

Agenda Item	15
Report No	HC/30/17

HIGHLAND COUNCIL

Committee: The Highland Council

Date: 7 September 2017

Report Title: **Highland Council, Local Scrutiny Plan 2017/18**

Report By: The Chief Executive

1. Purpose/Executive Summary

- 1.1 The annual Local Scrutiny Plan (LSP) 2017/18 for Highland Council has been produced by the Local Area Network (LAN). The plan produced by the LAN is based on a shared risk assessment undertaken by representatives of all the scrutiny bodies who engage with the council. The LSP shows no additional scrutiny is required of the Council during 2017/18.

2. Recommendations

2.1 Members are asked to note:

- I. The Local Scrutiny Plan (LSP) attached at Appendix 1 which highlights that no additional scrutiny of the Council is required for 2017/18.
- II. The positive comments made about the Council's approach to Council redesign, use of scrutiny activity as a driver to help improve services and a renewed drive for quality improvement in Education
- III. The areas where monitoring is planned as outlined in paragraph 4.2.
- IV. The areas of scheduled audit and inspection activity identified contributing to national audit reports outlined at 4.4 below.

3. Introduction

3.1 Audit Scotland coordinates a Local Scrutiny Plan (LSP) for every council in Scotland. The plan is based on a shared risk assessment undertaken by a local area network (LAN), comprising representatives of scrutiny bodies who engage with the council. Last year a more streamlined approach was introduced which focused on key areas of audit, inspection and regulatory interest. These changes continue to provide a better targeted and more user friendly risk assessment process. The LAN has also moved from a three year Assurance and Improvement Plan to a one year LSP.

3.2 The six scrutiny bodies involved are: Audit Scotland; Education Scotland; the Care Inspectorate; Her Majesty's Inspectorate of Constabulary for Scotland; Her Majesty's Fire Service Inspectorate and the Scottish Housing Regulator (SHR). They draw on evidence from:

- the annual report to the Controller of Audit and elected members;
- Single Outcome Agreement and associated development plan (being replaced by Highland Outcome Improvement Plan (HOIP));
- Council performance data and self-evaluation evidence;
- SOLACE/Improvement Service, Local Government Benchmarking Framework
- Evidence from the external scrutiny bodies and their work in Highland.

3.3 The principles that underpin the Council's values include that we will be fair, open and accountable. This means we will measure our performance, report on it publicly and listen to our communities, to ensure we are delivering services that provide Best Value for Council Taxpayers. This audit report, as part of our performance management and performance reporting arrangements, contributes to achieving our values, particularly those of improving, being open and listening.

4. The Local Scrutiny Plan – assessment of risk and consequential scrutiny activity

4.1 The shared risk assessment process draws on a range of evidence with the aim of determining any scrutiny activity required of the Council in terms of it achieving its strategic priorities and demonstrating good corporate performance. It also takes into account any scrutiny needs arising from risks identified at the national level. The LSP 2017/18 for Highland Council is attached as appendix 1 of this report. All 32 local authority LSPs were published by Audit Scotland on 31 May 2017 along with the national scrutiny plan. The Highland plan identifies no areas where additional scrutiny is required; the same assessment has been received since 2010 when the process was introduced.

4.2 While no further scrutiny is required, the LSP identifies areas of challenge and improvement which require on-going monitoring by the relevant scrutiny body. These relate to:

- Education (delivery of education): mixed outcomes from school inspections and in performance in relation to the attainment gap between the most and least deprived young people;
- Education (central support): impact of a reduction in central staff to support schools;
- Housing: addressing performance indicators in the bottom quartile; The Scottish Housing Regulator is satisfied with the Council's initial response to addressing the performance indicators and an updated action plan will be submitted to the Regulator by 31 August 2017 to

report on progress.

- Financial management and sustainability in relation to the identified funding gap, decisions around achieving saving targets and the current level of Council balances;
- Local government elections 2017 and the need to plan well to provide support and training to new Members;
- Importance of robust and effective governance and scrutiny as the Council faces increasing challenges, including delivery against the priorities of the new Council.

