

Agenda Item	13
Report No	HC/2/14

External scrutiny: Assurance and Improvement Plan Update 2014-17

Report by the Chief Executive

Summary

The annual up-date of the Assurance and Improvement Plan (AIP) 2014-17 for Highland Council has been produced by Audit Scotland drawing on the assessment by four external scrutiny bodies. The AIP shows no additional scrutiny is required of the Council.

1. Introduction

1.1 Audit Scotland coordinates an Assurance and Improvement Plan (AIP) each year for every council in Scotland. This is based on the assessment of four external scrutiny bodies on the need for any additional scrutiny of the Council in terms of it achieving its strategic priorities and demonstrating good corporate performance. It also takes into account any scrutiny needs arising from risks identified at the national level. The current focus of which is the challenging financial environment and the public service reform agenda. In relation to the reform agenda the assessment focused on:

1. Community planning and new Single Outcome Agreement.
2. Police and fire oversight arrangements (following the introduction of new national police and fire services).
3. Health and social care integration.
4. Welfare reform.

1.2 The four scrutiny bodies involved are: Audit Scotland; Education Scotland; the Care Inspectorate and the Scottish Housing Regulator (SHR). They draw on evidence from:

- the annual report to the Controller of Audit and elected members for 2012/13;
- Single Outcome Agreement and associated development plan
- Council performance data and self-evaluation evidence;
- SOLACE/Improvement Service, Local Government Benchmarking Framework
- Evidence from the external scrutiny bodies and their work in Highland.

1.3 The Council's programme 'Working Together for the Highlands' has a commitment that we will: 'continue to measure our progress openly, report on it publicly and listen to communities, to ensure we are delivering services that provide best value for Council Taxpayers'. The AIP contributes to this commitment by forming part of our performance management and performance reporting arrangements.

2. The Assurance and Improvement Plan – assessment of risk and consequential scrutiny activity

2.1 The AIP 2014-17 for Highland Council is appended. All 32 local authority AIPs will be published by Audit Scotland on 15 May 2014 along with the national scrutiny plan. The Highland plan identifies no areas where additional scrutiny is required. This is the same assessment since 2010 when this process was introduced.

2.2 The plan highlights the final Accounts Commission report in early 2014 on Caithness Heat & Power Limited (CHAP) and the national relevance of having robust governance and accountability arrangement in place for arm's length organisations (ALOs). A targeted follow up of the national report on ALOs 'Are you getting it right?' will be carried out in 2014 by Audit Scotland.

- 2.3 While no further scrutiny is required, there are some areas identified as requiring on-going monitoring by the relevant scrutiny body. These relate to:
- homelessness (outcome of performance inquiry)
 - criminal justice social work (action arising from supported self-evaluation of the implementation of the assessment and case planning instrument LS/CMI, if required)
 - self-evaluation in primary and secondary schools (identified improvement area)
 - community learning and development (identified improvement area)
- 2.4 Positively the AIP notes that the Council:
- Received positive feedback from the Scottish Government on the development of the Highland 2013-16 Single Outcome Agreement.
 - Received a positive report on the recent inspection of children's services with a number of strengths identified including effective early intervention.
 - Has been recognised as national good practice in its approach to local scrutiny of police and fire services and developing councillors in their role.
 - Has achieved continuous improvements in delivery of its benefits service including improved speed of processing while maintaining strong accuracy.
 - Has effective governance arrangements are in place.
 - Has achieved positive results in its annual performance and attitudes survey with 88% of the citizen's panel responding they are satisfied with council services.
 - Has developed a 5 year plan to address the current financial challenges faced by local government.
 - Has shown a steady increase in performance in Procurement Capability Assessment scores and has moved into the improved performance quartile.
 - Has exceeded targets for efficiency savings achieving £11.4m in 2012/13 against a target of £10.2m.
 - Demonstrates a positive and improving picture on school educational attainment in line with or better than national and comparator authorities.
 - Has brought about many positive changes in how it conducts its business through the Corporate Improvement Programme (CIP).
 - Has made a clear improvement in the quality of its Public Performance Reporting (PPR).
- 2.5 In addition on pages 18 to 21 of the attached AIP an up-date of Service performance is provided. This is based on our performance data and this is mostly positive as reported to members at the Council meeting in September 2013.
- 2.6 Planned external scrutiny
A scrutiny plan is part of the AIP and on pages 24-25 of the attached appendix the following areas of scrutiny are planned over the next year:
- Inspection of Adult Social Work Services.
 - Targeted follow-up of 'Arms-Length External Organisations: Are you getting it right?' report.
 - Targeted follow-up of 'Major capital investment in councils' report.
 - Homelessness (possible follow up)
 - Criminal Justice Social Work – supported self-assessment.

There is currently no planned scrutiny for 2015/16 or 2016/17.

