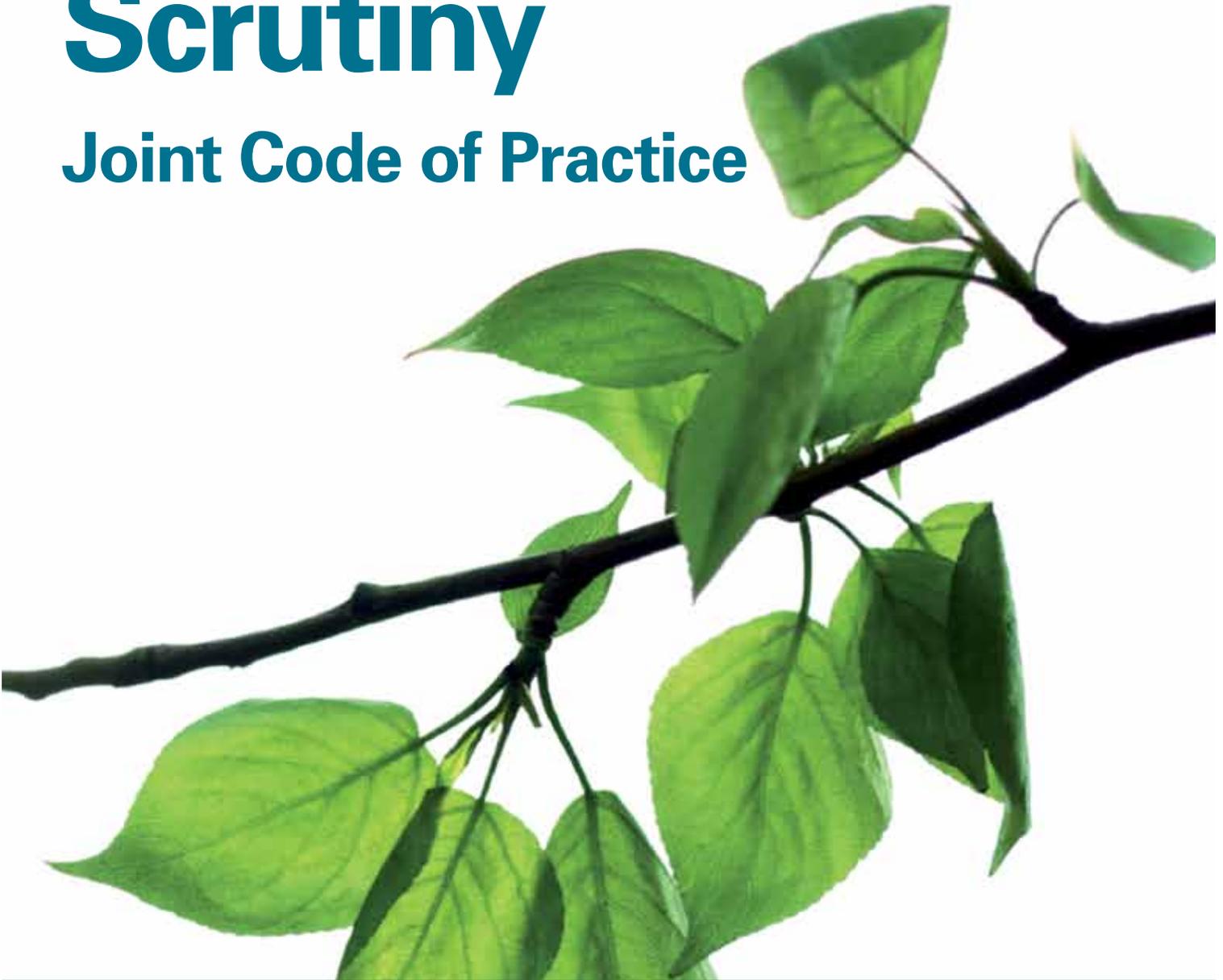


Local Government Scrutiny

Joint Code of Practice



January 2010



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Part 1. Introduction



1. Following the publication of the Crerar report in September 2007, the Scottish Government's response stated its aim of establishing a simplified and coherent approach to delivering local government scrutiny. A key aspect of this agenda is to better coordinate and streamline scrutiny, while ensuring that the benefits of scrutiny for citizens are achieved.

2. In February 2008, the Accounts Commission was asked to take on a gate keeping and coordination role in the scrutiny of local government. The local government scrutiny coordination strategic group was established to set priorities and oversee development activity. The following key priorities were subsequently agreed:

- Improving the planning and scheduling of scrutiny activity.
- Developing a single corporate assessment.
- Implementing a shared risk assessment framework.

3. The strategic group established an operational group to carry out the necessary detailed work in respect of these priorities. The group is made of representatives from HMIE, SWIA, NHS QIS, Care Commission, Scottish Housing Regulator, Audit Scotland and COSLA.

4. These arrangements mark a fundamental shift from scrutiny based on standard inspections undertaken on a cyclical basis, to a more risk-based and proportionate approach. All the scrutiny bodies that engage with local government are working to establish a shared assessment of the risks in each council and to develop a range of proportionate approaches in response to the risk assessment. We aim to place self evaluation at the heart of this approach.

5. This code of practice sets out arrangements for cooperation between the Accounts Commission and Audit Scotland, and Her Majesty's Inspectorate of Education (HMIE), the Social Work Inspection Agency (SWIA), the Scottish Commission for the Regulation of Care (SCRC), the Scottish Housing Regulator (SHR), Her Majesty's Inspectorate of Constabulary Scotland (HMICS) and NHS Quality Improvement Scotland (NHS QIS).

Detailed guidance on how joint scrutiny will work is set out in the guidance notes which accompany this joint code.

Statement of commitment

6. It is essential that organisations undertaking external scrutiny work in public bodies ensure that this is done in the most efficient, effective and economical way. To achieve this scrutiny bodies, including auditors and inspectors, need to coordinate their activities to prevent duplication and ensure the demands placed on bodies delivering services are minimised.

7. The roles of the Accounts Commission and other scrutiny bodies are distinct. The Accounts Commission holds local government bodies to account for their use of public money through the audit process. Other scrutiny bodies check, through inspection and review processes, that local government bodies are delivering specific services to a high standard.

8. This code of practice sets out how we propose to meet the challenge of 'joining up' the scrutiny of local government services in Scotland by:

- establishing the respective roles of the Accounts Commission and its appointed auditors, and HMIE, SWIA, SCRC, SHR, NHS QIS, and HMICS
- explaining how we will share information and work to ensure our audits and reviews are complementary

- identifying areas where collaborative working could benefit local government bodies by making the best use of the skills and experience of auditors and inspectors
- setting out relationship management arrangements
- setting out arrangements for resolution of disputes.

9. Our organisations are committed to making sure our audit and inspection roles complement each other and help to promote continuous improvement in local government services.

Signed overleaf:

This document will be kept under review and updated as we embed our operational approach.

John Baillie
Chair
Accounts Commission

Jacquie Roberts
Chief Executive
Scottish Commission for the
Regulation of Care

Caroline Gardner
Controller of Audit and
Deputy Auditor General
Audit Scotland

Michael Cameron
Acting Chief Executive
The Scottish Housing Regulator

Graham Donaldson
Senior Chief Inspector
Her Majesty's Inspectorate of
Education for Scotland

Bill Skelly
Her Majesty's Inspector of
Constabulary for Scotland
HMICS

Alexis Jay
Chief Social Work Inspector
Social Work Inspection Agency

Frances Elliot
Chief Executive
NHS QIS

Part 2. The role of scrutiny



Statement of principles

10. The role of scrutiny was set out clearly in the Crerar report, which was the starting point for the development of more proportionate and risk-based scrutiny. The unique role of scrutiny is to provide an independent assurance that public money is being used properly and that services are well managed, safe and fit for purpose. It does this by assessing both compliance with regulations and standards, and performance against targets.

11. Scrutiny also has a role in driving improvement. This is done by holding bodies to account for achieving high standards and by identifying and promoting good practice.

12. Crerar identified the public as the ultimate beneficiary of all scrutiny. The public should be able to take assurance from external scrutiny that public money is being used properly and that services are well provided.

13. Crerar also identified a number of core principles of scrutiny. These are shown in [Exhibit 1](#). The joint scrutiny bodies have adopted these as the underlying principles that guide our work.

14. In addition to these underlying principles, the scrutiny bodies agree that there are three basic requirements for efficient and effective scrutiny. These are:

- collaborative working
- sharing information
- the skills for the job.

Collaborative working

15. Scrutiny bodies will work together in ways that will result in better targeted, more tightly focused scrutiny activity. The desired outcome is public assurance that councils are delivering services in accordance with established standards and in a way that ensures best value. Collaborative

Exhibit 1

Principles of scrutiny

Public focus

The needs and priorities of service users and the public must be the prime consideration in all external scrutiny. The public is the ultimate beneficiary of external scrutiny. As such, it is crucial that it is closely involved in both decisions about the use of scrutiny and any scrutiny activity.

Independence

External scrutiny must be independent and must not be constrained by any party in reaching its conclusions and publishing its findings. It must be free to make judgements about service delivery and report its findings into the public domain, and it must be able to decide how it discharges its responsibilities, once its focus has been agreed.

Proportionality

The use of external scrutiny within the wider public accountability system must be proportionate to the particular issue, policy context or environment. Proportionality must apply at two levels. Firstly, in deciding whether it is appropriate to use scrutiny, and secondly in deciding its nature, scope and duration.

Transparency

External scrutiny must be transparent in all its activities, its focus, decision-making criteria, business processes, assessments and reporting. There should be a transparent decision framework for regulatory intervention. It is essential that the processes and mechanisms which support the use of external scrutiny are transparent, so that all parties understand the particular purpose for which it is being used at any given time. For external scrutiny to be credible, its reports must be clear, independent and consistent.

Accountability

External scrutiny must be accountable for its use of resources. It must demonstrate and report on the impact of its activities on services scrutinised, on the direct and indirect cost implications and it must demonstrate value for money. Its assessments and findings must be fair and capable of being defended.

Source: Report of the Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services in Scotland, September 2007

working between scrutiny bodies will ensure that this assurance is given in the most efficient and effective way.

16. The main activities which will support collaborative working are:

- local area networks
- shared risk assessment
- joint scrutiny planning
- single corporate assessment.

17. This code provides a framework for these processes, setting out the roles and responsibilities of the scrutiny bodies and the individual participants and in each of these activities.

18. The code also provides for the setting up and maintenance of local area networks (LANS) and governs the inter-relationship of scrutiny bodies with the individual bodies which are subject to scrutiny through good relationship management.

19. All scrutiny bodies will consider opportunities for joint management and administrative arrangements, systems and processes where these represent the most efficient and effective way of doing things.

Sharing information

20. For risk-based, proportionate scrutiny to be successful, scrutiny bodies must be able to share information freely. In doing so, the requirements of data protection will be observed. Data that is shared is unlikely to involve personal information about individuals receiving services; it will usually comprise statistical and trend information.

21. Scrutiny bodies undertake to share all relevant information with the exception of personal data on service users.

22. The effectiveness of the risk assessments which underpin more proportionate scrutiny depends on the quality of the information that informs the process. All scrutiny bodies will ensure that the information they maintain for the joint risk assessment process is accurate and up to date.

The skills for the job

23. It is important that staff undertaking scrutiny have suitable skills and experience. Future staffing of scrutiny activities will be determined by where the expertise lies that is required to carry out scrutiny most effectively. This will be determined irrespective of organisational boundaries. In future, scrutiny teams are likely to be multi-disciplinary teams made up of employees of more than one scrutiny body.

24. All scrutiny bodies will work together to establish training arrangements that ensure staff have the skills for the job.

25. Each scrutiny body will ensure the necessary skills and competencies are embedded in their staff performance review processes and that these will

be used to identify ongoing training needs and inform organisational development strategies.

Statutory roles of the Accounts Commission, Audit Scotland, HMIE, SWIA, SCRC, SHR, HMICS and NHS QIS

The Accounts Commission

26. The Accounts Commission is independent of central and local government. Its role is to:

- examine how Scotland's 32 councils and 44 joint boards manage their finances
- help these bodies manage their resources efficiently and effectively
- promote Best Value
- publish information every year about how they perform.

27. The Accounts Commission has powers to:

- report and make recommendations to the organisations it scrutinises
- hold hearings
- report and make recommendations to Scottish Government ministers.

28. The Commission also has powers to take action against councillors and council officials if their negligence or misconduct leads to money being lost or breaks the law.

Audit Scotland

29. Audit Scotland is a statutory body set up under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Accounts Commission and the Auditor General for Scotland (AGS). Working together, the Accounts Commission and Audit Scotland ensure that public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

30. Audit Scotland employs the staff and incurs the expenditure required to support the Accounts Commission's and the AGS's functions. For the purpose of this code, except for the exercise of the Accounts Commission's powers under Section 53 of the Local Government in Scotland Act 2003, there is no special requirement to distinguish between the Accounts Commission, the AGS and Audit Scotland. Any staff of Audit Scotland who undertake audit activity and any firms appointed by the Accounts Commission to undertake audits are 'auditors'. Reflecting the practicalities of the arrangements, this code refers mostly to Audit Scotland.

Her Majesty's Inspectorate of Education

31. Her Majesty's Inspectorate of Education in Scotland (HMIE) is government agency of the Scottish ministers. As an agency, HMIE operates independently and impartially while remaining directly accountable to Scottish ministers for the standards of its work. HMIE reports to Scottish ministers and the public.

32. HMIE aims to promote sustainable improvements in standards, quality and achievements for all learners in a Scottish education system which is inclusive.

33. HMIE coordinate joint inspections of services to protect children in all 32 local authority areas across Scotland. The inspectorates and agencies involved with HMIE in this work are SWIA, Care Commission, HMIC, NHS QIS and, to a lesser extent HMIP.

34. HMIE works towards the achievement of its aims by:

- providing independent evaluations
- providing advice and reports, based on the experiences and achievements of learners and vulnerable children and the provision made for them
- working with establishments, services, their partners and other

organisations, to increase their capacity to improve through rigorous self-evaluation and well-targeted support

- providing clear, authoritative, professional advice for Scottish ministers, and others which is firmly rooted in high-quality analysis of the evidence gathered through inspection.

Social Work Inspection Agency

35. The Social Work Inspection Agency (SWIA) is a government agency set up in 2005 under the terms of the Scotland Act 1998. SWIA operates independently and impartially while remaining directly accountable to Scottish ministers for the standards of its work. Agency status safeguards the independence of its inspection, review and reporting activities within the overall context of Scottish ministers' strategic objectives to modernise and improve social work services across Scotland.

36. SWIA's strategic priorities are focused on making sure that its work has positive outcomes for all of its stakeholders and include:

- improving the quality of social work services across Scotland
- securing improved public confidence in social work services
- building capacity in Scotland's social work services
- informing social work policy development.

37. SWIA does this by:

- delivering focused and proportionate national scrutiny that provides assurance, acknowledges good performance in social work services and assists poor performers to improve
- working with other scrutiny bodies to deliver integrated inspections
- encouraging self-evaluation and

improvement by providers of social work services

- connecting policy development with practice through a knowledge base derived directly from inspections
- providing professionally-based advice to Scottish ministers.

Scottish Commission for the Regulation of Care (the Care Commission)

38. The Scottish Commission for the Regulation of Care (the Care Commission) is a non-departmental public body. It was set up to regulate care services for adults and children in Scotland under the Regulation of Care (Scotland) Act 2001.

39. The Care Commission regulates care services to improve the quality of care services in Scotland. To do this it:

- registers care services
- inspects all registered services against the National Care Standards. It publishes inspection reports and grades after each inspection. It encourages providers to improve their service and grades by involving people who use their service and carers in their work
- investigates complaints
- takes enforcement action when services fail to make required improvements
- works with care service providers, the Scottish Government and other public bodies
- promotes improvement of care services while also providing protection for the vulnerable people receiving care
- provides information about the availability and quality of care services in Scotland
- provides Scottish ministers with

evidence and expert advice on the quality of social care

- informs social and healthcare policy
- collaborates with other scrutiny bodies on the joint inspection of services for children and vulnerable adults.

The Scottish Housing Regulator

40. The Scottish Housing Regulator (SHR) regulates registered social landlords and the landlord and homelessness services of local authorities.

41. Its purpose is to:

- protect the interests of current and future tenants and other service users
- ensure the continuing provision of good-quality social housing, in terms of decent homes, good services, value for money, and financial viability
- maintain the confidence of funders.

42. SHR is a government agency. It exercises independently the regulatory powers of Scottish ministers in the Housing (Scotland) Act 2001.

43. SHR is directly accountable to Scottish ministers for its work and for the proper and effective use of resources. Scottish ministers are accountable to the Scottish Parliament for the functions of SHR.

44. SHR registers and regulates independent social landlords. It also inspects the housing and homeless services provided by local authorities.

45. It uses the combined tools of inspection, public reporting, information and analysis, financial scrutiny and, where appropriate, direct intervention, to protect the interests of current and future tenants, and other service users.

46. The agency drives improvements in landlords' efficiency and performance, and help to ensure that registered social landlords continue to attract private finance at competitive rates to build and improve affordable homes.

Her Majesty's Inspectorate of Constabulary for Scotland

47. Her Majesty's Inspectorate of Constabulary for Scotland (HMICS) is responsible for inspecting the eight police forces in Scotland and five police services.

48. HMICS operates independently of police forces, police authorities and the Scottish Government and exists to monitor and improve police services in Scotland. HMICS does this by:

- inspecting and advising police forces and the services provided by the Scottish Police Services Authority (SPSA)
- undertaking a risk-assessed programme of thematic inspections, including working with partners on joint inspection activity
- working with the police service in Scotland on driving forward an annual self-assessment programme that promotes continuous improvement
- sharing good practice that we find as a result of our work and through wider scanning and consultation activity
- making recommendations that focus on promoting better practice and outcomes. HMICS monitors these jointly with ACPOS, individual forces and police services, and police boards and authorities
- giving independent advice to ministers, police board members and police forces and services and, through its publications, sharing its findings with all stakeholders.

49. Even though HMICS is independent of the Scottish Government, ministers can call upon the Inspectorate to undertake particular pieces of work.

NHS Quality Improvement Scotland

50. The function of NHS Quality Improvement Scotland (NHS QIS) is to improve the quality of health care in Scotland by setting standards and monitoring performance, and by providing advice, guidance and support to NHSScotland on effective clinical practice and service improvements.

51. The two key aims of the organisation are to report to the public on the performance of NHSScotland against nationally agreed standards, and to support NHSScotland in improving the quality of care and treatment it provides.

52. NHS QIS achieves this by developing and implementing, in partnership with healthcare professionals and the public, a national framework to determine, share and promote consistent high-quality care across Scotland through:

- clinical audit
- collecting and publishing clinical performance data
- learning lessons from adverse events and 'near misses'
- assessing the clinical and cost effectiveness of health interventions
- clinical guidelines
- best practice statements
- investigating serious service failures
- setting clinical and non-clinical standards

- reviewing and monitoring performance through self-assessment and external peer review
- supporting implementation of healthcare governance.

Responsibilities of audit and inspection

53. Audit and inspection are two distinct but related activities. Both seek to protect the public interest in the provision of high-quality, effective public services. Audit examines all of a council's activities and is concerned with regularity, probity and best value, including providing assurance that the best outcomes are being achieved for local people. Inspection is concerned with providing assurance for individual services that professional standards are met and that the quality of services provided meets high standards and achieves positive outcomes for service users.

54. There are some areas where audit and inspection share a common interest. These arise mainly in looking at management arrangements and outcomes for users. Auditors and inspectors will agree who is best placed to undertake and report on work in any particular area where there is a common interest. The differing but overlapping scope of audit and inspection work is illustrated at [Exhibit 2 \(overleaf\)](#).

Objectives of the code of practice

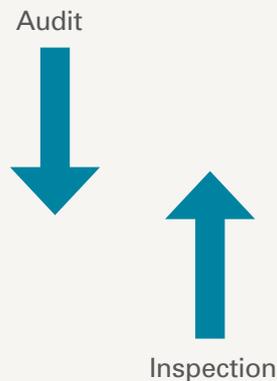
55. The main objectives of this code of practice are to provide a framework for scrutiny bodies to work together to:

- provide a clear governance framework for our joint work
- specify respective roles and responsibilities of each scrutiny body
- provide a clear framework for managing relationships with councils

Exhibit 2

Audit and inspection

Accounting for public money
 Costs and value for money
 Management arrangements
 Outcomes for users
 Compliance with professional standards
 Competence of professional staff



Source: Audit Scotland

- provide mechanisms for settling disagreements
- establish a coordinated approach to the scheduling of audit and inspection activity in local government
- develop collaborative working arrangements that make best use of the experience and skills of auditors and inspectors and avoid duplication of effort
- reduce the demands placed on local authorities by audit and inspection processes by ensuring these activities are carried out in the most effective, efficient and economical way.

56. This code of practice will govern the arrangements for drawing up a joint scrutiny plan to be published in advance, giving local authorities clear information about what scrutiny activity they will be engaged with and when this will happen. The scrutiny plan will cover strategic, service level inspections but will exclude inspections at unit level such as individual school or care home inspections. Scrutiny bodies reserve the right to make unscheduled inspection visits at their discretion.

57. In drawing up the schedule of planned activity, scrutiny bodies will work together to produce a shared view of the risk presented by individual local authorities. This will allow them to target their joint resources to ensure a proportionate response to the assessed risk. In this context, risk is viewed as the chance of something going seriously wrong that will have an adverse effect on the ability of a council to deliver high-quality, continuously improving services to the public. Our definition also captures the risk of failure to improve the delivery of council services. This could include a potential failure to deliver services to an acceptable quality, financial mismanagement or a failure to meet the statutory duty of Best Value.

58. The code also aims to minimise the demands placed on local authorities by reducing the amount of information requested from councils by individual scrutiny bodies. This will be achieved by establishing a commonly accessible store of information. This information will form the evidence base for the shared risk assessment.

Local area networks

The scrutiny bodies will establish a local area network (LAN) for each council. The LAN comprises representatives of all the scrutiny bodies who engage with councils. The role of the LAN is to ensure that the value of information held by each audit and inspectorate body is maximised, enabling external scrutiny to be targeted on those areas of greatest risk. The key output from the LAN is the Assurance and Improvement Plan.

Process

59. Scrutiny bodies often have an ongoing relationship with councils, for instance, link inspectors, contact managers, district inspectors and local auditors. These individuals will have, or develop, knowledge and experience of the council which is a valuable resource in monitoring and assessing emerging scrutiny risks within a council.

60. The LAN consists of representatives of all the scrutiny bodies operating in the council area, including those engaged with the council's public service partners. The aim of the LAN is to facilitate the efficient scheduling and planning of scrutiny activity based on a shared assessment of the risks for the council.

61. The LAN is based on the principle that each scrutiny body has specific areas of expertise. By synthesizing the information and knowledge held by all the scrutiny bodies, auditors and inspectors can gain a better, more rounded understanding of the risks facing the council and the relative importance of those risks.

62. Armed with this information, scrutiny bodies can work together to ensure that the right scrutiny response is formulated in a way that is proportionate to the risks identified and provides an effective level of assurance for the public. This means that scrutiny activity is driven by evidence-based risk assessment.

63. The purpose of LANs is to:

- maintain up-to-date information about the council and ensure this is analysed in a meaningful way to highlight areas of risk around delivery of objectives and weaknesses in management processes
- ensure relevant information is shared across all the scrutiny partners on a timely basis
- undertake a shared risk assessment on an annual basis
- draw up an Assurance and Improvement Plan (AIP) for the council on a three-year rolling basis which identifies the scrutiny response to the risks identified by the shared risk assessment
- coordinate contact and communication with the council in relation to scrutiny activity
- minimise the impact of requests for information so that any information is asked for only once.

64. In formulating the scrutiny response, the LAN will ensure that the minimum level of scrutiny necessary to provide the required level of assurance is achieved. In arriving at this position, LAN members will challenge each other on the need for any piece of work and on the best way of achieving the aims.

65. A range of approaches allows scrutiny intervention to be aligned to the assessed level of risk and the agreed scrutiny activities will be set out by the LANs in the draft AIP. In developing the proportionate scrutiny response, the following range of responses are available:

- Little or no scrutiny required.
- Scrutiny activity to establish/measure performance.

- Scrutiny activity to diagnose causes of performance failure and achieve improvement.
- Improvement intervention.
- Sanctions (this option will be decided at the highest level within each scrutiny body, in consultation with scrutiny partners, and in accordance with relevant statutory requirements).

66. Opportunities for efficiencies through joint activity will be identified. The LAN will also take into account any inspection activity required by the Scottish Government, for example a cycle of child protection inspections.

Roles and responsibilities

67. Each LAN will be run by a LAN lead drawn from one of the scrutiny bodies. This arrangement will be reviewed after the first year of operation. The LAN lead will be responsible for coordinating and organising the work of the LAN and ensuring that there is ongoing communication about emerging issues for risk assessment process. Specific responsibilities of the LAN lead in respect of convening the round table, drawing up the draft AIP and managing relationships with councils are set out in the [self-evaluation \(page 12\)](#) and [national shared risk assessment \(page 14\)](#) sections.

68. The role of LAN representatives is to:

- ensure that relevant data is collected from councils and other sources
- undertake analytical review of data available for their area of specialism, summarise the available evidence and form a preliminary risk assessment based on the evidence
- participate in the shared risk assessment round table meetings and supporting process(es)

- contribute to development, drafting and refinement of the AIP
- respond to quality assurance process feedback to refine the AIP
- contribute to the ongoing refinement and development of joint scrutiny planning and risk assessment processes
- develop innovative proportionate options for joint working
- develop and refine joint information and intelligence needs assessment over time
- participate in process evaluation activity with team
- participate in ongoing training needs assessment.

Outputs

69. The outputs from the LAN will be:

- ongoing information and intelligence to be held on a central information hub
- a shared risk assessment for the council
- a three-year AIP.

Single corporate assessment

The single corporate assessment (SCA) contains the scrutiny judgment on performance against organisation-wide issues. These include leadership and planning, sustainability and performance management. The judgments are about the overarching framework which supports the council in delivering best value services.

70. As part of the Best Value audit, a central team from Audit Scotland undertakes an assessment of the corporate processes which support continuous improvement. The outcome of this assessment is of use to other scrutiny bodies in making judgments about individual services.

The areas covered by the SCA are:

- vision and strategic direction
- partnership working and community leadership
- governance and accountability (inc. scrutiny, political relations, community engagement)
- community engagement
- use of resources (financial management, asset management, procurement, people management, risk management)
- performance management and improvement
- equal opportunities
- sustainability.

71. The inspection regimes for education, social work and housing include consideration of these elements in respect of determining the effectiveness of corporate support for delivering good-quality services.

72. Audit Scotland will conduct the SCA in a way that will provide assurance to other scrutiny bodies for the purposes of their inspection duties. This is likely to entail joint planning and in some cases joint activity with inspectorates. The scope of the work and the extent of joint activity will be determined by a shared assessment of risk.

Process

73. The SCA will be carried out by staff from Audit Scotland, supported by accountancy firms where they act as local auditors and by staff from inspectorates where this represents an efficient and effective way of carrying out the work.

74. The methodologies for SCA will be developed and owned by Audit Scotland.

Roles and responsibilities

75. The SCA will be carried out and reported on as part of the Best Value audit of a council.

76. Audit Scotland will:

- manage and deliver the SCA and will be responsible for the final judgments it contains
- collaborate with other scrutiny bodies in planning and conducting work to inform the SCA
- make the outputs from the SCA available to other members of the LAN.

Outputs

77. The output from the SCA will be the sections of the Best Value audit report dealing with corporate issues. These will be supported by underlying evidence and judgments which will be made available to the LAN for the purposes of shared risk assessment.

Self-evaluation

78. The ability of councils to evaluate their own performance is an important element in ensuring that scrutiny is risk based and proportionate. There are a number of existing self-evaluation approaches in place across local government. Our focus is on understanding the effectiveness of councils' arrangements rather than promoting a particular model.

79. Councils are free to determine how self-evaluation is carried out. Different councils will use different performance improvement frameworks and improvement tools as part of their routine systems for performance management and public reporting. LANs will assess how well self-assessment drives and supports improvement activity.

80. There is no intention to be prescriptive about the form and content of the self-evaluation used by the shared risk assessment. The

shared risk assessment process focuses on self-evaluation as a routine management process and not as a one-off event to satisfy the needs of scrutiny bodies. We do not require councils to undertake a separate specific self-evaluation activity to meet our needs.

81. The SRA process will deliver a reduction in the planned level of scrutiny activity where it is considered that a council has mature and effective self-evaluation arrangements in place, and we can be assured of sustained and/or improving good levels of performance.

Local shared risk assessment

The purpose of the local shared risk assessment is to draw up a risk-based Assurance and Improvement Plan (AIP) for an individual council. The AIP sets out the risks and the proposed scrutiny response for a rolling three-year period.

Process

82. Once a year the LAN representatives will meet to discuss the shared risk assessment. This may happen at a series of meetings or a single meeting supplemented by email exchanges. The purpose of this annual process is to draw up the shared risk assessment for the council for which the LAN is responsible. A diagrammatic presentation of the shared risk assessment process is shown at [Exhibit 3](#).

83. The round table is the discussion forum for exploring and challenging risk assessments and proposed scrutiny responses drawn up by each participating scrutiny body. The ultimate purpose of the round table is to produce an AIP, identify the key risks for the council and the proposed scrutiny response which is jointly agreed by all the relevant scrutiny bodies.

Roles and responsibilities

LAN lead

84. The LAN lead will be drawn from one of the participating scrutiny bodies, such that each scrutiny body will lead at least one LAN. This model will be reviewed after one year.

85. The LAN lead is critical in ensuring the success of the shared risk assessment process. They will provide effective leadership of the LAN and ensure the shared risk assessment is carried out to the highest standard, ensuring quality assurance processes are incorporated at suitable points. Each scrutiny body will ensure that designated LAN leads have the necessary leadership competencies to fulfill the role.

86. The role of the lead is to coordinate and enable the effective operation of the LAN, convene and chair meetings for the purpose of drawing up and agreeing an AIP setting out the risk assessment for the council and the proposed scrutiny response.

87. The LAN lead will be responsible for:

- ensuring each inspectorate delivers inputs to the SRA process and to the AIP to quality standards and within agreed timescales to meet the requirements of the national risk assessment (NRA).
- delivering the final AIP to quality standards.

88. The LAN lead must obtain sign-off from all the LAN participants before submitting the final LAN. If sign-off cannot be agreed, the issue should be brought to the quality and consistency panel for decision.

LAN participants

89. All scrutiny bodies who have responsibility for activity within the council will designate a representative for the LAN. Normally, this will be the lead inspector or auditor having the most consistent ongoing relationship with the council.

90. LAN participants are expected to maintain up-to-date knowledge about each council and to bring to the attention of scrutiny partners

any significant event that is likely to impact on the risk profile of the council from a scrutiny perspective. This includes issues and events that are likely to fall within the remit of any of the scrutiny bodies.

91. LAN participants will contribute to the shared risk assessment process in a challenging and constructive manner, with a view to ensuring the appropriate risks and scrutiny response are identified.

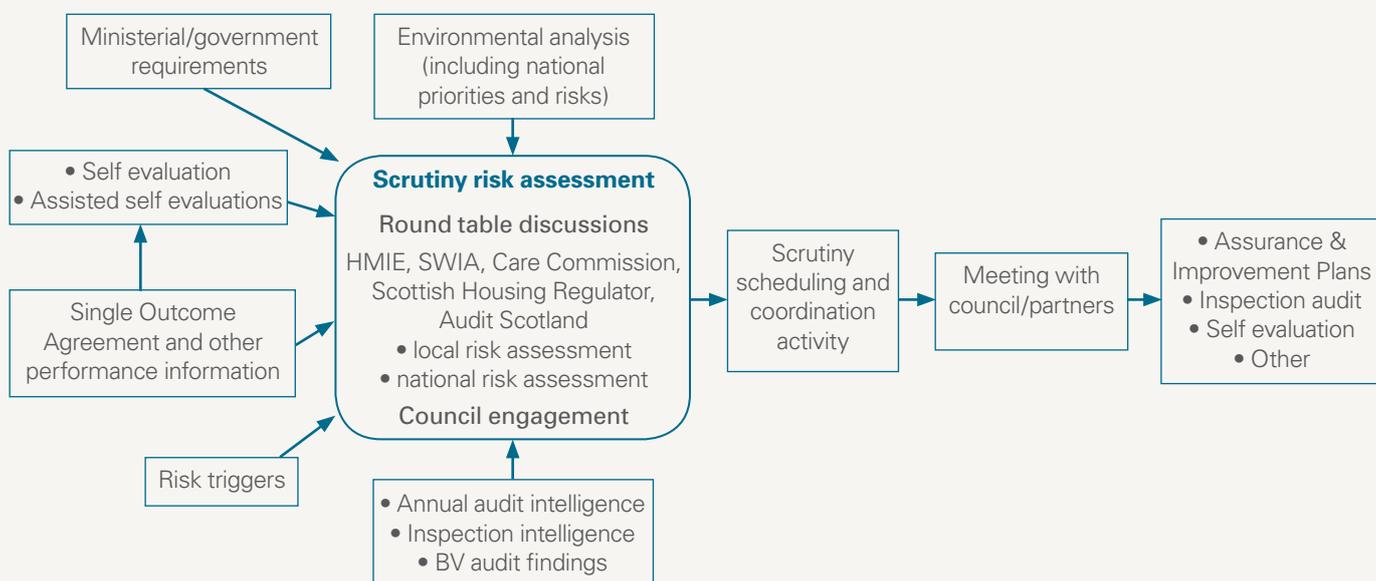
92. All LAN participants should attend the quality and consistency panel and other meetings deemed necessary by the LAN lead.

Outputs

93. The output from the SRA is an AIP for each council. This covers a three-year rolling period and shows the timing and nature of all planned strategic scrutiny activity.

Exhibit 3

Local shared risk assessment



National shared risk assessment

The aim of the national shared risk assessment is to produce a three-year national scrutiny schedule.

The national shared risk assessment is designed to ensure that:

- risks which have an impact across all 32 councils are identified
- the individual AIPs put forward by the LANs are proportionate, risk based and consistent
- AIPs are brought together into a coherent national scrutiny plan.

Process

94. A National Round Table will be convened by Audit Scotland on behalf of the Accounts Commission. This will comprise the Controller of Audit, Chief Social Work Inspector, Chief Education Inspector, Chief Housing Inspector, Chief Executive of the Care Commission and Chief Inspector of Constabulary (or equivalents in successor bodies).

95. The Joint National Scrutiny Schedule is the product of a quality assurance and challenge process on the 32 individual council AIPs.

Analytical review

96. The 32 draft AIPs will be subject to analytical review in advance of the National Round Table discussions which will:

- analyse the key risks presented for each council to establish whether there are any patterns in the incidence of risks by type, size or geographical mix of councils
- establish whether there are any strong emerging national risk trends which require joint scrutiny work
- apply the national risk priorities to all 32 councils and summarise the impact this will have on planned scrutiny activity
- consolidate the 32 draft AIPs into a first draft of the Joint National Scrutiny Schedule
- undertake analysis of the impact of the SRA by comparing the planned level of activity against the agreed baseline level of activity.

National risk priorities

97. A small core of national risk priorities will be applied to all 32 councils. In the first year of operation, the strategic group has agreed to adopt the government’s priorities for scrutiny which are:

- protection, welfare and access to opportunities for:
 - children
 - adults in need of support and protection
 - older people
- assuring public money is being used properly.

The strategic group identified an additional priority as being:

- the impact of the recession.

98. These will be applied to all 32 councils in advance of the round table discussion. The impact of the outcome of this analysis on the joint national schedule will also be presented to the round table.

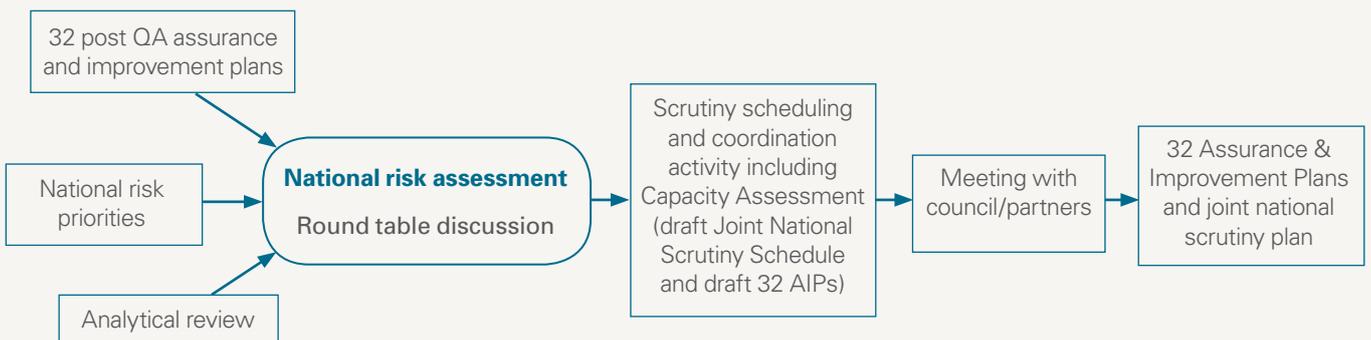
NRA Round Table (NRA RT) discussion

99. The NRA will be carried out by the chief officers of each of the scrutiny bodies. This group will convene a round table discussion to:

- assess whether the proposed scrutiny schedules demonstrate a risk based and proportionate scrutiny response
- agree the joint national schedule and approve the 32 local AIPs

Exhibit 4

National risk assessment framework



Source: Audit Scotland/ SRA Development Group

- assess the capacity needed to deliver the scrutiny schedule and ensure resources are available
- identify and approve joint national studies arising from emerging national themes
- identify good practice for publication on the Accounts Commission scrutiny web.

Scheduling and coordination

100. Once the NRA RT discussions are concluded and an agreed draft national schedule exists, the following key activities need to be undertaken to finalise the Joint National Scrutiny Schedule and the 32 draft AIPs:

- A capacity assessment to establish whether the overall planned level of activity is deliverable and whether individual councils will have the capacity to respond to the level of planned local scrutiny activity. This will involve the key planning representatives from each scrutiny body.
- A round table discussion involving the key planning representatives from each of the scrutiny bodies to ensure that the Joint National Schedule is well planned and coordinated.
- Discussions with the 32 councils to agree the draft AIPs.
- Following the completion of discussions with all of the 32 councils, it will be necessary to revisit the national and local plans to perform a final check on consistency prior to submitting to the strategic group for adoption.
- Adoption of the national and local scrutiny plans by the local government scrutiny coordination strategic group.

The purpose of discussions with the councils are to:

- confirm the factual accuracy of the AIPs
- highlight any issues that are likely to impact on timing of scrutiny activity
- where possible, reach consensus on the risk assessment and scrutiny response. Ultimately, the judgment on these issues is jointly owned by the scrutiny bodies and their decisions on these matters will be final.

Quality assurance

- The capacity assessment will be a key part of the quality assurance process which ensures that joint scrutiny plans are realistic, achievable and proportionate.

Roles and responsibilities

101. The NRA process will be managed by Audit Scotland on behalf of the Accounts Commission in its role as scrutiny gate keeper.

102. The Controller of Audit will chair the NRA RT and provide secretariat services to it.

103. Each scrutiny body will nominate a senior representative to attend the national risk assessment round table. This will normally be the chief officer of the organisation. The person attending must have the authority to commit resources in line with the agreed national scrutiny plan.

104. Each representative will participate in the round table in a challenging and constructive manner and will have regard to the overall impact of scrutiny activity. They will work to ensure that scrutiny levels are established at the minimum level necessary to provide public assurance in the light of identified risk.

105. The Controller of Audit will produce a report to the strategic scrutiny group on the outcome of the national risk assessment. This will summarise the Joint National Scrutiny Schedule; identify significant trends in the volume and direction of scrutiny; and highlight any disagreements between scrutiny bodies in the level or timing of scrutiny required at an individual council. This report will be considered by the strategic scrutiny group with the aim of resolving disagreements. In the event that the group cannot reach consensus, the chair of the Accounts Commission will decide whether to uphold a specific course of action.

Outputs

106. National risk assessment and joint scrutiny plan.

Changes to the national and local scrutiny plans

107. Changes to local scrutiny plans will normally be agreed by the LAN in the first instance, and then notified to Audit Scotland for inclusion in the joint national scrutiny plan and communication to local authorities and the Scottish Government.

108. The scrutiny bodies recognise that there may be high risk cases where urgent action is needed in advance of agreement by the LAN. These will normally relate to services for children, older people or vulnerable adults, where there is a significant risk of harm to individuals. In this event the individual scrutiny body will take the action required, and then communicate the action taken and the rationale to the Controller of Audit within ten working days. This will allow the joint national scrutiny plan to be kept up to date.

Relationship management

The relationship management protocol is intended to ensure that communication with councils about scrutiny activity is coordinated and managed in a way that balances free, open and transparent communication about scrutiny with the demands placed on senior council officers in engaging with the scrutiny process.

This protocol is intended to facilitate free dialogue with councils about scrutiny.

109. It is important that scrutiny bodies communicate with councils in a coherent and efficient manner. The AIP provides the foundation for communication with the council and makes clear when scrutiny activity will take place. The normal lines of communication will be followed by each scrutiny body in undertaking this activity.

110. Communication about the AIP itself, and strategic issues arising from this, will entail discussion with senior council officers. It is important that this strategic level of communication is coordinated by a single point of contact for the scrutiny bodies. The LAN lead will therefore act as the coordinator to ensure that communication, including meetings and discussions with the council are organised in the most efficient and effective way. Councils will be encouraged to engage with the LAN lead and LAN routinely on SRA matters.

111. Where there is a pressing and significant service-based issue, the relevant scrutiny lead will ensure the LAN lead is apprised of the issue. The relevant representative of the responsible scrutiny body will agree with the LAN lead a process for engaging with the council on the issue.

112. Scrutiny of the achievement of improved outcomes also takes place at a unit level through inspection of schools and care homes for example. Communication on these scrutiny activities will continue to take place directly with the council outside the LAN process.

Process

113. Day-to-day routine communication about individual scrutiny activity that appears in the AIP will continue in the usual manner.

114. Communication about strategic and corporate scrutiny activity (that is, the overall content of the AIP) will be coordinated by the LAN lead to ensure it is done in the most efficient and effective way.

Roles and responsibilities

115. LAN members will advise the LAN lead of the need for any strategic engagement or communication with the council. The LAN lead and the LAN member will agree the most appropriate method of communication and who will be responsible for this.

116. The LAN lead will monitor the meetings diary to ensure that communication is coordinated and proportionate.

Outputs

117. LAN members will maintain a meetings diary for each council to which all LAN members have access.

Reporting

118. The SRA process will result in three main types of report:

- The local AIP.
- The national risk plan.
- Reports on the findings of strategic scrutiny activity at individual councils.

119. Local AIP's will be jointly owned by the scrutiny bodies participating in the round table. They will be badged with the logos of each of the scrutiny bodies participating in the LAN.

120. The national risk plan will also be jointly owned by all the scrutiny bodies participating in the National Round Table. The national scrutiny plan will be badged with the logos of all participating scrutiny bodies.

121. Audit Scotland will arrange for printing and publication of local (AIPs) and joint national scrutiny plans.

122. Reports on the findings of scrutiny activity at individual bodies will be jointly owned, and badged with the logos, of the scrutiny bodies participating in the scrutiny activity.

123. Where joint work takes place at individual councils the agencies involved will agree between themselves on the publication arrangements.

Information management

124. Scrutiny bodies are committed to openness and transparency as a principle in public life. In complying with this principle, all scrutiny bodies will share information relevant to the scrutiny risk assessment for a council.

125. In handling and sharing information, all agencies will hold and control the information in a secure manner and in accordance with the Data Protection Act 1998 for personal information.

126. Information held and produced as part of the shared risk assessment process will be subject to the Freedom of Information (Scotland) Act. If one agency receives a freedom of information request for information it holds but did not create, the agency receiving the request will consult with the origination agency in considering the request.

127. The Freedom of Information legislation contains exemptions relevant to audit and inspection. Where it is legal and appropriate to do so, the scrutiny bodies will make use of these exemptions only where they believe that it is necessary to protect the scrutiny process in the public interest.

128. Working papers to support shared risk assessment form part of the audit trail for arriving at judgements contained in the final AIP. They should be retained in accordance with legal requirements and each scrutiny body's policy.

129. Draft reports will be retained to the extent that they illustrate the audit trail for key decisions in the risk assessment process. After the AIP has been published only the following draft AIPs will be retained:

- Initial draft sent to the council.
- Draft submitted to the National Round Table.
- Final AIP issued to the council.

130. Responsibility for ensuring the retention policy is adhered to lies with the LAN lead.

Appendix 1.

Glossary of terms

Accounts Commission	<p>The Accounts Commission's role is to:</p> <ul style="list-style-type: none"> • examine how Scotland's 32 councils and 44 joint boards and committees manage their finances • help these bodies manage their resources efficiently and effectively • promote Best Value • publish information every year about how they perform. <p>The Accounts Commission has powers to:</p> <ul style="list-style-type: none"> • report and make recommendations to the organisations it scrutinises • hold hearings • report and make recommendations to Scottish Government ministers. <p>The Commission also has powers to take action against councillors and council officials if their negligence or misconduct leads to money being lost or breaks the law.</p>
Assurance & Improvement Plan (AIP)	Document which captures agreed areas of risk and good practice, and the resulting scrutiny response for each council. It is the primary planning document for scrutiny bodies.
Audit Scotland	Assists the Auditor General and the Accounts Commission to make sure organisations that spend public money in Scotland use it properly, efficiently and effectively by carrying out financial and performance audits – that is, detailed and systematic investigations – of various aspects of how public bodies work.
Best Value audits	Audit Scotland introduced a programme of Best Value audits (BV1) in response to the Local Government in Scotland Act 2003, which placed a legal duty of continuous improvement on local authorities and led to the introduction of Community Planning on a statutory basis.
Best Value 2	<p>The principles underpinning the revised BV approach (BV2) are to build on BV1 while working to:</p> <ul style="list-style-type: none"> • minimise the scrutiny burden • strengthen the assessment of service performance and outcomes • draw clearer links between corporate leadership and service performance • place a stronger emphasis on community leadership and partnership performance.

Care Commission	<p>Set up in April 2002 under the Regulation of Care (Scotland) Act 2001 to regulate all adult, child and independent healthcare services in Scotland.</p> <p>The Care Commission make sure that care service providers meet the Scottish Government’s National Care Standards and work to improve the quality of care.</p>
Community Planning	<p>Community Planning is a process whereby a local authority and other local agencies including community, voluntary, public and private sector organisations come together to develop and implement a shared vision for promoting the well-being of their area.</p>
Convention of Scottish Local Authorities (COSLA)	<p>COSLA is the representative voice of Scottish local government and also acts as the employers’ association on behalf of all Scottish councils.</p>
Her Majesty’s Inspectorate of Constabulary (Scotland)	<p>HMICS is responsible for inspecting the eight Scottish police forces and five police services.</p> <p>HMICS operates independently of police forces, police authorities and the Scottish Government and exists to monitor and improve police services in Scotland.</p>
Her Majesty’s Inspectorate of Education (Scotland)	<p>HMIE has responsibilities to evaluate the quality of preschool education, all schools, teacher education, community learning and development, further education and local authorities. HMIE also publish reports of interest to the public and professionals about services for children and evaluate child protection services. HMIE also gives professional advice to support the development of educational policy. Inspection reports are published on HMIE’s website.</p>
Local Area Network (LAN)	<p>Representatives from all the scrutiny bodies for each council to maximise the benefit of the scrutiny knowledge and understanding of the council.</p>
National Risk Assessment Framework	<p>The main purpose of the national risk assessment elements of the SRA are to:</p> <ul style="list-style-type: none"> • identify the key national priorities facing councils and the main risks to their achievement thereby ensuring that our work plans take account of sector specific national priorities and risks • allow scrutiny bodies to collectively consolidate our findings on outputs and outcomes to identify emerging themes and trends • inform the selection of potential national risk priorities for the coming year • inform the selection of potential joint national studies • undertake effective capacity assessment activity to ensure we are able to deliver planned work and councils are able to respond.

NHS Quality Improvement Scotland	<p>NHS Quality Improvement Scotland helps NHS boards improve patient care by:</p> <ul style="list-style-type: none"> • providing advice, guidance and setting standards • supporting implementation and improvement • assessing, measuring and reporting the performance of NHS boards. <p>NHS QIS also has central responsibility for patient safety and clinical governance across NHS Scotland.</p>
Pathfinder	<p>Five 'pilot' council sites for BV2 and SRA:</p> <p>Angus Council Highland Council East Ayrshire Council Scottish Borders Council Dundee City Council.</p>
Quality and consistency review panel	<p>A panel to conduct quality control reviews on completion of all AIPs. It will operate independently of the LAN and review the consistency of risk assessments and the proposed scrutiny response.</p>
Round Table	<p>The round table is a meeting of all the scrutiny agencies involved in any one particular council are (a LAN) to:</p> <ul style="list-style-type: none"> • take stock of the latest evidence • sum up their emerging conclusions and judgements • share risk assessments and information with partner inspectorates • consider what audit, inspection, and improvement support should be included in the draft Assurance and Improvement Plan which will be discussed with the council.
Scottish Housing Regulator	<p>SHR regulates all social landlords in Scotland. SHR aims to protect the interests of tenants, as well as people who face homelessness or who have bought their house from a council or housing association.</p>
Scrutiny response	<ol style="list-style-type: none"> 1. Little or no scrutiny activity. 2. Scrutiny to establish/measure performance – where there is an uncertainty/lack of available information on a council's level of performance or compliance. 3. Scrutiny to diagnose causes of performance failure and achieve improvement where there is sufficient evidence to suggest that performance is not satisfactory. 4. Improvement intervention. 5. Sanctions.

Shared risk assessment (SRA)	A joint approach using key information about local government to plan scrutiny activity that is proportionate and based on risk.
Social Work Inspection Agency	SWIA inspections extend to all duties and functions of local authorities and other bodies under the Social Work (Scotland) Act 1968 and related legislation. Some services are inspected by another regulator, such as the Care Commission.
Strategic level scrutiny	Scrutiny activity that takes place at a corporate or whole service level, ie for a council as a whole or for a service such as education or adoption and fostering.
Unit level inspection	The inspection of individual units of service such as a residential care home, day care centre or school.

Local Government Scrutiny

Joint Code of Practice

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