

REPORT TO: East Lothian Council

MEETING DATE: 24 June 2014

BY: Chief Executive

SUBJECT: Assurance and Improvement Plan 2014-2017

1 PURPOSE

- 1.1 To inform Council of the Assurance and Improvement Plan 2014-2017 provided by Audit Scotland.

2 RECOMMENDATIONS

- 2.1 Council is asked to welcome the Assurance and Improvement Plan 2014-17.

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.
- 3.2 The Assurance and Improvement Plan 2014-17 is based on evidence from various sources, including:
- The annual report to the Controller of Audit and elected members for 2012/13 from the council's appointed external auditors
 - The Single Outcome Agreement and associated development plan
 - The Council's own performance data and self-evaluation evidence and analysis of data from the Local Government Benchmarking Framework

- Evidence gathered from Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (including published inspection reports and other supporting evidence).
- 3.3 The LAN also drew on evidence from its focused inspection of the impact of shared services on Education and Children’s Services and its activity to support the Council’s self-evaluation programme.
- 3.4 For the first time the LAN also used evidence submitted by the Council in the form of a Self-evaluation Support Document which provided information and commentary on the areas of scrutiny covered by the shared risk assessment and the Assurance and Improvement Plan. The Council also commented on an initial draft of the Assurance and Improvement Plan.
- 3.5 This year, also for the first time, all 32 draft Assurance and Improvement Plans were put through a peer review / quality assurance process prior to sign off by Audit Scotland. This process has resulted in a more consistent approach to the completion of the Plans across all 32 local authorities.
- 3.6 Based on the review of evidence and the quality assurance process the LAN has produced the Assurance and Improvement Plan 2014-17 (see Appendix 1) which reflects an appropriate level of scrutiny based on the risks identified.
- 3.7 The Plan includes:
- a summary of the findings from the shared risk assessment and the planned scrutiny activity;
 - a summary of how key aspects of the Scottish Government’s reform agenda are being dealt with, specifically community planning and the Single Outcome Agreement, Police and Fire reform, health and social care integration, and welfare reform;
 - detailed assessments of scrutiny risks relating to:
 - corporate issues
 - service performance
 - improving and transforming public services and public performance reporting
 - the scrutiny plan for 2014-2017.
- 3.8 The summary of the Assurance and Improvement Plan provides a positive reflection on performance, self-evaluation activity and improvement over the last year. It states:
- “Overall, the LAN has judged that across East Lothian Council, there continue to be areas of strong performance and a number of improvement activities continue to make good progress.”*

“There continues to be a very strong commitment from officers and members to improving the work of the Council.”

“The LAN has worked actively and positively with the Council to support self-evaluation activities throughout the year. This, along with other improvements in performance, has helped to change the LAN’s assessments in 18 areas from last year’s Assurance and Improvement Plan from ‘further information required’ to ‘no scrutiny required’.”

- 3.9 The Plan concludes that apart from the national driven scrutiny activity and the follow up from previous inspections – the Children’s Services Inspection and the Scottish Housing Quality Standards inspection, *“No additional scrutiny is currently required.”*
- 3.10 The structure of the assessment of scrutiny risks has altered significantly from previous plans. There are now only 18 areas assessed compared to 38 in last year’s plan. So direct comparison is not possible. However, whereas in last year’s plan there were two areas identified as requiring scrutiny and 15 areas where further information was required, this year’s plan includes no areas for scrutiny. Although it should be noted that *“the LAN will seek to monitor several areas of risk through the work of the external auditor in 2014 with a view to reviewing progress and possible scrutiny for next year’s AIP”.*
- 3.11 The AIP identifies only two areas where further activity is being planned in 2014/15 – the follow up to the Children’s Services inspection and a Scottish Housing Regulator performance inquiry on rent arrears management.
- 3.12 Work has already begun on these two areas. The draft Improvement Plan arising from the Children’s Services Inspection was agreed by the Resilient People Partnership (22 May) and subsequently submitted for approval by the Care Inspectorate. A rent arrears task group chaired by the Depute Chief Executive, Partnerships and Community Services has been set up and has agreed an Improvement Action Plan.

4 POLICY IMPLICATIONS

- 4.1 The Assurance and Improvement Plan 2014-2017 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 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 2: East Lothian Council, Assurance and improvement Plan 2014-17

