

Argyll and Bute Council

Assurance and Improvement Plan Update

2012–15

Introduction

1. The first Assurance and Improvement Plan (AIP) for Argyll and Bute Council was published in July 2010. That document set out the planned scrutiny activity for the council for the period April 2010 to March 2013 based on a shared risk assessment undertaken by a local area network (LAN) made up of representatives of all of the main local government audit and inspection agencies.
2. The aim of the shared risk assessment process was to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response over a three year period. The AIP gave an overview of the information that informed the risk assessment and showed how this links to the proposed scrutiny response.
3. The local area network met again in November 2010 to update the AIP for the period 2011-14. The AIP Update was published in May 2011.
4. This report is the result of the shared risk assessment which began in November 2011. The risk assessment considers the audit and scrutiny risks in relation to the council strategic priorities, services and corporate governance framework. The update process drew on evidence from a number of sources, including:
 - The annual report to the Controller of Audit and elected members for 2010/11 from the council's appointed external auditors.
 - The council's own performance data and self-evaluation evidence.
 - Evidence gathered from Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (SHR) (including published inspection reports and other supporting evidence).
5. The outcomes of that exercise are contained in this short report which summarises changes to risk assessments and proposed scrutiny responses. Appendix 1 to this report sets out a timetable for proposed audit and inspection activity between April 2012 and March 2015 which reflects the revised and updated scrutiny risk assessment.

Summary

6. No significant scrutiny risks were identified with the council's corporate governance framework. As was the case in the previous AIP, one significant scrutiny risk has been identified with the council's transport service and roads maintenance performance outcomes. The area has a high dependency on the road network and the council faces many challenges in maintaining its road network, including the dispersed geography and extremities of weather within the area. Argyll and Bute Council has the highest proportion of roads in need of maintenance treatment (56.8 per cent). In 2010 the council undertook a service review of its Roads Operations Service and capital programme which has led to the development of a three year roads Reconstruction Recovery Programme and a longer term strategy and plan for improvement. Additional capital funding has been allocated by the council to road maintenance to address this challenge with priority given to undertaking repairs to the Class A road network, of which 44.5 per cent was assessed as in need of maintenance treatment. The council's Roads Capital Reconstruction Programme for 2010/11 has been completed by its in house team and through its partnership contract has upgraded 12 per cent of the A Class road network. Audit Scotland are planning a follow-up review of a national study *Maintaining Scotland's Roads* which will look at the action the council is taking in response to these challenges.
7. In addition, a number of areas of uncertainty have been identified by the LAN and these are listed below. In these areas, the LAN will gather more information or monitor the impact of council improvements as part of ongoing baseline scrutiny activity. The updated position in these areas will then be reflected in LAN member reports or the next AIP as appropriate.
8. Four assessment areas, services for homeless people, corporate sustainability, asset management and housing were identified by the LAN where the risk assessment has improved from areas of uncertainty last year to areas of no significant risk.
9. The council has been developing its approach to performance management for a number of years, moving from performance information to performance management. This is improving the performance information that is available for the council and citizens. It is also improving the intelligence which is available for the LAN to assess audit and scrutiny risks.

National risk priorities

A number of core national risk priorities will be applied to all 32 councils. These are:

10. **The protection and welfare of vulnerable people (children and adults) including access to opportunities: Area of uncertainty.** Through the Argyll and Bute Adult Protection and Child Protection Committees, the council are committed to ensuring that adults and children who need to access support and protection from harm get this in timely, effective and empowering ways.
11. Performance is improving in a number of areas including the number of older people receiving care in the community and remaining within their own homes, the number of children with a disability receiving

community based support and the number of looked after accommodated children in family placements. 100 per cent of children on the Child Protection Register have a current risk assessment. In August 2011 the council pledged to work in partnership with service providers to develop a new grant allocation system for vulnerable children and families tailor made for the current era of collaborative working, changing priorities and reducing resources.

