

Midlothian Council

Assurance and Improvement Plan

Update 2013–16

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Introduction

1. The first Assurance and Improvement Plan (AIP) for Midlothian 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 (SRA) undertaken by a local area network (LAN) made up of representatives of all of the main local government audit and inspection agencies. The aim of the SRA 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 local area network met again in November 2010 and in November 2011 to update the AIP for the period 2011-14. The last AIP Update was published in May 2012 covering 2012 - 15
2. This update is the result of the SRA which began in October 2012. 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 (including published inspection reports and other supporting evidence).
3. A timetable for proposed audit and inspection activity between April 2013 and March 2016 which reflects the revised and updated scrutiny risk assessment is at Appendix 1.
4. Following feedback about the clarity of the SRA process we have amended our criteria to make it clearer what we mean. Our assessment criteria descriptions used last year have changed from 'significant concerns' to 'scrutiny required'; 'no significant concerns' to 'no scrutiny required'; and 'uncertainty' to 'further information required'.

Summary

5. Overall, Midlothian Council continues to perform well in most areas. However, it has entered a period of significant change in both its leadership and in the political context of the council. The chief executive has established a clear vision and direction for the council. He has established himself as a strong leader and has taken decisive and positive action in a number of key areas, notably in relation to the Business Transformation Programme. However, there remains a gap in broader leadership capacity across the council. There has also been significant political change in the council. Following the local government elections of May 2012, an SNP administration, with many new councillors, took over with support from one Independent councillor. This is the first time the SNP has led Midlothian Council. The context of the council is now both more politicised and politically sensitive than at any time in its previous history.
6. The publication of the Best Value 2 Audit in June 2012 recognised the progress made by the council up to that point in time. The Best Value audit also recognised that there were a number of areas that required further improvement. As a result of the risk assessment carried out by the LAN, a considerable level of scrutiny activity has taken place over years 1 to 3 of the AIP. The LAN has concluded that continued support and scrutiny is required especially in aspects of Communities and Wellbeing, Housing, Education and Children's Services as well as aspects of financial performance.
7. The LAN noted that the introduction of the shared services work with East Lothian Council, particularly in education, has changed in emphasis and slowed its progress and the original proposal of shared staff resources is now unlikely to progress. The change from shared services to partnership working has potential implications for outcomes for service users, particularly vulnerable groups, staffing capacity and focus in Education and Children's services and in the financial position of the council. Last year the LAN noted that the council's approach to developing a shared approach to the strategic management of its education services with East Lothian Council presented an opportunity to both strengthen capacity and improve services to vulnerable groups such as Looked after and Looked after and accommodated young people. With the change in approach, this now has important implications for the council's ability to build capacity and improve services. The LAN noted that the process of managing change as part of shared services carried with it important risks. The changed approach after eighteen months of development also carries risks and that the impact on staff and on service users remains uncertain. The LAN noted that the pace of improvement has slowed. One of the impacts is that the council is seeking to fill key posts at present and leadership capacity is presently stretched. The LAN noted that the development of shared services and its implications for partnership working, education services and council finances would be an area for future scrutiny activity in the AIP of 2011-12. Shared Services was looked at as part of the Best Value 2 audit in November 2011. As a result, the LAN will continue to monitor the outcomes for service users over this year and look to undertake Best Value follow-up activity in 2014.

8. The LAN recognises the council's ongoing commitment to continuous improvement. There continues to be very strong commitment from officers and elected members to improving the work of the council. The council continues to extend and embed its approach to corporate self-evaluation. The LAN will now seek to actively work with the council on developing and supporting its approaches to extend self-evaluation across the council.

National priorities

9. Local councils are operating within a context of significant change as a result of the challenging financial environment and the public service reform agenda, including the review of community planning, health and social care integration, police and fire reform, college regionalisation, and welfare reform. The Local Government Scrutiny Co-ordination Strategic Group is currently considering how audit and inspection arrangements should collectively respond to these significant strategic developments, recognising the increasing importance of partnerships, place and outcomes for Scotland's public services.