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East Lothian Council

Assurance and Improvement Plan

2014–17

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Introduction

1. This Assurance and Improvement Plan (AIP) sets out the planned scrutiny activity in East Lothian Council between April 2014 and March 2017. The AIP is based on a shared risk assessment undertaken by a local area network (LAN). There is a LAN for each council, comprising representatives of all the scrutiny bodies who engage with the council. The aim of the shared risk assessment process is to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response over a three year period.
2. This is the fifth AIP for East Lothian Council since the introduction of the shared risk assessment process.¹ It is the result of the shared risk assessment which began in October 2013. The process drew on evidence from a number of sources, including:
 - the annual report to the Controller of Audit and elected members for 2012/13 from the council's appointed external auditors
 - evidence gathered from Audit Scotland, Education Scotland, the Care Inspectorate, the Scottish Housing Regulator and Her Majesty's Inspectorate of Constabulary (HMICS), including published inspection reports and other supporting evidence
 - the Single Outcome Agreement (SOA) and associated development plan for the council area
 - the council's own performance data and self-evaluation evidence
 - analysis of data from the SOLACE / COSLA / Improvement Service Local Government Benchmarking Framework.²
3. The shared risk assessment process was reviewed in 2013, in the context of a significantly changed scrutiny landscape and the evolving public service reform agenda.³ Based on the findings of the review, this year's shared risk assessment focused on identifying the council's current position in implementing the Scottish Government's reform agenda. It also placed more emphasis on scrutiny risk in relation to the council's improvement and transformation agenda. This change in approach is reflected in the structure of the AIP for 2014-17, which covers four areas:
 - local priorities and public service reform
 - corporate assessment
 - service performance
 - improving and transforming public services / public performance reporting.

¹ Assurance and Improvement Plans for each council since 2010 are available on the Audit Scotland website: <http://www.audit-scotland.gov.uk/work/scrutiny/aip.php>

² The indicators used in the framework can be found on the Improvement Service website: <http://www.improvementservice.org.uk/benchmarking/>

³ The review of the shared risk assessment process was one of four work streams taken forward by the Strategic Group for Local Government Scrutiny Co-ordination during 2013.

4. Scrutiny risk is assessed against the following criteria:
 - No scrutiny required - there are no significant concerns, so no scrutiny work is necessary.
 - Scrutiny required - there are concerns about performance, services or outcomes, resulting in the need for scrutiny work.
 - Further information required - there is insufficient information to reach a judgement about performance.
5. The National Scrutiny Plan for 2014/15 is available on the Audit Scotland website. It provides a summary of planned scrutiny activity across all councils in Scotland, based on the AIPs for each council.

Summary

6. Overall, the LAN has judged that across East Lothian Council, there continue to be areas of strong performance and a number of improvement activities continue to make good progress. The outcomes of the two major scrutiny events of 2013, in joint inspection of services for children and young people in the East Lothian Community Planning Partnership area and in education, identified some key areas of major and important strengths. However, within both education and services for children, scrutiny identified areas where service performance declined and where improvements are required. The LAN will seek to closely monitor performance in these two significant areas of council activity and will seek to provide challenge and support through the respective inspectorates during 2014..
7. There continues to be a very strong commitment from officers and members to improving the work of the council. As part of its ongoing improvement journey, the council continues to use How Good is Our Council to support its approaches to self-evaluation across a broad range of its corporate and service functions. The LAN has worked actively and positively with the council to support self-evaluation activities throughout the year. This, along with other improvements in performance, has helped to change the LAN's assessments in 18 areas from last year's AIP from further information required to no scrutiny required. The LAN will seek to continue this work with the council in 2014.
8. In common with the public sector across Scotland, East Lothian continues to face financial challenges. The LAN notes that the Council has the highest level of net external debt as a proportion of revenue spend of all Scottish local authorities. This represents an acute financing challenge to future revenue budgets. The Council's level of debt places significant pressure on future revenue funding as debt and associated interest is paid. The 2013-14 budget forecasts a breakeven position, incorporating a further £2.2 million utilisation of reserves. The most recent financial monitoring reports shows the Council is achieving its savings on the majority of business groups and is on target to use fewer reserves than estimated as part of setting the 2013/14 budget. The council's senior management estimate that they have secured 20% of the expenditure reduction which will be needed by the end of 2015-16, the majority of which will come from £9.9 million savings from the cessation of the police and fire requisitions. This means the remainder of the expenditure reduction is still to be found and this is a significant risk. This is within the context of the council Financial Strategy that recommended the reduction in capital expenditure limits. A transformation programme has been established to implement change projects which will both significantly reduce costs and support delivery of the Council plan. It is too early to assess the impact of this programme and there are significant risks to service sustainability if the council does not meet its targets. The LAN's view is that this financial position will be the focus of LAN activity with the council, primarily through the work of the external auditor. A key test for the council over the next year will be to successfully implement its planned budgets and make progress with its transformation programme to deliver efficiencies in services. These areas will be a

focus for the external audit. If insufficient progress is being made then LAN will seek to carry out more in-depth scrutiny next year.

9. The East Lothian Partnership (ELP) has a ten-year strategic plan for East Lothian called The East Lothian Plan - Single Outcome Agreement (SOA) 2013. The plan is based on a clear, evidence based understanding of the context of East Lothian. This has been developed from the new East Lothian Profile 2013 which has six ward profiles covering the main settlements. The profile provides a good and well researched evidence base that outlines the challenges that the council and its partners face as well the strengths, assets and opportunities available in East Lothian. The overarching priority is to reduce the inequalities across and within East Lothian communities. There are three strategic objectives. These are to build a sustainable economy, develop resilient people, and develop safe and vibrant communities. There are ten high level outcomes, each with contributory outcomes, which provide a clear vision for East Lothian. This framework aims to enable partners to design and deliver the services that will make a real difference in the lives of the people and communities of East Lothian.
10. No additional scrutiny is currently required. The LAN notes that the council recognises it will make significant changes to how it operates to deliver the services needed in East Lothian, and the new SOA and ELP are central to this. The LAN welcomes the fact that the council is working closely to monitor the financial position as there are significant risks in this area. There is a need to ensure that there is consistency in approaches to corporate scrutiny. The LAN's view is that it is important that the council now maintains a disciplined approach to ensure the successful implementation of its change programmes. This process of implementation will be a focus of both the appointed auditor as part of the annual audit process and the LAN. In addition, the LAN will seek to continue to 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.

