

Midlothian Council Local Scrutiny Plan 2018/19**Report by: Kenneth Lawrie, Chief Executive****1. Purpose of the Report**

The purpose of this report is to inform Council of the Local Scrutiny Plan 2018/19 produced by Audit Scotland.

2. Background

2.1 Audit Scotland works with a number of local government inspectorates in what is known as a Local Area Network (LAN) of local audit and inspection representatives. The LAN undertake a shared risk assessment process for all 32 local authorities, drawing on a range of evidence in order to identify targeted, risk-based scrutiny requirements for each council.

2.2 The shared risk assessment process results in each council receiving a Local Scrutiny Plan (LSP) which identifies the risk areas that the LAN has identified as requiring scrutiny or where scrutiny is planned as part of a national programme. Plans for each council are available on the Audit Scotland website, a copy of Midlothian Council's Local Scrutiny Plan 2018/19 is shown in Appendix 1.

2.3 The Local Scrutiny Plan (LSP) focuses on key risks previously identified by the LAN and also identifies potential new risks.

3. Local Scrutiny Plan 2018/19

3.1 The conclusion of the shared risk assessment for 2018/19, is that there are no significant risks for the council that would require specific scrutiny by the LAN. The LSP also notes that scrutiny activity undertaken in the past twelve months had been part of routine ongoing inspection work or national activity.

3.2 In terms of financial sustainability the plan notes that the Council recognises the severity of the challenges ahead and further notes the extensive public consultation 'Shaping Our Future' undertaken to identify a range of proposals to address the 2018/19 budget shortfall. Recognition that the position beyond 2018/19 requires further clarity and that the Administration will be required to make difficult decisions about service reductions and cost increases and provide clear political direction is also noted.

3.3 The plan identifies the acceptance of the 2018/19 budget incorporating a range of proposals to generate income, increase charges and transform the way services operate in order to address a shortfall of around £10.5 million.

3.4 In addition the plan notes that council declined to approve a broader set of measures that would have allowed £2 million to be returned to general reserves and also highlights the potential risk reported previously by Audit Scotland that

Midlothian Council had the largest reduction in revenue reserves of all councils between 2015/16 and 2016/17. Further noting that this would be an area of ongoing oversight of financial sustainability through the local audit process and best value audit work. The plan also recognises that the Council maintains a healthy balance of £35 million in its Housing Revenue Account.

- 3.5 The significant challenge in delivering on the savings proposals approved by Council and the requirement that the council's executive team deliver effective financial management and robust scrutiny and reporting is also noted by the LAN.
- 3.6 Whilst recognising the Council's strong commitment to partnership working across all aspects of its delivery and the effective establishment of the Integrated Joint Board with strategic commissioning and delivery plans for service redesign, an area of critical importance noted was that of maintaining high quality care at home services.
- 3.7 The plan, whilst recognising that national indicators for social work and social care remain steady, also notes the need to improve in priority areas.
- 3.8 In relation to Education the plan identifies that there is strong strategic leadership across Education and Children's Services and recognises that the Council has appropriate governance to ensure education provision is well organised and led. In addition, whilst recognising that overall performance is positive, the plan notes that more work is required at the secondary stage in terms of increasing attendance, reducing exclusions and improving aspects of attainment.
- 3.9 In terms of Housing, the plan notes that the Scottish Housing Regulator (SHR), as a result of its findings from a review and comparison of performance for all Scottish social landlords found that the Council is in the bottom quartile for all social landlords in relation to the time taken to re-let properties and the time taken to complete emergency and non-emergency repairs. The LAN also identified risks in relation to the Council's homelessness service, specifically relating to housing options cases, use of bed and breakfasts for temporary accommodation and satisfaction with temporary accommodation, lost contact case outcomes and case durations. The SHR will monitor the council's progress in addressing the housing and homelessness service weaknesses identified in the plan.

4. Next Steps

- 4.1 Expected scrutiny activity for 2018/19 is shown in Appendix 1. For some scrutiny activity in 2018/19, scrutiny bodies are still to determine their work programmes, where Midlothian is to be involved, the relevant scrutiny body will confirm this with the council and their LAN lead.
- 4.2 In addition to the areas identified in Appendix 1, routine, scheduled audit and inspection work will be carried out through the annual audit process and the ongoing inspection of school and care establishments by Education Scotland and the Care Inspectorate respectively.
- 4.3 Following a new approach agreed 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 Midlothian Council in 2019. The scope and timing of the work to be carried out as part of the 2018/19 audit, will be discussed with the Council.

