

Agenda Item	14
Report No	HC/22/16

External scrutiny: Local Scrutiny Plan Update 2016-17
Report by the Chief Executive

Summary

The annual Local Scrutiny Plan (LSP) 2016/17 for Highland Council has been produced by the Local Area Network (LAN). The plan produced by the LAN is based on a shared risk assessment undertaken by representatives of all the scrutiny bodies who engage with the council. The LSP shows no additional scrutiny is required of the Council during 2016/17.

1. Introduction

1.1 Audit Scotland coordinates a Local Scrutiny Plan (LSP) for every council in Scotland. The plan is based on a shared risk assessment undertaken by a local area network (LAN), comprising representatives of scrutiny bodies who engage with the council. This year's process has been streamlined to provide a clearer focus on the key areas of audit, inspection and regulatory interest. These changes are intended to create a better targeted and more user friendly risk assessment process. The LAN has also moved from a three year Assurance and Improvement Plan to a one year LSP.

1.2 The six scrutiny bodies involved are: Audit Scotland; Education Scotland; the Care Inspectorate; Her Majesty's Inspectorate of Constabulary for Scotland; Her Majesty's Fire Service Inspectorate and the Scottish Housing Regulator (SHR). They draw on evidence from:

- the annual report to the Controller of Audit and elected members;
- 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 principles that underpin the Council's values include that we will be fair, open and accountable. This means we will measure our performance, report on it publicly and listen to our communities, to ensure we are delivering services that provide Best Value for Council Taxpayers. This audit report, as part of our performance management and performance reporting arrangements, contributes to achieving our values, particularly those of improving, being open and listening.

2. The Local Scrutiny Plan – assessment of risk and consequential scrutiny activity

2.1 The shared risk assessment process draws on a range of evidence with the aim of determining any scrutiny activity required 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 LSP 2016/17 for Highland Council is attached as appendix 1 of this report. All 32 local authority LSPs were published by Audit Scotland on 31 March 2016 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 the process was introduced.

2.2 While no further scrutiny is required, there are some areas identified as requiring on-going monitoring by the relevant scrutiny body. These relate to:

- Education (delivery of education): monitor impact of central support restructure and supporting self-assessment;
- Education (Community Learning & Development CLD): meeting requirements of CLD regulations including quality of CLD planning;
- Use of resources: recognising the level of budget savings the council is required to achieve;
- Workforce planning: effective workforce planning to support reduced workforce and redesign of services (new);
- Best Value Audit of the Council: new approach being developed by Audit Scotland and the Council is recommended for some early Best Value activity (further details on paragraphs 14-16 of the LSP).

2.3 Positively the LSP notes that:

- Integrated Care (Adult Services): A joint inspection of adult services in Highland conducted by the Care Inspectorate and Health Improvement Scotland in 2015 concluded significant progress was being made. This includes a well embedded approach to partnership working with increased involvement of the third and private sectors.
- Follow review a consistent approach to workforce planning has been adopted across the Council.

2.4 Planned external scrutiny:

A scrutiny plan is part of the LSP and in paragraphs 12-23 and appendix 1 of the LSP the following areas of scheduled audit and inspection activity have been identified where the Council may be asked to contribute to national audit reports:

- Performance audit of early learning and childcare
- Follow up audit on self-directed support
- Audit of equal pay
- Care Inspectorate, validated self-evaluation (VSE) with Drug & Alcohol Partnership
- Review of Careers Advice and Guidance (Highland participation confirmed)
- Education – Validated Self-Evaluation (VSE) psychology services (over next year)
- Local Policing (including scrutiny & engagement) (over next 2 years)
- Local Fire & Rescue (including scrutiny & engagement) (over next 4 years)
- Scottish Housing Regulator (SHR) thematic inquiries 2015/16 – possible involvement, to be confirmed

3. The usefulness of the LSP

3.1 The LSP seeks 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 LSP 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 LSP 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 LSP will continue to monitor if the council is providing effective leadership of equalities and is meeting its statutory obligations. A set of equalities outcomes have been published as part of the Council's compliance with publishing reports and these support building equality into all areas of council work.
- 4.4 **Climate Change/Carbon Clever:** 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 LSP.
- 4.5 **Risk:** The LSP identifies no additional scrutiny required of the Council.
- 4.6 **Gaelic/Rurality:** As outlined at 1.2 above the LSP takes account of council performance data and this includes progress on delivering the Council Programme. The Programme contains a commitment to 'work with all our partners and across all communities to develop Gaelic as a regional asset, sharing our experience, skills and resources to continue implementing and building on the Gaelic Language Plan'. There are a number of commitments which support rural communities including strengthening local democracy, connectivity, fairer fuel and energy and community transport. The annual performance report covers a number of relevant key actions and measures relating to these commitments.

