

# East Lothian Council

## Assurance and Improvement Plan Update

### 2012–15

#### Introduction

1. The first Assurance and Improvement Plan (AIP) for East Lothian Council was published in July 2010. That document set out the planned scrutiny activity for the council for the period April 2010 to March 2013 based on a shared risk assessment undertaken by a local area network (LAN) made up of representatives of all of the main local government audit and inspection agencies.
2. The aim of the shared risk assessment process was to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response over a three year period. The AIP gave an overview of the information that informed the risk assessment and showed how this links to the proposed scrutiny response.
3. The LAN met again in November 2010 to update the AIP for the period 2011-14. The AIP Update was published in May 2011.
4. This report is the result of the shared risk assessment which began in November 2011. The update process drew on evidence from a number of sources, including:
  - The annual report to the Controller of Audit and elected members for 2009/10 from the council's appointed external auditors.
  - The council's own performance data, discussion with senior council officers and the council's self-evaluation evidence.
  - Evidence gathered from Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (SHR) (including published inspection reports and other supporting evidence).
5. The outcomes of that exercise are contained in this short report which summarises changes to risk assessments and proposed scrutiny responses. Appendix 1 to this report sets out a timetable for proposed audit and inspection activity between April 2012 and March 2015 which reflects the revised and updated scrutiny risk assessment.

## Summary

6. There are no significant concerns about East Lothian Council's overall performance. The LAN recognises the council's ongoing commitment to continuous improvement and self-evaluation. There is a clear vision and direction for the work of the council and a number of improvement activities are already underway and progressing well.
7. There have been a number of significant changes in East Lothian Council this year. A new chief executive was appointed in August 2011, replacing the previous post holder who had held this office for three years. The new chief executive was previously employed by Clackmannanshire Council. She has a good understanding of the work of the council and her transition in to this new role has been smooth. It is too early to determine the impact of this appointment on the work of the council. In addition, the council has continued to explore and develop shared services across education and children's services, in partnership with Midlothian Council. Progress has been made in developing workstreams that bring together staff from both councils to take forward this work. Elected members from both councils approved the work undertaken to date in November 2011. The two councils will now look to appoint a new joint head of service early in 2012 and both councils will share a director of education and children's services from March 2012 on a temporary basis. However, there remains further work to be done. The LAN will review the possibility of scrutiny work relating to shared services by Education Scotland and Audit Scotland in 2013-14.
8. The possibility of a Best Value Audit was identified in the first AIP of 2010. This was to focus on scrutiny risk areas, particularly in Corporate Services. However, the Annual Audit over the last two years has identified that the council has made effective progress on many areas within Corporate Services. This meant that the Best Value audit was not held this year. The Annual Audit 2011 has identified that improvement has continued although there remain areas of uncertainty such as Corporate budget setting, challenge and improvement and use of assets. After discussion with Audit Scotland and the LAN, it was agreed that these areas will be a focus for ongoing monitoring by the Auditor and the LAN.
9. East Lothian Council continues to build management expertise and capacity through its 'Challenge for Change' programme. There continues to be very strong commitment from officers and members to improving the work of the council although there remains the need to develop a common approach to challenge and improvement. The council continues to extend and embed its approach to corporate self-evaluation through the use of *How good is our council?*

## National risk priorities

10. A number of core national risk priorities will be applied to all 32 councils. These are:
  - **The protection and welfare of vulnerable people (children and adults) including access to opportunities: No significant risks.** The council is strongly committed to the protection and welfare of vulnerable people. The LAN has not identified any significant scrutiny risks for the council for this

national risk priority. The 2011 Inspection of Services to Protect Children and Young People, found that the majority of indicators were very good or good. The council have prepared a detailed action plan to address the few areas for improvement identified in the 2011 report. With regard to vulnerable adults, the Care Inspectorate Initial Scrutiny Level Assessment (ISLA) of October 2011 found there were no significant concerns relating to areas such as management and support of staff, assessment and care management, risk assessment management, self-evaluation, and compliance with equality legislation. No significant difficulties are currently reported in respect of regulated services that are run by East Lothian Council. In adult social care, the council has improved its performance for all indicators compared with the previous year. Nevertheless, areas of concern have been identified. As part of the national risk priorities from 2011-12, the Care Inspectorate will carry out further scrutiny in early 2012. The Care Inspectorate ISLA, identified three main areas of concern: governance and finance, outcomes for service users particularly the educational outcomes for young people who are looked after and looked after and accommodated and in adult social work and partnership working with the NHS.

