

City of Edinburgh Council

Assurance and Improvement Plan

Update 2012–15

Introduction

1. The first Assurance and Improvement Plan (AIP) for City of Edinburgh Council (CEC) 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. It is important to emphasise that the AIP is a plan based on risk assessment rather than a report summarising the council's performance.
3. The local area network met again in November 2010 to update the AIP for the period 2011-14. The AIP Update was published in May 2011.
4. The LAN's assessments focus on scrutiny risks, that is, they categorise specific areas on the basis of whether or not they constitute risks within the scrutiny process. There are three categories of risk assessment:
 - **Red** – significant scrutiny concerns
 - **Amber** – area of uncertainty pending further development or clarification
 - **Green** – no significant scrutiny risks
5. This AIP 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 2010/11 from the council's appointed external auditors.
 - The council's own performance data and self-evaluation evidence.

- Evidence gathered from Education Scotland, Social Care Social Work Improvement Scotland (now known as the Care Inspectorate) and the Scottish Housing Regulator (including published inspection reports and other supporting evidence).
6. The outcomes of that exercise are contained in this short plan which summarises changes to risk assessments and proposed scrutiny responses. Appendix 1 to this plan 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

7. Three areas of significant risk were identified. The council's Trams project has a history of problems and contractual disputes leading to delays and cost overruns. The council's chief executive negotiated a settlement agreement with the contractor in September 2011 and has implemented new governance arrangements, including a requirement that the general performance of the project be reported to the Audit Committee. A revised timetable has also been put in place with the project now due to be completed in 2014. Satisfactory progress has been made on the project since the settlement agreement was signed. However, given the complexity of the contract, there remain risks of further delays and cost overruns due to construction management issues until completion. In addition, the First Minister has indicated that there is likely to be a future public enquiry into the trams project. Audit Scotland plans to maintain a watching brief on the tram project and provide update reports as appropriate.
8. The council has recognised that it faces a significant funding gap over the coming years. Its latest financial plan identifies a funding gap which will rise to £40.7m by 2014/15. In recognition of the scale of change required to meet its shortfall, the council developed an Alternative Business Models (ABM) programme which involved a plan to deliver some services using partnerships with the private sector. Three services [Integrated Facilities Management (IFM), Environmental Services and Corporate & Transactional Services (CTS)] were initially identified for inclusion in the ABM programme.
9. The process was developed throughout 2010 and 2011 and recommendations were brought to the council by officers recommending the adoption of the ABM model for IFM and Environmental Services in partnership with identified preferred bidders. However, at a council meeting on the 24 November 2011, councillors voted to terminate the procurement process for the Environmental Services work stream without the award of any contract. Also, on the 19 January 2012 councillors voted to terminate the procurement process for both Integrated Facilities Management and Corporate & Transactional Services again without the award of contracts. In relation to CTS the councillors' decision was in accordance with officer recommendations. In all of these cases the council noted that internal improvement plans had been developed which had the potential to deliver significant improvements and savings for in-house service delivery and instructed the Chief Executive to take these approaches forward.

10. The financial implications of these decisions are potentially significant. The total value of the original ABM proposals is not lost, as the in-house options are also anticipated to produce savings. But the savings foregone remain substantial. The council aims to address this through developing internal improvement plans and wider initiatives such as Priority Based Planning and the Procurement Transformation Project. The council's financial management, in this and other areas, will continue to be monitored through the normal audit process and findings reported through the annual audit report as appropriate.
11. An investigation is on-going within the council's property services in relation to its statutory repairs service. A number of actions have been taken by the council to date, including some disciplinary action, putting in new management and additional resources. A re-design of the service is underway. Additionally, an independent investigation has been carried out by Deloitte LLP. At 31 March 2011, the council's outstanding debt in relation to statutory repairs amounted to £12 million, of which £3 million is older than 12 months, plus a further estimated £29 million of accrued income which has yet to be billed. There is a risk of further reputational damage to the council but there is also the risk of financial loss due to increasing difficulties in recovering statutory repair costs from owner occupiers. There may also be a further risk in relation to the total amount yet to be billed as this has still to be fully quantified. The progress of the investigation and actions taken by the council will continue to be monitored through the audit process and findings reported through the annual audit report on the audit as appropriate.
12. The chief executive and the corporate management team (CMT) have been notably proactive over the last year and the council is taking forward a number of key initiatives which should deliver significant benefits. These include, for example, the Edinburgh Guarantee for school leavers, priority based planning and the *Achieving Excellence* programme. At the same time, the CMT are having to respond to a number of simultaneous challenges such as the re-design of the statutory repairs service, developing alternatives to the ABM programme and dealing with welfare reform, all occurring during a period of significant financial pressures.
13. It should be noted that the council has, over the past year, experienced a degree of reputational damage and adverse publicity as elected members' decisions in some cases diverged from earlier plans and advice (ABM), and also became subject to significant change after an initial determination (Trams). The council's arrangements for developing and implementing its vision and strategic direction will be reviewed as part of the audit of BV during 2012/13.
14. In addition a number of areas of uncertainty have been identified by the LAN. These are listed below. In those areas, the LAN will gather more information or monitor the council improvements as part of on-going baseline scrutiny activity. The updated position in these areas will then be reflected in LAN member's reports or the next AIP as appropriate.
15. Eight areas (schools and community education, care for people in their own homes, reduced drug and alcohol dependency, older people have improved health, partnership and community working, risk management, financial management and managing people) were identified by the