12. The Care Inspectorate carried out a joint inspection of services to protect children and young people in the Argyll and Bute area. Six key areas were assessed; three evaluations were good, two were satisfactory but one (response to immediate concerns) was weak. Three recommendations for improvement were made. A multi-agency improvement team has been established, an agreed improvement plan is in place and work is underway to address the identified areas for improvement. The Care Inspectorate will carry out a follow-through visit within the next year and report publicly on the extent to which services have improved.
13. **Assuring public money is being used properly: No significant scrutiny risks identified.** The council has been developing its approach to performance management for a number of years, moving from performance information to performance management. The council's Planning and Performance Management Framework (PPMF) was revised in March 2011 to reflect the council's revised structures. The executive receive quarterly updates on service and council performance using the Pyramid balanced scorecards. The scorecards are also available on the council's website. Public Service Improvement Framework (PSIF) self-assessment is carried out at service and corporate level and Annual Performance Reviews are prepared by heads of service.
14. The council has a record of good financial management, informed during the year by public consultation on proposals for its budget. The council has prepared budgets for the period to 2013-14 and is managing its budgetary position over this three year period.
15. The council has a three year programme of service reviews to ensure best value. The council is committed to community engagement. The 2011/12 budget setting process included public meetings held by community planning partners and new approaches to consultation: webchat and budget simulator plus the more traditional postcards, posters, web pages, presentations, Citizens' Panel and facilitated meetings.
16. **How councils are responding to the challenging financial environment: Area of uncertainty.** The Scottish public sector continues to face a period of sustained financial austerity. The Spending Review announced by the Cabinet Secretary for Finance and Sustainable Growth to the Scottish Parliament on 21 September 2011 allocated a total funding package amounting to £11.5 billion to local government in 2011/12. The local government finance settlement was announced on 8 December 2011. This confirms the level of Scottish Government grant funding for councils for the three years to 2014-15. The funding for Argyll and Bute Council sees an increase of 1.1 per cent from 2011-12 to 2012-13 followed by reductions of 0.9 per cent for 2013-14 and 0.8 per cent for 2014-15.

17. The council moves forward from a sound financial base in terms of reserves and control of expenditure and with clear plans to maintain financial sustainability. The council has been analysing the impact of reductions in central government support and performing scenario planning to determine the likely impact on its financial position. The council has adopted a three year budget planning cycle and set a target of maintaining a balanced budget over this term. The forecast deficit on the revenue budget over the period to the end of 2014-15 is estimated at £262,000 as reported to the executive in December 2011.
18. The council has established a Transformation Board to oversee its major change programme. A key element of this is the three year programme of service reviews to plan ahead for the challenging financial position and to identify ways of securing best value in the delivery of services. Fifteen per cent savings targets have been set, rising to 20 per cent for year three service reviews. Although these will be challenging targets to achieve, the council has a robust methodology for identifying, implementing and monitoring savings and changes in service delivery that lead to efficiency savings, prioritisation or better use of resources. The council can also demonstrate a track record over 2011-12 of completing service reviews to time and also of implementing the recommendations that deliver the savings. The increment from 15 per cent to 20 per cent savings targets in terms of year three service reviews is equivalent to around £1 million which does not represent significant additional exposure.
19. Overall, we are satisfied that the council is taking appropriate steps to manage the budget reductions in future years. This, and the financial stewardship demonstrated in previous years enabled the LAN to conclude that there are no significant risks regarding financial management. However, the unprecedented scale of the reductions being sought, combined with the need to ensure that savings are sustainable, means that the LAN considers there is a degree of uncertainty over their attainment and the impact that this will have on the services provided. The LAN will continue to keep the financial position of the council and its progress towards achieving sustainable budget reductions under review and report on it as part of the 2011/12 annual audit.

Areas of unchanged scrutiny risk assessments

20. This update focuses predominantly on those areas assessed as being uncertain or having significant risk. However, in the interest of providing a broader view of the council's overall risk assessment, it is important to highlight those areas that were previously assessed as having no significant risks which, based on additional evidence in the current year, continue to be so. These assessment areas are:

Service	Outcome	Corporate assessment
<ul style="list-style-type: none"> • Regulatory Services • Cultural Services 	<ul style="list-style-type: none"> • Environment – Tackling climate change • Environment – Modernising waste management • Environment – Sustainable 	<ul style="list-style-type: none"> • Vision and Strategic Direction • Leadership and Culture • Planning and Resource Alignment

Service	Outcome	Corporate assessment
	<p>growth</p> <ul style="list-style-type: none"> • Education – Making what's good better • Social Change – Modernising social work • Economy – Waterfront and town centre regeneration • Economy – Supporting growing businesses • Organisational Development – Improvement • Organisational Development – Community Planning • Organisational Development – Developing the 3rd sector 	<ul style="list-style-type: none"> • Partnership Working and Community Leadership • Community Engagement • Governance and Accountability • Performance Management • Challenge and Improvement • Customer Focus and Responsiveness • Risk Management • ICT • Use of Resources – Efficiency • Use of Resources – Competitiveness • Use of Resources – Financial Management • Use of Resources – Managing People • Use of Resources – Procurement • Equalities

21. The following comments relate to issues where perceived risks in the council's processes and activities remain unchanged since the 2011/12 AIP Update.