3. The usefulness of the AIP

- 3.1 The AIP attempts to demonstrate that external scrutiny is becoming streamlined, risk based, proportionate and that it avoids duplication. External scrutiny should reduce overall as internal scrutiny and self-evaluation improves.

3.2 While the AIP shows limited scheduled external scrutiny, the full range of external audit and inspection activity includes inspections of schools and care establishments and activity from other regulators, notably the Equality and Human Rights Commission and SEPA.

4. Implications

4.1 **Resources:** Reducing external scrutiny requires better internal scrutiny and there are costs associated with new processes of self-evaluation in terms of training, materials and staff time. These costs are absorbed in current budgets.

4.2 **Legal:** External scrutiny operates within a legal framework which places duties on the Council. Legal issues could arise with non-compliance with these duties, but as the AIP does not identify any additional scrutiny, there are no legal implications in considering the action resulting from this report.

4.3 **Equalities:** Audit Scotland through the AIP will continue to monitor if the council is providing effective leadership of equalities and is meeting its statutory obligations. It is noted on page 17 of the appended AIP that the Council is seen to have embedded equality considerations in its processes. A set of equalities outcomes have been published as part of the Council's compliance with publishing reports and these support building equality all areas of council work.

4.4 **Climate Change/Carbon:** SEPA now regulates the Council's progress with the carbon reduction commitment. It is noted above that SEPA is not part of the shared risk assessment process which produces the AIP.

4.5 **Risk:** The AIP identifies no additional scrutiny required of the Council.

4.6 **Gaelic:** As outlined at 1.2 above the AIP takes account of council performance data and this includes progress on delivering the Council Programme. The Programme contains a cross-cutting commitment to the 'principle of equal respect for the Gaelic and English languages' and the annual performance report covers a number of relevant key actions and measures including delivery of the Gaelic Language Plan.

5. Recommendation

5.1 Members are asked to note:

1. The Assurance and Improvement Plan (AIP) attached at Appendix 1 which highlights that no additional scrutiny of the Council is required for 2014-17.
2. The positive comments made about the Council's SOA development, scrutiny arrangements, children's services, corporate improvement programme, financial planning, performance results and public performance reporting.
3. The areas where monitoring is planned (homelessness, criminal justice services, self-evaluation in primary and secondary schools and community learning and development) and that there are five areas of scheduled audit and inspection activity identified for 2014 including those contributing to national audit reports.

Designation: Chief Executive

Author: Evelyn Johnston, Corporate Performance Manager, Tel (01463) 702671

Date: 11.4.13

The Highland Council

Assurance and Improvement Plan

2014–17

Contents

Contents	2
Introduction.....	3
Summary	5
Planned scrutiny activity	7
Local priorities and public service reform	9
Community planning and Single Outcome Agreements.....	9
Police and fire	9
Health and social care integration	10
Welfare reform	11
Corporate assessment	12
Service performance	19
Improving and transforming public services / public performance reporting.....	23
Appendix 1: Scrutiny plan.....	25

Introduction

1. This Assurance and Improvement Plan (AIP) sets out the planned scrutiny activity in The Highland Council between April 2014 and March 2017. The AIP is based on a shared risk assessment undertaken by a local area network (LAN). There is a LAN for each council, comprising representatives of all the scrutiny bodies who engage with the council. The aim of the shared risk assessment process is to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response over a three year period.
2. This is the fifth AIP for The Highland Council since the introduction of the shared risk assessment process.¹ It is the result of the shared risk assessment which began in October 2013. The process drew on evidence from a number of sources, including:
 - the annual report to the Controller of Audit and elected members for 2012/13 from the council's appointed external auditors
 - evidence gathered from Audit Scotland, Education Scotland, the Care Inspectorate, the Scottish Housing Regulator and Her Majesty's Inspectorate of Constabulary for Scotland, including published inspection reports and other supporting evidence
 - the Single Outcome Agreement (SOA) and associated development plan for the council area
 - the council's own performance data and self-evaluation evidence
 - analysis of data from the SOLACE / COSLA / Improvement Service Local Government Benchmarking Framework.²
3. The shared risk assessment process was reviewed in 2013, in the context of a significantly changed scrutiny landscape and the evolving public service reform agenda.³ Based on the findings of the review, this year's shared risk assessment focused on identifying the council's current position in implementing the Scottish Government's reform agenda. It also placed more emphasis on scrutiny risk in relation to the council's improvement and transformation agenda. This change in approach is reflected in the structure of the AIP for 2014-17, which covers four areas:
 - local priorities and public service reform
 - corporate assessment
 - service performance
 - improving and transforming public services / public performance reporting.

¹ Assurance and Improvement Plans for each council since 2010 are available on the Audit Scotland website: <http://www.audit-scotland.gov.uk/work/scrutiny/aip.php>

² The indicators used in the framework can be found on the Improvement Service website: <http://www.improvementservice.org.uk/benchmarking/>

³ The review of the shared risk assessment process was one of four work streams taken forward by the Strategic Group for Local Government Scrutiny Co-ordination during 2013.