4.4 As noted above the Scottish Housing Regulator will monitor the Council's progress in relation to the weaknesses identified in the plan.

5. Report Implications

5.1 Resource

There are no additional resource implications.

5.2 Risk

The Local Scrutiny Plan 2018/19 provides the Council with the LANs assessment of areas of risk and potential areas for further scrutiny.

5.3 Single Midlothian Plan

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

5.4 Key Priorities within the Single Midlothian Plan

Midlothian Council and its Community Planning Partners have made a commitment to treat the following areas as key priorities under the Single Midlothian Plan:-

- Reducing the gap in learning outcomes
- Reducing the gap in health outcomes
- Reducing the gap in economic circumstance

The Local Scrutiny Plan 2018/19 recognises the Council's strong commitment to partnership working, specifically community planning with partners within the Community Planning Partnership which agreed the above key priorities.

5.5 Impact on Performance and Outcomes

The report directly impacts Midlothian's ability to monitor and evaluate performance and outcomes by ensuring a strong focus on scrutiny activities and reporting.

5.6 Adopting a Preventative Approach

This report does not directly relate to adopting a preventative approach but the intention to adopt a preventative approach is a key approach captured in future change programme to address the financial challenge noted in the report.

5.7 Involving Communities and Other Stakeholders

This report does not directly relate to involving communities however co-production and capacity building is a key approach captured in future delivery plans to address the financial challenge noted in the report.

5.8 Ensuring Equalities

This report does not directly impact people or propose any change to policy or practice however any subsequent actions identified as part of ongoing scrutiny will be subject to an IIA as appropriate.

5.10 Supporting Sustainable Development

The recommendations in this report contribute to a sustainable approach to the continuous improvement of Council services.

5.11 IT Issues

There are no IT issues arising from this report at this time.

6. Recommendations

Council is asked to:

- a) Note the Local Scrutiny Plan 2018/19

Appendix 1 – Scrutiny Plan 2018/19

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Background Papers:

National scrutiny plan 2018/19, a summary of local government strategic scrutiny activity (April 2018)

http://www.audit-scotland.gov.uk/uploads/docs/report/2018/sp_180404_scrutiny_plan.pdf

Midlothian Council

Local Scrutiny Plan 2018/19



Midlothian Council

Local Scrutiny Plan – April 2018 to March 2019

Introduction

1. This local scrutiny plan sets out any scrutiny risks identified by the local area network (LAN), proposed scrutiny responses and expected scrutiny activity for Midlothian Council during the financial year 2018/19.
2. The scrutiny risks and responses are based on a shared risk assessment (SRA) undertaken by a LAN, comprising representatives of all the scrutiny bodies who engage with the council. The SRA draws on a range of evidence with the aim of determining any scrutiny risks in the council and the IJB.
3. Expected scrutiny activity across all councils in Scotland informs the National Scrutiny Plan for 2018/19, which is available on the Audit Scotland [website](#).

Scrutiny risks

4. The SRA for Midlothian Council concluded that there were no significant risks for the council in the coming 12 months that would warrant any specific scrutiny activity. This is a positive position for the council and is consistent with the LAN view last year. However, Midlothian Council will face significant challenges during this period and these will be considered in the course of LAN Members' ongoing engagement with Midlothian's Executive Team, or through planned and routine inspection/audit activity.
5. **Financial Sustainability.** In common with other councils, Midlothian Council faces significant financial challenges. Revised estimates set out in the 2018/19 to 2021/22 financial strategy suggest that the council will have to address budget shortfalls to achieve savings of around £20 million in 2019/20, £29 million in 2020/2021 and £38 million in 2020/21. In response the council has developed a '*Change Programme*' proposing a number of cost reductions and changes in services, that seek to address the projected budget shortfalls.
6. The council recognises within its financial strategy the severity of the challenge ahead for the term of this council and the extent to which service provision will have to be significantly transformed and or reduced. It also recognises that the work of the Strategic Leadership Group, led by the chief executive, to bring forward and implement a comprehensive Change Programme will be critical to enable council to address the projected budget gaps and in securing financial sustainability for the continued delivery of services. The Administration will require to make difficult decisions about service reductions and cost increases and to provide clear political direction.
7. **Budget for 2018/19.** More recently, following an extensive public consultation – '*Shaping Our Future*' - the council has agreed its budget for 2018/19 accepting a range

of proposals to generate additional income, increase charges and transform the way services operate in order to address a shortfall of around £10.5 million.

