

REPORT TO AUDIT COMMITTEE – 24 MAY 2018

NATIONAL SCRUTINY PLAN FOR LOCAL GOVERNMENT 2018/19 / LOCAL SCRUTINY PLAN FOR ABERDEENSHIRE COUNCIL

1 Recommendation

1.1 The Committee is recommended to discuss and comment on this paper.

2 Background / Discussion

- 2.1 Following the publication of the report of the Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services in Scotland (<http://www.gov.scot/Publications/2007/09/25120506/0>) in September, 2007, the Scottish Government set out its intention to establish a simplified and coherent approach to delivering local government strategic scrutiny. A key aspect of that agenda was to better coordinate and streamline scrutiny, while ensuring that the benefits of scrutiny for citizens were achieved.
- 2.2 In March, 2008, the Accounts Commission was asked by the Scottish Government to take on a 'gatekeeping' and co-ordination role for the scrutiny of local government. Following several years of successful operation, the Cabinet Secretary for Finance and Sustainable Growth invited the Accounts Commission to include co-ordination and facilitation of local government scrutiny activity as one of its accepted functions.
- 2.3 A Strategic Scrutiny Group, including representatives of all scrutiny bodies directly involved in local government services (scrutiny partners), is responsible for setting the direction for this work. This has included improving the planning and scheduling of scrutiny activity, developing a single corporate assessment framework and implementing a shared risk assessment process.
- 2.4 Scrutiny partners currently involved in the process include Audit Scotland, the Care Inspectorate, Education Scotland and the Scottish Housing Regulator. Other scrutiny activity also touches on local government which includes the work of : HM Fire Services Inspectorate, HM Inspectorate of Constabulary, HM Inspectorate of Prisons and the Inspectorate of Prosecution.
- 2.5 Within each council area, local government scrutiny partners work together through local area networks (LANs) to share intelligence and agree key scrutiny risks. Annually, a Local Scrutiny Plan sets out the planned strategic scrutiny activity for a council to respond to the specific risks identified. Local Scrutiny Plans also include nationally programmed scrutiny such as planned inspection programmes.
- 2.6 All 32 local scrutiny plans prepared by LANs through the shared risk assessment process are aggregated annually and published as a National Scrutiny Plan. It summarises the strategic scrutiny activity planned from April to March each year across Scotland's 32 councils.

- 2.7 In previous years, plans have included all strategic scrutiny activity of which we are currently aware. From 2018/19, Education Scotland has introduced a new programme of inspections to evaluate councils' progress in improving learning, raising attainment and closing the poverty-related attainment gap. In carrying out these inspections, Education Scotland only provides councils with four weeks' notice. As a result, we have been unable to reflect the detail of this activity in plans.
- 2.8 Initially, the shared risk assessment process had involved consideration of service performance and the completion of a corporate assessment based on the best value characteristics before reaching a view on whether additional scrutiny was required. More recently, the shared risk assessment has become more refined by drawing on scrutiny bodies' own operational risk assessment and planning and scheduling arrangements. In addition, LANs have also considered the outcomes from councils' own self-evaluation activities.
- 2.9 Appendix 1 sets out the 2018/19 Local Scrutiny Plan for Aberdeenshire Council, which confirms that the LAN did not identify any new risks requiring scrutiny, having concluded the shared risk assessment process. The Council will however be subject to nationally-driven inspection activity of the Careers Service to be led by Education Scotland and, through the local audit process, elements of Best Value activity are undertaken on an annual basis. As set out in our 2017/18 Annual Audit Plan, we are currently focusing on council leadership and partnership working arrangements.
- 2.10 The Local Scrutiny Plans for all 32 councils, together with the 2018/19 National Scrutiny Plan for local government, were published on Audit Scotland's website on 31 March, 2018 (http://www.audit-scotland.gov.uk/uploads/docs/report/2018/sp_180404_scrutiny_plan.pdf)
- 2.11 In the past, the response to an identified scrutiny risk could have been a best value audit or a piece of focused best value audit activity. Since 2016, the Accounts Commission introduced an integrated approach to Best Value which requires local auditors to carry out Best Value audit activity each year and will involve the publication of a specific Best Value Assurance Report at least once in a five year appointment period. While benefits continue to be gained through liaising with scrutiny partners, the role of the shared risk assessment and scrutiny plans is becoming less clear. The process is therefore currently subject to review by the Strategic Scrutiny Group.
- 2.12 The Committee is asked to discuss and note the Local Scrutiny Plan, attached as Appendix 1. All 32 local scrutiny plans are available on Audit Scotland's website (<http://www.audit-scotland.gov.uk/report/national-scrutiny-plan-for-local-government-201819>)
- 2.13 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report, their comments are incorporated within the report and they are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3 Scheme of Governance