4. Scrutiny risk is assessed against the following criteria:
 - No scrutiny required - there are no significant concerns, so no scrutiny work is necessary.
 - Scrutiny required - there are concerns about performance, services or outcomes, resulting in the need for scrutiny work.
 - Further information required - there is insufficient information to reach a judgement about performance.
5. The National Scrutiny Plan for 2014/15 is available on the Audit Scotland website. It provides a summary of planned scrutiny activity across all councils in Scotland, based on the AIPs for each council.

Summary

6. The overall scrutiny risk assessment of The Highland Council is that of a low risk council which shows good self awareness and a positive response to external scrutiny bodies. The council has a clear commitment to change and improvement. A review of the council's service structure is ongoing to further improve the efficiency, effectiveness and performance of the council's services by aligning service management teams into five directorates from the current seven.
7. Whilst the majority of areas of the council were assessed as requiring no specific additional scrutiny, there are some areas which require ongoing monitoring by scrutiny bodies. These are homelessness, integrated care, criminal justice services, self evaluation in primary and secondary schools and community learning and development.
8. In June 2012 the council approved the newly elected council administration's programme for its term of office *Working Together for the Highlands*. This document forms the basis of the council's corporate and service plans. It also contains a commitment that "with partners the council will implement changes to community planning and develop the Single Outcome Agreement (SOA) in line with the Scottish Government review so that community planning is effective in the Highlands". The Highland Public Services Partnership Performance Board has overall responsibility for community planning in the Highlands. Feedback from the Scottish Government on the SOA was generally positive with some areas for further development highlighted.
9. In December 2013 the council set a balanced budget for the 2014/15 financial year. In his report to the council on the revenue budget the Director of Finance highlighted the financial challenges facing the council in the period 2015/16 to 2018/19 with a forecast budget gap of £80 million overall or £20 million per annum. The council agreed a budget strategy for the period 2015/16 onward which will focus on strategic reviews, service redesign and transformational change.
10. Audit Scotland carried out a follow up review of the council's benefits service in September 2013. Continuous improvements had been delivered in most areas since the last risk assessment in August 2010. The council achieved an improved speed of processing at the same time as maintaining a strong accuracy performance and continuing to reduce local authority error overpayments. This was achieved despite an increased workload, extended responsibilities and reduced staffing levels.
11. Caithness Heat & Power Limited (CHAP) was set up as an arms length company by the council in 2004 to provide heat and power to homes in Wick. After making losses of £11.5 million in four years the company was taken back into council ownership. The council subsequently reviewed its approach to arm's length organisations following the difficulties experienced by CHAP. The Accounts Commission completed its final review of the CHAP scheme in early 2014 and concluded that all councils could learn from the Highland project. It is essential that any new external arm's length organisation has robust governance and

accountability arrangements from the outset with clear lines of responsibilities for councillors. A targeted follow up of Audit Scotland's national report Arms Length Organisations: Are you getting it right? will be undertaken in 2014.

12. The Care Inspectorate's recent inspection of children's services (published April 2014) evaluated the service positively and highlighted a number of areas of strength. These included a clear vision for children's services, effective early intervention support to vulnerable children and their families, committed staff working together guided by the Highland practice model and a commitment to self-evaluation. Integrated working has been well embedded and has begun to show benefits in terms of improved outcomes for children, young people and families as a result of the improved and earlier identification of children's needs and shared planning. Whilst strong partnerships were demonstrated within the CPP, this is an area which continues to develop. Areas for improvement highlighted by the Care Inspectorate included the need to continue to improve the impact of services and outcomes for children and their families and to develop a strategic commissioning approach that reflects their vision for children and young people.
13. The Care Inspectorate, in partnership with the Association of Directors of Social Work and the Risk Management Authority, has been undertaking supported self-evaluation activity to assess the initial impact of the introduction of the assessment and case planning instrument LS/CMI across Scotland's criminal justice social work services. This activity started in June 2013 and will conclude with the publication of a national report by May 2014. Action plans arising from this activity will be implemented in 2014.
14. The Scottish Housing Regulator's review of homelessness services found that homeless applications in Highland have fallen by 53.4 per cent over the last three years. The regulator currently has an inquiry submission with the council which will hopefully clarify some aspects of the council's approach to homelessness.
15. Education Scotland will continue to keep under review the council arrangements for self-evaluation in primary and secondary schools as this is an area which recent inspection activity has evaluated as "weak". The council has already identified this as an area which requires improvement and has devoted significant resources into improving the quality of self-evaluation approaches. Education Scotland's Area Lead Officer has provided inputs into several key events involving promoted school staff and supporting Highland's team of Quality Improvement Officers.
16. There has been only one inspection of a learning community since last year's SRA. Previously identified strategic weaknesses in this area relating to the coordination of community learning and development (CLD) with other providers, based on assessment of need within the community, have led to repeated underperformance in inspections. As part of last year's scrutiny response, Education Scotland met with strategic leaders of the council, representatives of the Community Planning Partnership and of High Life Highland. A significant amount of resources was provided during May 2013 to build capacity and help the organisations to plan for improvements. It is too early to note the impact of this support in inspections' outcomes. However, there is now evidence that Highland's education staff are

working more closely with staff from other services, including ward managers and with community planning partners to improve approaches. Education Scotland will continue to keep a watching brief in this area and look to provide future support to the council and its partners.