Planned scrutiny activity

11. There are no planned inspections in the period 2014-17. However, there are a number of national audit programmes and supported self-evaluation that will involve scrutiny activity within East Lothian Council.
12. During 2014, Audit Scotland will carry out a targeted follow-up of two national performance audits - *Arm's-length external organisations (ALEOs): are you getting it right?* (June 2011) and *Major capital investment in councils* (March 2013).
13. SHR will seek information from all social landlords to monitor the impact of welfare reform. SHR conducted a survey on the early impact of welfare reform and published the summary findings in October 2013. Further self-assessment surveys will be issued to all social landlords to help determine the longer term impact of welfare reform.
14. The individual audit and inspection agencies and the external auditor will continue to work with the council to provide support and challenge as appropriate. The LAN proposes to maintain

and further develop its work with the council to support and extend self-evaluation. The LAN will work with its individual agencies to provide the relevant expertise as appropriate.

15. There is some scrutiny activity planned across councils in 2014/15, but where scrutiny bodies are yet to determine which specific council areas will be included. This includes the following:
 - The Scottish Housing Regulator (SHR) recently carried out a thematic inquiry into the outcomes that councils are achieving by delivering housing options and prevention of homelessness services. A sample of councils were selected to take part in this as case studies. The findings from this work could potentially lead to further engagement with some councils. The SHR will carry out further thematic inquiries between 2014/15 and 2015/16. If a council is to be involved in a thematic inquiry the SHR will confirm this with the council and the appropriate LAN lead.
 - HMICS will be inspecting local policing across Scotland over the next three years. This will examine, amongst other things, local scrutiny and engagement between Police Scotland and councils. The geographic areas to be inspected during 2014/15 have yet to be determined.
 - Education Scotland will be working in partnership with councils to carry out self-evaluation of education psychology services over a two year period beginning in 2014/15.
 - Education Scotland will be reviewing the quality of Careers Information Advice and Guidance services delivered by Skills Development Scotland across all council areas over the next three years.
 - Education Scotland will continue to engage with councils for the purpose of validated self-evaluation (VSE). The scheduling of VSEs will be arranged by negotiation between Education Scotland and individual councils.
 - The Care Inspectorate, in partnership with the Association of Directors of Social Work and the Risk Management Authority, has been undertaking supported self-evaluation activity to assess the initial impact of the introduction of the assessment and case planning instrument LS/CMI across Scotland's criminal justice social work services. This activity started in June 2013 and will conclude with the publication of a national report by May 2014. Action plans arising from this activity will be implemented in 2014.
16. Audit Scotland will carry out a programme of performance audits during the period of this AIP that will involve work with councils. The performance audit programme for 2014/15 is available at <http://www.audit-scotland.gov.uk/work/forwardwork.php?year=2014>.
17. Scheduled audit and inspection work will take place through the annual audit process. The ongoing inspection of school and care establishments by Education Scotland and the Care Inspectorate respectively will continue as planned. 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.
18. A timetable for planned audit and inspection activity in East Lothian Council between April 2014 and March 2017 is at [Appendix 1](#).

Local priorities and public service reform

19. Local councils are operating within a context of significant change as a result of the challenging financial environment and the public service reform agenda. The Scottish Government's reform agenda emphasises the importance of place, people, partnership, prevention and performance in public services. This year's shared risk assessment identified the council's current position in implementing the Scottish Government's reform agenda, specifically in relation to:
- community planning and new Single Outcome Agreements
 - police and fire oversight arrangements (following the introduction of new national police and fire services)
 - health and social care integration
 - welfare reform.

Community planning and Single Outcome Agreements

20. East Lothian has developed a new SOA that has clear objectives that relate well to the context of the council. Three clear strategic improvement priorities for the council are noted. These are focused upon governance and leadership, resources and performance. Following a significant period of review and restructuring around community planning, the ELP was established in June 2013, with 21 partners from the statutory, business, education and voluntary sectors. The new ELP structure will work with the council to deliver the SOA. A clear statement of intent sets out the ELP's long-term goal, which is to work in partnership to build an East Lothian where everyone has the opportunity to lead a fulfilling life and which contributes to a fair and sustainable future.
21. The ELP has three supporting partnerships: Sustainable Economy, Resilient People, and Safe and Vibrant Communities. The membership of these partnerships comprises personnel from the council and key community planning partner agencies. Each recently established supporting partnership has responsibility for delivering three to four outcomes and reports to the council regularly. The council recognises that this new structure will require time to be implemented and a self-evaluation partnership review will be undertaken in 2014-15. The LAN will seek to work with the council to support self-evaluation activities.