4.3 Positively the LSP notes that:

- There is evidence that the Council uses scrutiny activity as a driver to help improve services;
- Members are playing a key role in the redesign of Highland Council;
- Renewed drive for quality improvement in Education.

4.4 Planned external scrutiny:

A scrutiny plan is part of the LSP and in paragraphs 5-13 and appendix 1 of the LSP the following areas of scheduled audit and inspection activity have been identified where the Council may be asked to contribute to national audit reports or where this is confirmed:

- Local Best Value audit work on Council arrangements to demonstrate Best Value in financial and Service planning, financial and resource management;
- Audit Scotland performance audit work of Arm's Length External Organisations (ALEOs), city deals, children's mental health and social care integration. Engagement with the Council on High Life Highland as part of ALEOs audit has been confirmed autumn 2017;
- Care Inspectorate, thematic activity in areas of adult support and protection and self-directed support – possible involvement;
- Education – ongoing inspections across establishments and sectors;
- Local Fire & Rescue (including scrutiny & engagement) (June-August 2017);
- Scottish Housing Regulator (SHR) thematic inquiries – possible involvement in data accuracy visits, to be confirmed
- SHR – engagement on tenant satisfaction, complaints handling and tenancy sustainment for non-statutory homeless confirmed during 2017/18.

5. The usefulness of the LSP

5.1 The LSP seeks to demonstrate that external scrutiny is becoming streamlined, risk based, proportionate and that it avoids duplication. External scrutiny should reduce overall as internal scrutiny and self-evaluation improves.

5.2 While the LSP shows limited scheduled external scrutiny, the full range of external audit and inspection activity includes inspections of schools and care establishments and activity from other regulators, notably the Equality and Human Rights Commission and SEPA.

6. Implications

6.1 Resource – Reducing external scrutiny requires better internal scrutiny and there are costs associated with new review such as LEAN in terms of training, materials and staff time. These costs are absorbed into current budgets.

Legal – External scrutiny operates within a legal framework which places duties on the Council. Legal issues could arise with non-compliance with these duties, but as the LSP does not identify any additional scrutiny, there are no legal implications in considering the actions resulting from this report.

Community (Equality, Poverty and Rural) – Audit Scotland through the LSP will continue to monitor if the council is providing effective leadership of equalities and is meeting its statutory obligations. A set of equalities outcomes have been published through reporting as part of the Council's compliance and these support building equality into all areas of council work. The LSP takes account of the Council Programme and there are a number of commitments which support rural communities and ameliorating poverty including commitment around welfare reform, strengthening local democracy, connectivity, fairer fuel and energy and community transport. The annual performance report covers a number of relevant key actions and measures relating to these commitments which are also considered by the LAN.

Climate Change/Carbon Clever – SEPA now regulates the Council's progress with the carbon reduction commitment. It is noted above that SEPA is not part of the shared risk assessment process which produces the LSP.

Risk – The LSP identifies no additional scrutiny required of the Council.

Gaelic – The LSP takes account of council performance data and this includes progress on delivering the Council Programme. The Programme contains a commitment to 'work with all our partners and across all communities to develop Gaelic as a regional asset, sharing our experience, skills and resources to continue implementing and building on the Gaelic Language Plan'.

Designation: Chief Executive

Date: 15 August 2017

Author: Evelyn Johnston, Corporate Audit & Performance Manager

Background Papers: Highland Council, Local Scrutiny Plan 2017/18

Glossary

ADP – Alcohol & Drug Partnership

ALEO – Arm's Length External Organisation

BVAR – Best Value Assurance Report (an external audit assessment of the Council)

HOIP – Highland Outcome Improvement Plan (Community Planning)

LAN – Local Area Network (of external auditors and regulators)

LEAN – process review & improvement method

LSP – Local Scrutiny Plan

SEPA – Scottish Environmental Protection Agency

SHR – Scottish Housing Regulator

The Highland Council

Local Scrutiny Plan

2017/18



Highland Council

Local Scrutiny Plan – April 2017 to March 2018

Introduction

1. This local scrutiny plan sets out the planned scrutiny activity in Highland Council during the financial year 2017/18. The plan is based on a shared risk assessment undertaken by a local area network (LAN), comprising representatives of all the scrutiny bodies who engage with the council. The shared risk assessment process draws on a range of evidence with the aim of determining any scrutiny activity required and focusing this in the most proportionate way.
2. This plan does not identify or address all risks in the council. It covers only those risk areas that the LAN has identified as requiring scrutiny, or where scrutiny is planned as part of a national programme. Planned scrutiny activity across all councils in Scotland informs the National Scrutiny Plan for 2017/18, which is available on the Audit Scotland website.

