

The Highland Council

Audit and Scrutiny Committee – 24th September 2014

Agenda Item	11
Report No	AS/23/14

Audit Scotland National Reports

Report by Head of Internal Audit & Risk Management

Summary

This report provides details of the most recent National Reports issued by Audit Scotland and the action taken within the Council to address the report findings.

1. Background

- 1.1 All National Reports issued by Audit Scotland are reported to the relevant strategic committee who should consider what action should be taken to address the report findings. Thereafter this is reported to the Audit and Scrutiny Committee who should satisfy themselves that the appropriate action is being taken by the strategic committee. In addition it should be noted that progress in addressing the National Reports by individual councils is monitored by Audit Scotland.

2. National Reports Issued

- 2.1 There are 5 recent reports which have been issued and considered by the appropriate strategic committee:
- An overview of local government in Scotland 2014 (*presented to the Highland Council on 08/05/14*)
 - Reshaping care for older people (*presented to the Education, Children and Adult Services Committee on 21/05/14*)
 - Review of Recovery of Benefits Subsidy in 2012/13 (*presented to the Resources Committee on 28/05/14*)
 - Options appraisal: are you getting it right? (*presented to the Resources Committee on 28/05/14*)
 - Self Directed Support (*presented to the Education, Children and Adult Services Committee on 28/08/14*)

The Committee minutes are provided in Section 3 below, and these contain links to the agenda report and the respective National Report for the first of the four reports listed above. With regard to the report on Self Directed Support (SDS), the National Report was included within a report on SDS issues for consideration by Members. Therefore, the relevant information extracted from the Committee report and the minute have been provided at Section 3.5.

3. Minutes of Meetings

- 3.1 [An overview of local government in Scotland 2014](#)

There had been circulated Report No. HC/1/14 dated 23 April 2014 by the Chief Executive which confirmed that each year Audit Scotland produced a report to provide an overview of Local Government in Scotland. In this regard, the report highlighted the main themes of the Audit Scotland report and suggested action points for Elected Members.

During a summary of the report, it was confirmed that in the current year the focus was on the need to maintain a good understanding of the rapidly changing economic, social and political context and the crucial role of Councillors. Continuing pressures on finances and services were identified as the main challenges for Local Government in 2014 and those highlighted included a growing population, the impact of welfare reform, economic pressures, implementing national and local priorities and local pressures.

In addition, Audit Scotland had considered how Local Government was responding, and needed to respond, to the following three areas which had been detailed within their report - Understanding the Changing Context and the crucial role of Councillors, Meeting User Demands and the Financial Challenges and Providing Strong Leadership and Governance to support change.

During discussion, Members raised the following issues:-

- there was a need for all Members to read this document if they had not already done so in order to fully understand what was currently happening in the wider landscape of the public sector in Scotland and to appreciate what was currently being done and what still needed to be done over the coming years;
- in regard to the gap in the Revenue Budget, it was vital that all Members understood the challenges which would be faced in maintaining fixed assets, such as roads;
- the changing demographics in Scotland would have a significant effect on the demand for services in the future, most particularly in terms of social care, additional support needs and housing;
- the effect of welfare reform on the services which the Council had to provide could not be underestimated;
- the Housing Bill, the Procurement Reform Bill and the Community Engagement and Empowerment Bill would all have an effect on Council services in future and this had to be recognised;
- it was imperative that the Council continued to fully engage with community planning partners, particularly in terms of delivery of the Single Outcome Agreement;
- the adoption of the Administration/Opposition model of scrutiny by the Council had worked well and had delivered both effective leadership and robust scrutiny;
- in terms of the action points for Elected Members, there was a need for all Members to be proactive in addressing their own personal checklists but it was also imperative that the whole Council worked together when required;
- it was very important that all Members completed Personal Development Plans to ensure that their future training and development requirements were understood and delivered through the Member Development

Programme and

- in this regard it was suggested that training undertaken by Members and the reasons for non-attendance should perhaps be published on the Council Website;
- in terms of demands and financial challenges, and specifically one of Audit Scotland's key points that Members required good information to support decision making, reference was made to an earlier discussion in the meeting whereby it had been stated that the Chair of a Committee had not been aware of or consulted on a change to funding previously agreed by the Council. In this regard, it was stressed that it was vital that Members received appropriate information through the Council and Committee meeting process to enable proper scrutiny to be undertaken at all times;
- there was a need to compare performance against other Councils wherever possible and to make this information available to Members; and
- consideration should be given to reinstating the Budget Information Group which would allow budget information to be made available more widely to Members.