10. A number of core National Priorities are applied to all 32 councils. These are:

The protection and welfare of vulnerable people (children and adults) including access to opportunities:

11. Scrutiny is required in this area. At the request of Scottish ministers, the Care Inspectorate is developing a model of joint inspection of children's services in Community Planning Partnership (CPP) areas in Scotland, in co-operation with other scrutiny bodies (Education Scotland, Healthcare Improvement Scotland and HMICS). These inspections will focus on how well local public bodies (councils, the NHS, police, etc.) are working together to deliver effective outcomes for children and young people. The Care Inspectorate will undertake an inspection of Children's Services in Midlothian in May or June of 2013 subject to ministerial approval.

12. In addition, the Care Inspectorate is working in co-operation with Healthcare Improvement Scotland to develop an approach to inspecting services providing care and health for adults drawing on its experience of implementing joint inspections of child protection and children's services. Development work involving a number of local authorities is underway and will continue into the early part of 2013. Following this, the Care Inspectorate will implement a programme of these inspections. Further details of the schedule will be confirmed in due course.

13. Subject to ministerial approval the Care Inspectorate will undertake supported self-evaluation across the 32 local authority criminal justice social work services looking at the impact of the Level of Service Case Management Inventory (LSCMI), otherwise known as the national assessment and care planning instrument. This will take place in the latter part of 2013.

14. The SHR plans to carry out a thematic inspection into the outcomes that local authorities are achieving by delivering a Housing Options and Prevention of Homelessness approach. SHR will carry out this thematic inspection during the first half of 2013/14. This is likely to involve fieldwork visits to a small sample of local authorities. SHR is currently identifying potential fieldwork sites and will be contacting those councils that it would like to visit in early 2013.

Assuring public money is being used properly:

15. No scrutiny required. The annual audit of councils forms part of the baseline scrutiny of councils. This audit examines the financial management and controls in each council. The

council has strengthened its leadership and increased the pace of improvement. Corporate working has improved. The Corporate Management Team provides a good strategic focus for the council. The council is improving the strategic capacity of its elected members. The council has improved its performance management, challenge and scrutiny. However, it needs to be more systematic in the collection, reporting and use of customer satisfaction information. It can also make more use of value-for-money assessments and benchmarking information to see how it compares with others and identify where it can do better.

How councils are responding to the challenging financial environment

16. Recognising the significance of the uncertain financial context within which councils operate, Audit Scotland produced 'Scotland's Public Finances: Addressing the Challenges' in August 2011. Follow-up work around the issues raised in the report will be undertaken in each council in 2013/14 to provide the Accounts Commission and the Auditor General for Scotland with evidence on the progress that public bodies are making in developing a strategic response to these long-term financial challenges. In addition, a specific piece of work on Reshaping Scotland's public sector workforce will be undertaken in 2013.14
17. All councils continue to face significant financial challenges in the ongoing economic climate and this is likely to increase in the next few years. Whilst this presents uncertainties nationally, Midlothian Council is responding well in this area. The council continues to face a significantly challenging financial position, despite its current relatively high level of reserves. The recent decision not to proceed with shared services increases the financial and operational challenge for the council, but also provides an opportunity to deliver a service that is right for Midlothian. The Business Transformation reform agenda has not yet delivered the change or savings at the level anticipated in the most recent period and financial pressures in areas like Welfare Reform present a funding gap for the next three years. Along with the work being undertaken by Audit Scotland on public finances and workforce planning, the LAN and the auditor will continue to work with the council to improve performance in this area.
18. At the request of Scottish ministers, Audit Scotland has piloted an approach to auditing CPP and the delivery of local outcomes. The CPP audit model was tested during 2012/13 in three council areas (Aberdeen City, North Ayrshire and Scottish Borders). Following evaluation of the approach in early 2013, a number of CPPs will be audited during the second half of 2013/14. Audit Scotland will be contacting any likely audit sites in spring 2013.
19. The EHRC has commissioned a piece of work to assess the extent to which Scottish public authorities have complied with the specific duties of section 149 of the Equality Act 2010 during 2013. Analysis of public authorities' compliance with the duty to publish equality outcomes and employment information will be available later in 2013. The results of this activity will be reflected in future SRA work.
20. The LAN is committed to maintaining its engagement with the council between now and the next SRA cycle so that we can retain an overview of how the council is managing its response to the significant financial challenges that it and all other Scottish public bodies face.

