

REPORT TO: East Lothian Council

MEETING DATE: 26 April 2016

BY: Chief Executive

SUBJECT: Local Scrutiny Plan 2016/17

1 PURPOSE

- 1.1 To inform Council of Audit Scotland's East Lothian Council Local Scrutiny Plan 2016/17.

2 RECOMMENDATIONS

- 2.1 Council is asked to approve the Local Scrutiny Plan 2016/17.

3 BACKGROUND

- 3.1 Audit Scotland works closely with other local government inspectorates in a Local Area Network of local audit and inspection representatives. The Local Area Networks undertake a shared risk assessment process for all 32 local authorities, to identify targeted, risk-based scrutiny.
- 3.2 This process results in each council receiving a Local Scrutiny Plan which identifies the risk areas that the Local Area Network has identified as requiring scrutiny or where scrutiny is planned as part of a national programme.
- 3.3 The East Lothian Council's Local Scrutiny Plan 2016/17 (see Appendix 1) is in the same format as last year's plan. The Plan is based on a shared risk assessment undertaken by the Local Area Network drawing on a range of evidence from the scrutiny bodies represented on the Network.
- 3.4 The Council's Local Scrutiny Plan 2016/17 outlines progress that has been made over the last year in relation to the risks identified in last year's Plan and outlining any further monitoring it intends to undertake over the coming year. In summary:
- Financial challenges – “Over the past year the Council has made progress in improving its financial sustainability.. (and) .. It remains on

track with its financial strategy.” The Council’s external auditors will continue to monitor the council’s progress in managing its longer term financial position.

- ‘Progress has continued in establishing the East Lothian Health and Social Care Partnership.’ The major area of reform will continue to be monitored at a national level with no specific scrutiny activity at the East Lothian level.
- Whilst the Local Authority Network recognises that the education service’s “performance is improving” it also states that, “school attainment levels are still below expected levels.” So whilst there is no specific education scrutiny required at this time, Education Scotland will continue to monitor progress.
- The Plan recognises that “The council has made some improvements towards meeting the Scottish Housing Quality Standard and in managing its rents arrears over the last two years.” During 2016, the Scottish Housing Regulator will review the Council’s progress in managing rent arrears and will engage with the Council to better understand its approach to managing its assets and data accuracy.

3.5 The Council will be subject to a range of risk-based and nationally driven scrutiny activity during 2016/17. In addition, routine scheduled audit and inspection work will take place through the annual audit process and the ongoing inspection of school and care establishments by Education Scotland and the Care Inspectorate. This scrutiny activity is detailed in the appendix to the Local Scrutiny Plan.

4 POLICY IMPLICATIONS

4.1 The Local Scrutiny Plan 2016/17 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 Plan provides the Council with an indication of areas where the LAN expects improvement work to be targeted.

5 INTEGRATED IMPACT ASSESSMENT

5.1 An impact assessment has not been carried out on this report as it does not directly affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

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 Local Scrutiny Plan 2016/17

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DATE	13 th April 2015

East Lothian Council

Local Scrutiny Plan

2016/17



March 2016

East Lothian Council

Local Scrutiny Plan 2016/17

Introduction

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

Scrutiny risks

3. Last year's Local Scrutiny Plan covering the period 2015-16, highlighted the financial challenges facing the council. While no specific scrutiny was planned, the LAN continued to note concerns about the council's historic strategy of using reserves and its relatively high level of external debt. Over the past year, the council has made progress in improving its financial sustainability. The 2014/15 accounts reported a surplus of £6.3 million, with a total of £9.3 million transferred to reserves. The council has also set a balanced budget for 2015/16 and 2016/17. It remains on track with its financial strategy, reducing costs through a range of measures such as a voluntary early retirement scheme (VERS), devolved school management reviews and BuySmart reviews. In line with other local authorities, however, the council continues to face significant uncertainties and challenges over its financial position. KPMG, the council's external auditors, will continue to monitor the council's progress in managing its longer-term financial position.
4. Progress has continued in establishing the East Lothian Health and Social Care Partnership. This will become operational on 1 April 2016. In addition to the statutory requirement to integrate adult health and social care services, the Partnership will also oversee the commissioning of local children's health services and criminal justice social work services. A formal Integration Scheme was approved by the Scottish Government in 2015. A chief officer has been appointed and a shadow integration board established. A draft strategic plan has been developed, with a consultation exercise recently

completed. In line with most other integration authorities, agreement still needs to be reached on long-term budgets and developing specific proposals and targets for the redesign of local services. This major area of reform will be the subject on continuing monitoring from scrutiny partners. A second national audit is planned to be carried out in 2017 by Audit Scotland, which will assess the progress made by Integration Authorities.

