

REPORT TO: East Lothian Council

MEETING DATE: 27 June 2017

BY: Chief Executive

SUBJECT: Local Scrutiny Plan 2017/18

1 PURPOSE

- 1.1 To inform Council of Audit Scotland's East Lothian Council Local Scrutiny Plan 2017/18.

2 RECOMMENDATIONS

- 2.1 Council is asked to note the Local Scrutiny Plan 2017/18.

3 BACKGROUND

- 3.1 Audit Scotland works closely with other local government inspectorates in a Local Area Network (LAN) of local audit and inspection representatives. The LANs 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 LAN 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 2017/18 (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 LAN drawing on a range of evidence from the scrutiny bodies represented on the Network.
- 3.4 The 2016/17 Plan did not identify any specific additional scrutiny of East Lothian Council as a result of risk identified. Similarly, the LAN has not recommended any specific scrutiny of the council in 2017/18.
- 3.5 The Local Scrutiny Plan 2017/18 outlines progress that has been made in relation to the risks identified in last year's Plan and outlining any further monitoring it intends to undertake over the coming year.

3.6 Financial Challenges

“The council has continued to make progress towards improving its financial sustainability.” The Council remained within budget and transferred a total of £5.7m to reserves. The Plan highlights that the Council has a three-year financial strategy which includes a Change Programme which is intended to achieve significant savings. “However, the Council continues to face further uncertainty and challenges over its financial position.” No specific scrutiny of the Council’s finances is proposed beyond the regular monitoring undertaken by the Council’s auditors through the annual audit process.

3.7 Social Work/ Social Care

“The LAN has identified no specific scrutiny risks in relation to social work/ social care”. Comprehensive improvement plans are in place to address areas for improvement identified by joint inspections of Children’s and Adult Services that were carried out in the previous two years. The Scrutiny Plan notes that, “Satisfactory progress is being made in the Children’s Services improvement plan.” The Health and Social Care Partnership is taking action to address a lack of care home service capacity and other areas for continuous improvement identified in the adult services inspection and “Community care services are demonstrating satisfactory progress.”

3.8 Education

“The LAN has identified no specific scrutiny risks in relation to the education service. School inspections were mainly positive and the schools have been supported well by the authority to improve.” Whilst there is no specific education scrutiny required at this time, Education Scotland will continue to monitor progress.

3.9 Housing

The LAN has identified some risks in relation to housing services – rising rent arrears following the introduction of Universal Credit, some properties failing the Scottish Housing Quality Standard (SHQS) and the Council’s approach to homelessness and housing options. These are all areas which have been identified for action by the Council. A detailed action plan, which was put in place to reduce rent arrears, was beginning to make significant reductions in the Council’s rent arrears. However, as has been reported to members on several occasions, the introduction of ‘full service’ Universal Credit in East Lothian in March 2016 has resulted in a significant increase in rent arrears. The Council has continued to lobby both UK and Scottish Governments for changes to the operation of Universal Credit which would mitigate the negative impact of the new system on rent payments. Community Housing has carried out extensive work in order to greatly reduce the number of properties which fail the SHQS and met its targets for 2016/17. As the Scrutiny report acknowledges the Council is aware of the risks relating to homelessness and housing options and is reviewing its allocations policy to address

some of these issues. The Scottish Housing Regulator will monitor the Council's performance in relation to these rent arrears, SHQS and homelessness through reviewing the council's performance management reports and will meet council officials as necessary.

- 3.10 The Accounts Commission has adopted a new framework for auditing Best Value based on assessing Best Value as part of annual audit work. In addition it proposes to prepare a Best Value Assurance Report (BVAR) at least once in a five year cycle. The current programme envisages East Lothian Council's BVAR will be published in year two of the cycle, 2018/19. The Council's auditors will carry out some Best Value audit work as part of their 2016/17 local audit and will scope and prepare a timetable for the additional Best Value audit work to be carried out as part of the 2017/18 audit.
- 3.11 The Council has a well defined and established Improvement to Excellence/Continuous Improvement Framework, including self-evaluation, performance management and financial and strategic planning and improvement activity. The framework and the work that is undertaken corporately and across all services under the framework provide a good basis for the Council's preparations for the Best Value audit. In addition, the Council improvement action plan arising from the 2017 Corporate Governance Self-evaluation (reported to the Audit & Governance Committee, 20 June), the recent Investors in People accreditation (resulting in a Silver award) and the assessment for the Quality Scotland Committed to Excellence award provides key actions which address areas for improvement in some areas that will be covered by the audit. A senior officer, Improvement to Excellence working group, is providing leadership and oversight of the various strands of this continuous improvement work.