Areas that remain 'no scrutiny required'

21. This update focuses predominantly on those areas assessed as 'scrutiny required' and 'further information required'. 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 requiring no scrutiny which continue to be so. The LAN identified no scrutiny is required in the following areas:

Area	Update
<p>Commercial Services (Now part of Corporate Resources directorate)</p>	<p>The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. There is improvement in benefits, roads, and waste management services. However, Planning and development services are performing below the Scottish average</p>
<p>Communities and Wellbeing</p>	<p>The LAN considered KPI data and outcome data when making this judgement. Overall, this area is performing well, with only a very slight decline in business advice requests observed.</p>
<p>Community Care and Criminal Justice</p>	<p>The LAN considered KPI data and outcome data when making this judgement. The action plan to address the 4 recommendations arising from scrutiny (on adult protection data; staff access to electronic service user information system; outcome data; reporting on joint funding) was agreed in July 2012 and provided a sound response to the scrutiny report. An initial progress report in November 2012 was satisfactory, with a final progress report due by March 2013.</p>
<p>Communities and Wellbeing – Regulated Care Services</p>	<p>The LAN considered KPI data and outcome data when making this judgement. The Care Inspectorate noted that there was positive progress.</p>
<p>Supporting healthy, caring, diverse communities where local needs are met.</p>	<p>The LAN considered KPI data and outcome data when making this judgement. The action plan to address the 4 recommendations arising from scrutiny (including outcome data) was agreed in</p>

Area	Update
	July 2012 and provided a sound response to the Care Inspectorate scrutiny report.
Maintaining Midlothian as a safe place to live, work and visit	The LAN considered KPI data and outcome data when making this judgement. Six of eleven safer and stronger indicators are improving in the latest results
Conserving and improving Midlothian's natural environment.	The LAN considered KPI data and outcome data when making this judgement. All outcomes are improving in the latest results and long term and are better compared to Scotland.
Delivering responsive and effective services to the people of Midlothian	The LAN considered KPI data and outcome data when making this judgement. There are generally high satisfaction levels with council services. While all financial corporate indicators show signs of improvement, the council still performs poorly for council tax collection though performance in respect of invoice payments has improved significantly in the current year.
Planning and resource alignment	The LAN considered outcome data when making this judgement. The BV2 Audit found six work streams, each with clear financial targets and good progress to date.
Community engagement	The LAN considered outcome data and evidence from link inspectors when making this judgement. The BV2 audit found that the council and its partners are good at consulting and involving local communities and can demonstrate how this has contributed to service delivery.
Governance and accountability (including public performance reporting)	The LAN considered outcome data and evidence from link inspectors and auditors when making this judgement. The BV2 audit found that the council has strengthened its leadership and increased the pace of improvement.
Customer focus and responsiveness	The LAN considered outcome data and evidence from link inspectors and auditors when making this judgement. The BV2 audit found that the council has in place the building blocks to improve the way it delivers customer services.

Area	Update
Risk management	The LAN considered outcome data and evidence from link inspectors and auditors when making this judgement. The council has a well-developed approach to risk management.
Use of resources – financial management	The LAN considered KPI data and outcome data when making this judgement. All 4 Corporate Management and Benefits performance indicators relating to collection and administration costs improved. All have improving long term trends.
Use of resources – asset management	The LAN considered KPI data and outcome data when making this judgement. The council has made good progress in developing its physical assets
Use of resources – managing people	The LAN considered KPI data and outcome data when making this judgement. The council has made good progress in developing the building blocks of good people management.
Use of resources - procurement	The LAN considered KPI data and outcome data when making this judgement. The council continues to improve its approach to procurement.
Equalities	The LAN considered KPI data and outcome data when making this judgement. Equality issues are clearly incorporated into the work of the council. It has appropriate processes to manage equalities, train staff, and monitor performance.
Sustainability	The LAN considered KPI data and outcome data when making this judgement. The council is on track to achieving its Sustainability priorities.