Planned scrutiny activity

17. In the 2013-16 Assurance and Improvement Plan one specific scrutiny activity, the review of integrated care arrangements, was highlighted for 2014/15. The shared risk assessment to which the Care Inspectorate, Scottish Housing Regulator, Her Majesty's Inspectorate of Constabulary for Scotland, Her Majesty's Inspectorate of Education in Scotland and Audit Scotland contributed took place in December 2013 and January 2014. Based on this and taking into account planned work, it was agreed that an inspection of Adult Social Work Services would be carried out.
18. In addition, Audit Scotland will follow-up two national performance audits during 2014. This will involve targeted follow-up of 'Arm's-length external organisations (ALEOs): are you getting it right?' (June 2011) and 'Major capital investment in councils' (March 2013). Audit Scotland will also carry out a programme of performance audits during the period of this AIP that will involve work with councils. The performance audit programme for 2014/15 is available at <http://www.audit-scotland.gov.uk/work/forwardwork.php?year=2014>.
19. Education Scotland will continue to monitor self evaluation arrangements in primary and secondary schools and community learning. Education Scotland will also be reviewing the quality of Careers Information Advice and Guidance services delivered by Skills Development Scotland across all council areas over the next three years.
20. The performance inquiry response to homelessness query may be followed up by the Scottish Housing Regulator.
21. A supported self-assessment of Criminal Justice Social Work will be carried out by the Care Inspectorate.
22. There is some non risk based scrutiny activity planned across councils in 2014/15. In some cases, scrutiny bodies are yet to determine which specific council areas will be included. This includes the following:
 - The Scottish Housing Regulator (SHR) recently carried out a thematic inquiry into the outcomes that councils are achieving by delivering housing options and prevention of homelessness services. A sample of councils were selected to take part in this as case studies. The findings from this work could potentially lead to further engagement with some councils. The SHR will carry out further thematic inquiries between 2014/15 and 2015/16. If a council is to be involved in a thematic inquiry the SHR will confirm this with the council and the appropriate LAN lead.
 - HMICS will be inspecting local policing across Scotland over the next three years. This will examine, amongst other things, local scrutiny and engagement between Police

Scotland and councils. The geographic areas to be inspected during 2014-15 have yet to be determined.

- Education Scotland will continue to engage with councils for the purpose of validated self-evaluation (VSE). The scheduling of VSEs will be arranged by negotiation between Education Scotland and individual councils.
- Education Scotland will be working in partnership with councils to carry out self-evaluation of education psychology services over a two year period beginning in 2014/15.

23. 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 will continue as planned. The individual audit and inspection agencies will also continue to monitor developments in key areas of council activity and will provide support and challenge as appropriate. This will also help to inform future assessment of scrutiny risk.
24. A timetable for the planned audit and inspection activity in The Highland Council between April 2014 and March 2017 is at [Appendix 1](#).

Local priorities and public service reform

25. Local councils are operating within a context of significant change as a result of the challenging financial environment and the public service reform agenda. The Scottish Government's reform agenda emphasises the importance of place, people, partnership, prevention and performance in public services. This year's shared risk assessment identified the council's current position in implementing the Scottish Government's reform agenda, specifically in relation to:
- community planning and new Single Outcome Agreements
 - police and fire oversight arrangements (following the introduction of new national police and fire services)
 - health and social care integration
 - welfare reform.

Community planning and Single Outcome Agreements

26. Community planning is the process by which councils and other public bodies work together, with local communities, the business and voluntary sectors, to plan and deliver better services and improve the lives of people who live in Scotland. Community planning is therefore an important element of the public service reform agenda and there is a consensus that community planning partnerships should be one of the key drivers of change and improvement in local public services.
27. The Highland Public Services Partnership Performance Board has overall responsibility for community planning in the Highlands. Working together and holding each other to account are essential elements of the Board's work. Its focus is on the six national priorities set out by the Scottish Government included in the Single Outcome Agreement (SOA), plus one local priority - the environment - and what partners need to do together to address these.
28. Feedback received from the Scottish Government on the 2013-16 SOA has been positive. It describes the Highland Public Services Partnership Performance Board as mature and results orientated and the SOA, in covering all six national priorities, as a genuine plan that can be delivered. Areas for further development and improvement of the SOA include ensuring that sufficient details about delivery, measures and the performance framework are captured against which progress can be evaluated.