Area	Risk Assessment	2011/12 Update
<p>Asset Management: Management of the School Estate</p>	<p>Area of Uncertainty</p>	<p>The council has considerable surplus capacity in its schools and there is a significant backlog of maintenance in the schools estate of around £25 million. The proposed plan for School Estate Asset Management is now subject to review.</p> <p>The council formally ended the schools closure consultation process in June 2011 in response to the Cabinet Secretary for Education's call for a moratorium in rural school closure plans for one year while a rural education commission was established.</p>

Area	Risk Assessment	2011/12 Update
		<p>The council will need to develop a clear way forward on addressing the strategic issues related to the school estate taking into account the Scottish Government's legislative response and consideration of funding for rural education arising from the findings of the Commission on Rural Education and other national policy drivers related to the Education service.</p> <p>The LAN considers that uncertainties exist in relation to the schools estate asset management and will continue to keep this issue under review and report on it as part of the 2011/12 annual audit.</p>
<p>Social Change: Ensuring services are directed to the most vulnerable</p>	<p>Area of Uncertainty</p>	<p>The Care Inspectorate carried out a joint inspection of multi-agency services to protect children and young people in the Argyll and Bute area. Six key areas were assessed; three evaluations were good, two were satisfactory but one (response to immediate concerns) was weak. Three recommendations for improvement were made. A multi-agency improvement team has been established, an agreed improvement plan is in place and work is underway to address the identified areas for improvement.</p> <p>Some recommendations have yet to be implemented by the agencies and the LAN considers there is still uncertainty over their impact. The Care Inspectorate will carry out a follow-through visit within the next year and report publicly on the extent to which services have improved.</p>
<p>Support of adults at home rather than in residential settings</p>	<p>Area of Uncertainty</p>	<p>Performance is improving in a number of areas including the number of older people receiving care in the community and remaining within their own homes, the number of delayed discharges over 6 weeks and the number of people awaiting free personal care.</p> <p>The LAN considers that uncertainty remains as to whether the planned outsourcing of some older peoples' services will provide the level of financial stability to ensure the budget provision remains adequate in the short to medium term. This issue will be kept under review by the LAN and monitored by the Care Inspectorate.</p>
<p>Economy: Transport</p>	<p>Significant risk</p>	<p>The geographical diversity and remoteness of Argyll and Bute results in a high dependency on the road network. The council faces many challenges in maintaining its road network, including the dispersed geography and extremities of weather within the area. Argyll and Bute Council has the highest proportion of roads in need of maintenance treatment (56.8%).</p> <p>In 2010 the council undertook a service review of its Roads Operations Service and capital programme which has led to the development of a 3 year roads Reconstruction Recovery Programme and a longer term strategy and plan for improvement. Additional capital funding has been allocated by the Council to road maintenance to address this challenge with priority given to undertaking repairs to the Class A road network. The council's Roads Capital Reconstruction Programme for 2010/11 has been successfully completed.</p> <p>To address this risk Audit Scotland are planning a follow-up</p>

Area	Risk Assessment	2011/12 Update
		review of a national study <i>Maintaining Scotland's Roads</i> which will look at the action the council is taking in response to these challenges.

Changes to 2011/12 risk assessments

22. The following table relates to risk assessments that have been changed from the 2011/12 AIP Update.

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
Services for homeless people	Area of Uncertainty	No significant risk	The council is making good progress with delivering improvements to its homeless services identified in its post-inspection Improvement Plan. The council's proactive approach to prevention and support has resulted in a reduction in the number of homeless presentations. The LAN has therefore decided that this is no longer an area of uncertainty.
Sustainability	Area of Uncertainty	No significant risk	The council has established a Transformation Board to oversee its major change programme and a number of significant developments are being progressed in order to respond to the current challenging financial environment. The council moves forward from a sound financial base in terms of reserves and control of expenditure and with clear plans to maintain financial sustainability. A number of ongoing projects such as the CHORD town centre regeneration project and the Renewable Energy Action Plan and associated strategies to increase re-cycling and reduce the council's carbon footprint are also being progressed to provide a long term positive environmental impact. The LAN has therefore decided that this is no longer an area of uncertainty
Asset Management	Area of Uncertainty	No significant risk	Argyll and Bute Council has a Corporate Asset Management Programme in place. The programme prioritises work based on a risk assessment and on "spend to save" programmes. The LAN has therefore decided that this is no longer an area of uncertainty except for the schools estate which is assessed separately.
Housing	Area of Uncertainty	No significant risk	The council recently approved its Local Housing Strategy 2011 – 2016 which was produced in collaboration with key housing partners. Its vision is to "realise the potential of our communities by ensuring that people have access to affordable, sufficient and suitable housing in Argyll and Bute."