Police and fire

22. Each police division is in the process of consulting with communities on the content and priorities for the policing plan 2014-17. That process will include local authorities who will give final approval of plans. The inaugural meeting of the Safe and Vibrant Communities Partnership was held on 9 September 2013. The committee has senior executive and non-

executive level representation from the key partners (all sectors - public, third, private and community). It includes elected members from the council, to ensure that they operate at a strategic level and are empowered to make decisions and commit resources. It is one of three partnerships forming the wider East Lothian Community Planning Partnership. It is too early to comment on the level of scrutiny from the committee.

23. HMICS conducted a thematic inspection of the new arrangements for local scrutiny in 2013 and believes that the new arrangements for local scrutiny and engagement require more time to bed in and that it is therefore too early to assess the effectiveness of these arrangements.
24. In relation to the wider issue of the delivery of community safety, HMICS has seen no significant changes to partnership arrangements since the creation of a single police service model for Scotland. HMICS is considering community safety as a possible area of focus within its 2014-17 work plan.
25. Fire reform is also still at an early stage and HM Fire Service Inspectorate (HMFSI) has not as yet undertaken any detailed examination of the way in which community safety and engagement activities are delivered across local authority areas in Scotland. HMFSI published *An Overview of the Scottish Fire and Rescue Service (SFRS)* in 2013. In its report, HMFSI highlighted that local senior officers (LSOs), who have responsibility for overseeing partnership working with local authorities in the delivery of community safety and engagement, are clearly sighted on their responsibilities and are keen to make local partnerships work in an effort to optimise community outcomes.
26. The nature of fire service performance reporting both pre-and post-reform means that the fire service culture is well used to focusing on outcomes. Relevant measures of the success of interventions and data on fire outcomes have been collected for many years. It is apparent that at a local level, partnership working has improved the targeting of community safety and engagement resources to those sections of the community where it is most likely to pay dividends. This trend will hopefully continue as the new national service is able to draw on information about how local arrangements function across the country.
27. The Scottish Fire and Rescue Service (SFRS) is consulting on a suite of local fire and rescue plans. HMFSI is not currently proposing any specific scrutiny on local planning and consultation processes, but may consider this in its future inspection plans.

Health and social care integration

28. The Public Bodies (Joint Working) (Scotland) Bill was introduced by the Scottish Government in May 2013. The Bill aims to ensure that the health and social care systems work together to improve outcomes for people by providing consistency in the quality of services, ensuring people are not unnecessarily delayed in hospital and maintaining independence by creating services that allow people to stay safely at home for longer. Arrangements for how services will be delivered are determined by councils and health boards based on what they believe is the best way to meet the care needs of their local populations.

29. In April 2013, East Lothian Council approved proposals for the establishment of a Shadow Partnership with NHS Lothian. This is in accordance with the Scottish Government's drive to integrate health and adult social care services nationally, and to plan for the establishment of a formal Health and Social Care Partnership in East Lothian. The Shadow Partnership's role is to make preparations for a formal Health and Social Care Partnership, which is to be in place by 2015. The council also agreed the process for the appointment of a Jointly Accountable Officer to co-ordinate and drive the work of the Shadow Partnership and manage the transition to the Health and Social Care Partnership. The Jointly Accountable Officer will be responsible for NHS services in East Lothian in addition to Lothian-wide NHS responsibilities. The LAN will continue to engage with the council to monitor developments.

Welfare reform

30. East Lothian Council has established a Welfare Reform Reference Group which includes the council, the Department of Work and Pensions, Housing Associations, tenants' representatives and advice agencies. Regular updates from management on the impact of welfare reform are considered by members and a welfare reform task group has been formed. The task group considered the service implications of the welfare reforms and in response has drafted a welfare reform action plan. Welfare reform has been discussed at the ELP and has often been a topic for discussion at the Welfare Reform Reference Group. The senior management has expressed their view that the council is well placed to manage the changes.
31. In 2013-14, the Scottish Housing Regulator (SHR) surveyed social landlords and published findings on the early impact of welfare reform on rent arrears. It will continue to gather information on rent and arrears through the annual return on the Scottish Social Housing Charter in order to monitor the impact of welfare reform on social landlords and their tenants. the LAN will continue to monitor this area in 2014.

Corporate assessment

32. The following table provides an assessment of scrutiny risk relating to the council's management arrangements (including how it is meeting its Best Value obligations).⁴

Area	Risk assessment	Current position	What we plan to do
<p>Leadership and direction</p> <p>How the council's vision is designed around its knowledge of its local communities and how this is translated throughout all the council's plans and strategies.</p>	No scrutiny required	<p>The East Lothian Partnership's ten-year strategic plan for East Lothian is called The East Lothian Plan - Single Outcome Agreement (SOA) 2013. This sets a clear direction for the Council. The LAN's view is that the plan is based on a clear, evidence based understanding of the context of East Lothian. This has been developed from the new East Lothian Profile 2013 which has six ward profiles covering the main settlements. The profile provides a good and well researched evidence base that outlines the challenges that the council and its partners face as well the strengths, assets and opportunities available in East Lothian.</p> <p>The 2012 review of chief officers resulted in a reduction in the number of heads of service and a shift in this role to a more strategic position. A further change in the management structure occurred with effect from 1 April 2013, with the number of executive directors reducing from three to two. The Chief Executive has instigated a structured learning programme to</p>	No specific scrutiny activity

⁴ The Local Government in Scotland Act 2003. Best Value Guidance, Scottish Executive, 2004.