Areas that remain 'scrutiny or further information required'

22. The LAN identified that, in common with the SRA last year, scrutiny or further information is required in the following areas:

Area	Assessment	Update
Communities and Wellbeing - Housing	Scrutiny required	<p>The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. The council reports a trend of improving KPI's. Its estate management, new build and home when making this judgement. The council reports a trend of improving KPI's. Its estate management, new build and home safety performance appear to be low risk. It reports 80% compliance with the SHQS in 2011/12 and appears to be on target for the 2015 deadline. There remain a number of areas where there are risks such as allocations, homelessness and responsive repairs. SHR will review following completion of scrutiny scheduled for Q2 2013.</p>

Areas with changed assessments

26. The following table relates to assessments of scrutiny risk that have been changed from the 2012/13 update.

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
Education and Children's Services.	No scrutiny required	Scrutiny required	<p>The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Overall, there is a slowly improving picture of performance in the short and long term for the majority of indicators. However, S6 attainment is worsening and is worse than the Scottish average as is looked after children moving into positive destinations. Child protection registrations are high in comparison to the national average. Midlothian Council has commissioned 'With-Scotland' to undertake robust evaluation of child protection in Midlothian. The Education Scotland Area Lead Officer will now work with the council to address this situation in a planned and mutually agreed programme of targeted work. The Care Inspectorate will undertake</p>

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			an Children's Services inspection in Spring 2013 subject to ministerial approval.
Corporate Services - Housing management	Scrutiny required	No Scrutiny required	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. Improvement observed for all indicators, with the majority performing better than the Scottish average.
Maximising business opportunities.	No Scrutiny required	Further Information required	The LAN considered KPI data and outcome data when making this judgement. Mixed performance including good progress in the numbers of businesses receiving support but less success in relation to increasing take-up of economic land. The LAN and Audit Scotland will engage with the authority on this issue.
Improving opportunities for people in Midlothian	No Scrutiny required	Further Information required	The LAN considered KPI data and outcome data when making this judgement. Mixed performance observed for this indicator. Some evidence of financial indicators worsening, particularly in relation to earnings. The LAN will engage with the authority on this area.

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
Vision and strategic direction	No Scrutiny required	Further Information required	<p>The LAN considered outcome data and information from link inspectors and auditors when making this judgement. A new minority Administration took up office in May 2012 and must now make difficult decisions about prioritising limited resources.</p> <p>The council continues to face a significantly challenging financial position, despite its current relatively high level of reserves. The recent decision not to proceed with education shared services as had been planned increases the financial and operational challenge for the council. The LAN and External Auditor will monitor this area and engage with the council in 2013-14</p>
Leadership and culture	No Scrutiny required	Further Information required	<p>The LAN considered outcome data and information from link inspectors and auditors when making this judgement. The leadership team is stretched due to changes and delays in senior staff appointments during the year. Leadership capacity will therefore be critical. The LAN will work with and engage with the</p>

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			council in 2013-14
Partnership working and community leadership	Further Information required	No Scrutiny required	The LAN considered KPI data and outcome data when making this judgement. The BV2 audit found that Partnership working is strong, with good leadership, representation and commitment across the partner organisations and this is improving the delivery of outcomes for local communities.
Performance management	No Scrutiny required	Further Information required	The LAN considered Key Performance Indicator (KPI) data and outcome data when making this judgement. The council has improved its performance management, challenge and scrutiny. However, there is scope for the indicators to be more outcome-focused. The council needs to be more systematic in the collection, reporting and use of customer satisfaction information. The LAN will engage with the council on this area in 2013-14
Challenge and improvement	No Scrutiny required	Further Information required	The LAN considered outcome data and information from link inspectors and auditors when making this judgement. The council's ability to address the budget shortfall from 2012-