LAN where the risk assessment has improved from areas of uncertainty last year to no significant risks this year.

National risk priorities

16. 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:

- Through the Edinburgh Child Protection Committee, the Adult Protection Committee and the Offender Management Committee, the council is committed to ensuring that people at risk will have all the help they need. The council's website contains guidance and information on child protection and adult protection including what to do in the event of a concern.
- The council contributed to the Health and Sport enquiry about regulation for care homes. The Care Inspectorate and CEC have been meeting regularly and sharing information on poorly performing services. These forums along with regular meetings with providers are contributing to the Council's focus on protecting vulnerable adults in particular.
- The performance indicators for children and families are generally positive, although the council's own monitoring process identified the need for further improvement in the percentage of children who are looked after at home. This will be addressed through the implementation of the "Getting it Right for Every Child" (GIRFEC) early intervention approach.
- The authority has put in place a number of measures to increase sustained positive destinations for its young people including an initiative to provide paid work experience for looked after children and the "Edinburgh Guarantee" which is aimed at young people leaving school with no future career path. This would appear to have resulted in significant improvements in school leavers destinations (highest level for a decade).
- A number of areas of uncertainty have been identified. The closure of a private care home for older people brought a number of issues into sharp focus. These were subject of a Council review of its quality assurance systems for purchased services. The incident reduced home care capacity at a time when a private care provider, Southern Cross, ran into difficulties. Southern Cross operated two care homes within the city and had provided places for a number of Edinburgh residents in care homes outwith the city. The council responded to this situation by developing detailed contingency plans for all Edinburgh citizens in Southern Cross care homes, which would ensure continuity of safe care in the event of any home closures.

- The scrutiny report from the Care Inspectorate identified the need for Edinburgh to improve their review processes and to ensure that those most vulnerable are subject to regular reviews by appropriately qualified and experienced staff.
- There have been some challenges for the Council in their own care homes for children. These are being addressed and improvement noted. The Council has also been developing services, including respite care for children.
- There will be an on-going programme of inspections of registered care services including fostering and adoption services, day care of children, housing support services, child-minders and day care support services for adults. This will include a minimum annual inspection of care homes, secure care and care at home services. All other services will be inspected on a risk based model.
- Secure Care Services, of which Edinburgh operates one of the six secure units in Scotland, will be the subject of two inspections by the Care Inspectorate, one of which will take place unannounced in the first quarter of 2012/13.
- The Care Inspectorate later in 2012 will also develop and implement an integrated inspection programme for adult services across Scotland.

Assuring public money is being used properly:

- The council has an established performance management process in place involving a range of local indicators across services which are monitored on the "Covalent" performance management system.
- In addition, the council has developed the Edinburgh Improvement Model (EIM) to help services gauge their performance, identify best practice and areas for improvement and develop effective improvement plans. The first round of service reviews across the council was completed in autumn 2010. Each review resulted in an improvement plan which will be followed up during the second round of reviews currently underway.
- Service plans contain a range of targets which are updated annually. Progress against plans is reported on a two monthly basis.
- The council has a good record of financial management, informed during the year by public consultation on proposals for its budget. This has included consultation on proposed savings packages.
- Comments raised earlier in this document in relation to the Tram project and ABM are clearly relevant in this context also, but no further scrutiny risks have been identified in this category.