5. Recommendations

Members are asked to note:

- 5.1 The Local Scrutiny Plan (LSP) attached at Appendix 1 which highlights that no additional scrutiny of the Council is required for 2016/17.
- 5.2 The positive comments made about the Council's Integrated Care (Adult Services) and Workforce Planning.
- 5.3 The areas where monitoring is planned outlined in paragraph 2.2.
- 5.4 The areas of scheduled audit and inspection activity identified contributing to national audit reports outlined at 2.4 above.

Designation: Chief Executive

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The Highland Council

Local Scrutiny Plan

2016/17



March 2016

The Highland Council

Local Scrutiny Plan 2016/17

Introduction

1. This local scrutiny plan sets out the planned scrutiny activity in The Highland Council during 2016/17. The plan is based on a shared risk assessment undertaken by a local area network (LAN), comprising representatives of all the scrutiny bodies who engage with the council. The shared risk assessment process draws on a range of evidence with the aim of determining any scrutiny activity required and focusing this in the most proportionate way.
2. This plan does not identify or address all risks in the council. It covers only those risk areas where the LAN has identified that scrutiny is required, or which is planned as part of a national programme. Planned scrutiny activity across all councils in Scotland informs the National Scrutiny Plan for 2016/17, which is available on the Audit Scotland website.

Scrutiny risks

3. The 2015/16 Local Scrutiny Plan (LSP) reported that the LAN had assessed the majority of areas of the council as requiring no specific additional scrutiny in 2015/16. There were, however, some areas (integrated care adult services); Education Service (leadership and governance following a restructure of council services; and self-evaluation in schools); and the use of resources (recognising the level of budget savings the council needed to achieve in the four years to 2018/19) that required ongoing monitoring by the scrutiny bodies. The findings from the ongoing monitoring activity undertaken during 2015/16 and how these impact on the LAN's latest assessment are set out in the following paragraphs.
4. **Integrated care (adult services):** these services are delivered by NHS Highland through the Lead Agency partnership agreement. A joint inspection of adult services in Highland was undertaken by the Care Inspectorate and Health Improvement Scotland in early 2015 focussing on progress towards integrated working and evaluating the quality of care and outcomes for older people. Limitations were, however, identified in the joint inspection methodology and as a consequence the inspection bodies did not produce a final report but instead included a number of key observations in a letter to the Chief Executive of NHS Highland.

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5. The letter concluded that Highland is making significant progress and is beginning to achieve many of the ambitions it set out for itself. There is a clear vision for integrated health and social care and staff are generally well motivated, committed and enthusiastic with co-location leading to improved joint working. Overall there is a well embedded approach to partnership working in Highland with increasing involvement of the third and private sector organisations. The joint inspection team found positive outcomes for older people and carers and noted a number of new initiatives which, although still at an early stage, are designed to further improve outcomes for people in Highland. A follow-up review of this progress will be undertaken using a methodology more tailored to the lead agency model and supported by inspection staff with appropriate expertise and knowledge. The LAN has assessed this area as not requiring any additional scrutiny activity beyond statutory/ongoing work during 2016/17.
 6. **Education Service (leadership and governance; outcomes from inspections, self-evaluation in schools, progress with CLD regulations):** the council combined the roles of Director of Health and Social Care and Director of Education, Culture and Sport into one post (Director of Care and Learning) during 2014/15. The Director has a clear understanding of the Education Service's needs and challenges and is supported by an experienced Head of Education. The Service's Quality Improvement team has been understaffed with one key strategic Quality Improvement Manager post being vacant for five months although this post has recently been filled. The Education Service's senior management team are facing considerable challenges over the medium term including the need to deliver significant budget savings; recruiting and retaining sufficient teacher numbers; and the rationalisation of the schools estate. In addition, the level of central support staff within the Education Service is also under review. Although the overall quality of self-evaluation is improving and schools which were evaluated as weak in their initial inspections are making improvements, recent inspections have resulted in mixed outcomes. There is a risk that a reduction in central support staff may affect the quality of capacity building and self-evaluation going forward including how well officers know and can support their schools, to demonstrate continuous improvement. The LAN has, therefore, assessed these areas as requiring ongoing oversight and monitoring during 2016/17. Education Scotland will monitor developments in relation to the councils' arrangements for the delivery of education. It will consider other action as appropriate.
 7. Education Scotland will also monitor progress in meeting the requirements of the CLD regulations, including the overall quality of CLD planning.
 8. **Use of resources :** the council reported an underspend against its 2014/15 general fund budget of £5.921 million (one per cent). All services delivered under budget except for Scottish Welfare Fund grants which were overspent by £0.116 million. The council's 2016/17 local government grant settlement from the Scottish Government is 4.31 per cent lower than last year and as a result of this and other additional budget pressures the council had to find savings of £39.9 million in order to balance its 2016/17 budget. As part of a range of savings and service reductions, the council agreed to offer voluntary redundancy to 341 staff (275 FTE) resulting in a net saving of £5.9 million in 2016/17. The council acknowledges that these