Scrutiny risks

3. There is evidence that Highland Council uses scrutiny activity as a driver to help it improve services. In particular, the LAN noted continued improvements in education and social care services, and ongoing positive dialogue with the council. Areas identified in prior year for the LAN included continued focus on governance and scrutiny; education; and use of resources including wider workforce planning and ongoing consideration of financial sustainability.
4. Highland Council has set out its plans to transform the council in *Highland First*, which it agreed and runs to 2017. Key priorities included a commitment to strengthening local democracy, and bringing democracy closer to communities. In addition, Elected Members are playing a key role in the redesign of Highland Council programme aiming to determine the future strategic shape and direction of the council. The redesign board consisted of 16 elected members and two Trade Union representatives. It has agreed clear statements of purpose; values; outcomes and what redesign means; identified all council functions and prioritised them for review; undertaken several peer reviews of services to identify different ways of delivering services; developed proposals to be recommended to the new council on localism, organisational development and operating more commercially to sustain services and jobs across the region. New arrangements for governance and council structures are to be developed for the new council. The council continues to work with community planning partners to progress the commitments in relation to the Community Empowerment Act. Since the previous

SRA the council have undergone a significant restructuring of council departments, resulting in the voluntary release of 340 employees.

5. In common with other councils, Highland Council faces a number of challenges which the LAN will continue to monitor, particularly:
 - Financial management and sustainability – the Scottish Government’s local government financial settlement for 2017/18 means that the council’s revenue funding has reduced by £11 million (cash reduction). The council has identified a funding gap of £20.344 million for the year. The council’s budget shows a range of proposed savings plans and a council tax increase, presenting a breakeven budget for 2017/18. While the financial settlement for 2017/18 has reduced the council’s anticipated funding gap, it needs to continue to plan for difficult decisions to meet its savings targets and address its longer-term gap. In particular, the council has one of the lowest reserve balances presenting an additional area of risk in respect of longer term financial sustainability.
 - The impact of the local government elections in May 2017 – this will lead to some uncertainty for a period, and the council also needs to plan well to provide support and training to members.
 - The crucial importance of robust and effective governance and scrutiny as the council faces increasing challenges, in particular in respect of delivery against the priorities of the new council.
6. The external auditors will continue to monitor these areas through the 2017/18 annual audit process and any relevant best value audit work.
7. Education Service – The Director of Care and Learning has a clear understanding of the Education Service’s needs and challenges and is supported by an experienced Head of Education. A main challenge is in recruiting and retaining sufficient staff. Senior officers are proactively taking forward a new approach to Management of Schools and sustainable education across Highland. Overall, there has been a renewed drive for quality improvement in Highland which is positive. However, there continue to be mixed outcomes from inspection and school performance in relation to attainment; and there is still a significant gap in educational attainment between the most and least deprived groups in Highland. Continuing varying problems, particularly with staffing, have resulted in the pace of implementation of Scottish Attainment Challenge plans overall slow as a result. The authority has spent the majority of its allocated Scottish Attainment Challenge funding. Plans for taking forward the Pupil Equity Fund (PEF) are under discussion. Recent strategic direction from a senior level has the potential to improve the implementation and impact of Scottish Attainment Challenge and Pupil Equity Funding plans.