Police and fire

29. The council has put in place arrangements for local engagement with police, fire and ambulance services and all attend and submit reports to the Community Safety, Public Engagement and Equalities committee. The council was recognised as national good practice

by the Scottish Government in both its approach to local scrutiny and providing training and developing councillors in their new scrutiny role of national services. The council contributed to national Pathfinder events and its approach on Member engagement in working with equalities groups has been commended by national inspection bodies.

30. HMICS conducted a thematic inspection of the new arrangements for local scrutiny in 2013 and believe that the new arrangements for local scrutiny and engagement (LSE) require more time to bed in and that it is therefore too early to assess the effectiveness of these arrangements.
31. In relation to the wider issue of the delivery of community safety, HMICS has seen no significant changes to partnership arrangements since the creation of a single police service model for Scotland. HMICS is considering community safety as a possible area of focus within its 2014-17 work plan.
32. Fire reform is also still at an early stage and HM Fire Service Inspectorate (HMFSI) has not as yet undertaken any detailed examination of the way in which community safety and engagement activities are delivered across local authority areas in Scotland. HMFSI published 'An Overview of the Scottish Fire and Rescue Service (SFRS)' in 2013. In its report, HMFSI highlighted that local senior officers (LSOs), who have responsibility for overseeing partnership working with local authorities in the delivery of community safety and engagement, are clearly sighted on their responsibilities and are keen to make local partnerships work in an effort to optimise community outcomes.
33. The Scottish Fire and Rescue Service (SFRS) is consulting on a suite of local fire and rescue plans. HMFSI is not currently proposing any specific scrutiny on local planning and consultation processes, but may consider this in its future inspection plans.

Health and social care integration

34. New partnership arrangements between The Highland Council and NHS Highland to provide integrated health and social care services became operational on 1 April 2013. A lead agency approach was adopted with the council taking responsibility for the delivery of children services and NHS Highland being responsible for the delivery of adult community care services. Both bodies have joint responsibility for specifying the outcomes to be achieved and the total resources allocated to these two service areas.
35. In the short term it is expected that the impact of integration of care services in the Highlands will become more visible, in particular whether it has been successful and is contributing to delivering quality services. As with all major redesign programmes there is a risk that the anticipated benefits are not achieved and we will continue to monitor progress throughout the year to determine whether it is delivering efficiency savings and quality services.
36. The planning process for children's services is managed in an integrated way for all of the CPP through the *For Highland's Children* plans. The fourth of these will be published in early 2014. The council is planning to include education within children's services thereby adding to the integrated service.

Welfare reform

37. The Welfare Reform Act 2012, as reported last year, represents the biggest reform of the UK welfare system for 60 years. The council has been actively participating in welfare reform discussions and working groups for some time with both Scottish and UK governments and, at a local level with other public service providers. The council also receives regular reports on the potential impact of welfare reform on its communities and services.
38. Some changes have already taken place since April 2013, particularly for those of working age. Inverness will be the first location in Scotland for the progressive rollout of universal credit. The case load will be very low at first only dealing with straightforward applications from single claimants.
39. Overall the council shows that it is closely monitoring the impact of the changes to welfare payments and has a good awareness of the implications of the future development of universal credit. It is also looking to maximise the use of the Scottish Welfare Fund and other financial support mechanisms by ensuring that all legitimate claims are met, and being sympathetic and supportive to tenants while targeting funding appropriately.

Corporate assessment

40. The following table provides an assessment of scrutiny risk relating to the council's management arrangements (including how it is meeting its Best Value obligations).⁴

Area	Risk assessment	Current position	What we plan to do
<p>Leadership and direction</p> <p>How the council's vision is designed around its knowledge of its local communities and how this is translated throughout all the council's plans and strategies.</p>	No scrutiny required.	<p>In June 2012 the council approved the newly elected council administration's programme for its term of office <i>Working Together for the Highlands</i>. This document forms the basis of the council's Corporate Plan and Service Plans.</p> <p>The administration's programme contains 129 commitments grouped under seven headings:</p> <ul style="list-style-type: none"> • The Highland Economy • Children & Young People • Caring Communities • Better Infrastructure • Better Housing • Empowering Communities • Strong & Safe Communities <p>A performance framework of actions and indicators to measure progress in taking forward these commitments was agreed by the</p>	No specific scrutiny activity

⁴ The Local Government in Scotland Act 2003. Best Value Guidance, Scottish Executive, 2004.