staff reductions will result in reduced service capacity and that a fundamental redesign of what and how services will be delivered in the future is required. Given the level of savings to be achieved to balance the 2016/17 budget, the LAN has assessed this as an area that requires ongoing oversight and monitoring during 2016/17. This will be undertaken as part of the annual external audit.

9. The 2016/17 shared risk assessment again concluded that the majority of areas of the council did not require any additional scrutiny beyond statutory and ongoing work. In addition to the areas set out above, one further area was identified as requiring ongoing oversight and monitoring during 2016/17 as set out below.
10. **Workforce planning:** the council reviewed its workforce planning arrangements in 2015 in response to the recommendations set out in Audit Scotland's national report '*Scotland's public sector workforce*' published in 2013. As part of that review, a consistent approach to workforce planning was adopted across all council services. As noted above, the council plans to significantly reduce its workforce in order to close its 2016/17 budget gap. This approach can be an effective way of reducing costs, but it may not ensure that the council is retaining the right people in the right place for future service delivery. Members will be involved in determining the future strategic shape of the council which will include the prioritisation and redesign of services and greater integrated and collaborative working. Given the reductions in the council workforce that require to be achieved in a relatively short timescale the LAN has assessed this as an area that requires ongoing oversight and monitoring during 2016/17. This will be undertaken as part of the annual external audit.
11. Annually, LANs consider the results of their scrutiny activity and submissions to help them decide whether to recommend Best Value audit activity in a council to Audit Scotland. The LAN noted that The Highland Council's last Best Value audit was in 2010. Given the extent of recent changes in both political and managerial leadership, and the scale of the budget savings and workforce reductions that the council now needs to deliver, the LAN concluded that The Highland Council should be recommended for some early Best Value activity as part of Audit Scotland's new approach to Best Value (see paragraphs 14 to 16 below).

Planned scrutiny activity

12. As shown in [Appendix 1](#), the council will be subject to a range of risk-based and nationally driven scrutiny activity during 2016/17. For some of their scrutiny activity in 2016/17, scrutiny bodies are still to determine their work programmes which specific council areas they will cover. Where a council is to be involved, the relevant scrutiny body will confirm this with the council and the appropriate LAN lead.
13. Audit Scotland plans to undertake performance audit work in three areas covering local government during 2016/17. It will undertake a performance audit on early learning and childcare and a follow-up audit on self-directed support. Audit Scotland will also carry out audit work on equal pay, but is still considering the focus and outputs of work in this area. Any

engagement with councils is still to be determined. Details of future audit work are available on the Audit Scotland website [here](#).

14. In December 2014, the Accounts Commission concluded its review of Best Value and set out principles for a new approach to auditing Best Value. These principles include the need for more frequent assurance on Best Value across all 32 councils, integrating the audit processes, an increased emphasis on driving improvement, and a strong focus on the quality of service experienced by the public and the outcomes achieved.
15. The new approach will be rolled out from October 2016 but will continue to evolve. It will include assessment each year of aspects of Best Value as part of an integrated annual audit and a public report (Controller of Audit report to the Accounts Commission) for each council at least once in a five year period, that will bring together an overall picture of the council drawn from a range of audit activity. The initial iteration of the rolling programme, which will be reviewed and refreshed annually in response to factors including the SRA, will be presented to the Accounts Commission in April 2016. The results of this current SRA will make a significant contribution to the audit intelligence that will underpin the new approach, and inform the development of the initial programme.
16. 2016 is a transition year. This includes development of the intelligence about each council for the new approach and the handover to new audit appointments. While preparation for the new approach progresses, Best Value audit work will continue. But, appropriate elements of the new approach, such as reporting mechanisms, will also be tested in some councils.
17. The Scottish Government has confirmed in its funding letters to Alcohol and Drugs Partnerships (ADPs) that the Care Inspectorate will undertake validated self-evaluation (VSE) activity with Alcohol and Drug Partnerships. The purpose of this activity is to support the validation of ADP and services' self-assessment of local implementation and service compliance with the Quality Principles: Standard Expectations of Care and Support in Drug & Alcohol Services. The findings from this validation work will be reviewed by the Scottish Government to consider and inform the future programme of national support that will further encourage and support delivery of continued improvements at ADP and service level. It is anticipated that all 30 ADPs will participate. On site activity is likely to commence in March 2016 with a national overview report completed by the end of 2016. The Care Inspectorate will also provide brief, customised feedback to each ADP in order to help build their capacity for self-evaluation.
18. Education Scotland is redeveloping its model of reviews of Careers Information, Advice and Guidance (CIAG) services delivered by Skills Development Scotland (SDS). There will now be five reviews in 2016-17: Highland, Renfrewshire, South Lanarkshire, Midlothian and Dundee. These reviews focus on authorities which have 'early adopter' schools which received an enhanced service offer from SDS as part of the pilot programme in 2015-16. The enhanced service in these schools included support for transition of pupils from primary to secondary,