8. The council declined to approve a broader package of measures that would have allowed £2 million to be returned to general reserves. This would have gone some way to offset the nearly £4 million that was taken from reserves to balance the budget in 2017/18. This introduces potential risks, particularly as Audit Scotland reported in its most recent *Local Government in Scotland: Financial Overview 2016/17* that Midlothian Council had the largest reduction in revenue reserves of all councils between 2015/16 and 2016/17. The LAN agreed that there would be ongoing oversight of financial sustainability through the local audit process and best value audit work.
9. Council officers face a significant challenge in delivering on the savings proposal that the council approved, particularly in the context of depleted reserves which limit any contingencies should the required savings not be achieved. This will require the council's executive team to deliver effective financial management and robust scrutiny and reporting.
10. While general reserves are relatively low, the council maintains a healthy balance of £35 million in its Housing Revenue Account. This balance is intended to finance investment commitments in housing over the next 15 years.
11. **Partnership Working.** Midlothian Council has demonstrated a strong commitment to partnership working across all aspects of its delivery, exemplified by; Community Planning with the third and private sector; Public Protection jointly with East Lothian; the Education Service including the Lifelong Learning and Employability Service links with partners, volunteers, colleges and universities; the integration of health and social care services and the creation of the Integrated Joint Board.
12. **Social Work and Social Care.** Midlothian's performance in relation to the national indicators remains steady. While the council has done well to sustain this level of performance given the demographic and financial challenges, it needs to look to improve in its priority areas.
13. The focus of the new integrated arrangements is upon developing longer term sustainability of health and social care. The Health and Social Care Partnership's focus is on transformational redesign of services and giving greater priority to prevention, recovery and to addressing health inequalities.
14. **Integrated Joint Board.** Along with NHS Lothian, the council has maintained a strong commitment to health and social care integration. The IJB and its associated structures and systems are fully established. The emphasis is now on strengthening local, community-based services and on ensuring strong, effective partnerships. Progress is being made in establishing an integrated structure at third tier level across health and social work. In relation to front line services effective integration is demonstrable in areas such as care homes and intermediate care, rapid response, hospital at home, and substance misuse. Plans are progressing well with capital funding now agreed.

15. Maintaining high quality Care at Home services has been a major challenge and this will be an area of critical importance given its impact on service users and on the whole system, including delayed discharges. In the short term, more services are being provided in-house, while in the longer term the drive is to strengthen rehabilitation/ reablement while also seeking to reframe the model of Care at Home. The partnership have a commitment to ensuring a more empowered role for families, including improved support for carers, whilst also making best use of community based resources.
16. The IJB has its own Strategic Commissioning Plan for 2016-19 and this, alongside an Annual Delivery Plan provides clear objectives for service redesign including shifting the balance of care. The development of Extra Care Housing, purpose built specialist housing and the expansion of the Hospital at Home service are positive community-based approaches. Joint approaches with neighbouring HSCPs are also being considered to effectively and efficiently address a range of issues to improve outcomes and the strong links between the chief officers of the four Lothian IJBs will ensure that any such opportunities are considered.
17. **Education and Children's Services.** There is strong strategic leadership across Midlothian Education and Children's Services. The council has appropriate governance in place to ensure that educational provision is well organised and led. Appropriate governance arrangements are in place to support the planning and spend related to the Pupil Equity Fund, with clear officer responsibility and lines of accountability.
18. Scrutiny outcomes, including school inspections have been positive in recent years. Overall, outcomes for children and young people are improving year on year against national measures. However, it is recognised that at the secondary stage more work is required in increasing attendance, reducing exclusion and improving aspects of attainment.
19. While overall performance is positive, there are a few concerns around outcomes and equity. Education Scotland will engage with the Education and Children's Services to support and embed improvement. There will be no additional scrutiny in 2018/18 beyond the general inspection programme.
20. Children Services has improved outcomes for children, young people and their families with a focus on timely permanence decisions for looked after and accommodated children, planned return of young people placed out with Midlothian and targeted support for their high risk young people with specialist provision such as adapted housing to meet significant additional needs. Financial restrictions continue to be Children's Services biggest challenge over the coming year, however the service is committed to use resources creatively to address this need.
21. **Housing.** To assess the risk to social landlord services, the Scottish Housing Regulator (SHR) has reviewed and compared the performance of all Scottish social landlords to identify the weakest performing landlords. It found that Midlothian Council is in the bottom quartile for all social landlords in relation to the time taken to re-let empty properties and the time taken to complete emergency and non-emergency repairs. In