- The SHR undertook on-site activity in January/February 2012 with a particular focus on Asset management and the council's progress towards achieving Scottish Housing Quality Standard (SHQS), to address the council's approach to homelessness and its ability to meet the 2012 homeless target. This work is carried over from the previous plan and was agreed by the council and the LAN. The SHR will also undertake a Housing Benefit audit in late 2012.
- The council's approach to developing a shared approach to the strategic management of its education services with Midlothian Council continues to present the opportunity to strengthen capacity and improve services to vulnerable groups. The process of managing change carries with it important risks and whilst at a strategic level the council are aware of this and managing jointly, the impact on staff and on service users remains uncertain. The progress of shared services work undertaken at this point in time does not warrant specific new scrutiny work in 2012-13. The LAN will continue to work with the council to maintain an overview of these areas and may undertake scrutiny in 2013-14. The Care Inspectorate and SHR will continue to be involved in monitoring progress from recent scrutiny.
- **Assuring public money is being used properly: No significant risks** The council is making good progress and continues to ensure that improving use of resources is at the core of their work. The Annual Audit found that ongoing improvements have been made. For example, strengthening the challenge and scrutiny aspects have been key developments. The council is well placed to continue to develop its approaches in assuring public money is being used properly. KPMG, the council's appointed auditors will continue to assess progress in this area as part of the annual audit programme.
- **How councils are responding to the challenging financial environment: No significant risks** All councils continue to face significant financial challenges in the ongoing economic climate and this is likely to increase in the next few years. East Lothian Council will face significant financial challenges over the next three years. The council recognises the challenging financial environment it is facing. It has responded positively by setting a three year budget that it believes is sustainable and also by continuing to increase its financial reserves over the last three years. The Audit Scotland report to

members of October 2011 found that the council has sound budget setting and financial monitoring processes and is well placed to meet future challenges.

11. The LAN is committed to maintaining its engagement with the council between now and the next SRA/AIP refresh so that we can retain an overview of how the council is managing its response to the significant financial challenges that it and all other Scottish public bodies face.

## Areas of unchanged scrutiny risk assessments

12. The following comments relate to issues where perceived risks in the council's processes and activities remain unchanged since the 2011/12 AIP Update. This update focuses predominantly on those areas assessed as being uncertain or having significant risk. However, in the interest of providing a broader view of council's overall risk assessment, it is important to highlight those areas that were previously assessed as having no significant risks which, based on additional evidence in the current year, continue to be so.

Area	R/A/G	2011/12 Update
<b>Environment</b> <ul style="list-style-type: none"> <li>• Planning team</li> <li>• Transport</li> <li>• Waste services</li> <li>• Building standards</li> <li>• Food safety</li> <li>• Trading standards</li> <li>• Environmental protection</li> </ul>	<b>No Significant Risks</b>	<p>Positive progress in maintaining and improving standards drawn from evidence:</p> <p>Development services -The council are better than the Scottish average for processing planning applications within the target time.</p> <p>Roads &amp; Lighting - The council's road network is improving, which is good and shows investment. There will be a follow up work on roads in 2012.</p> <p>Waste management - Kerbside dry recycling has increased. High costs of collection, but the council has reported disposal costs lower than the Scottish average</p>
We live in a Scotland that is the most attractive place for doing business in Europe.	<b>No Significant Risks</b>	<p>Positive progress in maintaining and improving standards in this area drawn from evidence:</p> <p>East Lothian Council is equal to or better than the national average in over 60% of the SOA measures.</p> <p>Full year overview 2010/2011: The average number of businesses surviving over 12 months to March 2011 is 73%.</p> <p>East Lothian's number of business start-ups per 10,000 population have been higher than the national average for the last three years.</p>
We realise our full economic potential with more and better employment opportunities for our people.	<b>No Significant Risks</b>	<p>Positive progress in maintaining and improving standards in this area drawn from evidence:</p> <p>Three out of 5 SOA targets met. Of the 2 that were not met, both are showing positive trends over the last three years</p> <p>There has been an increase in positive destinations for school leavers of 0.7% since last year and an increase of 3.4% over the last two years. This is still below the national average</p>
We are better educated, more skilled and more	<b>No Significant Risks</b>	<p>Positive progress in maintaining and improving standards in this area drawn from evidence:</p>