How councils are responding to the challenging financial environment:

- The council has a range of major issues to be dealt with such as the Tram project, ABM programme re-design of the statutory repairs service and Tax Incremental Financing.
- It enters these challenging financial times with earmarked reserves totalling £109.944 million (as at 31 March 2011) and an unallocated general fund balance of £13.025 million. The council's medium term target was to have an unallocated general fund balance of £12.8 million by 31 March 2012. This target had already been met by 31 March 2011.
- The council has sound financial management processes and has managed the financial pressures in recent years well, with all services within budget in 2010/11 for the second year running. It is on track to balance its budget in 2011/12 and has approved a balanced budget for 2012/13.
- The Scottish Government issued the proposed financial settlement for 2012/15 in December 2011. This indicates that City of Edinburgh Council will receive £818.777 million of revenue support in 2012/13, an increase of £7.493 million (0.1%) from 2011/12. Supplementary resources provided in light of the Scottish Government's decision that no authority should receive less than 85% of the Scotland-wide per capita average grant support have added £22 million to Edinburgh's allocation in each of the three years covered by the settlement announcement.
- The council has consulted extensively with stakeholders and has held a series of community meetings to identify and consider the challenges facing the 2012/13 budget. A funding gap of £40.7 million by 2014/15 was identified in February 2012. A set of officer savings proposals totalling £5.069 million was approved by members as part of the 2012/13 budget process.
- The council recognises the importance of applying any additional resources, such as the Scottish Government per capita support, in a manner which helps to secure future financial stability and using such resources to enable service change and transformation in order to shift resources towards priority outcomes and delivery of future savings.
- The council has sound financial management arrangements in place although there are a number of specific risks that could have a bearing on the council's financial position going forward. These risks include the financial consequences arising from the ABM situation and the statutory housing repairs service. There is no significant scrutiny risk in relation to financial management.
- However, the significant reductions in budgets being sought across the council, combined with the need to ensure savings are sustainable, means that the LAN considers there is a degree of uncertainty over their attainment and the impact this will have on the services provided. The LAN will continue to keep the financial position of the council and its

progress towards achieving sustainable budget reductions under review and report on it as part of the 2011/12 annual audit.

17. 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 continuing with an assessment of “No significant risks”

18. 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 the council’s overall risk assessment, it is important to highlight those areas that were previously assessed as having no significant scrutiny risks which, based on additional evidence in the current year, including recent inspection reports, annual audit work, performance reports, national data, continue to be so.

Service Areas	Corporate Assessment	Outcomes
<ul style="list-style-type: none"> Youth justice 	<ul style="list-style-type: none"> Planning and resource alignment 	<ul style="list-style-type: none"> We live in a Scotland that is the most attractive place for doing business in Europe
<ul style="list-style-type: none"> Social work services for children and their families 	<ul style="list-style-type: none"> Community engagement 	<ul style="list-style-type: none"> We realise our full economic potential with more and better employment opportunities for our people
<ul style="list-style-type: none"> Health and social care – residential care 	<ul style="list-style-type: none"> Performance management 	<ul style="list-style-type: none"> We are better educated, more skilled and more successful, renowned for our research and innovation
<ul style="list-style-type: none"> 24 hour emergency service for people in need of advice and welfare assistance 	<ul style="list-style-type: none"> Challenge and improvement 	<ul style="list-style-type: none"> Our young people are successful learners
<ul style="list-style-type: none"> Criminal justice services 	<ul style="list-style-type: none"> Customer focus and responsiveness 	<ul style="list-style-type: none"> Our children have the best start in life
<ul style="list-style-type: none"> Tackling anti-social behaviour 	<ul style="list-style-type: none"> Equalities 	<ul style="list-style-type: none"> Carers are supported
<ul style="list-style-type: none"> Housing 	<ul style="list-style-type: none"> Sustainability 	<ul style="list-style-type: none"> Children are healthy
<ul style="list-style-type: none"> Homelessness 		<ul style="list-style-type: none"> Hospital discharges are not delayed
<ul style="list-style-type: none"> Economic development, strategic and local planning 		<ul style="list-style-type: none"> Improved mental health and wellbeing
<ul style="list-style-type: none"> Development management and building standards 		<ul style="list-style-type: none"> People with disabilities have improved health
<ul style="list-style-type: none"> Public safety and emergency planning 		<ul style="list-style-type: none"> Increased active participation in physical activity