relation to the council's homelessness service, it identified risks in relation to housing options cases, use of bed and breakfast for temporary accommodation and satisfaction with temporary accommodation, lost contact case outcomes and case durations.

22. The SHR will monitor the council's progress in addressing the housing and homelessness service weaknesses identified in this plan. It will review the council's quarterly performance management reports and meet council officials as necessary.

Scrutiny activity

23. Any expected scrutiny activity between April 2018 and March 2019 is shown in Appendix 1. For some of their scrutiny activity in 2018/19, scrutiny bodies are still to determine their work programmes and 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.
24. 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. The outcomes of this work will help to inform future assessment of scrutiny risk.
25. 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 Midlothian Council in 2019. The scope and timing of the work to be carried out, as part of the 2018/19 audit, will be discussed with the council. The BVAR programme could change if the risk profile of councils change. If this is the case we will update the council. In the meantime, Best Value audit work planned in this year will focus on the council's arrangements for demonstrating Best Value, and will be reported in the Annual Audit Report.

Appendix: Scrutiny activity

Scrutiny body	Scrutiny activity	Date
Audit Scotland / external auditor	No additional scrutiny planned.	
Audit Scotland	Audit Scotland plans to undertake performance audit work in a range of areas covering local government during 2018/19. These include audits on: children and young people's mental health; health and social care integration: update on progress; primary and social care workforce planning; VFM of non-profit distributing models. Any engagement with individual councils is still to be determined and will be confirmed with the council as soon as possible. Details of future audit work are available on the Audit Scotland website .	
The Care Inspectorate	<p>From April 2017 the Care Inspectorate and Healthcare Improvement Scotland have a joint duty under the Public Bodies (Joint Working) (Scotland) Act 2014 to assess on the effectiveness of integration authorities' strategic plans. During 2018 /19 we intend to visit three partnerships to report on their progress.</p> <p>From April 2018, Scottish ministers have asked the Care Inspectorate to lead another programme of joint inspections of service for children and young people, with scrutiny partners Education Scotland, Healthcare Improvement Scotland and her Majesty's Inspectorate of Constabulary in Scotland. They have asked is to provide assurance about how community planning partners are protecting children and meet the needs of children and young people who have experience, or at risk of, abuse and neglect and how they are working together to improve outcomes for children and young people who are subject to corporate parenting requirements. We intend to carry out five joint inspections in 2018/19.</p> <p>The Care Inspectorate is currently undertaking</p>	<p>Dates and locations to be determined</p> <p>Dates and locations to be determined</p> <p>Dates and</p>

	<p>preparatory work for a thematic review of self- directed support which we will carry out during 2018/19. Throughout the year we will conduct an inspection in up to 6 areas across the country.</p>	<p>locations to be determined</p>
Education Scotland	<p>Education Scotland do not plan to carry out any additional scrutiny in Midlothian in 2018/19 beyond the general inspection programme.</p> <p>Schools in Midlothian have Pupil Equity Funding Plans in place, which are being progressed.</p> <p>Education Scotland will continue to liaise with establishments as appropriate.</p>	
Scottish Housing Regulator	<p>The Scottish Housing Regulator (SHR) may carry out thematic inquiries during 2018/19 or it may carry out survey or on-site work to follow up on published thematic reports. The SHR will also review the Scottish Social Housing Charter data submitted by landlords and carry out data accuracy visits during the second quarter of 2018/19. Where councils are to be involved in a thematic inquiry, any follow-up work to a published thematic inquiry, or a data accuracy visit, the SHR will confirm this directly with the council and the LAN lead.</p>	

Midlothian Council

Local Scrutiny Plan 2018/19

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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