Area	R/A/G	2011/12 Update
successful, renowned for our research and innovation.	<b>Risks</b>	East Lothian Council is performing well in the smarter outcome indicators with attainment that is better than the Scottish average. The council's Integration team continues to address exclusion levels of looked after and looked after and accommodated young people.
Our young people are successful learners, confident individuals, effective contributors and responsible citizens	<b>No Significant Risks</b>	Positive progress in maintaining and improving standards in this area. Recent school inspection reports continue to show a positive picture of children and young people achieving very well and schools which have a strong focus on the successful implementation of Curriculum for Excellence.
Our children have the best start in life and are ready to succeed	<b>No Significant Risks</b>	Positive progress in maintaining and improving standards in this area with almost all targets met. The proportion of newborn children breastfed at 6-8 weeks has continued to improve The Educational Psychological Service is improving the quality and consistency of its services to stakeholders and that they are working well with the link inspector. The service has a sound understanding of their strengths and areas for development
We live longer, healthier lives.	<b>No Significant Risks</b>	Positive progress in maintaining and improving standards in this area. Slight increase in healthy living activities in 2011 and increase in gym and swimming pool numbers. The rate of both alcohol and drug related hospital admissions per 1,000 population has dropped significantly.
We have tackled the significant inequalities in Scottish society.	<b>No Significant Risks</b>	Positive progress in maintaining and improving standards in this area. The Care Inspectorate ISLA found that East Lothian social work services strived to comply with equality legislation. East Lothian continues positive work relating to adult literacy and numeracy in recent learning community reports.
We have improved the life chances for children, young people and families at risk	<b>No Significant Risks</b>	Positive progress in maintaining and improving standards in this area and a positive Child Protection inspection in 2011.
We live our lives safe from crime, disorder and danger.	<b>No Significant Risks</b>	Positive progress in maintaining and improving standards in this area highlighted in publication of Best Value audit of Lothian & Borders Fire and Rescue in early 2012. This was a positive report.
We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.	<b>No Significant Risks</b>	Positive progress in maintaining and improving standards in this area. Recent learning community inspections highlight community capacity building activities as very good. There are high levels of volunteering and active community councils. The number of East Lothian primary schools gaining the Rights Respecting Schools Award is increasing
We value and enjoy our built and natural	<b>No Significant</b>	Positive progress in maintaining and improving standards in this

Area	R/A/G	2011/12 Update
environment and protect it and enhance it for future generations.	<b>Risks</b>	area. Increase in proportion of municipal waste that is recycled and decline in bio-degradable waste going into landfill Increase to 95% of East Lothian primary schools with one Eco-Schools Scotland green flag award
Our public services are high quality, continually improving, efficient and responsive to local people's needs.	<b>No Significant Risks</b>	2011 Residents Survey that public opinion about quality of ELC services, value for money etc has shown a marked increase in approval ratings since 2009.
We take pride in a strong, fair and inclusive national identity.	<b>No Significant Risks</b>	The Single Outcome Agreement performance monitoring shows a decline in museum attendance. However, this is due to two local museums being closed for refurbishment
Partnership working and community leadership	<b>No Significant Risks</b>	East Lothian Community Planning Partnership (ELCPP) has delegates from public, private and voluntary organisations and county forums. Recent inspections by Education Scotland found positive results with regard to community leadership and partnership working East Lothian Council and Midlothian Council have continued to develop their approaches to sharing services in education. There is still uncertainty over the outline structure, governance and personnel in terms of impact
We reduce the local and global environmental impact of our consumption and production.	<b>No Significant Risks</b>	Positive progress in maintaining and improving standards in this area. Increase in priority habitats and species benefiting from active management. Increase in East Lothian Fair Trade grants and businesses
Vision and strategic direction	<b>No Significant Risks</b>	Positive progress in maintaining and improving standards. The new chief executive has a good understanding of the council and has experience from her previous role in shared services. The council has well established priorities and has a strong focus on continuous improvement.
Leadership and culture	<b>No Significant Risks</b>	Positive progress in maintaining and improving standards in this area. The chief executive and strategic management are actively extending a corporate culture based upon continuous improvement and the How Good is Our Council? work is developing this approach across the corporate body.
Planning and resource alignment	<b>No Significant Risks</b>	Positive progress in maintaining and improving standards in this area. The council continues to improve its capacity for change by the ongoing development of management expertise through the "Challenge for Change" transformation programme.
Use of resources - competitiveness	<b>No Significant Risks</b>	Positive progress in maintaining and improving standards in this area. The council has responded proactively by setting a three year budget. The council has also increased its reserve levels in the last three financial years. Close budget monitoring and a recent selective staff recruitment freeze have contributed to this positive position.