- 3.1 The Committee is able to consider/comment on this item in terms of Section G.1.5 of the List of Committee Powers in Part 2A of the Scheme of Governance as the report relates to the Council's relationship with its external auditors.

4 Equalities, Staffing and Financial Implications

- 4.1 An equality impact assessment is not required because this report informs the Committee of planned scrutiny activity to be carried out by scrutiny partners and does not have a differential impact on any of the protected groups.
- 4.2 There are no staffing and financial implications as a direct result of this report.
- 4.3 The scrutiny process identifies risks and reports risks in the areas subject to review.

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26 April, 2018

Aberdeenshire Council

Local Scrutiny Plan

2018/19



Aberdeenshire Council

Local Scrutiny Plan – April 2018 to March 2019

Introduction

1. This local scrutiny plan sets out any scrutiny risks identified by the local area network (LAN), proposed scrutiny responses and expected scrutiny activity for Aberdeenshire Council during the financial year 2018/19.
2. The scrutiny risks and responses are based on a shared risk assessment undertaken by the LAN, comprising representatives of all the scrutiny bodies who engage with the council:
 - Audit Scotland
 - Care Inspectorate
 - Education Scotland
 - Scottish Housing Regulator.
3. The shared risk assessment process draws on a range of evidence with the aim of determining any scrutiny risks in the council and the Integration Joint Board.
4. Expected scrutiny activity across all councils in Scotland informs the National Scrutiny Plan for 2018/19, which is available on the Audit Scotland website:
www.audit-scotland.gov.uk.

Scrutiny risks

5. The 2018/19 shared risk assessment process has not identified any additional risk areas from its assessment where specific scrutiny is required, other than that which is nationally directed or part of a planned programme of work.

Financial sustainability

6. Financial sustainability continues to be identified as an area of concern. In 2016/17, the council overspent its revenue budget by £1.7 million and the forecast outturn for 2017/18 is an overspend of around £3.0 million. Whilst these overspends are less than one percent of total revenue expenditure, they begin to highlight the increasing financial pressure being faced by the council.
7. In developing the revenue budget for 2018/19, the council identified a funding gap of £23.8 million to be met from a three percent increase in Council Tax, estimated to raise an additional £4.0 million of income, and savings of £19.8 million. Following final approval of the Scottish Government's budget, in common with other councils, Aberdeenshire was awarded additional funding of £7.8 million in the week before the

council was due to meet to set its own budget. This additional funding provided the council with flexibility – the level of required savings was reduced by £2.6 million, an earmarked reserve of £3.0 million was created to support future increases to staff costs and the balance of £2.2 million will be used to support the anticipated 2017/18 deficit.

8. The council continues to develop its Medium Term Financial Strategy to ensure a structured view of the revenue budget, capital plan and council reserves allowing the council to plan for the full financial impact of decisions taken now on future years' budgets. Indicative five year revenue budgets have been agreed with a forecast cumulative deficit of £38.6 million by 2022/23, a reduction of £2.2 million from the five year position reported last year. By taking a longer term view of its financial position, the council should be better placed in managing the anticipated shortfall.
9. The LAN agreed that there would be ongoing oversight and monitoring through the local audit process of the council's financial position and its plans to address the five year cumulative shortfall.