Area	Risk assessment	Current position	What we plan to do
		<p>support the development of leadership. This has been established in order to increase the skills and capacity of managers to lead change in the Council. The 2013 Council improvement plan in terms of leadership also confirms a commitment to senior officers' continuing professional development. Heads of service are part of the corporate management team, along with the executive directors and the chief executive. Collectively they have responsibility to deliver the Council's agreed objectives.</p>	
<p>Governance and accountability Whether governance arrangements are working effectively and whether good governance underpins council decisions and supports performance improvement.</p>	<p>No scrutiny required</p>	<p>The LAN considered a range of documentary evidence and concluded that the council has clear overarching and supporting governance arrangements which provide a framework for organisational decision-making. The 2013 council improvement plan contains actions related to maintaining the standard of elected member conduct, including training sessions for elected members on the new Standing Orders and the Code of Conduct. A self-evaluation of arrangements was carried out for 2012-13. While some improvements were identified, it concluded that there were generally good governance and control arrangements. This annual review of corporate governance demonstrates good practice.</p>	<p>No specific scrutiny activity</p>
<p>Community engagement and</p>	<p>No scrutiny required</p>	<p>The Council's CLD service is working with Community Centre</p>	<p>No specific scrutiny activity</p>

Area	Risk assessment	Current position	What we plan to do
<p>empowerment</p> <p>Whether the council is giving local people a greater say in local budget decisions and giving communities a right to challenge local public service delivery.</p>		<p>Management Committees to transfer control of community centres to community organisations. Draft Lease Agreements and Minutes of Agreement have been produced. The council's Consultation Hub consults regularly with residents on a range of issues including budgets and acts upon their feedback in areas such as the proposed Musselburgh Town Centre Strategy and Housing Allocations Policy Review. The Policy Performance and Review Committee receives reports on customer complaints and feedback and an annual report on social work complaints and feedback. This provides elected members with the opportunity to scrutinise how customer complaints are dealt with and to assess whether further action needs to be taken in response to complaints.</p>	
<p>Financial management</p> <p>How effectively the council is planning and managing its budgets.</p>	<p>No scrutiny required</p>	<p>The council recorded a deficit of £2.5 million in 2012-13 (2011-12: £7.5 million), less than originally budgeted. Total capital expenditure was £52.2 million, lower than the revised approved capital plan of £60.3 million. The 2013-14 budget forecasts a breakeven position, incorporating a further £2.2 million utilisation of reserves. Senior Management estimate that they have secured 20 per cent of the expenditure reduction which will be needed by the end of 2015-16, the majority of which will come from savings from the cessation of the police and fire requisitions. The most recent financial monitoring reports shows the Council is achieving its savings on the majority of business groups and is on target to</p>	<p>No specific scrutiny activity</p>