5. The Care Inspectorate and Healthcare Improvement Scotland have been asked by the Scottish Government to undertake a joint review across Alcohol and Drug Partnerships to support the validation of Alcohol and Drug Partnerships and services' self-assessment of performance and progress of implementing the Quality Principles: Standard Expectations of Care and Support in Drug and Alcohol Services, within the Quality Improvement Framework. This work is planned to take place across all Alcohol and Drug Partnerships in Scotland during late 2015/16 or 2016/17. The purpose of this work will be to assess and support the effective implementation of the Quality Principles across Alcohol and Drug Partnerships and services. The exact dates for fieldwork in specific areas during this period are yet to be determined.
6. The LAN has identified no specific scrutiny risks in relation to the education service. School inspections show that curriculum for excellence is developing well within East Lothian. There is also a well-established history of effective joint working in East Lothian, under the leadership of the GIRFEC board and the Integrated Childrens Services Plan for 2013-17. However, while performance is improving, school attainment levels are still below expected levels. With significant changes in the leadership for education, there are some concerns about management capacity and maintaining the pace of improvement. The LAN has concluded that, while no specific education scrutiny is required at this time, it will be appropriate for Education Scotland to continue to monitor progress. In addition, as part of a national programme, a review of the Education Psychology Services is planned to be carried out during 2016/17.
7. In December 2014, the Accounts Commission concluded its review of Best Value and set out principles for a new approach to auditing Best Value. These principles include the need for more frequent assurance on Best Value across all 32 councils, integrating the audit processes, an increased emphasis on driving improvement, and a strong focus on the quality of service experienced by the public and the outcomes achieved.
8. The new approach will be rolled out from October 2016 but will continue to evolve. It will include assessment each year of aspects of Best Value as part of an integrated annual audit and a public report, (Controller of Audit report to the Accounts Commission) for each council at least once in a five year period, that will bring together an overall picture of the council drawn from a range of audit activity. The initial iteration of the rolling programme, which will be reviewed and refreshed annually in response to factors including the SRA, will be presented to the Accounts Commission in April 2016. The results of this current SRA will make a significant contribution to the audit intelligence

that will underpin the new approach, and inform the development of the initial programme.

9. 2016 is a transition year. This includes development of the intelligence about each council for the new approach and the handover to new audit appointments. While preparation for the new approach progresses, Best Value audit work will continue. But, appropriate elements of the new approach, such as reporting mechanisms, will also be tested in some councils.
10. To assess the risk to social landlord services, SHR has reviewed and compared the performance of all Scottish social landlords in order to identify the weakest performing landlords. We found that East Lothian Council is in the bottom quartile for all social landlords in relation to gross rent arrears, non-emergency repairs and reactive repairs completed right first time. It is also in the bottom quartile for tenant satisfaction with the standard of their home when moving in.
11. Council officials have assured us that they are aware of these areas of weaker performance and have a number of plans in place to improve future performance.
12. The council has made some improvements towards meeting the Scottish Housing Quality Standard (SHQS) and in managing its rent arrears over the last two years. However, it reported rent arrears which are 9.10 per cent of gross rent due as at 31 March 2015. The national average figure for 2014/15 is 5.29 per cent, so there is a need for further improvement. During 2016, SHR will review the council's progress in managing rent arrears and will engage with the council to better understand its approach to managing its assets and data accuracy.