Area	Risk assessment	Current position	What we plan to do
		council in October 2012. It was reviewed in December 2013 which resulted in amendments being made and 10 new commitments being added.	
<p>Governance and accountability</p> <p>Whether governance arrangements are working effectively and whether good governance underpins council decisions and supports performance improvement.</p>	No scrutiny required.	<p>Audit Scotland assessed the council's governance and accountability arrangements in the 2012/13 Annual Audit Report and concluded that, overall they were effective.</p> <p>The Audit and Scrutiny Committee meets regularly to receive reports from internal and external audit and scrutinise performance. The committee is well attended and overall complies with the expectations set out in CIPFA's guidance note <i>Audit Committee Principles in Local Authorities in Scotland</i>.</p>	No specific scrutiny activity
<p>Community engagement and empowerment</p> <p>Whether the council is giving local people a greater say in local budget decisions and giving communities a right to challenge local public service delivery.</p>	No scrutiny required.	One of the ways the council listens to its communities is through the annual survey of council performance and attitudes. This survey is completed by the Citizens' Panel which was set up in 2010, and consists of 2,300 adults. Overall, the 2013 performance survey results were generally positive with 88 per cent of respondents satisfied with council services and 90 per cent agreeing that they found it easy to contact the council.	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
<p>Financial management</p> <p>How effectively the council is planning and managing its budgets.</p>	<p>No scrutiny required.</p>	<p>In its 2012/13 Annual Audit Report, Audit Scotland observed that the council's general fund balance had exceeded its target of 3 per cent of revenue budget, by £1.2 million. This additional flexibility is likely to be needed in the short to medium term to address the significant financial pressures facing the council in the years ahead.</p> <p>Following the balancing of its 2013/14 revenue budget the council has developed a longer term five year financial plan covering the period 2014/15-2018/19 and outlined an initial strategy for addressing the funding gap through to 2018/19 of £82.2million. The plan outlines the significant financial risks the council faces and anticipates that through forward financial planning, the council has time to consider its options to address this situation.</p> <p>Audit Scotland will keep developments under review as part of the annual financial audit.</p>	<p>No specific scrutiny activity</p>
<p>People management</p> <p>The effectiveness of the council's workforce planning and management arrangements.</p>	<p>No scrutiny required.</p>	<p>Reducing local government settlements have implications for the council's workforce with reduced spending on staff a key component of the way in which the council is responding to the challenges it faces. The council earmarked £3 million of its general fund balance at 31 March 2011 to meet the costs associated with reducing staff numbers over the next two years. During 2012/13 the remaining earmarked balance was utilised to meet the cost of redundancy payments and strain on the fund costs due to early release of pension benefits for 26 staff.</p> <p>There are no compulsory redundancies expected in the next two years.</p>	<p>No specific scrutiny activity</p>

Area	Risk assessment	Current position	What we plan to do
<p>Asset management</p> <p>The council's arrangements for managing assets and how this key resource is used to support effective service delivery.</p>	<p>No scrutiny required.</p>	<p>Office rationalisation projects are underway in Wick, Inverness, Dingwall and Fort William. Strategic service property reviews are being worked through with public sector partners.</p> <p>The Scottish Housing Quality Standards (SHQS) capital programme is upgrading energy efficiency in all council houses. The proportion of the council's housing stock meeting the energy efficiency standard (SHSQ) in 2012/13 was 80 per cent, a significant improvement from 47.9 per cent in 2011/12.</p> <p>Audit Scotland will keep developments under review as part of the annual financial audit.</p>	<p>No specific scrutiny activity</p>
<p>Procurement</p> <p>How effectively corporate procurement contributes to the council maximising value for money in the goods and services it uses to deliver its services.</p>	<p>No scrutiny required.</p>	<p>The Highland Council procurement team has overall responsibility for procurement policy and strategy within the council. The council aims to continue to deliver significant savings through improved procurement over the next few years.</p> <p>Procurement Capability Assessment scores shows a steady increase in performance with the council now moved into the improved performance quartile.</p> <p>The council has advised that it has set a revised procurement savings target of £220k for 2013/14 and a further £500k for 2014/15.</p>	<p>No specific scrutiny activity</p>

Area	Risk assessment	Current position	What we plan to do
<p>Risk management</p> <p>The effectiveness of the council's arrangements for identifying, managing and mitigating risks and how its management of risk contributes to the successful delivery of public services.</p>	<p>No scrutiny required.</p>	<p>The council's Executive Leadership Team conducts annual reviews of corporate and cross cutting risks and reports the outcome to the Audit and Scrutiny Committee. These risks are monitored through action plans which are incorporated into overall service plans and monitored as part of the quarterly performance reviews.</p>	<p>No specific scrutiny activity</p>
<p>Information management</p> <p>The effectiveness of the council's arrangements for managing information as a key resource in delivering services.</p>	<p>No scrutiny required.</p>	<p>The council's information systems are provided by Fujitsu Services as part of a five year contract which commenced on 1 April 2010. Early on in the contract term, areas of concern were identified, which resulted in a correction plan which has now been completed. The council's progress with arrangements for the delivery of ICT services beyond the end of the current contract in March 2015 will be kept in view as part of the annual financial audit.</p>	<p>No specific scrutiny activity</p>

