

REPORT TO: Audit and Governance Committee

MEETING DATE: 17 September 2013

BY: Chief Executive

SUBJECT: Assurance and Improvement Plan Update 2013-2016

1 PURPOSE

- 1.1 To inform Audit and Governance Committee of the Assurance and Improvement Plan Update 2013-2016 provided by the Local Area Network.

2 RECOMMENDATIONS

- 2.1 Committee 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 by the Local Area Network and the Auditor (see paragraphs 3.10 and 3.1).

3 BACKGROUND

- 3.1 The Local Area Networks (LAN) bring together Audit Scotland and the other local government inspectorates in each local authority area. 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.
- 3.12 This report and the Assurance and Improvement Plan 2013-2016 were presented to the Council (25th June 2013).

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

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DATE	16 th August 2013