4 POLICY IMPLICATIONS

- 4.1 The Local Scrutiny Plan 2017/18 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 ongoing 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 2017/18

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DATE	15 June 2017

East Lothian Council

Local Scrutiny Plan

2017/18



East Lothian Council

Local Scrutiny Plan – April 2017 to March 2018

Introduction

1. This local scrutiny plan sets out the planned scrutiny activity in East Lothian Council during the financial year 2017/18. 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. For East Lothian Council, this included the Care Inspectorate, Education Scotland and the Scottish Housing Regulator. 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 2017/18, which is available on the [Audit Scotland website](#).

Scrutiny risks

3. The 2016/17 Local Scrutiny Plan did not identify any specific additional scrutiny, although scrutiny activity was undertaken as a consequence of national follow-up work or at the direction of Scottish ministers. It included the following non-risk based scrutiny which took place over the year:
 - The Care Inspectorate led on a project on the validated self-evaluation of Alcohol and Drug Partnerships (ADPs) across Scotland during 2016. Fieldwork activity concluded and all ADPs received individual summary feedback to support continuous improvement. A national report will be published in May 2017.
 - In November 2016 the Scottish Government launched the national strategy for community justice alongside the Outcome Performance and Improvement Framework. The Scottish Government commissioned the Care Inspectorate to develop a guide to self-evaluation for community justice in Scotland and form the basis of the model for scrutiny and inspection of community justice in the future. A transitional plan is in place for the statutory criminal justice partners and work has been undertaken to ensure that the objectives of presenting and reducing offending are addressed through the new arrangements .
4. The 2016/17 LSP identified three performance audits to be undertaken by Audit Scotland covering local government:
 - An audit of equal pay in councils. This is due to be reported in July 2017.

- A follow-up audit on self-directed support. This is due to be reported in September 2017.
- An audit of early learning and childcare. This is due to be reported in November 2017.

East Lothian Council was not selected as a fieldwork site for audit work for any of these performance audits.

5. Last years LSP highlighted financial challenges facing the council. While no specific scrutiny was planned, the LAN noted that the East Lothian Council continued to face significant challenges and uncertainties over its financial position. The council has continued to make progress towards improving its financial sustainability. The 2015/16 annual audit report reported that the council's expenditure for the year was within budget, with a total of £5.7 million transferred to reserves. A three year budget covering the period from 2016/17 to 2018/19 was approved in February 2016. The council has also produced a financial strategy covering the period from 2016/17 to 2018/19, which seeks to enable it to deliver a sustainable level of service provision within a structured financial framework and reduce any future reliance on reserves. The financial strategy includes a Change Programme which is intended to achieve significant efficiency savings across all areas of the council. However the council continues to face further uncertainty and challenges over its financial position. The external auditors will continue to monitor developments in this area through the 2017/18 annual audit process.
6. The LAN has identified no specific scrutiny risks in relation to social work/social care services. Both Children's and Adults' services in East Lothian have been the subject of joint inspection. Comprehensive improvement plans are in place to address areas for improvement identified. Satisfactory progress is being made on the children's services improvement plan. A lack of care at home service capacity was a persistent challenge for East Lothian Health and Social Care Partnership, however it has taken some action to address this by enhancing its capacity to deliver care at home to older people. Support to unpaid carers and the roll-out of self-directed support to older people were identified as areas for continuous improvement. Services will continue to be subject to ongoing inspection and improvement from the Care Inspectorate. Community Care services are demonstrating satisfactory performance. Regulated services will continue to be monitored through regulatory inspection.
7. The LAN has identified no specific scrutiny risks in relation to the education service. School inspections were mainly positive and the schools have been supported well by the authority to improve. The authority has provided support for all establishments in line with Curriculum for Excellence and this is coming through in inspection evaluations. There is also a well-established history of effective joint working in East Lothian, under the leadership of the GIRFEC (Getting it Right for Every Child) board and in accordance with the Integrated Children's Services Plan for 2013-17.
8. The council appointed a new permanent Head of Education in December 2016, with the new post-holder previously occupying the post on secondment from Education Scotland

since March 2016. The new Head of Education has a clear vision of strengths and areas for improvement across the education sector in East Lothian and has developed an ambitious change agenda. 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. The authority has spent most of its allocated Scottish Attainment Challenge funding. Plans for taking forward the Pupil Equity Fund (PEF) are under discussion.