Planned scrutiny activity

13. As shown in [Appendix 1](#), the council will be subject to a range of risk-based based and nationally driven scrutiny activity during 2015/16. For some of their scrutiny activity in 2015/16, scrutiny bodies are still to determine their work programmes which specific council areas they will cover. Where a council is to be involved, the relevant scrutiny body will confirm this with the council and the appropriate LAN lead.
14. In addition to specific work shown in [Appendix 1](#), routine, scheduled audit and inspection work will take place through the annual audit process and the ongoing inspection of school and care establishments by Education Scotland and the Care Inspectorate respectively. Audit Scotland will carry out a programme of [performance audits](#) during 2016/17 and individual audit and inspection agencies will continue to monitor developments in key areas of council activity and will provide support and challenge as appropriate. This will help to inform future assessment of scrutiny risk.
15. The Care Inspectorate will work together with partner regulatory agencies to continue to deliver a coordinated programme of joint scrutiny of community planning partnerships and integration joint boards. In respect of Children's Services, we plan to undertake six joint strategic inspections in the 2016/17 year. In respect of Adults' Services, we

continue to work with partner agencies to review the methodology of these joint inspections. Accordingly we plan to undertake three joint strategic inspections of Adults' Services in the 2016/17 year. As well as our joint strategic scrutiny programmes, we will be undertaking – or continuing – to review our approach to the joint review of strategic commissioning; review the validated self-assessment of alcohol and drug partnerships and undertake a variety of thematic programmes of work.

16. HMICS will continue to inspect local policing across Scotland during 2016/17 as part of its rolling work programme. These inspections will examine, amongst other things, local scrutiny and engagement between Police Scotland and councils. HMICS will identify and notify LANS and the local Policing Divisions to be inspected approximately three months prior to inspection.

March 2016

Appendix 1: Scrutiny plan

Scrutiny body	Scrutiny activity	Date
Audit Scotland	The new approach to Best Value will be rolled out from October 2016. The timing of Best Value work in councils under the initial iteration of the rolling programme will be presented to the Accounts Commission in April 2016.	The LAN will notify the council if any Best Value work is proposed during 2016/17 after the Accounts Commission meeting in April 2016
	Audit Scotland plans to undertake performance audit work in three areas covering local government during 2016/17. It will undertake a performance audit on early learning and childcare and a follow-up on audit on self-directed support. Audit Scotland will also carry out audit work on equal pay, but is still considering the focus and outputs of work in this area. Any engagement with councils is still to be determined. Details of future audit work are available on the Audit Scotland website here .	TBC
Care Inspectorate and Healthcare Improvement Scotland	Joint review of Alcohol and Drug Partnership to support validation of its self-assessment of performance and progress of implementing the <i>Quality Principles: Standard Expectations of Care and Support in Drug and Alcohol Services</i> , within the Quality Improvement Framework.	To be confirmed
Education Scotland	As part of a national programme, review of Education Psychology service.	March 2016
Her Majesty's Inspectorate of Constabulary (HMICS)	HMICS has yet to agree its programme of local policing inspections over the next year. These inspections will examine, amongst other things, local scrutiny and engagement between Police Scotland and councils.	TBC
Her Majesty's Fire Service Inspectorate (HMFSI)	Since 2014/15, HMFSI has been inspecting local fire and rescue arrangements across Scotland as part of a three year programme. East Lothian Council is not included in HMFSI's 2016/17 programme.	
Scottish Housing Regulator (SHR)	Review of housing arrears management, engagement on its approach to managing its assets and data accuracy.	2016, specific timetable to be confirmed.
	The Scottish Housing Regulator (SHR) will publish the findings of its thematic inquiry work completed during 2015-16. It will carry out further thematic inquiries during 2016-17.	TBC


	<p>SHR will review the Charter data submitted by landlords and carry out data accuracy visits during quarter 2.</p> <p>If the council is to be involved in a thematic inquiry or a data accuracy visit SHR will confirm this directly with the council and the LAN lead.</p>	<p>Quarter 2</p>
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East Lothian Council

Local Scrutiny Plan 2016/17


A summary of local government strategic scrutiny activity

This report is available in PDF and RTF formats,
along with a podcast summary at:
www.audit-scotland.gov.uk 

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