Area	Risk assessment	Current position	What we plan to do
<p>Joint working</p> <p>Progress with any significant shared services initiatives, in particular in relation to governance or pace of implementation.</p>	<p>Scrutiny required.</p>	<p>The council remains committed to the delivery of efficiency savings and service improvement through collaboration and shared service arrangements.</p> <p>The council has developed joint working with NHS Highland becoming the first example in Scotland of integrated services using the Lead Agency model. The challenge to the council going forward is to evidence that the new approach is delivering the efficiencies expected. This will be monitored as part of the annual financial audit. Care Inspectorate will also undertake an inspection of adult services which are now being provided by NHS Highland.</p> <p>The Highland Housing Register is a partnership between the council and Registered Social Landlords (RSLs) with housing stock in the Highlands. A shared allocations policy and IT system was put in place to ensure all applications for housing are dealt with consistently and make it easier for applicants to apply for social housing.</p>	<p>Inspection of Adult Social Work Services</p>
<p>Efficiency</p> <p>How effectively the council is improving its efficiency in response to the budget challenges being faced.</p>	<p>No scrutiny required.</p>	<p>Since 2006/07 Scottish councils are required to publish Annual Efficiency Statements to demonstrate the efficiency gains delivered each financial year. The council target for 2012/13 based on 3 per cent efficiencies was £10.2 million. The council exceeded this target achieving savings of £11.4 million in 2012/13.</p>	<p>No specific scrutiny activity</p>

Area	Risk assessment	Current position	What we plan to do
<p>Equalities</p> <p>Whether the council is providing effective leadership of equalities and is meeting its statutory obligations.</p>	<p>No scrutiny required.</p>	<p>The Highland Council's equality priorities during 2012 – 2017 are presented in <i>A Fairer Highland</i>. This equality plan is designed to build and improve on the achievements of previous equality schemes, as well as to meet the new and extended public sector duties introduced by the Equality Act 2010.</p> <p>In April 2013, a set of equality outcomes for the council and education authority was published. Each of the equality outcomes aim to meet the needs of the public sector equality duties: to eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity; and promote good relations. The council also published a mainstreaming equality report on how it has built equality into all its work, an equal pay statement and a gender pay gap report.</p>	<p>No specific scrutiny activity</p>

Service performance

41. The following table provides an assessment of scrutiny risk relating to the performance of the council's main inspected public services (education, social care services and housing) and non-inspected services (e.g. corporate services, culture and leisure services, environmental services).

Area	Risk assessment	Current position	What we plan to do
Education The quality of local education services and the resulting outcomes (including early years).	No scrutiny required, except for community learning and development.	<p>School educational attainment indicators, as evidenced by results in national examinations, continue to present a positive and improving picture. Attainment at almost all measured levels is in line with or better than national and comparator authority averages.</p> <p>In each of the last four inspections of secondary schools (and in four of 17 primary schools), arrangements for self-evaluation have been evaluated as "weak". The authority has already identified this as an area which requires improvement and has devoted significant resources into improving the quality of self-evaluation approaches.</p> <p>There has been only one inspection of a learning community since last year's SRA. Previously identified strategic weaknesses relating to the coordination of community learning and development (CLD) with other providers based on assessment of need within the community have led to repeated underperformance in inspections. As part of last year's scrutiny response, Education Scotland met with the Community Planning Partnership and strategic leaders of the council and High Life Highland and provided a significant amount of resources during May 2013 to build capacity and help the organisations to plan for</p>	Education Scotland staff will continue to meet with Highland Council and High Life Highland staff at a strategic level to monitor and support improvements.

Area	Risk assessment	Current position	What we plan to do
		<p>improvements. It is too early to note the impact of this support in inspections' outcomes. There is, however, now evidence that Highland's education staff are working more closely with staff from other departments, including ward managers, to improve approaches.</p>	
<p>Social care services The quality of local social work and care services and the resulting outcomes (including adult care, older people's services, learning disability services, criminal justice services, mental health services, children and families).</p>	<p>Scrutiny required.</p>	<p>The council has developed joint working with NHS Highland becoming the first example in Scotland of integrated services using the Lead Agency model.</p> <p>The recent inspection of children's services evaluated the service positively and highlighted a number of areas of strength. These included a vision for children's services, effective early intervention support to vulnerable children and their families, committed staff working together guided by the Highland practice model and a commitment to self evaluation.</p> <p>An area where challenges are experienced is the significant geographical dispersal of children and young people in the Highland region resulting in them not always being able to access all services when they are needed.</p> <p>Within adult services (which are delivered by NHS Highland through the partnership agreement) reported statistics, while raising no serious concerns, demonstrate a more mixed performance and the challenges of delivering services within a rural context are still evident.</p> <p>National statistics indicate that issues remain much as before the change to integrated services.</p> <p>The most recent delayed discharge figures were well above the Scottish average and indicate an increasing trend. Highland had a</p>	<p>Inspection of Adult Social Work Services</p>