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			<p>13 to 2014-15 continues to depend on the delivery of the Business Transformation Programme. However, in September 2012, the council was told that the achievement of savings has been slower than anticipated. An additional budget gap has emerged as a result of the step back from a shared service for education with East Lothian Council. The LAN will engage with the council in 2013-14</p>
ICT	No Scrutiny required	Further Information required	<p>The LAN considered outcome data and information from link inspectors and auditors when making this judgement. The Recent Penalty imposed by Information Commissioner on the council for disclosing sensitive personal data has not been repeated. The LAN will work with the council on this area in 2013-14</p>
Use of resources – efficiency	No Scrutiny required	Further Information required	<p>The LAN considered outcome data and information from link inspectors and auditors when making this judgement. The Business Transformation Programme has been refocused to ensure it is more effective</p>

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			at generating savings and tackling the silos approach to services, but a short term savings gap has been identified in 2013-14. The LAN and External Auditor will engage with the council on this area in 2013-14
Use of resources - competitiveness	No Scrutiny required	Further Information required	The LAN considered outcome data and information from link inspectors and auditors when making this judgement. A Business Transformation Board is in place to coordinate each improvement strategy, but there is a risk of initiative overload – both in carrying staff with the programme, but also in terms of management capacity within the council. The LAN will monitor this area and work with the council in 2013-14

Scrutiny plans

27. Given the extent of scrutiny carried out by LAN members in years 1-3 of the AIP, 2013 sees the LAN take an approach that is balanced between strategic scrutiny, monitoring progress and supporting self-evaluation activities.
28. Scottish Housing Regulator (SHR) will review their activities following completion of scrutiny in summer 2013. SHR plans to seek targeted assurance on areas of risk following discussion with the council in Q2 2013.
29. Education Scotland will carry out a follow up Education Psychology Service Inspection in Winter 2013 and the Area Lead Officer will continue to monitor progress on the educational elements within the Best Value 2 Action Plan
30. Care Inspectorate will undertake a Children's Services inspection in May/June 2013 subject to ministerial approval. The Care Inspectorate will also undertake Supported Self-Evaluation of the impact on quality of the newly introduced national assessment and care planning instrument (LSCMI) in local criminal justice social work services
31. Audit Scotland will continue to monitor progress on the BV 2 Action Plan. Audit Scotland will also undertake activities relating to the Follow-up of Audit Scotland national report "Scotland's Public Finances – addressing the challenges" and also Reshaping Scotland's public sector workforce.

Appendix 1

National scrutiny activity does not result from the shared risk assessment but is either at the request of the council eg supported self-evaluation work or national activity eg national follow-up work or work requested by ministers.

MIDLOTHIAN COUNCIL 2013-14												
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Scottish Housing Regulator (SHR) will review their activities following completion of scrutiny scheduled for summer 2013		x	x									
Care Inspectorate Integrated Children's Services inspection		x	x									
Education Scotland will carry out a follow-up inspection on Education Psychology services										x	x	
National or supported self-evaluation work year 1												
Audit Scotland - Reshaping Scotland's public sector workforce	x											
Follow-up of Audit Scotland national report "Scotland's Public Finances – addressing the challenges"												
Care Inspectorate Supported Self Evaluation of the impact on quality of the newly introduced national assessment and care planning instrument (LSCMI) in local criminal justice social work services												
Ongoing support by Education Scotland in relation to issues identified in BV2 report 2012												

MIDLOTHIAN COUNCIL 2014-15												
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Best Value 2 Follow-up scrutiny		x	x									
National or supported self evaluation work year 2												
No scrutiny planned												

MIDLOTHIAN COUNCIL 2015-16	
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved

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 ongoing throughout the period of the AIP. This will include, 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, 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 with their responsibilities under the Public Services Reform (Scotland) Act 2010.