Area	R/A/G	2011/12 Update
Community engagement	<b>No Significant Risks</b>	<p>Positive progress in maintaining and improving standards in this area. The council are producing a Corporate Consultation and Engagement Strategy.</p> <p>The council is also carrying out engagement work in Education and Children's Services to engage with children, young people and parents to ensure their voices are heard and taken into account better.</p>
Governance and accountability (including public performance reporting)	<b>No Significant Risks</b>	<p>Positive progress in maintaining and improving standards in this area. A transformational leadership programme was delivered and is now expanded. Further training for new managers is being developed. The 2011 Annual Audit report noted that Audit and Governance Committee is well attended and in overall terms its remit and working practices are in accordance with good practice principles</p>
Performance management	<b>No Significant Risks</b>	<p>Positive progress in maintaining and improving standards in this area.</p> <p>The 2011 Annual Audit report noted that Aspireview is being used throughout the council to monitor performance, which is reported quarterly at member's performance briefings and bi-monthly on an exception basis to the Policy and Performance Review Committee (PPRC). This enables members and officers to focus their attention on areas where improved performance is required. Performance reports are also submitted to the Corporate Management Team and Divisional Management teams.</p> <p>The 2011 Audit report noted that Policy and Performance Review Committee (PPRC) is well attended and in overall terms its remit and working practices are in accordance with good practice principles.</p>
Customer focus and responsiveness	<b>No Significant Risks</b>	<p>Positive progress in maintaining and improving standards in this area. In 2010/11, a total of 25 Statutory Performance Indicators (SPIs) were required and these show that performance has continued to improve</p>
ICT	<b>No Significant Risks</b>	<p>Positive progress in maintaining and improving standards in this area. Currently the council is refreshing its ICT strategy for the period 2011-2014. The ICT strategy will focus on four major elements: people, data management and security, process and technology</p>
Use of resources – efficiency	<b>No Significant Risks</b>	<p>Positive progress in maintaining and improving standards in this area through 'Challenge for Change' programme.</p>
Use of resources – managing people	<b>No Significant Risks</b>	<p>Positive progress in maintaining and improving standards in this area through 'Challenge for Change' programme.</p>
Use of resources - procurement	<b>No Significant Risks</b>	<p>Positive progress in maintaining and improving standards in this area. The council has made progress since previous AIP. The Annual Audit report of 2011 found that the Procurement Capability Assessment (PCA) carried out on the council in November 2010 showed increasing level of conformity from 19% to 26%. A need to</p>

Area	R/A/G	2011/12 Update
		improve performance measurement is still required.
Equalities	No Significant Risks	Positive progress in maintaining and improving standards in this area. East Lothian has increased its commitment to raise the profile of equalities issues. It has improved the numbers of equalities related programmes across a number of areas relating to health, skills, disabilities and poverty and also participant numbers.
Sustainability	No Significant Risks	Positive progress in maintaining and improving standards in this area. The ecological footprint of East Lothian residents reduced by 11% to 4.78 global hectares per capita (SEI 2010).  As a measure of biodiversity, the number of priority habitats benefiting from active management increased by 23.