Decision

Having considered the Audit Scotland report, including the actions and challenges, the Council **NOTED** the response.

The Council also **AGREED** that the action points should be used for self-assessment as part of personal development planning and to highlight priorities for Officers.

3.2 **Reshaping care for older people**

There had been circulated Report No ECA/02/14 dated 12 May 2014 by the Director of Care and Learning which introduced the Audit Scotland Report, "Reshaping Care for Older People (2014)" and a presentation by NHS Highland on the draft Change and Improvement Plan (CIP).

The Director of Care and Learning explained that the Committee had been at the forefront of addressing the challenges that required care for older people to be reshaped and had taken the necessary action to give Highland the best possible platform to meet needs in the years to come. The Scottish Government had been supportive of the work undertaken and had encouraged other local authorities to do the same. The key messages in the Audit Scotland report were summarised. In particular, it stated that NHS Boards, Councils and their partners must plan more effectively and better understand the needs of older people and the costs associated with providing services. The CIP therefore had to be an effective management tool that made links between costs, resources and outcomes and had tangible and timely actions that drove forward strategic planning to meet health and care needs for the people of Highland in the future. It highlighted the need to focus on the enhancement of community based and preventative services to delay and prevent the need for reactive or institutional services.

This meant radical change and the Council and NHS Highland had committed to that change by establishing single governance, single

management and a single budget. Both agencies had also committed to new investment. Combined, this created the foundation for better joined up processes and services. Whilst it could not be expected that transformational change would be achieved in the short term, it was necessary to have early indicators and milestones to confirm that matters were on track and to be able to manage, monitor and evaluate progress.

The Director of Adult Care, NHS Highland, then undertook a presentation during which it was explained that the CIP was a high level planning tool that covered all adult services, including reshaping care for older people. The CIP formed part three of the Strategic Commissioning Plan, a requirement of the Scottish Government, and would inform district operational plans. The first part of the document summarised the local and national policy context and the outcomes to be achieved across services for adults as set out in the Highland Joint Community Care Plan 2010/13.

The CIP set out the expectations over the next three years of the Partnership Agreement and sought to capture the links between the resources being put in to create services and the impact on outcomes. It also referred to the performance framework, which was integral in terms of scrutiny and assurance, and the finance and demand it was necessary to consider. In that regard, a Resourcing and Commissioning Group had been established, led by the Council and NHS Highland's Directors of Finance, which would help to plot investment and manage demand and risks as they occurred, both at a district level and strategically.

The activity within the CIP could be broken down in to three main areas, namely, Implementation of Strategy; Management and Governance; and New Models of Care; and a summary of each was provided. She explained that she had been specifically tasked by the Chief Executive of NHS Highland with developing the detail, including driving change locally, and operational plans would be firmed up on the basis of feedback from Members and officers. The importance of Members' support and influence, not just at Council Committees but at District Partnerships, was emphasised. It was also necessary to remember that District Partnerships were at different stages in their development.

In conclusion, there were many accounts of staff and local managers grasping opportunities and driving changes in models and better use of facilities. These would continue to be gathered throughout Highland and the information would add to the performance indicators, which would be continually reviewed to ensure they provided the necessary evidence and performance management information. Altogether, this would demonstrate that the partnership was achieving the vision set out in 2010.

During discussion, the following comments were made:-

- the challenge and complexity of shifting the balance of care could not be underestimated. Whilst there were many accounts of positive change, there was a lot of work to be done and Members looked forward to seeing the aspirations in the report being put in to practice;
- the CIP was a hugely important document and, in its present form, there was a lack of urgency and this was not what had been anticipated.