Service Areas	Corporate Assessment	Outcomes
<ul style="list-style-type: none"> Lothian Pensions Fund 		<ul style="list-style-type: none"> We have improved the life chances for children, young people and families at risk
		<ul style="list-style-type: none"> We live our lives safe from crime, disorder and danger
		<ul style="list-style-type: none"> We have strong, resilient and supportive communities
		<ul style="list-style-type: none"> We value and enjoy our natural and built environment
		<ul style="list-style-type: none"> We reduce the local and global impact of our consumption and production
		<ul style="list-style-type: none"> Our public services are high quality, continually improving

Areas of unchanged scrutiny risk assessments

19. The following comments relate to issues where perceived risks in the council's processes and activities remain unchanged since the 2011/12 AIP Update.

Area	R/A/G	2012/13 Update
Service area –traffic and transport planning	Significant Scrutiny Risk	<p>The 2011/12 AIP identified the tram project as an area of significant concern in view of the on-going dispute with the contractor. A mediation process was carried out in March 2011 and resulted in a Settlement Agreement which, amongst other things, settled historical claims that had been in dispute. Costed options and funding proposals were prepared for elected members and were the subject of discussions over the period June to September 2011. Political approval was finally reached to progress the line to St Andrew Square and the Settlement Agreement was signed in September 2011. Additional funding of £231 million is required for the tram project which will be obtained through prudential borrowing and will cost £15 million per annum to finance. The council has implemented revised governance and monitoring arrangements which include regular briefings to elected members and the audit committee and the involvement of Transport Scotland. To date these appear to have been effective. However as the project is not due to be completed until 2014, there is potential for further unforeseen problems, particularly in relation to uncharted utilities and adverse weather conditions. In addition, the First Minister has indicated that there is likely to be a future public enquiry into the trams project.</p> <p>External audit are maintaining a watching brief in this area.</p>
Service area - refuse collection, street cleaning and recycling	Area of Uncertainty	<p>Refuse collection staff recently ended their two year industrial action on a work to rule basis.</p> <p>The Alternative Business Model (ABM) is a key project for the council and is central to its aims of service improvement and cost reduction. Proposals involving creation of a strategic partnership or joint venture with a private sector partner were rejected in November 2011, with the council voting to retain its in-house provider. It is uncertain at this stage whether the in-</p>

Area	R/A/G	2012/13 Update
		<p>house provider can achieve the required savings while delivering a quality service.</p> <p>Statutory Performance Indicators show that the level of recycling has increased in the last year however Edinburgh still compares poorly to other local authorities in this area.</p> <p>We are aware that work is actively ongoing to implement the internal improvement plan and that, in places, some savings have already been achieved but further work is required.</p> <p>The LAN will continue to keep this under review and report on it as part of the 2011/12 annual audit.</p>
Service Area - Finance Revenues and Benefits	Area of Uncertainty	<p>Previously this area has been assessed as one of significant concern due to a number of significant errors in the processing and classification of overpayments identified through the local audit process and a number of risks identified by the HB Performance Audit. The 2011/12 AIP noted that improvements in the service had been made but the LAN had concerns around the impact on service delivery of a recent restructuring.</p> <p>No major concerns were highlighted by the 2010/11 local audit process however, as the restructuring of the service was completed in January 2011, there remains a concern that the impact of the reduction in staff, may not be known until the 2011/12 benefits audit is completed.</p> <p>A significant event on the horizon for all councils in Scotland will be the impact of welfare reform. At present, the Welfare Reform Bill lacks detail but areas such as the shift to universal credit will impact significantly on councils.</p> <p>Consequently this area remains an area of uncertainty and will continue to be monitored as part of the annual audit process.</p>
Outcome area - We have tackled the significant inequalities in Scottish society	Area of Uncertainty	<p>The Scottish Index of Multiple Deprivation continues to highlight stark inequalities, with over half of the small-area "data zones" in the city ranking in the 30% "least deprived" areas in Scotland, in contrast 10% of the city's "data zones" feature in Scotland's "most deprived" areas.</p> <p>The council has reduced class sizes, through additional funding for schools in areas of multiple deprivation. Additionally, class sizes in the first two years of secondary school are limited to 20 pupils in English and Maths. Officers indicated that these initiatives are reducing the gap between the least and most able pupils.</p> <p>The unemployment rate gap between the city average (3.3% unemployment) and the 15% most deprived data zones (7.6% unemployment) has widened to 4.3% but was below the anticipated rate of 5%. The target remains to reduce the gap as swiftly as possible to the baseline gap of 2.3% achieved in 2007/8.</p> <p>The proportion of the council's staff from black and ethnic communities is 2.9% compared to a target of 4.2% and the proportion who are disabled is 1.6% against a target of 6%.</p> <p>The LAN will continue to monitor this area during the year ahead.</p>
Outcome area - Looked after children are cared for and supported	Area of Uncertainty	<p>The Scottish Government publication "Educational Outcomes of Looked After Children" showed improvement in 2009/10. For example, the average tariff score for looked after children who left school during the 2009/10 term was 78 compared with 67 nationally. Also the percentage of looked after children</p>