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			<p>Underpinning this vision are 4 strategic aims and 15 key objectives. It also addresses key issues such as homelessness, fuel poverty, energy efficiency and housing support for vulnerable clients. A Scattered Communities fund of around £750K has been established.</p> <p>It is recognised that that the issue of capital availability for housing construction is a national rather than a local issue.</p> <p>The LAN has therefore decided that this is no longer an area of uncertainty.</p>

Review of 2011/12 scrutiny activity

23. The Audit Scotland review of fire and rescue services in Strathclyde has been carried out and the report will be published early in 2012. There are no issues emerging from this review impacting directly on Argyll and Bute Council.
24. A Housing Benefit follow-up risk assessment was carried out by Audit Scotland in May 2011. A report was issued in July 2011 which recorded that the council had fully addressed 24 of the 32 previously identified risks and taken partial action in the remaining eight. The council's proposed actions to reduce the remaining risks identified in the follow-up report were accepted by Audit Scotland.
25. The Care Inspectorate carried out a joint inspection of services to protect children and young people in the Argyll and Bute area. Six key areas were assessed; three evaluations were good, two were satisfactory but one (response to immediate concerns) was weak. Three recommendations for improvement were made. A multi-agency improvement team has been established, an agreed improvement plan is in place and work is underway to address the identified areas for improvement. As outlined above, some recommendations arising from the review have yet to be implemented by the agencies and the LAN considers there is still uncertainty over their impact. At the request of Scottish Ministers the Care Inspectorate will lead a Joint Inspection of Children's Services in each local authority area in Scotland. These inspections will commence in 2012/13 and start with a development site in April/May 2012 and commence a cycle of inspection of services for children which will report publicly from Autumn 2012. Argyll and Bute Council has been selected for inspection in January 2013.

Scrutiny plan changes

26. There are no changes to the scrutiny plan arising from this shared risk assessment update. The updated position on areas of uncertainty listed above will be reflected in LAN member reports or the next AIP as appropriate.

Scrutiny plans

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

ARGYLL AND BUTE COUNCIL												
2012-13												
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Children's services joint inspection												
Maintaining Scotland's Roads -Follow Up of National Report (3 scrutiny contact days). Date TBC												
SHR self-evaluation												
Education Scotland VSE												
2013-14												
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No planned activity												
2014-15												
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved											
No planned activity												

Footnotes

- The focus of the AIP Update is **strategic scrutiny activity**, that is scrutiny activity which is focused at corporate or whole service level, but there will also be baseline scrutiny activity at unit level on-going throughout the period of the AIP. This will include, for example, school and residential home inspections.
- **HM Inspectors** have been invited by the Council to carry out a Validated Self-evaluation working with education services. This work will lead to a published report. This is not a scrutiny response to any identified risk.
- Audit Scotland will be working with scrutiny partners to pilot an approach to assessing the **delivery of outcomes by community planning partnerships**. Pilot sites will be confirmed with the LAN lead in due course.
- Audit Scotland undertake an annual rolling programme of **thematic performance audits**. The fieldwork sites are identified as part of the development of the scope for each individual audit. Fieldwork sites will be confirmed with LAN leads as each audit is developed.
- The **annual audit** of local government also comprises part of the baseline activity for all councils.
- In April 2008, the Accounts Commission agreed to a request from the Department for Work and Pensions (DWP) to take over the Benefit Fraud Inspectorate's responsibility for inspecting housing and council tax benefit (benefits) services in Scotland. As Audit Scotland has no inspection function, this '**benefits performance audit**' work has been incorporated into the annual audit of local government. The exact timing of the audits will be confirmed through the LAN lead.
- **Education Scotland**, through the District Inspector, will continue to support and challenge Education Services regularly and as appropriate the **Care Inspectorate** will regulate care services and inspect social work services based on the Public Services Reform (Scotland) Act 2010.
- Scrutiny bodies also reserve the right to make unannounced scrutiny visits.