evaluation work year 1												
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									X	X		
Audit Scotland - Scotland's Public Finances: Workforce Planning	X											
Follow-up of Audit Scotland national report "Scotland's Public Finances – addressing the challenges												

EAST LOTHIAN COUNCIL												
2013-14												
Support and challenge work on How Good is Our Council with the LAN					X	X						
Ongoing support by Scottish Housing Regulator in relation to issues identified as part of a mutually agreed plan of activities.												

EAST LOTHIAN COUNCIL												
2014-15												
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Possible BV2 based upon progress against financial plans and governance arrangements												
National or supported self evaluation work year 2												

EAST LOTHIAN COUNCIL

2014-15

XXX COUNCIL

2015-16

Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved

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 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. Education Scotland, through the Area Lead Officer, 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 with their responsibilities under the Public Services Reform (Scotland) Act 2010.