Area	R/A/G	2012/13 Update
		entering a positive destination was 65% compared with 59% nationally. However, aspects of performance such as the percentage of formerly looked after children with pathway plans and the percentage of looked after children who are eligible for after care service who are economically active remain below target. The LAN will continue to monitor this area.
Outcome area – We live in well designed sustainable places where we are able to access the amenities and services we need	Area of Uncertainty	Edinburgh continues to face an acute shortage of housing with demand far outstripping supply. This is despite a number of initiatives to increase supply. The city needs 16,600 new affordable homes over the next 10 years to meet demand and the urgency for this is made worse by the downturn in the economy and house building market. Demand for affordable housing in the city is extremely high, with an average of 142 bids for every Council home which became available in 2010/11. The council note that in 2011/12 Edinburgh approved over 1500 new homes. This comes close to meeting projected need and is achieved through innovative use of funding and participation in the Scottish Government's National Housing Trust. The LAN will continue to monitor this area.
Corporate area - ICT	Area of Uncertainty	ICT services are outsourced to BT. The contract has been extended to 2016. The eGovernment budget for 2011/12 and 2012/13 is not expected to increase. Savings are expected from the rationalisation of application systems and the decommissioning of hardware as part of the infrastructure refresh project. This project is being carried out by BT as part of the contract deliverables and does not incur extra costs. A number of systems across all services are not part of the BT contract and are supported by service users. The main risks associated with these systems are the affordability of on-going support, lack of systems' security including the security of information stored on them. A Computer Services Review, which will consider the above areas, will be carried out by Audit Scotland as part of the 2011/12 audit.

Changes to 2011/12 risk assessments

20. 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
Service area – Schools and community education	Area of Uncertainty (specifically Education Psychology Services)	No significant scrutiny risk	In the light of significant improvements in the quality of the Education Psychology Service identified in the recent Education Scotland follow through inspection published in March 2012, there will be no further visits in relation to the original inspection undertaken in 2009. The District Inspector/EPS Link Inspector will maintain regular contact with the service to

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			<p>provide support and challenge and to gather evidence for the Shared Risk Assessment process.</p> <p>No scrutiny activity is planned in this area in the current period.</p>
<p>Service area – Care for people in their own homes</p>	<p>Area of Uncertainty</p>	<p>No significant scrutiny risk</p>	<p>The council has a number of initiatives to help shift the balance of care e.g. the use of direct payments for respite purposes which allows people to find personalised solutions to their own needs and also the provision of Telecare services to support people staying in their own homes.</p> <p>Following the discontinuance of the Care and Support Tender in 2011, the council agreed new contracts for the period 2011 – 2013. The subsequent incorporation of a contract “run off” option in the council’s Commissioning Strategy for Adult Social Care 2011-2016 provides a basis for maintaining continuity of care beyond 2013.</p> <p>The LAN will monitor and review the position at a later date although no specific scrutiny activity is planned at this time.</p>
<p>Outcome Area - Reduced drug and alcohol dependency</p>	<p>Area of Uncertainty</p>	<p>No significant scrutiny risk</p>	<p>Previously this area was assessed as an area of uncertainty as an Audit Scotland report published in March 2009 had highlighted that information systems and targets to measure the effectiveness of expenditure were at an early stage of development.</p> <p>According to the latest available data, Edinburgh is significantly lower (i.e. better) than the Scottish average for alcohol related deaths, the proportion of the population hospitalised for alcohol and drug related conditions, and the percentage of adults who smoke. In addition, NHS Lothian is one of the highest performing boards in Scotland in terms of Alcohol Brief Interventions (ABIs).</p> <p>Therefore, the LAN felt that there were no significant concerns in this area and no scrutiny activity is planned.</p>
<p>Outcome area – Older People have improved health</p>	<p>Area of Uncertainty</p>	<p>No significant scrutiny risk</p>	<p>Male (75.9) and Female (80.9) life expectancy statistics in 2010 were better than the Scottish average (M: 74.5; F: 79.5).</p> <p>Early deaths from coronary heart disease, cancer and cerebrovascular diseases are much lower (i.e. better) than the Scottish average.</p> <p>The LAN felt that there were no significant concerns in this area and no scrutiny activity is planned.</p>
<p>Corporate area – vision, strategy & organisational culture</p>	<p>No equivalent assessment</p>	<p>Area of Uncertainty</p>	<p>The Single Outcome agreement (SOA) 2009-12 established partnership priorities in the city and these were recently reviewed with a new SOA covering the period 2012-15. This new SOA provides a clear vision and strategic direction for</p>

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			<p>the council. This is supported by the council's "Achieving Excellence" programme which focuses on corporate leadership and improving service performance.</p> <p>It should be noted that the council has, over the past year, experienced a degree of reputational damage and adverse publicity as elected members' decisions in some cases diverged from earlier plans and advice (ABM), and also became subject to significant change after an initial determination (Trams).</p> <p>The Chief Executive, who arrived in January 2011, is now well established, and the most recent Investors in People report (which secured Gold Standard for the council) commented favourably on her leadership. The Chief Executive is leading on a number of new initiatives including priority based planning, procurement transformation and the Edinburgh Guarantee for school leavers.</p> <p>The Chief Executive and CMT, in partnership with members, are proactive in promoting Edinburgh as an attractive place for inward investment. Recent successes include Amazon, Avaloq (Swiss banking software company), Gamesa (wind turbine manufacture) and the new Green Investment Bank which between them are expected to bring up to 1,700 jobs to the city.</p> <p>The Director of Corporate Governance is currently leading a review of corporate governance arrangements. It is intended that there will be a renewed focus on an organisational culture aimed at eradicating a 'silo' approach, and to establish a clear set of service outcome priorities for the Council which will meet the needs of service users and the city as a whole.</p> <p>The council's arrangements in this area will be reviewed as part of the audit of BV during 2012/13. This will include a review of new initiatives such as Priority Based Planning.</p>
<p>Corporate area – Partnership working and community leadership</p>	<p>Area of Uncertainty</p>	<p>No significant scrutiny risk</p>	<p>There is a robust structure in place for community planning and community health partnerships. There is good evidence of effective partnership working at city wide, strategic partnership and local neighbourhood levels. A report to the Policy and Strategy Committee on 28 February 2012 provides a comprehensive review of the achievements of the neighbourhood partnerships across the city. Strategic partnerships such as the Children's Partnership and Community Safety Partnership can also show the progress they have made in delivering on their priorities for the city and</p>