Reference was made to discussions regarding the budget quantum at the full Council when it had been indicated that the CIP would provide detailed evidence and disappointment was expressed that this was not included;

- page 20 – an update was requested on the activity scheduled to take place by April 2014 as much of it appeared not to have taken place;
- page 22 – although reference was made to supporting the Independent Sector to grow, there was no mention of what would happen if that did not work. Rural areas might not have much Independent Sector provision and it was suggested that urgency and innovation were required now in terms of growing community based solutions. With regard to the financial implications, more clarity was required in terms of need and the resources necessary to achieve the desired outcomes;
- page 24 – reference was made to improving efficiency with reduced length of stay and increased age of admission. However, clarity was required as to how it was expected that would be achieved;
- page 25 – reference was made to a financial saving by reducing the use of locums. However, there was no information on how this would be achieved and whether it would impact on local services;
- page 26 – in relation to establishing a single point of access, the CIP indicated that the timeline and recruitment had been agreed but there was insufficient information on roles and costs. With regard to the financial implications, it was necessary to know how much resources were being put in to demonstrate whether there was a saving in three years;
- page 27 – in relation to enhancing the review team to conclude work as quickly as possible, further information was sought on the financial implications;
- page 28 – in relation to improving admission and discharge planning, further information was sought on the current costs;
- page 29 – reference was made to transport proposals and solutions. It was hoped that discussions were taking place with the Council and other groups in this regard and information was sought on whether there was a shared workplan;
- page 31 – in relation to the proposal to increase day care charges by 2% in three consecutive years, concern was expressed that this would not be affordable and information was sought on whether discussions had taken place with local communities and stakeholders with a view to starting to deliver services at a community level;
- page 34 – in relation to the continued focus on the preventative outcomes defined in the partnership agreement, further information was required on the financial implications. While integration with Housing was welcomed, adaptations were an issue and a greater sense of urgency was required in terms of encouraging innovation at a local level;
- page 35 – in relation to the effective transitioning of young people into Adult Services, the financial information was welcomed and this was sought throughout the plan;
- the CIP was a joint vision to benefit Highland communities and constituents and the opportunity to shape it was welcomed. Information was sought on where,
- when today's comments had been incorporated, Members would have

- another opportunity to consider it;
- it was essential that the CIP was not signed off until both partner agencies were content with it and information was sought on the process for approval by NHS Highland;
- integration was a way of providing operational management but good planning and delivery were required to shift the balance of care. It was suggested that this had been lacking and a change in focus was required;
- the Audit Scotland report was welcomed and it was helpful to see some of the issues articulated;
- the additional money allocated by the Council to fund the budget deficit in Adult Services would compromise what services the Council could deliver and it was therefore vital, in the CIP, to show the links between inputs, outputs and outcomes. It was hoped that the Resourcing Commissioning Group would facilitate that and an update on progress was sought at an early stage;
- the changing demographics of Highland was the biggest issue facing both partner agencies and Member involvement, on a planned and monitored basis, was vital;
- Service Plans, such as For Highland's Children 4 or the former Joint Community Care Plan, had people centred outcomes and these were lacking in the CIP;
- shifting the balance of care would not happen until communities were supported to take ownership of their older people and get involved in delivering services. This was starting to happen in places and it was essential to acknowledge the significance and encourage it at a strategic level;
- reference was made to comments and questions raised at the Council's Adult Services Development and Scrutiny Sub-Committee and concern was expressed that these appeared not to have been taken into account in the CIP. The Sub-Committee was building up knowledge of Adult Services and it was suggested that it should be involved in detailed discussions regarding the draft CIP;
- a seminar on spreading the good practice happening in communities was sought in early course;
- it was essential to move money out of acute services and in to communities;
- the Council should consider a mid-term review of the Partnership Agreement;
- it was essential that both the Council and NHS Highland strove to ensure that every older person was a valued member of society and that their care needs were met;
- the recommendation in the Audit Scotland report in relation to the production of integrated workforce plans to ensure staff with the right skills and experience were in place to deliver the care needed in each local area was welcomed;
- in relation to the Audit Scotland recommendation regarding monitoring and spreading successful projects, innovative thinking was required and it was necessary to involve the Third Sector and stakeholders;
- in the past, services had been reactive and there was now a shift from responding to crisis to empowering people to be more aware of how to