9. As part of a national programme, a review of the Education Psychology Service was also undertaken in 2016/17. Education Scotland have reviewed the council's progress in this area and are determined to provide additional support in the forthcoming year culminating in a public report.
10. To assess the risk to social landlord services the Scottish Housing Regulator (SHR) has reviewed and compared the 2015/16 performance of all Scottish social landlords to identify the weakest performing landlords. It found that although East Lothian Council's rent arrears showed a slight decrease in 2015/16, it remained in the bottom quartile for all social landlords in relation to the percentage of gross rent arrears of rent due.
11. More recently the council reported that it has experienced a significant increase in the level of its rent arrears following the introduction of universal credit.
12. The council has 59 properties that fail the Scottish Housing Quality Standard (SHQS), a number of abeyances for SHQS and it brought less properties up to standard than it had planned in 2015/16.
13. The SHR has identified risks in relation to the council's approach to homelessness and housing options. These relate to how people get access to its services and the number of homeless applications that the council makes. It has high numbers of people in bed and breakfast temporary accommodation and people spend long periods of time there. Case durations are high and rising and the number of homeless people waiting for an outcome is also rising. The council has proposed changes to its allocations policy to help address some of these issues.
14. The SHR will monitor the council's performance in relation to SHQS, rent arrears and its housing options and homelessness services. The SHR will review the council's quarterly performance management reports and meet council officials as necessary.
15. SHR will publish the findings of its thematic inquiry work into gas safety and repairs completed during 2016/17. It may carry out further thematic inquiries during 2017/18. SHR will also review the Scottish Social Housing Charter data submitted by landlords and carry out data accuracy visits during the second quarter of 2017/18. Where councils are to be involved in a thematic inquiry or a data accuracy visit, the SHR will confirm this directly with the council and the LAN lead.

Planned scrutiny activity

16. The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. Best Value will be assessed over the five year audit appointment, as part of the annual audit work. In addition a Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this five year period. The current proposed BVAR programme includes publication of a report for East Lothian Council in year two of the new round, 2018/19. The scope and timing of the work to be carried out, as part of the 2017/18 audit, will be discussed with the council. The overall BVAR programme could change if the risk profile of councils changes, if this is the case we will advise the council. In the meantime, Best Value audit work planned as part of the 2016/17 local audit will focus on the council's arrangements for demonstrating Best Value in financial and service planning, and financial governance and resource management. The results will be reported in the 2016/17 Annual Audit Report.
17. Audit Scotland also plans to undertake national performance audit work in four areas covering local government during 2017/18: arm's length external organisations (ALEOs), city deals, early learning and child care and a follow-up on the integration of health and social care. Engagement with councils is still to be determined on some of these studies and councils will be advised as appropriate in due course. Details of future audit work are available on the Audit Scotland website [here](#).
18. As shown in [Appendix 1](#), the council will be subject to a range of risk-based based and nationally driven scrutiny activity between April 2017 and March 2018. For some of their scrutiny activity in 2017/18, 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.
19. 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 2017/18 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.

May 2017

Appendix 1: Scrutiny plan

Scrutiny body	Scrutiny activity	Date
Audit Scotland	Best Value Assurance Report (BVAR) Scope of audit yet to be determined (refer to paragraph 16)	Work to be undertaken during 2017/18, with publication in 2018/19.
	Audit Scotland will undertake performance audits on ALEOs, city deals, children's mental health services and the integration of health and social care.	Dates and locations to be determined
Care Inspectorate and Healthcare Improvement Scotland	The Care Inspectorate and Healthcare Improvement Scotland will introduce a revised approach to the joint strategic inspections of services for adults for 2017/18 which will assess the extent to which the planning, organisation and coordination of services comply with the principles of integration and contribute to the national health and wellbeing outcomes. Inspections will include a focus on joint strategic commissioning. In 2017/18, the Care Inspectorate will also lead on thematic activity in the areas of adult support and protection and self-directed support, working with a range of scrutiny partners.	Dates and locations to be determined
Education Scotland	Provision of additional support following review of the Educational Psychology Service last year, with a resultant public report.	September 2017
	Community Learning and Development strategic level inspections	January – March 2018
Scottish Housing Regulator (SHR)	The Scottish Housing Regulator (SHR) will monitor the council's performance in relation to SHQS, rent arrears and its housing options and homelessness services. The SHR will review the council's quarterly performance management reports and meet council officials as necessary.	Dates and locations for 2017/18 to be determined
	SHR will publish the findings of its thematic inquiry work into gas safety and repairs completed during 2016/17. It may carry out further thematic inquiries during 2017/18. SHR will also review the Charter data submitted by landlords and carry out data accuracy visits during the second quarter of 2017/18. Where councils are to be involved in a thematic inquiry or a data accuracy visit, the SHR will confirm this directly with the council	Dates and locations for 2017/18 to be determined


	and the LAN lead.	
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. It has yet to be determined if East Lothian Council is included in HMFSI's 2017/18 programme.	TBC

East Lothian Council

Local Scrutiny Plan 2017/18

A summary of local government strategic scrutiny activity

This report is available in PDF and RTF formats,
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