Education and Children's Services

10. In November 2017, Education Scotland reported on community learning and development (CLD) in Aberdeenshire. CLD partners within Aberdeenshire and the geographical area of Peterhead and Mintlaw were inspected. A range of strengths were identified including leadership at all levels, effective and ambitious community organisations existed led by skilled volunteers, and well planned community services were improving outcomes and promoting a strong sense of 'place'. Some areas for improvement were identified including scope for greater use of performance data and self-evaluation tools to inform further improvement.
11. While there has been strong and stable strategic leadership in Education and Children's Services in Aberdeenshire Council in recent years, there is change ahead with the retirement of the Director of Education from April 2018.
12. The council is a member of the Northern Alliance Partnership (the Alliance) alongside Aberdeen City, Argyll and Bute, Highland, Moray, Orkney, Shetland and Western Isles councils. The Alliance was initially established to highlight to the Scottish Government, the challenges experienced by northern councils around recruitment and retention of teachers. More recently, the remit has been extended to support teaching professionals to collaborate for improvement by sharing best practice, supporting the development of professional networks and pursuing partnership approaches to educational development. The LAN will monitor the impact of the partnership on educational attainment.
13. The council has appropriate governance in place to ensure that educational provision is well organised and well led. Scrutiny outcomes, including inspections, have, in recent years, been mixed in both the primary and secondary sector, and demonstrate scope for improvement. Outcomes for children and young people are in most cases in line with or lower than the Virtual Comparator but higher than the national average. No additional

scrutiny is considered necessary in 2018/19 beyond the general inspection programme and Education Scotland's ongoing engagement.

Social Care Services

14. The Care Inspectorate, working in partnership with Her Majesty's Inspectorate of Constabulary in Scotland and Healthcare Improvement Scotland, carried out a joint inspection of adult support and protection services in six health and social care partnerships across Scotland, including Aberdeenshire. The partnerships were chosen to reflect the geography and demography of Scotland. The on-site scrutiny phase of the joint inspection took place from late October to early December 2017. Partnerships have been given early feedback on the findings of their joint inspection and the Aberdeenshire report is expected to be published in spring 2018.
15. While no specific additional risks were identified, staff recruitment and retention is an ongoing risk being kept under review by the LAN. As the largest provider of care services in the area, Aberdeenshire Council must give consideration to longer term approaches to planning for recruitment and retention of skilled and qualified care staff and innovation in practice to meet need. Other ongoing service challenges include:
 - delivery of consistent services across a large, mostly rural geographical area
 - ensuring equality of access to services where accessible and affordable transport is not readily available
 - maintaining services with a rapidly growing ageing population.

Scrutiny activity

16. Any expected scrutiny activity between April 2018 and March 2019 is shown in Appendix 1. For some of their scrutiny activity in 2018/19, scrutiny bodies are still to determine their work programmes and 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.
17. In addition to the 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 2018/19 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. The outcomes of this work will help to inform future assessment of scrutiny risk.

Audit Scotland

18. 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 Aberdeenshire Council is not planned in the period covered by this scrutiny plan. The Best Value audit work planned this year will focus on the effectiveness of the council's leadership and its arrangements for scrutiny and partnership working. For example, the council's progress with the following matters will be considered as part of the Best Value review to be reported in the Annual Audit Report.

- a revised Council Plan 2017-2022 which draws on the administration's political manifesto and the outcome from a significant public engagement exercise
- recommendations arising from a review of the council's revised scheme of governance to be considered by the Procedures Committee/Council in spring/summer 2018
- the outcome of 'One Aberdeenshire', a significant staff engagement campaign carried out in 2017 to identify what employees valued from the way they worked to deliver services
- the council's financial position, financial sustainability and plans to address the longer term funding shortfall
- progress made by the City Region Deal Board in taking forward the approved £300 million programme of infrastructure investment in the north east. In 2017/18, spend was £11 million and is due to increase in subsequent years.