8. Overall, the LAN has assessed that there is no additional scrutiny required of the Education Service beyond statutory/ongoing work. However, for some particular aspects, such as mixed outcomes from school inspections and performance information, along with the impact of the reduction of central staff to support schools, ongoing oversight and monitoring is required in 2017/18. Education Scotland's Area Lead Officer will continue to monitor these areas as part of their ongoing liaison with the council.
9. To assess the risk to social landlord services the Scottish Housing Regulator (SHR) has reviewed and compared the 2015/16 performance of all Scottish social landlords to identify the weakest performing landlords. It found that Highland Council is in the bottom quartile for all social landlords in relation to: overall satisfaction; tenants who feel the landlord is good at keeping them informed; tenants satisfied with opportunities to participate; satisfaction with standard of home when moving in; satisfaction with the quality of their home; complaints handling; time to complete emergency repairs; and tenancy sustainment.
10. The Scottish Housing Regulator (SHR) will monitor the council's progress in addressing the housing service weaknesses identified in this plan. It will review the council's quarterly performance management reports and meet council officials as necessary.

Planned scrutiny activity

11. As shown in Appendix 1, the council will be subject to a range of risk-based based and nationally driven scrutiny activity between April 2017 and March 2018. For some of their scrutiny activity in 2017/18, scrutiny bodies are still to determine their work programmes which specific council areas they will cover. Where a council is to be involved, the relevant scrutiny body will confirm this with the council and the appropriate LAN lead.
12. The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. Best Value will be assessed over the five year audit appointment, as part of the annual audit work. In addition a Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this five year period. The BVAR report for Highland Council is not planned in the period covered by this scrutiny plan. The Best Value audit work planned this year will focus on the council's arrangements for demonstrating Best Value in financial and service planning, financial governance and resource management, and will be reported in the Annual Audit Report (areas to be confirmed after further scoping work).
13. In addition to specific work shown in Appendix 1, routine, scheduled audit and inspection work will take place through the annual audit process and the ongoing inspection of school and care establishments by Education Scotland and the Care Inspectorate respectively. Audit Scotland will carry out a programme of performance audits during 2017/18 and individual audit and inspection agencies will continue to

monitor developments in key areas of council activity and will provide support and challenge as appropriate. This will help to inform future assessment of scrutiny risk.

May 2017

Appendix 1: Scrutiny plan

Scrutiny body	Scrutiny activity	Date
Audit Scotland	Audit Scotland plans to undertake performance audit work in a range of areas covering local government during 2017/18. These include Arm's Length External Organisations (ALEOs), city deals, children's mental health and health and social care integration. Any engagement with individual councils is still to be determined. Details of future audit work are available on the Audit Scotland website here .	Ongoing
Care Inspectorate and Healthcare Improvement Scotland	The Care Inspectorate and Healthcare Improvement Scotland will introduce a revised approach to the joint strategic inspections of services for adults for 2017/18 which will assess the extent to which the planning, organisation and coordination of services comply with the principles of integration and contribute to the national health and wellbeing outcomes. Inspections will include a focus on joint strategic commissioning. In 2017/18, the Care Inspectorate will also lead on thematic activity in the areas of adult support and protection and self-directed support, working with a range of scrutiny partners.	All ADPs have received individual feedback to support continuous improvement and a national report will be published in May 2017
Education Scotland	Ongoing inspections across establishments and sectors.	Ongoing
Her Majesty's Inspectorate of Constabulary (HMICS)	No future inspections noted at this stage.	None planned
Her Majesty's Fire Service Inspectorate (HMFSI)	HMFSI plan to undertake review work in Highland in late Summer 2017 as part of their routine programmes	June – August 2017
Scottish Housing Regulator	SHR will publish the findings of its thematic inquiry into gas safety and repairs completed during 2016/17. It may carry out further thematic inquiries during 2017/18. SHR will also review the Scottish Social Housing Charter data submitted by landlords and carry out data accuracy visits during the second quarter of 2017/18. Where councils are to be involved in a thematic inquiry or a data accuracy visit, the SHR will confirm this directly with the council and	None planned

	the LAN lead.	
	SHR will engage with the council on tenant satisfaction, complaints handling and tenancy sustainment for non-statutory homeless people.	During 2017/18

The Highland Council

Local Scrutiny Plan

2017/18

A summary of local government strategic scrutiny activity

This report is available in PDF and RTF formats, along with a podcast summary at:

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