Area	Risk assessment	Current position	What we plan to do
		<p>use fewer reserves than estimated as part of setting the 2013/14 budget.</p> <p>Audit Scotland's analysis of the 32 local authorities continues to show that the council has the highest level of net external debt as a proportion of revenue spend of all Scottish local authorities, representing a financing challenge to future revenue budgets, particularly in 2016-17. Financial sustainability is demonstrated by having the final year of the budget showing balanced income and expenditure without the use of reserves. Whilst borrowing is usually repaid over a longer period than three years, and the best indicator of whether the future repayments are sustainable is a 2016/17 budget that does not rely on temporary sources of funding such as reserves. To sustain the capital investment plan the Council needs to demonstrate that there is no structural deficit in its budget by 2016/17.</p> <p>A transformation programme has been established to implement change projects which reduce costs and support delivery of the Council plan. A clear strategy and allocation of the cost reduction fund will be needed to support this programme. It is too early to assess the impact of this programme</p> <p>Accordingly the LAN will seek to monitor this area through the work of the external auditor in 2014 with a view to reviewing progress and possible scrutiny for next year's AIP.</p>	
People management The effectiveness of the	No scrutiny required	A voluntary early release scheme was approved by Cabinet on	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
council's workforce planning and management arrangements.		<p>12 March 2013. Management recognise the pressure on remaining staff and have identified actions to address services with lower self assessment scores. This includes a review of the people strategy and forming a workforce development plan, which should support workforce transformation, in order to deliver services and achieve savings.</p> <p>The Council is developing a Workforce Development Plan to meet the challenges of public sector reform, reducing budgets and increasing public expectations by ensuring that the council's workforce is skilled, motivated, flexible and well-managed. Several initiatives are already in place to support achievement of this aim including a Chartered Management Institute Level 5 course for all senior managers and a CMI Level 3 course for team leaders and supervisors. This area of human resources will crucial to the achievement of the Transformation Programme and the delivery of efficient services.</p> <p>Accordingly the LAN will seek to monitor this area through the work of the external auditor in 2014 with a view to reviewing progress and possible scrutiny for next year's AIP.</p>	
Asset management The council's arrangements for managing assets and	No scrutiny required	Due to a number of recent capital projects exceeding the allocated capital sum, management undertook a review of capital programme management. This review incorporated the findings of the Audit Scotland report <i>Major capital investment in councils</i> .	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
how this key resource is used to support effective service delivery.		These recommendations will support improvements in the asset management processes and enable management to make capital programme decisions. The appointed auditor will consider this area as part of the annual audit process.	
Procurement How effectively corporate procurement contributes to the council maximising value for money in the goods and services it uses to deliver its services.	No scrutiny required	<p>The Council's PCA score has increased steadily over the last 3 years and is now in line with national averages. There is a strong focus in financial management in achieving value for money.</p> <p>Overall, external audit found that controls over procurement are operating effectively. The corporate procurement procedures manual has been updated and added to the council's revised Standing Orders as an appendix, and these were approved by Council on 25 June 2013. The addition of the manual to this core document demonstrates a commitment to the improvement of procurement and purchasing arrangements at the council.</p>	No specific scrutiny activity
Risk management The effectiveness of the council's arrangements for identifying, managing and mitigating risks and how its management of risk contributes to the	No scrutiny required	Management continue to review risk management arrangements to provide assurance to elected members over the mitigation of identified risks. A corporate risk register is in place and is supported by departmental risk registers. Both the corporate risk register and the risk management strategy have been reviewed and updated during 2012-13. In accordance with the Risk Management Strategy Very High and High risks identified in the Corporate Risk Register are subject to closer scrutiny by the	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
successful delivery of public services.		<p>Council Management Team, the Cabinet and the Audit and Governance Committee. The 2013 Corporate Risk Register includes no Very High risks, 10 High risks and nine Medium risks. Risk appetite is briefly mentioned in the strategy, which suggests that training can help staff to understand this in relation to the council. However, it does not give any more information. This would be useful for users of the strategy, to be aware of the council's overall risk appetite.</p> <p>Accordingly the LAN will seek to monitor this area through the work of the external auditor in 2014 with a view to reviewing progress.</p>	
<p>Information management</p> <p>The effectiveness of the council's arrangements for managing information as a key resource in delivering services.</p>	No scrutiny required	<p>Data Protection and FOI policies were adopted by the Council in June 2012. East Lothian Council has adopted the Model Publication Scheme 2013 produced by the Scottish Information Commissioner. The scheme has the Commissioner's approval until 31 May 2017. An Information and Records Management Policy was adopted in June 2013. The Council is presently working on its Record Management Plan. The Council regularly reviews and its Freedom of Information Act and Data Protection Compliance Statistics are regularly reported to Cabinet</p> <p>The IT service in East Lothian has a flexible and committed workforce. The service is committed to using self-evaluation and service planning to continue the improvement process.</p>	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
<p>Joint working</p> <p>Progress with any significant shared services initiatives, in particular in relation to governance or pace of implementation.</p>	<p>No scrutiny required</p>	<p>Senior Management and elected members continue to view partnership working as important in delivering further value through shared resources. There are particular financial and management challenges, as the council's overall budget position in a difficult financial climate is finely balanced. Integration and collaboration of services will enable good practice to be shared as well as supporting the achievement of efficiencies.</p> <p>The Council is continuing to explore options for partnership working with Midlothian Council. Management are considering collaborative working arrangements for risk management, internal audit and emergency planning. A six-month pilot of a shared Health and Safety Manager post has been continued and the two councils have recently agreed to create joint/ shared Managers posts for Trading Standards and Environmental Health.</p> <p>The move from the proposal to share educational services will not now progress as planned although partnership working is continuing.</p> <p>The LAN will continue to monitor this through the work of the external auditor.</p>	<p>No specific scrutiny activity</p>
<p>Efficiency</p>	<p>No scrutiny</p>	<p>Management apply a robust budget setting process, recognising</p>	<p>No specific scrutiny activity</p>

Area	Risk assessment	Current position	What we plan to do
<p>How effectively the council is improving its efficiency in response to the budget challenges being faced.</p>	<p>required</p>	<p>identified corporate commitments and costs pressures.</p> <p>Uncertainty remains over the extent and precise nature of changes that will be required. There are risks to financial sustainability if efficiency savings cannot be achieved. The utilisation of reserves to cover deficits is only viable in the short-term.</p> <p>A transformation board supported by a transformation programme manager has been set up, to facilitate implementation, monitor savings programs and review the impact of the programs to achieve efficiency gains on service delivery. This should help to mitigate the identified risks. It is too early to assess the impacts of this programme.</p> <p>Quarterly financial position reports are presented to council or cabinet which show high level financial performance against budget for each business group. This is a development on the prior year and supports further scrutiny of financial performance.</p> <p>The 2013/14 budget included efficiency savings and budget reductions totally £6.7m to balance expenditure with available income. These savings have included:</p> <p>£3m from the Voluntary Early Release Scheme</p> <p>£400,000 from changes to the staff travel scheme</p>	