19. Audit Scotland also plans to undertake performance audit work in a range of areas covering local government during 2018/19. These include health and social care integration, and children and young people's mental health services. In addition, Audit Scotland will publish the findings of a performance audit relating to Arms Length External Organisations (ALEOs). Any engagement with individual councils is still to be determined. Details of future audit work are available on the Audit Scotland website: www.audit-scotland.gov.uk

Care Inspectorate

20. **Joint inspections of services for children and young people:** From April 2018, Scottish ministers have asked the Care Inspectorate to lead another programme of joint inspections of services for children and young people with scrutiny partners Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland. The intention is to carry out five joint inspections in 2018/19. Ministers have asked partners to provide assurance about how community planning

partners are protecting and meeting the needs of children and young people who have experienced, or are at risk of, abuse and neglect, and how they are working together to improve outcomes for children and young people who are subject to corporate parenting requirements. It was agreed with ministers that, for the duration of this programme of inspections, the inspectorate will incorporate an area of specific enquiry each year, with the aim of identifying key lessons and best practice which all partnerships could use to support their own continuous improvement. An overview report will be published at the end of each year. Aberdeenshire is not one of the councils to be inspected in 2018/19.

21. **Duties under the Public Bodies (Joint Working) (Scotland) Act:** From April 2017, the Care Inspectorate and Healthcare Improvement Scotland have a joint duty under the Public Bodies (Joint Working) (Scotland) Act 2014 to assess and report on the effectiveness of integration authorities' strategic plans. In these early stages of the integration of health and social care, we will report on the progress which integration authorities are making towards a more collaborative culture and integrated approaches to planning and delivering services which should deliver improved outcomes for people in communities. While the Care Inspectorate intends to visit three partnerships in 2018/19 to report on their progress, Aberdeenshire is not one of the selected partnerships.
22. **Self-directed support:** The Care Inspectorate is currently undertaking preparatory work for a thematic review of self-directed support to be carried out during 2018/19. The aim is to build on the key findings of Audit Scotland's progress report, published in August 2017, particularly to explore the ability and confidence of front line staff to implement self-directed support legislation by offering choice and control, and in making decisions with people about their support.
23. Inspections will be undertaken in six areas across the country during 2018/19 with the aim of identifying factors which support effective delivery of self-directed support and any barriers to implementation. Feedback will be provided on each area and an overview report will be published to disseminate findings more widely. Aberdeenshire Council has not been selected for inspection in 2018/19.

Education Scotland

24. Education Scotland will engage in a review of Careers Information and Guidance delivered by Skills Development Scotland.

Scottish Housing Regulator

25. No additional scrutiny is planned beyond statutory/ongoing work during 2018/19. The Scottish Housing Regulator (SHR) may carry out thematic inquiries during 2018/19 or may carry out survey or on-site work to follow up on published thematic reports. The SHR will also review the Scottish Social Housing Charter data submitted by landlords and carry out data accuracy visits during the second quarter of 2018/19. Where councils are to be involved in a thematic inquiry, any follow up work to a published thematic

inquiry, or a data accuracy visit, the SHR will confirm this directly with the council and the LAN lead.

March 2018

Appendix 1: Scrutiny activity

Scrutiny body	Scrutiny activity	Date
Audit Scotland	Local auditors will review the council's arrangements for demonstrating Best Value in leadership, scrutiny and partnership working. This work will be carried out as part of the 2017/18 audit and will be reported in the Annual Audit Report.	September 2018
Audit Scotland	Audit Scotland plans to undertake national performance audit work on health and social care integration, and children and young people's mental health services. The findings of a performance audit of Arms Length External Organisations (ALEOs) will be published in Spring 2018.	Expected publication in Autumn 2018 Expected publication in Spring 2018
Education Scotland	Review of the quality of Careers Information Advice and Guidance (CIAG) services delivered by Skills Development Scotland across all council areas.	June 2018

Aberdeenshire Council

Local Scrutiny Plan 2018/19

A summary of local government strategic scrutiny activity

This report is available in PDF and RTF formats,
along with a podcast summary at:
www.audit-scotland.gov.uk 

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