## Changes to 2011/12 risk assessments

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

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
<b>Corporate Services</b> <ul style="list-style-type: none"> <li>Information technology &amp; financial services</li> <li>Customer services</li> <li>Revenue &amp; benefits services</li> <li>Human resources/OD</li> <li>Accounting</li> <li>Budgeting</li> <li>Supplier management</li> <li>Bank management</li> <li>Payroll</li> <li>Insurance</li> <li>Legal &amp; licensing</li> </ul>	Significant concerns and risks	Area of Uncertainty	The 2011 Annual Audit report found that on a number of areas designated under Corporate Services the council was making progress. For example, a three year budget, has now been set. The council has made initial progress in establishing a corporate asset register, but whole life costings for assets or common option appraisal are not yet established. It is not yet possible to measure the impact of this development and this aspect remains an area of uncertainty. This will remain an area of ongoing monitoring by the LAN and KPMG.
<b>Education &amp; Children's Services</b> Education and social work services for children and families	Area of Uncertainty	No Significant Risks	East Lothian services to protect children received a very positive Child Protection report in 2011 with all evaluations at Good or above.  The majority of attainment trends remain positive. The council is seeking to improve the attainment of looked after and looked after and accommodated young people. This will remain an area of monitoring for the LAN and for ongoing discussion with the council
<b>Community Services</b> <ul style="list-style-type: none"> <li>Adult social care with care homes and day centres</li> <li>Social work services and</li> </ul>	Area of Uncertainty	No Significant Risks	Whilst positive progress has been made within some areas of Community Services there remain areas for continued improvement. These are: <ul style="list-style-type: none"> <li>In Adult social work, scrutiny activity in January 2012 that was continued from the</li> </ul>

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
occupational therapists Community housing & property management: <ul style="list-style-type: none"> <li>• Homelessness services</li> <li>• Council tenancies</li> </ul> Community wellbeing: <ul style="list-style-type: none"> <li>• Libraries</li> <li>• Museums</li> <li>• Sports centres</li> <li>• Parks</li> <li>• Play areas</li> <li>• Beach management</li> </ul>			ISLA of October 2011, found there is a improvement in performance across the services to older people and adults indicators. <ul style="list-style-type: none"> <li>• In Housing, staffing issues at ELC prevented the council from completing its self assessment on time and so on-site scrutiny had to be held over till late February 2012. This was in agreement with the LAN lead and ELC. Audit Scotland will undertake an audit of Housing Benefit in late 2012.</li> </ul>
We live in well-designed, sustainable places where we are able to access the amenities and services we need	<b>Area of Uncertainty</b>	<b>No Significant Risks</b>	Whilst positive progress has been made within some aspects of housing there remain areas for continued improvement, identified in the Community Services paragraph. These will be addressed in the SHR scrutiny of February 2012 that was postponed from 2011.
Challenge and improvement	<b>Operational – scrutiny risks</b>	<b>Area of Uncertainty</b>	Through staff consultations, a revised How Good Is Our Council? process commenced in autumn 2010. In order for the council to realise any reduction in the burden of external scrutiny, its own self-evaluation must first be considered robust. This will remain an area of ongoing monitoring by the LAN and KPMG.
Risk management	<b>Operational – scrutiny risks</b>	<b>No Significant Risks</b>	Significant progress made in 2010/11 in risk management. It is now a regular part of agenda of management meetings. 'Aspireview' is used effectively to deploy risk management framework
Use of resources – financial management	<b>Operational – scrutiny risks</b>	<b>No Significant Risks</b>	The 2011 Audit report found that the council has strong financial management processes and has been proactive in preparing financial plans; a £7.4m statutory surplus was added to the general fund reserves. This surplus was attributable mainly to savings across service budgets, savings on treasury management and windfall receipts.  Increase in General Fund Reserve in 2010/11 by £7.4m to £17.9m. This represents 8.2% of council's annual net expenditure. This is well above level in council's reserves policy of £2m. However, there was still a shortfall of £0.9m in terms of planned use of reserves. This will remain an area for monitoring for the LAN and KPMG
Use of resources – asset management	<b>Operational – scrutiny risks</b>	<b>Area of Uncertainty</b>	The Asset Management Plan approved by council in October 2010, now provides clear strategic direction. However, the impact on council activities is not yet clear. This will remain an area of ongoing monitoring by the LAN and KPMG