one-to-one interviews for pupils in S2 and S3 and increased contact with parents and teachers.

19. The Scottish Housing Regulator (SHR) will publish the findings of its thematic inquiry work completed during 2015/16. It will carry out further thematic inquiries during 2016/17. SHR will also review the Charter data submitted by landlords and carry out data accuracy visits during the second quarter of 2016/17. If the council is to be involved in a thematic inquiry or a data accuracy visit SHR will confirm this directly with the council and the LAN lead.
20. To assess the risk to social landlord services SHR has reviewed and compared the performance of all Scottish social landlords to identify the weakest performing landlords. SHR has assessed that no additional scrutiny is required in The Highland Council beyond statutory work during 2016/17.
21. The Care Inspectorate will work together with partner regulatory agencies to continue to deliver a coordinated programme of joint scrutiny of Community Planning Partnerships and integration joint boards. Partner agencies are reviewing the methodology for joint inspections of Adults' services. As well as joint strategic scrutiny programmes, the Care Inspectorate will also be reviewing its approach to strategic commissioning, reviewing the validated self-assessment of Alcohol and Drug Partnerships and undertaking a variety of thematic programmes of work.
22. HMICS will continue to inspect local policing across Scotland during 2016/17 as part of its rolling work programme. These inspections will examine, amongst other things, local scrutiny and engagement between Police Scotland and councils. HMICS will identify and notify LANs and the local Policing Divisions to be inspected approximately three months prior to inspection.
23. In addition to specific work shown in [Appendix 1](#), routine, scheduled audit and inspection work will take place through the annual audit process and the ongoing inspection of school and care establishments by Education Scotland and the Care Inspectorate respectively. Audit Scotland will carry out a programme of [performance audits](#) during 2016/17 and individual audit and inspection agencies will continue to monitor developments in key areas of council activity and will provide support and challenge as appropriate. This will help to inform future assessment of scrutiny risk.

March 2016

Appendix 1: Scrutiny plan

Scrutiny body	Scrutiny activity	Date
Care Inspectorate	The Care Inspectorate will undertake validated self-evaluation activity with Alcohol and Drug Partnerships (ADP). The purpose of this activity is to support the validation of ADP and services' self-assessment of local implementation and service compliance with the Quality Principles: Standard Expectations of Care and Support in Drug & Alcohol Services. This is part of the Care Inspectorate's wider programme of national work, and is not a result of the LAN shared risk assessment.	March 2016 – December 2016
Education Scotland	Education Scotland will be working in partnership with councils to carry out a validated self-evaluation (VSE) of education psychology services across all councils over a two year period beginning in 2015/16. Education Scotland will notify councils of its VSE plans each academic term. Careers Information, Advice and Guidance (CIAG) Review	June 2016 – March 2017 September 2016
Her Majesty's Inspectorate of Constabulary (HMICS)	HMICS will be inspecting local policing across Scotland over the next two years. This will examine, amongst other things, local scrutiny and engagement between Police Scotland and councils. The Divisions will be identified approximately three months prior to inspection.	Date over next two years to be determined
Her Majesty's Fire Service Inspectorate (HMFSI)	HMFSI will be inspecting local fire and rescue services across Scotland over the next four years. These inspections will examine, amongst other things, local scrutiny and engagement between the Scottish Fire and Rescue Service and councils. As part of this programme, HMFSI will inspect four local fire and rescue services during 2016/17. Highland is not included in the programme this year.	Date over next four years to be determined
Scottish Housing Regulator (SHR)	The Scottish Housing Regulator (SHR) will publish the findings of its thematic inquiry work completed during 2015-16. It will carry out further thematic inquiries during 2016-17. SHR will review the Charter data submitted by landlords and carry out data accuracy visits during quarter 2. If the council is to be involved in a thematic inquiry or data accuracy visit, SHR will confirm this directly with the council and the LAN lead.	Councils to be determined Quarter 2