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			<p>therefore no significant risk areas were identified.</p> <p>The impact of community planning and partnership working on service delivery and outcomes will be reviewed as part of the planned audit of Best Value during 2012/13.</p>
<p>Corporate area - Governance and Accountability (including Public Performance Reporting)</p>	<p>No significant scrutiny risk</p>	<p>Area of Uncertainty</p>	<p>Previously no significant concerns were noted in this area. The council operates a local Code of Corporate Governance consistent with CIPFA/SOLACE guidance. In relation to Public Performance Reporting, the council prepares an annual performance report, an annual report on statutory performance indicators, bi-annual SOA progress reports, annual reports on comparative performance with peer councils and an annual Chief Executive's report on performance.</p> <p>The Annual Report on the 2010/11 audit included a recommendation that there was scope for improvement in the effectiveness of the Audit Committee and to clarify its additional scrutiny roles, Also, during 2011/12 councillors acknowledged that they lacked the knowledge and expertise to scrutinise the trams project effectively.</p> <p>The effectiveness of members in scrutinising key decisions such as the trams project will be reviewed as part of the planned audit of Best Value during 2012/13. The effectiveness of the Audit Committee will be monitored through the normal external audit process.</p>
<p>Corporate – risk management</p>	<p>Area of Uncertainty</p>	<p>No significant scrutiny risk</p>	<p>Corporate and departmental arrangements are in place. Internal audit also liaise with the Chief Executive's office in compiling the corporate risk register. The council has a Risk Management Strategy which is due to be refreshed. Additionally, the Audit Committee maintains an oversight of risk management within the council. Risk management arrangements are monitored through the normal audit process.</p>
<p>Corporate area - Competitiveness</p>	<p>No previous assessment</p>	<p>Area of Uncertainty</p>	<p>Five Significant Trading Organisations (STOs) including direct cleaning and refuse collection have been highlighted in the independent auditor reports for the last 5 years as having failed to comply with the statutory requirement to break even.</p> <p>The council now plans to implement internal improvement plans to address inefficiencies. These plans are being reviewed by the council in terms of the wider aspects of Best Value using the public sector comparator as a basis. There is a risk that the STOs may not be able to demonstrate best value and continue to incur deficits.</p> <p>The external audit team will review the performance of STOs as part of the financial statements audit process.</p>

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
Corporate area – financial management	Area of Uncertainty	No significant scrutiny risk.	<p>The council has sound financial planning and management arrangements in place. The Council set a balanced budget for 2011-12 and is on track to achieve this. The Council has now set a balanced budget for 2012-13 and identified a funding gap reaching £40.7 million by 2014-15.</p> <p>The council has sound arrangement for budgetary monitoring and control within the council including reporting to members.</p> <p>The council has made provision for the settlement of Equal Pay claims and has also earmarked reserves to provide for any equal pay claims.</p> <p>Overall financial management arrangements are soundly based and there is no significant scrutiny risk in this area.</p>
Corporate area – financial position	No previous assessment	Area of Uncertainty	<p>This area was not assessed separately in the previous assessment. The significant reductions in budgets being sought across the council combined with the need to ensure savings are sustainable, means that the LAN considers there is a degree of uncertainty over their attainment and the impact this will have on the services provided. The LAN will continue to keep the financial position of the council and its progress towards achieving sustainable budget reductions under review and report on it as part of the 2011/12 annual audit.</p>
Corporate area – Use of resources– asset management	No significant scrutiny risk	Area of Uncertainty	<p>The Council has a Corporate Asset Management Plan in place for the period 2010-2013. Overall there is a significant funding shortfall in the amount required to fully maintain the estate.</p> <p>The recent economic downturn and associated decline in property values has adversely affected the council's projections for receipts from property sales. Limited capital receipts have been built into funding projections.</p> <p>Audit Scotland will monitor asset management arrangements through the normal external audit process.</p>
Corporate area – Use of resources – managing people	Area of Uncertainty	No significant scrutiny risk	<p>Managing people was previously assessed as an area of uncertainty because of single status issues and the on-going dispute with trade unions in respect of the refuse collection service. The refuse collection dispute was resolved during the year and resulted in workers ending their two year long work to rule.</p> <p>Single status was implemented by the council from October 2010. Currently, there are around 1,250 equal pay claims registered with the council. Officials confirmed that over 90% of equal pay claims have now been settled.</p>

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			External audit will continue to monitor the position as part of the normal audit process.
Corporate area – Use of resources - procurement	Area of Uncertainty	Significant Scrutiny Risk	<p>The council's current long term financial plan identifies a financial gap and savings requirement increasing to £40.7 million by 2014/15. Three packages of savings proposals were developed to address this, covering the Environmental Services (ES), Integrated Facilities Management (IFM) and Corporate and Transactional Services (CTS). The ABM process which involved partnership with private sector providers was crucial to the delivery of significant savings. With the council's decisions to retain in-house providers for ES and IFM and reject CTS outsourcing (in line with officer recommendations), it is uncertain at this time how the required savings will be achieved given that the ABM approach offered greater potential savings.</p> <p>An investigation has been on-going in respect of the council's statutory repairs service. At 31 March 2011, outstanding debt in relation to statutory repairs amounted to £12 million of which £3 million is older than 12 months and there was a further estimated £29 million of accrued income still to be billed.</p> <p>The council has suffered reputational damage but there is also the risk of financial loss as statutory notice debtors withhold payment because they have lodged an official complaint or seek further clarification on amounts due. Furthermore, there is a significant risk with regards to the total amount that should be billed as this has yet to be fully quantified.</p> <p>Moreover, the annual procurement capability assessment highlighted that while the City of Edinburgh's performance is improving it is still well behind other public sector bodies. The council's performance was assessed as acceptable with a PCA score of 37%. This is in line with other local authorities but in comparison with other public sector bodies there is still significant scope for improvement. We are, however, aware of the steps that the Council is taking to address this including in particular the procurement transformation project which is presently being progressed.</p> <p>External audit will monitor and report on developments in these areas as part of the normal audit process.</p>