Area	Risk assessment	Current position	What we plan to do
		<p>Spending restrictions on Capital Expenditure to reduce debt charges</p> <p>The Q2 and Q3 financial monitoring reports shows the Council is achieving its savings on the majority of business groups and is on target to use fewer reserves than the estimated £2.2 million of reserves planned as part of setting the 2013/14 budget</p> <p>Accordingly the LAN will seek to monitor this area through the work of the external auditor in 2014 with a view to reviewing progress and possible scrutiny for next year's AIP.</p>	
<p>Equalities</p> <p>Whether the council is providing effective leadership of equalities and is meeting its statutory obligations.</p>	<p>No scrutiny required</p>	<p>The Council's Equality Plan 2013-2016 was approved by Cabinet, 14th May 2013 and published. All policies and council reports undergo a combined impact assessment to assess likely impact on equalities, social, economic and environmental wellbeing.</p> <p>The council is in an improving position with regard to gender employment equality and is above average in terms of the percentage of council employees in the top five per cent of earners that are women.</p> <p>The percentage of public service buildings that are suitable for and accessible to disabled people is significantly lower than the Scottish average. However, this area has seen a slowly improving trend since 2010/11 and The Council adopted a Physical Disability</p>	<p>No specific scrutiny activity</p>

Area	Risk assessment	Current position	What we plan to do
		Strategy in January 2013 The LAN will monitor this area in 2014-15.	

Service performance

33. The following table provides an assessment of scrutiny risk relating to the performance of the council's main inspected public services (education, social care services and housing) and non-inspected services (e.g. corporate services, culture and leisure services, environmental services).

Area	Risk assessment	Current position	What we plan to do
<p>Education The quality of local education services and the resulting outcomes (including early years).</p>	<p>No scrutiny required</p>	<p>In recent inspections evaluations have varied from weak to excellent. Three primary schools and one secondary school are receiving continuing support from Education Scotland - three as a result of inspection findings and the other as a result of a request from the Education Authority. One secondary school inspected in 2013 was evaluated as good and very good.</p> <p>Performance post appeal in national examinations highlight a significant variation in performance across the attainment profile. Performance in English and mathematics at Scottish Credit and Qualifications Framework (SCQF) level three or better indicates a fall from above the national average to being in line with the national average. The performance of girls is notably poorer than boys. There is now a three year decline in the number of young people achieving five awards at SCQF level three by the end of S4, notably girls.</p> <p>Performance has changed from well above the national average to being in line with the average. Similarly, there is a three year decline in performance at five awards at SCQF level four or better, moving from well above national averages to in line; and a two year decline at five</p>	<p>No specific scrutiny activity</p>

Area	Risk assessment	Current position	What we plan to do
		<p>awards at SCQF level five, moving from above to below national averages.</p> <p>In preschool and primary school published reports, a positive picture emerges of the transition process between nursery and P1 and between P7 and secondary school. On leaving secondary school, the data show that while East Lothian performs better than comparators and the national average in terms of progression to employment, it is a less positive picture in terms of progression to further education, training and for young people who do not achieve a positive destination.</p> <p>The areas for support and challenge identified above are service performance risks in 2014-15 are in the Education Scotland Partnership Agreement with East Lothian Council.</p> <p>Accordingly the LAN will seek to monitor this area through the work of Education Scotland in 2014 with a view to reviewing progress and possible scrutiny for next year's AIP.</p>	
<p>Social care services The quality of local social work and care services and the resulting outcomes (including adult care, older peoples services, learning disability services, criminal justice services,</p>	No scrutiny required	The recent Joint Inspection of services for children and young people in the East Lothian CPP area shows that staff across services have a well-established history of effective joint working which is continuing to have a very positive impact on the well-being of individual children and young people and families. Staff are committed to providing timely and helpful support and many children and families benefit from reliable and flexible services. As a result, there are a number of demonstrable improvements in the life chances of vulnerable children and young people. Partners have carried out work which provides them with a	There will be follow up activity by the Care Inspectorate

Area	Risk assessment	Current position	What we plan to do
mental health services, children and families).		<p>clear understanding of where they need to prioritise resources to reduce the inequalities that exist for individual children, families and communities. However, the leadership, strategic direction and planning has not been strong enough to drive forward new approaches to early intervention and prevention to achieve measurable improvements. There are important weaknesses in the way in which the Child Protection Committee was fulfilling its key functions to drive continuous improvement and provide assurance about how well children are protected and their needs met. Robust and systematic joint self-evaluation across children's services is now needed to both meet this service performance risk and achieve an accurate self-awareness that leads to sustainable change and improvement..</p> <p>Inspectors are confident that partners, with support to address weaknesses in planning and leadership, will be able to make the necessary improvements in the light of the inspection findings. Accordingly the LAN will seek to monitor this area through the work of the Care Inspectorate in 2014 with a view to reviewing progress.</p>	
<p>Housing and homelessness</p> <p>The quality of housing and homeless services and the resulting</p>	Further information required	Current tenant rent arrears and gross tenant arrears (current and former) have increased steadily since 2010/11 and sit at a higher rate than peers. During the most recent inquiry into the Scottish Housing Quality Standard (SHQS) and aspects of homelessness, SHR discussed the council's worsening arrears performance. This position	SHR Performance Inquiry on arrears management