- look after themselves and remain independent as long as possible;
- reshaping care was about shifting the location of care from institutions to communities and this was embedded as a principle in the CIP. It was necessary to draw that out and evidence, through inputs, outputs and measurable outcomes, that it was being achieved;
- it was necessary to show how services could be sustainable;
- combining the budget for hospital and community based services would allow greater focus on meeting outcomes by determining where best to spend money;
- although the CIP did provide some timescales, more defined dates and targets were sought;
- as some of the concerns raised would be addressed in the District Operational Plans it would be helpful to have sight of them;
- Members, particularly District Partnership Chairs, would have to justify the CIP and an improvement in the relationship between inputs, outputs and actions was sought;
- producing a strategic plan for such significant change was a complex and evolving process;
- if the aim was to enable people to live independently in their own homes for longer, it was essential to provide adequate care and repair and handyperson services;
- housing was a key factor and it was necessary, in development planning, to consider what was required for the future;
- the biggest challenge was the cultural change from people being provided with services by organisations to having their needs met in a way that suited them. It was important that local communities understood this change and it was suggested that people in caring role could play a part in communicating that message;
- it would be helpful to have presentations on good practice projects at Committee so that Members understood what was happening in other areas;
- concern was expressed regarding the cost of locum doctors being brought in at weekends in rural areas;
- organisations such as Lochaber Care and Repair had seen a significant increase in the number of calls received but their budgets remained the same. These groups were vital in terms of enabling people to return to their own home and it was essential they were properly funded;
- in relation to small scale initiatives, it was vital that groups were given confidence in their future and, if necessary, support to develop their skills and evidence their work so they could continue to make a difference to people's lives; and
- people would not recover if they were distressed and the most important thing was what was right for the individual.

The Chairman emphasised that the CIP was a draft document and would return to the Committee, and possibly the full Council, for further debate. In the meantime, it was suggested that he and the Vice Chair meet with Independent Group Members with a view to reaching a consensus on some of the issues raised. In addition, the CIP also had to go through NHS Highland's governance structure.

The Depute Leader, the Council's representative on the NHS Highland Board, emphasised the importance of Members using all routes of communication available to them. District Partnerships had been established to consider local issues and solutions and it was essential that Members felt comfortable raising issues there and with local NHS managers. Milestones were vital in terms of monitoring progress and the comments made regarding areas for improvement were helpful. In relation to shifting the balance of care, he assured Members that there was a sense of urgency. Reablement was a key issue and it was essential to make the links between investment and outcomes.

Thereafter, the Chief Executive and Director of Adult Care, NHS Highland, having responded to the issues raised and confirmed that they were happy to meet with Members to discuss them in more detail, the Committee:-

- I. **NOTED** the issues raised in the report and the Change and Improvement Plan, which would require to be considered and agreed by NHS Highland; and
- II. **AGREED** that the Chair and Vice Chair of the Committee meet with Independent Group Members to discuss the Change and Improvement Plan.

3.3 Review of Recovery of Benefits Subsidy in 2012/13

There was circulated Report No. RES/08/14 by the Director of Finance which advised of an independent Report into the subsidy claims of Scottish Councils and spending in areas not fully funded by the Department for Work and Pensions, and provided a useful insight into subsidy losses funded from each Council's budget. The Report Summary identified areas of good practice, which had been reviewed by the Council and would continue to be the subject of improvement actions.

It was noted that there were subsidy losses of £1.6m for 2012/13 for the Highland Council and information was sought on how to improve this area of work. It was advised that performance in this area would be looked at, with a report back to Committee in due course.

During discussion, Members acknowledged that benefit administration was extremely complex, particularly in relation to overpayment administration. In addition, the letters issued seeking repayment, particularly if it had not been their fault, could be extremely stressful. Therefore, a request was made to review the letters issued to clients seeking recovery of overpayment of benefits and the Director of Finance provided an assurance to do this.

The Committee **NOTED** the useful information that was contained in the paper by Audit Scotland, and **AGREED** to endorse the actions that were being taken by officers in accordance with best practice.

3.4 Options appraisal: are you getting it right?

There was circulated Report No. RES/09/14 by the Director of Finance which referred to the publication of a recent Audit Scotland national report and considered the main points arising from this review and the extent to which the Highland Council followed best practice. The report set out some examples of options appraisals performed by the Council, including the role

of Members in this process, and some points for action.

Reference was made to the current budget consultation. Issues arising from this would require options appraisals, which would take time, and consequently timescales would be tight. Concern was expressed that some Members would not have sufficient time to scrutinise budget proposals before they were presented to Committee and it was requested that consideration should be given to reinstating the Budget Working Group. However, the Chairman confirmed that the spokesperson of each of the Political Groups of the Council would receive regular feedback on issues arising from the budget consultation.