Area	Risk assessment	Current position	What we plan to do
<p>Housing and homelessness</p> <p>The quality of housing and homeless services and the resulting outcomes.</p>	No scrutiny required.	<p>lower than average number of multiple admissions for older people although once admitted they tended to remain in hospital longer.</p> <p>Rent loss due to voids is high compared to the national average. Arrears levels, although deteriorating, are well below the national average. Emergency repairs outcomes are good and there is also steady progress towards meeting the 2015 Scottish Housing Quality Standards.</p> <p>There is, however, a lack of satisfaction information on services provided both to tenants and other service users.</p> <p>There are some questions and uncertainties surrounding the performance figures for homelessness. The Scottish Housing Regulator (SHR) is currently carrying out an Inquiry which should clarify aspects of the council's approach to homelessness. Further engagement will be considered depending on the outcome of the Inquiry.</p>	No specific scrutiny activity.
<p>Non-regulated services</p> <p>Particular strengths and challenges in the range of non-regulated services provided by the council, and any significant changes to performance.</p>	No scrutiny required.	<p>Leisure services attendance indicators are generally improving, although performance in some areas (for example, pool attendance) is lower than the Scottish average.</p> <p>Indicators for protective services are generally better than those of the Scottish average. However, consumer complaints resolution is lagging behind.</p> <p>Roads maintenance indicators have remained steady, with the road cost per kilometre still showing half the cost of the national Scottish average.</p>	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
		<p>Net cost of refuse collection has increased in the last three years and is higher than the Scottish national average. Cost of disposal has fallen, while still also remaining well above the Scottish average. With regard to overall cleanliness, the council is one of the best performers in Scotland.</p> <p>Audit Scotland will monitor non-regulated services as part of its financial audit activity.</p>	

Improving and transforming public services / public performance reporting

42. The following table provides an assessment of scrutiny risk relating to how the council is improving and / or transforming public services, and the extent to which it is meeting its public performance reporting obligations under the Local Government in Scotland Act 2003.

Area	Risk assessment	Current position	What we plan to do
<p>Improving and transforming public services</p> <p>The council's arrangements for continuing to deliver services with reducing resources and growing demand, and what impact this is having on service outcomes.</p>	No additional scrutiny required.	<p>Over a number of years the council has reviewed how it delivers its services and where it can make changes to its back office functions and management costs to improve efficiency and deliver savings to support front line services. The Corporate Improvement Programme (CIP) has brought about many positive changes to how the council conducts its business and continues to be the major focus of the council's efficiency strategy.</p> <p><i>Working together for the Highlands</i> is the council's programme of priorities for the next five years. In total, following a review of the programme after its first year, there are over 130 commitments across seven main theme areas that the plan is expected to improve.</p> <p>The <i>Highland Council Corporate Performance Report 2012-13</i> details the progress against each of the main theme areas. Of the original 129 commitments, 94 have been assessed as 'good progress', 11 as 'completed', 19 as 'maintained' and the remaining five as 'mixed performance' within the first year of the programme.</p>	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
<p>Public performance reporting (PPR)</p> <p>The progress that is being made by councils in meeting their PPR obligations.</p>	<p>No scrutiny required.</p>	<p>The Public Performance Reporting (June 2013) Report presents the findings of Audit Scotland's assessment of all 32 councils' PPR arrangements. The report concluded that there has been a clear improvement in the quality of the council's PPR.</p>	<p>No specific scrutiny activity</p>

Appendix 1: Scrutiny plan

THE HIGHLAND COUNCIL 2014/15												
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Inspection of Adult Social Work Services								x				
National or supported self evaluation work year 1												
Targeted follow-up of <i>Arms Length External Organisations: Are you getting it right?</i> report.		X										
Targeted follow-up of <i>Major capital investment in councils</i> report. (Initial questionnaire followed up by detailed audit work.)			X					X				
Supported self-assessment of Criminal Justice Social Work to be carried out by the Care Inspectorate.	x											

THE HIGHLAND COUNCIL 2015/16												
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No additional local scrutiny work planned												

THE HIGHLAND COUNCIL 2015/16												
National or supported self evaluation work year 2												
No additional local scrutiny work planned												

THE HIGHLAND COUNCIL 2016/17	
Indicative scrutiny activity for third year	Potential scrutiny bodies involved
No additional local scrutiny work planned	

Note: The focus of the AIP is strategic scrutiny activity - that is, scrutiny activity which is focused at a corporate or whole-service level. However, there will also be baseline scrutiny activity on-going at a unit level throughout the period of the AIP, 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 their responsibilities under the Public Services Reform (Scotland) Act 2010.