## Scrutiny plan changes

14. This plan for scrutiny this year encompasses the completion of scrutiny work from 2011 in housing and social work. These scrutiny events are not included within the plan diagram which commences from April 2012.
15. **The Care Inspectorate** plans to carry out scrutiny in January 2012. The on-site scrutiny (15 sessions over three days) will address the three areas of uncertainty – governance and finance, outcomes and partnership working (particularly the strategic partnership between the council and NHS Lothian) for the councils delivery of social work services. This activity arose from the ISLA carried out by the Care Inspectorate in late 2011.
16. **The SHR** undertook on-site activity in February 2012 with a particular focus on Asset management, progress towards achieving SHQS, Homelessness and its ability to meet the 2012 homeless target. This activity is postponed from October 2011.
17. **Audit Scotland and the Auditor** will specifically focus on ongoing monitoring of areas in Corporate Services in relation to challenge and improvement and asset management as identified in the Audit Report to members of 2011. Audit Scotland will also undertake an audit of Housing Benefit in late 2012.
18. **Education Scotland's** District Inspector will work with the Director of Education and the Head of Schools in supporting and challenging East Lothian Council to improve with regard to the exclusions and attainment levels of children who are looked after and looked after and accommodated. In addition, the council will be asked for a report on progress on exclusions and raising attainment of these vulnerable groups by December 2012.
19. Given the ongoing development of shared services and with key personnel now beginning to be appointed. the LAN will continue to monitor progress and will consider carrying out possible scrutiny in relation to the Shared Services agenda across East Lothian and Midlothian Councils in 2013/14.

## Scrutiny plans

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

EAST LoTHIAN COUNCIL		2012-13											
Scrutiny activity year 1		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Roads follow up work Date to be confirmed													
Housing Benefit Audit													
		2013-14											
Scrutiny activity year 2		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Shared Educational Services with Midlothian (indicative date only)													
		2014-15											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved												
Joint scrutiny between Education Scotland and SHR on links between vulnerable families and educational attainment and exclusion	SHR, Education Scotland												

### Footnotes

- The focus of the AIP Update is **strategic scrutiny activity**, that is scrutiny activity which is focused at corporate or whole service level, but there will also be baseline scrutiny activity at unit level on-going throughout the period of the AIP. This will include, for example, school and residential home inspections.
- At the request of Scottish Ministers the Care Inspectorate will lead a **Joint Inspection of Children's Services** in each local authority area in Scotland. These inspections will commence in 2012/13 starting with a development site in April/May 2012 and a cycle of inspection of services for children which will report publicly from Autumn 2012. The selection of local authority areas for inspection will be based on intelligence and risk and take account of the Shared Risk Assessment. LAN leads will be advised in due course.
- In addition, Audit Scotland will be working with scrutiny partners to pilot an approach to assessing the **delivery of outcomes by community planning partnerships**. Pilot sites will be confirmed with the LAN lead in due course.

- Audit Scotland undertake an annual rolling programme of **thematic performance audits**. The fieldwork sites are identified as part of the development of the scope for each individual audit. Fieldwork sites will be confirmed with LAN leads as each audit is developed.
- The **annual audit** of local government also comprises part of the baseline activity for all councils. In April 2008, the Accounts Commission agreed to a request from the Department for Work and Pensions (DWP) to take over the Benefit Fraud Inspectorate's responsibility for inspecting housing and council tax benefit (benefits) services in Scotland. As Audit Scotland has no inspection function, this '**benefits performance audit**' work has been incorporated into the annual audit of local government. The exact timing of the audits will be confirmed through the LAN lead.
- **Education Scotland**, through the District Inspector, will continue to support and challenge Education Services regularly and as appropriate the **Care Inspectorate** will regulate care services and inspect social work services based on the Public Services Reform (Scotland) Act 2010.
- Scrutiny bodies also reserve the right to make unannounced scrutiny visits.