The Committee **NOTED**:-

- I. the Audit Scotland report together with the response and the points for action; and
- II. the “Questions for Councillors” at Appendix 2 to the Audit Scotland report which would assist in the scrutiny of future options appraisal exercises.

3.5 Self Directed Support

A report was provided to Committee which set out the critical issues that need to be considered by the Council as implementation of Self Directed Support progresses in children’s social care services in partnership with NHS Highland. Within this, reference was made to the Audit Scotland report as follows:

Audit Scotland has produced the Guidance document which can be found in the link below. This gives a clear indication of the amount of work still to be done, despite Highland Council having been one of the national pathfinder sites.

http://www.audit-scotland.gov.uk/docs/central/2014/nr_140612_self_directed_support.pdf.

Some of the key recommendations of the Audit Scotland report are covered in this report. Subsequent reports to Committee will inform on progress on the remaining Audit Scotland recommendations, as below.

- The Council is required to plan how we will allocate money to pay for support for everyone who is eligible as demand for services increases. Our scoping exercises to date included current service users with projections underway based on current Direct Payments combined with monitoring all newly approved Self Directed Support Packages.
- Monitoring of the impact of SDS will require action plans for how and when to stop spending on existing services if too few people choose to use them, and plans to develop and invest in new forms of support for people with social care needs. This will require any decisions on when to change or close a service to be based on an appraisal of all the options, taking into account the impact on current users.
- We will be developing short and long-term financial plans for SDS to monitor progress, identify variations between the progress and the plans, spot trends and be ready to make potentially difficult decisions.
- We are looking at mechanisms to assess and report on the short and long-term risks and benefits of the way we have chosen to allocate

money to support individuals through monitoring and reporting on budgets and spending on social care services.

- We may be required to take action to lessen the risks of overspending, which might mean that they are unable to provide support for everyone who needs it. This will be particularly challenging as we consider ways to roll out SDS beyond Children with disabilities and consider relevant budgets.

Audit Scotland estimate that it is likely to take at least three years to establish the necessary culture for full implementation which includes:

- Having a clear, shared vision across the whole service
- Having clear plan and effective arrangements for managing the risks to successfully implementing SDS
- Giving managers and front-line staff opportunities to examine their procedures and contribute to changes
- Developing ways of assessing the impact of changes
- Monitoring the risks regularly, and keep councillors and senior managers informed of progress.
- Ensuring leadership from councillors, managers, team leaders and frontline staff

The Committee minutes state the following:

There had been circulated Report No ECAS/34/14 dated 15 August 2014 by the Director of Care and Learning which set out the critical issues that needed to be considered by the Council as implementation of Self Directed Support (SDS) progressed in children's social care services in partnership with NHS Highland. The For Highland's Children 4 Improvement Plan had been appended to the report.

It was explained that the Council, in partnership with NHS Highland, was now well in to the implementation phase of actions to embed SDS in service delivery. In addition to the Implementation Group, which had been operating for two years, there was a Children's Services Screening Panel which would agree levels of allocation or resource for all children with disabilities and their families where there was eligibility for social care funding resource, including those where the needs and costs were exceptional. This would provide an opportunity to benchmark and achieve equity throughout Highland. The report went on to provide detailed information on a number of issues including the Resource Allocation System; future management arrangements; the reconfiguring of budgets; enhancing choice and flexibility; workforce and culture change; and the national monitoring and evaluation strategy.

During discussion, Members referred to the guidance being provided to District Managers on their responsibilities in respect of the management of District SDS budgets and it was suggested it would be helpful if information on these budgets was reported to District Partnerships. In addition, concern was expressed that money used for SDS was not to the detriment of mainstream services.

Thereafter, the Committee:-

- i. **NOTED** the issues raised in the report;
- ii. **AGREED** to seek further reports as these various activities are taken forward; and
- iii. **AGREED** that information on the management of District Self Directed Support budgets be reported to District Partnerships.

4. Implications

- 4.1 There are no resource, legal, equalities, climate change/ carbon clever, risk, Gaelic or rural implications arising from this report. However, the individual National Reports may have implications and details of these are provided within the respective agenda reports.

Recommendation

Members are invited to consider the action being taken by the respective Committees to address Audit Scotland's National Reports and whether this provides sufficient assurance that appropriate action has been taken to address the report findings.

Designation: Head of Internal Audit & Risk Management

Date: 8th September 2014

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Background Papers: