

# **The Moray Council**

## **Assurance and Improvement Plan**

### **Update 2013–16**

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# Introduction

1. The first Assurance and Improvement Plan (AIP) for Moray Council was published in July 2010. That document set out the planned scrutiny activity for the council for the period April 2010 to March 2013 based on a Shared Risk Assessment (SRA) undertaken by a local area network (LAN) made up of representatives of all of the main local government audit and inspection agencies. The aim of the SRA process is to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response over a three year period. The local area network met again in November 2010 and in November 2012 to update the AIP. The AIP Update was published in May 2012 covering the period 2012-15.
2. This update is the result of the SRA which began in October 2012. The update process drew on evidence from a number of sources, including:
  - The annual report to the Controller of Audit and elected members for 2011/12 from the council's appointed external auditors.
  - The council's own performance data and self-evaluation evidence.
  - Evidence gathered from Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (including published inspection reports and other supporting evidence).
3. A timetable for proposed audit and inspection activity between April 2013 and March 2016 which reflects the revised and updated scrutiny risk assessment is at Appendix 1.
4. Following feedback about the clarity of the SRA process we have amended our criteria to make it clearer what we mean. Our assessment criteria descriptions used last year have changed from 'significant concerns' to 'scrutiny required'; 'no significant concerns' to 'no scrutiny required'; and 'uncertainty' to 'further information required'.

# Summary

5. As part of its modernisation programme, the Moray Council reviewed its structure and since April 2011 the council's services and functions have been provided by four departments; Chief Executive's, Corporate Services, Environmental Services and, Education and Social Care. Since the publication of the last AIP, the previous chief executive has retired and in October 2012 the acting chief executive was appointed on a substantive basis to the post of chief executive.
6. The AIP for 2012-15 commented that there were some indications the revised structure had allowed the council to review and refine its vision and sense of direction against a set of strategic objectives which took account of key national and local priorities. Overall the LAN considered that the council had the capacity to move forward and make improvements in line with its objectives. However, some uncertainties and concerns still existed around political leadership and how improvement plans were turned into demonstrable improvements. As a consequence some focused Best Value scrutiny was planned during 2012/13 to assess the council's progress in advancing its modernisation and improvement agenda.
7. This Best Value activity took place in November 2012. The detailed findings were reported to the council by Audit Scotland in March 2013. The findings were largely positive. Whilst there are still areas requiring improvement, for example in respect of the governance arrangements to underpin partnership working and the need for a more consolidated approach to strategic planning and prioritisation, there were some encouraging signs of progress. In particular, the council showed good self-awareness, there was improved scrutiny and challenge by elected members and there was a determination to press ahead with further improvement activity.
8. Previous AIPs have noted that council services generally perform to a good or acceptable level and that where performance has been less good this has been managed. Overall, this remains the case and based on the performance of the council's education, social work, housing and corporate services, the LAN has concluded that no specific additional scrutiny of these services is required in 2013/14.
9. Whilst there is no room for complacency, the LAN concluded that the council has demonstrated an awareness of where it needs to improve and a willingness to do so.

# National risks

10. Local councils are operating within a context of significant change as a result of the challenging financial environment and the public service reform agenda, including the review of community planning, health and social care integration, police and fire reform, college regionalisation, and welfare reform. The Local Government Scrutiny Co-ordination Strategic Group is currently considering how audit and inspection arrangements should collectively respond to these significant strategic developments, recognising the increasing importance of partnerships, place and outcomes for Scotland's public services.
11. A number of core National Risk Priorities are applied to all 32 councils. These are:  
**The protection and welfare of vulnerable people (children and adults) including access to opportunities.**
12. At the request of Scottish ministers, the Care Inspectorate is developing a model of joint inspection of children's services in Community Planning Partnership (CPP) areas in Scotland, in co-operation with other scrutiny bodies (Education Scotland, Healthcare Improvement Scotland and HMICS). These inspections will focus on how well local public bodies (councils, the NHS, police, etc.) are working together to deliver effective outcomes for children and young people. Development work involving Angus Council took place in April/May 2012. These joint inspections, which will report publicly, began in the autumn 2012.
13. In addition, the Care Inspectorate is working in co-operation with Healthcare Improvement Scotland to develop an approach to inspecting services providing care and health for adults drawing on its experience of implementing joint inspections of child protection and children's services. Development work involving a number of local authorities is underway and will continue into the early part of 2013. Following this, the Care Inspectorate will implement a programme of these inspections. The joint inspection of Care and Health for Adults in Moray will take place in September - October 2013.
14. Subject to ministerial approval, the Care Inspectorate, in partnership with the Association of Directors of Social Work (ADSW) and the Risk Management Authority (RMA) will undertake supported self-evaluation across the 32 local authority criminal justice social work services during the latter part of 2013. This will look at the impact of the Level of Service Case Management Inventory (LSCMI), otherwise known as the national assessment and care planning instrument. This particular approach is one of a number of approaches the Care Inspectorate will use in its current and future scrutiny and improvement work in this area.
15. The SHR plans to carry out a thematic inspection into the outcomes that local authorities are achieving by delivering a Housing Options and Prevention of Homelessness approach. SHR will carry out this thematic inspection during the first half of 2013/14. This is likely to involve fieldwork visits to a small sample of local authorities. SHR is currently identifying potential fieldwork sites and will be contacting those councils that it would like to visit in early 2013.

**Assuring public money is being used properly:**

16. The annual audit of councils forms part of the baseline scrutiny of councils. This audit examines the financial management and controls in each council.
17. Accountability for the effective and appropriate use of funds is the primary concern of the Policy and Resources Committee while the Audit and Performance Review Committee provides scrutiny over the Council's governance and its performance towards achieving its strategic objectives. The Policy and Resources Committee comprises representatives from all service areas and elected members. Its remit is to regulate, manage and monitor the Council's finances and to maintain policies and practices for most business functions to ensure that resources are used effectively to meet the council's objectives. As well as overseeing internal and external audit activity, the Audit and Performance Review Committee provides scrutiny over the council's policies and its effectiveness in implementing its strategic objectives, such as those outlined in the corporate plan, community plans and single outcome agreement. There are no matters arising from external audit work, which suggests that additional scrutiny in this area is required. The council's appointed external auditors will continue to monitor progress in this area as part of the annual audit programme.

**How councils are responding to the challenging financial environment:**

18. Recognising the significance of the uncertain financial context within which councils operate, Audit Scotland produced Scotland's Public Finances: Addressing the Challenges in August 2011. Follow up work around the issues raised in the report will be undertaken in each council during 2013/14 to provide the Accounts Commission and the Auditor General for Scotland with evidence on the progress that public bodies are making in developing a strategic response to these long-term financial challenges. In addition, a specific piece of work on Reshaping Scotland's public sector workforce will be undertaken in 2013/14.
19. The council has acknowledged the financial challenges which exist in its 2012/13 revenue budgets and in medium financial plans covering 2013 to 2015. The council's Annual Efficiency Statement showed that in 2011/12, £4.48 million of recurring savings were achieved. This falls short of the Scottish Government's 3 per cent savings target for 2011/12. While the council is actively monitoring its performance against these targets, the challenge of meeting efficiency targets will become increasingly difficult as 'quick wins' have already been achieved.
20. The council has acknowledged that it will require £30 million savings over the next four financial years. The council has been currently undertaking a public consultation on how these savings should be implemented. Work by the Administration and senior officers has been undertaken to review how the council can achieve the required savings. The council's appointed external auditors will continue to monitor progress in this area as part of the annual audit programme.
21. At the request of Scottish ministers, Audit Scotland has piloted an approach to auditing Community Planning Partnerships (CPP) and the delivery of local outcomes. The CPP audit model was tested during 2012/13 in three council areas (Aberdeen City, North Ayrshire and

Scottish Borders). Following evaluation of the approach in early 2013, a number of CPPs will be audited during the second half of 2013/14. Audit Scotland will be contacting any likely audit sites in spring 2013.

22. The EHRC has commissioned a piece of work to assess the extent to which Scottish public authorities have complied with the specific duties of section 149 of the Equality Act 2010 during 2013. Analysis of public authorities compliance with the duty to publish equality outcomes and employment information will be available later in 2013. The results of this activity will be reflected in future Shared Risk Assessment work.
23. The LAN is committed to maintaining its engagement with the council between now and the next SRA cycle 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 that remain 'no scrutiny required'

24. This update focuses predominantly on those areas assessed as 'scrutiny required' and 'further information required'. 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 requiring no scrutiny which continue to be so. The LAN identified no scrutiny is required in the following areas:

Area	Update
Education	<p>The council has continued to improve its performance across education services. There has been an improvement in young people's levels of attainment and achievement across almost all measures over the period 2008 to 2012. Recent inspection reports in early years, primary and secondary schools within the council continue to be positive.</p> <p>In the last few months, there has been a significant restructuring of roles within the Education and Social Care management team. The impact of these changes on the council's capacity to provide strategic support and challenge to education services at a time of significant change will need to be monitored. This will be done by Education Scotland's continued engagement with the council through the Area Lead Officer link</p>
Social Work	<p>During 2012/13, the Care Inspectorate has been monitoring the social work services' progress in implementing the six recommendations made in the ISLA scrutiny report published in July 2011. We found most agreed actions had been completed and evidence provided as confirmation</p>
Housing	<p>The council are on track to meet the SHQS by 2015. They have surveyed around 80% of their stock and appear to have robust stock quality information. They are using ongoing surveys to</p>



Areas that remain 'no scrutiny required'

Area	Update
	update this information and there are no concerns about their ability to fund their investment programme
Environmental services	<p>Performance is positive for the cleanliness index, active travel to school, flood prevention and management indicators and roads and lighting indicators. However, there is very poor performance observed for CO2 emissions and municipal waste arisings.</p> <p>The long term trend is improving for all waste management indicators and half are improving in the latest results. 'LA Carbon Dioxide emissions per capita' is improving but it is still ranked 31.</p> <p>Although worsening in the latest results % of road needing repairs is still rank 1.(SNS Local Indicators, downloaded 15/08/2012).</p> <p>Net cost of refuse disposal improved but rank 24.</p> <p>Moray Statutory Performance Indicators:</p> <p>In the latest results all indicators for development plans and building standards worsened. However half have improving long term trends.</p> <p>There are good results in road maintenance and emergency road repairs and inspections are improving.</p>
Vision and strategic direction	The council has refreshed its community plan and is aware that it needs to review how this is reflected through corporate and service plans.
Planning and resource alignment	The council is engaged in planning activities around the region's economic development with its Economic Development Strategy and the 'Elgin - City for the Future' study.
Community engagement	The council is undertaking community engagement through the budget consultation events to engage citizens in discussions around council priorities.
Governance and accountability (including public performance reporting)	The council's commitment to demonstrating good corporate governance is evidenced by the inclusion

## Areas that remain 'no scrutiny required'

Area	Update
	<p>of corporate governance as a workstream within the Moray Performs agenda. The council has approved and adopted a local code of corporate governance which reflects the principles of the CIPFA/SOLACE framework, 'Delivering Good Governance in Local Government', which is supported by a local code of management standards.</p>
Performance management	<p>Trading Subsidiaries - The council is currently reviewing its performance management arrangements to reflect the organisational restructure and because indicators weren't always outcome focused, SMART or included cost or equalities measures. The review is expected to conclude by the end of the 2012/13 financial year.</p> <p>Based on 2011/12 audit work performed and review of the procedures undertaken by the internal audit function, the council was able to demonstrate the basis for the SPIs reported.</p>
Use of resources - efficiency	<p>Designing Better Services, the council's programme to deliver £4.4 million of recurring efficiency savings by 2014 is now into its third implementation phase. Considerable progress has been made to date with Procurement, Transport and Plant projects now closed.</p>
Use of resources - competitiveness	<p>Three of the council's trading organisations made a surplus in 2011/12. However, all four Significant Trading Operations achieved the statutory breakeven over the three year period.</p> <p>Procurement Capability Assessment - The council improved its rating from non-conformance (19%) in 2009 to conformance (27%) in 2010. The council reviewed the findings of the 2010 PCA and agreed actions to enable it to meet its target of achieving a score of between 30% and 40% in the 2011 PCA.</p>

Areas that remain 'no scrutiny required'

Area	Update
	<p>Performance indicators - Performance indicators are reviewed by both internal and external audit enabling benchmarking of unit costs e.g. roads maintenance, property professional services and housing maintenance.</p>
Use of resources financial management	<p>The council achieved a surplus on the provision of services of £6.591 million in 2011/12. After required adjustments, the council increased its General Fund balance by £3.583 million to £21.1 million. In total the Council had useable reserves of £27.252 million at 31 March 2012.</p>
Use of resources - asset management	<p>Capital Investment - In early 2012, funding arrangements for the council's flood alleviation schemes was confirmed, enabling the Council to approve the annual capital plan 2012/13 of £52.6 million, of which £30.8 million related to flood alleviation schemes.</p> <p>The Policy and Resources Committee monitors the council's performance against the annual Capital Plan. Quarterly capital monitoring reports are produced, which provide the committee with a comparison of the actual capital spend against the approved budget. Reports include variance analysis and provide reasons where capital spend is over or under budget for all significant projects and include narrative concerning actions taken to address over-/underspends. Reports also include projections for the anticipated total spend for the year.</p>
Use of resources managing people	<p>The council has developed a Workforce Strategy and Plan for 2011 to support the council's modernisation programme and considerable resources have already been invested in developing policies and employment practices to support new ways of working.</p>
Use of resources - procurement	<p>There have been significant improvements in total cash savings achieved through procurement for all procurement projects. The procurement project as part of Designing Better Services has been</p>

Areas that remain 'no scrutiny required'

Area	Update
	completed
Sustainability	<p>Overall, performance is good for this outcome area. The cleanliness index is the second best in Scotland and neighbourhood perceptions are very positive.</p> <p>All schools are registered with the Eco-Schools Scotland initiative. Forty seven have achieved a bronze award or better with thirty four having a silver award. Eight schools have achieved the Green Flag award.</p>

# Areas that remain 'scrutiny or further information required'

25. The LAN identified no areas that were identified as scrutiny or further information is required in last year's SRA and which have remained so this year.

# Areas with changed assessments

26. The following table relates to assessments of scrutiny risk that have been changed from the 2012/13 update.

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
Housing (Homelessness)	Area of uncertainty	No scrutiny required	The council submitted a homelessness self-assessment to the Scottish Housing Regulator on 16 November. The council has met the 2012 homeless requirements to abolish non priority need assessments
Outcomes approach	Area of uncertainty	No scrutiny required	<p>The Best Value activity in November 2012 included a focus on outcomes, and as part of this, those local outcomes identified in previous AIPs which lacked supporting performance data to allow effective measurement.</p> <p>Since December 2011 the Community Planning Board has been reviewing community planning, including the partnership's local outcomes, the SOA and governance arrangements. A draft SOA for 2012-15 was presented to the Board in November 2012. The partnership has agreed six local outcomes.</p> <p>Based on the findings of the Best Value activity there is no further scrutiny required of the council's outcomes approach at the current time.</p> <p>However, the Best Value activity did find that the reporting arrangements on outcomes had been allowed to go into abeyance whilst the Community Planning Board undertook its review.</p>

## Areas with changed assessments

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
			The Best Value findings include the need for the Community Planning Partnership to re-instate proper reporting arrangements. The partnership's progress in implementing this finding will be considered as part of the 2013/14 annual audit and Shared Risk Assessment.
Leadership and culture	Significant concerns	No scrutiny required	The Best Value scrutiny in November 2012 found encouraging signs of progress in leadership at both the elected member and officer level. Progress will be monitored through the annual audit.
Partnership working and community leadership	No significant concerns	Area of uncertainty	<p>Whilst recognising that the council and the CPP have been in a period of transition, the Best Value activity found that some of the previous governance and reporting arrangements had been discontinued during the transition period.(eg the various Themed Groups which oversaw work around key outcomes had stopped meeting)</p> <p>The council and the CPP need to demonstrate that having reviewed and revised their partnership arrangements that these are now supported by robust and effective governance and reporting arrangements. In order to assess that this is the case, the LAN will consider some further scrutiny activity in Year 2 of this AIP</p>
Challenge and improvement	Area of uncertainty	No scrutiny required	The Best Value scrutiny in November 2012 found the council had made progress in continuous improvement activity. Progress will be monitored through the annual audit.
ICT	Area of	No scrutiny required	The council has updated its service

## Areas with changed assessments

Area	2012/13 Risk Assessment	2013/14 Risk Assessment	Reason for Change
	uncertainty		standards for ICT. It has also developed a gateway model in order to prioritise and manage ICT projects.  No weaknesses in relation to work performed over ICT, in the context of external audit were reported to the council in the interim management letter or annual report
Customer focus and responsiveness	Area of uncertainty	No scrutiny required	This was included as part of the Best Value scrutiny in November 2012. The council is aware that it needs to take further action in making its approach to customer focus more coherent. Progress will be monitored through the annual audit.
Equalities	Significant concerns	No scrutiny required	This was included as part of the Best Value scrutiny in November 2012. The council has made progress in this area, particularly in relation to elected member leadership of the agenda.
Risk management	Area of uncertainty	No scrutiny required	The annual audit report has confirmed that the council now has appropriately structured arrangements in place for risk management and reporting. Progress will be monitored through the annual audit.



# Scrutiny plans

27. In line with the last AIP, the council submitted a homelessness self-assessment to the Scottish Housing Regulator in November 2012. The SHR will take account of the self-assessment when determining the local authorities which will be visited as part of the thematic inspection of Housing Options and Prevention of Homelessness approach to be carried out in the first half of 2013/14 (see paragraph 12)
28. Also in line with the last AIP, Audit Scotland undertook some focused Best Value scrutiny work in Moray in November 2012. As indicated at paragraph 7, the findings of this scrutiny were largely positive and the detailed findings were reported to the council in the last quarter of 2012/13. Continued improvement in these areas will be monitored as part of the annual audit.
29. As indicated at paragraph 12, the Care Inspectorate and the SHR are currently developing arrangements for a number of national inspection and thematic inspections. These will take place during the period of this AIP refresh of 2013-16. The Moray Council (and partners) may be included in these scrutiny activities. In Moray, the Care Inspectorate will lead a joint inspection of Care and Health for Adults in 2013/14.
30. In addition, the following are of national work, at the request of Scottish ministers, has been included in the updated scrutiny plan for 2013/14:
  - Reshaping Scotland's public sector workforce (Audit Scotland): year 2013/14.

# Appendix 1

National scrutiny activity does not result from the shared risk assessment but is either at the request of the council eg supported self-evaluation work or national activity eg national follow-up work or work requested by ministers.

MORAY COUNCIL 2013-14													
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
Care Inspectorate joint inspection of Care & Health for Adults								X	X				
National or supported self evaluation work year 1													
Audit Scotland - Reshaping Scotland's public sector workforce	X												
Supported self-evaluation of the impact on quality of the newly introduced national assessment and care planning instrument (LSCMI) in local criminal justice social work services.							X	X	X				
Audit Scotland: Follow-up of Audit Scotland's national report "Scotland's Public Finances - addressing the challenges" (TBC)													

MORAY COUNCIL 2014-15													
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
Audit Scotland review activity on Partnership Working and							X						

MORAY COUNCIL		2014-15											
Community Leadership													
<b>National or supported self evaluation work year 2</b>													
Housing Benefit Work - Follow up (Audit Scotland)		X											

MORAY COUNCIL		2015-16											
Indicative scrutiny activity for rolling third year						Potential scrutiny bodies involved							
No local or national scrutiny work planned													

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 ongoing throughout the period of the AIP. This will include, for example, school and residential home inspections. Scrutiny bodies also reserve the right to make unannounced scrutiny visits. These will generally be made in relation to care services for vulnerable client groups. The annual audit of local government also comprises part of the baseline activity for all councils and this includes work necessary to complete the audit of housing benefit and council tax benefit arrangements. Education Scotland, through the Area Lead Officer, will continue to engage regularly with the council to provide appropriate support and challenge. The Care Inspectorate will continue to regulate care services and inspect social work services in accordance with their responsibilities under the Public Services Reform (Scotland) Act 2010.