Review of 2011/12 planned activity

21. The Audit Scotland review of Lothian and Borders Police services has been completed and the report published in December 2011. The overall conclusion was that the service was performing

well but there was scope for improvements. Specifically in relation to the council, the report recommended that the police board reviews the level of support it receives from the council and satisfies itself that it is of the right type, amount and quality in the context of the board's requirements and at a time of decreasing budgets. The Audit Scotland review of Fire and Rescue services in Lothian and Borders has been carried out and the report published in March 2012. There were no issues arising from this review impacting directly on City of Edinburgh Council.

- 22.** The Care Inspectorate will have completed the planned programme of inspections of care services, including City of Edinburgh, by 31 March 2012. Inspection reports are published individually and those yet to be published will be published in 2012. Following on from the ISLA review, the Care Inspectorate has completed scrutiny of Edinburgh Council's Social Work department and the findings are generally favourable. Detailed findings will be outlined in the report due to be published in February 2012.
- 23.** Education Scotland completed a follow up review and issued reports on Educational Psychology Services in 2011 and in 2012. In the light of significant improvements in the quality of the service and the capacity of the leadership team to drive continuous improvement, there will be no further scrutiny visits in relation to the original inspection.

Scrutiny plan changes

- 24.** As indicated in last year's AIP, it is intended that there will be an audit of Best Value during 2012/13. This continues to be appropriate in the context of the significant issues which the council have required to address over the past year. The audit is likely to focus on four main areas:
 - The council's vision and strategic direction, particularly in the context of recent council decisions on issues such as the Edinburgh Trams project and the council's Alternative Business Model.
 - The effectiveness of members in scrutinising areas such as the Trams project.
 - The impact of the council's self – assessment activities, in particular the Edinburgh Improvement Model, on service performance.
 - The impact of community planning and partnership working on service delivery and outcomes.
- 25.** A targeted self assessment on homeless services has been added to the scrutiny plan for 2012/13. Overall this area was assessed as Green however there were some areas of uncertainty identified by the Scottish Housing Regulator in relation to high use of Bed and

Breakfast accommodation and performance against the Scottish Government's homelessness target which will be addressed by the self assessment.

- 26.** Supported self evaluation focussed on Literacy will be carried out by Education Scotland in 2012/13.
- 27.** A follow up review on "Maintaining Scotland's Roads" will be undertaken by Audit Scotland for all councils in 2012/13. The timing will be agreed with the local external auditors and the reviews will take on average the equivalent of 3 scrutiny contact days.
- 28.** 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 and start with a development site in April/May 2012 and commence a cycle of inspection of services for children which will report publicly from autumn 2012. City of Edinburgh council has been selected for inspection in October/ November 2012.

Appendix 1: 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 e.g. supported self evaluation work or national activity e.g. national follow up work or work requested by Ministers.

CITY OF EDINBURGH COUNCIL												
2012/13												
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
SHR - Targeted self assessment on homeless service												
AS - Audit of best value and community planning*												
National or planned work which is not as a result of LAN risk assessments:												
ES – Supported self evaluation focused on literacy												
AS – Maintaining Scotland’s Roads follow up												
AS - HB Performance Audit second round												
CI – Children’s Service Inspection*												

CITY OF EDINBURGH COUNCIL												
	2013-14											
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No planned activity												
	2014-15											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved											
No planned activity												

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.
- 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.

* *To reduce the impact both the Best Value audit and Children's Service Inspection will combine where appropriate.*

May 2012