Area	Risk assessment	Current position	What we plan to do
outcomes.		<p>does not appear to have improved. Rent collection at the council sits within the finance department. The SHR intends to meet with the council to clarify its position on arrears management and further discuss its plans to improve performance in this area.</p> <p>As advised in the council's AIP for 2013-16, SHR recently carried out a thematic inquiry into the outcomes that local authorities are achieving by delivering housing options and prevention of homelessness services. A sample of councils were selected to take part and the findings at a national level could potentially lead to further engagement, as may any other future thematic inquiries conducted between 2014/15 and 2016/17.</p>	
<p>Non-regulated services</p> <p>Particular strengths and challenges in the range of non-regulated services provided by the council, and any significant changes to performance.</p>	No scrutiny required	<p>Of the seven main non-regulated services, the council performs well, with performance levels that are above average or in line with national averages. This places them in the top quartile. The main areas of concern where SPI performance is declining relates to housing services. There are regular reports to councillors on performance and the council is now actively extending its self-evaluation approaches to non-regulated services. There will be ongoing work with the LAN and the council to support self-evaluation.</p>	No specific scrutiny activity

Improving and transforming public services / public performance reporting

34. The following table provides an assessment of scrutiny risk relating to how the council is improving and / or transforming public services, and the extent to which it is meeting its public performance reporting obligations under the Local Government in Scotland Act 2003.

Area	Risk assessment	Current position	What we plan to do
<p>Improving and transforming public services</p> <p>The council's arrangements for continuing to deliver services with reducing resources and growing demand, and what impact this is having on service outcomes.</p>	No scrutiny required	<p>Management has recognised the requirement to make changes to how the council is organised and operates within available resources.</p> <p>The Council's Improvement Framework – From Improvement to Excellence – consists of five inter-related elements through which the Council plans to move from Improvement to Excellence</p> <p>A transformation programme has been established to implement change projects to reduce costs and support delivery of the council plan. Many of the change projects (including the voluntary early release scheme, the procurement improvement panel, efficient workforce management planning, strategic asset management and shared / integrated services with Midlothian Council) are in progress and are reflected in the budget changes to 2015-16. It is too early to assess the impact of these developments. The success of the transformation programme and change projects will influence the achievability of the financial strategy. This area will be a focus in the external audit plan.</p>	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
<p>Public performance reporting (PPR)</p> <p>The progress that is being made by councils in meeting their PPR obligations.</p>	<p>No scrutiny required</p>	<p>The council continues to use a well established approach to self-evaluation through the use of the How Good is our Council model, which is being extended across more council departments. Management intend for three year service plans to be developed, aligning with the three year budgets to help deliver alignment of priorities within the challenging financial context. The council has effectively assessed their arrangements against the characteristics of an effective performance management and improvement process as detailed in Audit Scotland’s report <i>Managing performance: are you getting it right?</i></p> <p>Performance against the council’s performance indicators is reported in an annual public performance report. The main element of performance management takes place through monitoring service performance against agreed performance indicators. The Council reports on the 25 SPIs and also has a range of other performance indicators which it has developed to demonstrate progress to the outcomes contained in the Council plan and the Single Outcome Agreement. The Council uses the Aspireview system to input, manage, interrogate and present data.</p> <p>Elected member scrutiny is primarily performed by the policy and performance review committee and the audit and governance committee. In addition, the corporate management team reviews performance on a continuous basis. The 2012-13 performance report highlighted that the council’s performance improved for 41 per cent of the performance indicators, with 36 per cent showing little or no change and 23 per cent</p>	<p>No specific scrutiny activity</p>

Area	Risk assessment	Current position	What we plan to do
		<p>deteriorating. In 2011-12, 61 per cent of indicators showed an improvement in performance. This has instigated a review of key performance indicators and adoption of a framework of Best Value reviews that will assist services in their continuous improvement journey. The LAN will continue to support the council in its use of How Good is Our Council. The LAN considers that this will support continuous improvement in performance reporting. There will be ongoing work with the LAN and the council to support self-evaluation.</p>	

Appendix 1: Scrutiny plan

EAST LOTHIAN COUNCIL		2014/15											
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
Monitoring of action plan and follow up by Care Inspectorate (dates TBC following finalisation of the report)													
SHR: Performance Inquiry on arrears management (date TBC)													
National or supported self evaluation work year 1													
Audit Scotland: targeted follow up of national report <i>Arm's length external organisations (ALEOs): are you getting it right?</i>	X												
Audit Scotland: targeted follow up of national report <i>Major capital investment in councils</i>		X						X					
Ongoing LAN support to self evaluation													
Education Scotland education psychology VSE (TBC)													

Note: The focus of the AIP is strategic scrutiny activity - that is, scrutiny activity which is focused at a corporate or whole-service level. However, there will also be baseline scrutiny activity ongoing at a unit level throughout the period of the AIP, 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 and Local Partnership Agreement, 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.