

FALKIRK COUNCIL

Subject: LOCAL SCRUTINY PLAN 2016-17
Meeting: AUDIT COMMITTEE
Date: 18 April 2016
Author: CHIEF EXECUTIVE

1. INTRODUCTION

- 1.1 This report presents the Local Scrutiny Plan 2016-17 for Falkirk Council prepared annually by the Local Area Network (LAN).

2. LOCAL SCRUTINY PLAN

- 2.1 The Local Scrutiny Plan provides details of the planned scrutiny activity to be undertaken in Falkirk Council during the current financial year. The plan is based on a shared risk assessment undertaken by the Local Area Network (LAN). The LAN, led by Audit Scotland, consists of representatives from Audit Scotland, Scottish Housing Regulator, Education Scotland, Care Inspectorate and Healthcare Improvement Scotland.
- 2.2 The Local Scrutiny Plan (LSP) notes national risks as well as local risks and identifies how and when these risks will be audited during the financial year.
- 2.3 The LSP begins with an update on the work undertaken by the LAN during 2015/16. A summary of the conclusions and risks are noted below:

Financial Sustainability

- 2.4 As previously reported, the Council's 2014/15 Revenue Budget anticipated the application of £1.5m from reserves. In the event, a further £2.440m was necessarily applied to cover cost pressures, primarily in Social Work. Reports to members regularly highlight that the application of reserves to balance the Budget or to deal with Budget overspending is not sustainable. Nevertheless, reserves are a legitimate and important element in the Council's financial "toolkit" and are appropriately harnessed, where necessary. The forthcoming financial challenges facing the Council were explicitly highlighted in the Budget report recently approved by Council in February.

Best Value

- 2.5 The attached plan notes the need to ensure progress against the Improvement Plan agreed in response to the Best Value and Community Planning Audit published last year. Members will be aware that Auditors will soon commence work to provide that assurance to the Controller of Audit by the end of 2016.

Education and Children's Services.

This section notes the strong inspections from primary and secondary schools. It notes issues regarding special schools and the improvement work that is being undertaken to address these issues.

Members will be aware that the Joint Inspection for Children's Services is due to report later this year and as such there are no further inspections planned in this area.

Social Work/ Social Care

- 2.6 While no specific areas of inspection have been identified, the report notes the need for all Councils and partners to ensure the recommendations arising from the national multi agency and public protection arrangements review are progressed appropriately.
- 2.7 The report notes progress on health and social care integration and that the external auditor will continue to monitor progress in this regard.

Housing Benefit Performance Audit

- 2.8 A review of housing benefit performance was published earlier this year with the Local Scrutiny Plan noting the 'admirable progress' against identified risk.

Community Planning

- 2.9 The report notes that in the follow up to the Audit in 2014 progress is being made but more needs to be done. The external auditor will continue to monitor this area of work.

Social Landlord Services

- 2.10 While some performance indicators in the above service were noted as being in the bottom quartile in the benchmarking group, the LAN noted that assurance had been received about appropriate improvement plans in place to address these areas.

3. PLANNED SCRUTINY ACTIVITY

- 3.1 The Council will be subject to a range of risk-based and nationally driven scrutiny activity during 2016/17, although in relation to the national scrutiny activity, not all of the activity relating to which Council has been determined or timetabled as yet. While some of the audit and inspection work is proportionate and risk driven, some inspections are yet to be timetabled. The report also notes the new focus for Best Value Audits and the arrangements for undertaking these in the future. These new arrangements were reported to the Council's Scrutiny Committee earlier this year.
- 3.2 The following areas have been noted by the Local Area Network and Audit Scotland for activity during 2016/16:
- The Care Inspectorate has been commissioned to review the services delivered by Drug and Alcohol partnerships including the Falkirk Partnership. Work on this 'review' has already started with file reading taking place in March and interviews being organised for June 2016;
 - follow up work on progress made to improvement areas following the Best Value and Community Planning Audit – fieldwork in May /June with published report in August 2016;

- a national review of housing benefit risk will take place in 16/17 but will not affect Falkirk until the end of 16/17 if at all;
- the validated self-assessment for Educational Psychology Services will take place in Falkirk between August – December 2016;
- Education Scotland will carry out a review of quality of careers information and advice and guidance services delivered by Skills Development Scotland and will take place in Falkirk in October 2016;
- the Scottish Housing Regulator (SHR) will monitor the areas of service it noted as needing improvement with reports being submitted on a regular basis to the regulator; and
- In addition the SHR will identify topics for theme studies including the review of charter data submitted by landlords.

4. RECOMMENDATION

- 4.1 **It is recommended that the committee notes the Local Area Network's Local Scrutiny Plan 2016 -17 as set out in appendix 1 of this report.**

.....
CHIEF EXECUTIVE

Date: 31 March 2016

Ref: ABB0416FC – local scrutiny plan 16/17

Contact Name: Fiona Campbell Ext: 6004

LIST OF BACKGROUND PAPERS

Nil

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 506004 and ask for Fiona Campbell.

Falkirk Council

Local Scrutiny Plan 2016/17

Introduction

1. This local scrutiny plan sets out the planned scrutiny activity in Falkirk Council during 2016/17. 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 (Audit Scotland, Care Inspectorate, Education Scotland and Scottish Housing Regulator). 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 2016/17, which is available on the Audit Scotland website.

Scrutiny risks

3. The LAN's conclusion from this year's shared risk assessment is that no new scrutiny risks have been identified which require specific scrutiny work during 2016/17.
 4. **Financial sustainability:** Audit Scotland reported in September, 2015 that almost £6 million from the council's usable reserves had been utilised in funding 2014/15 overspends, an arrangement acknowledged by management as inappropriate and unsustainable.
 5. The council agreed its 2015/16 budget in February 2015 and set indicative budgets for 2016/17 and 2017/18. In doing so a funding gap of £46 million was established for the three years to 2017/18. Savings of £12.4 million, £18.4 million and £15.4 million respectively were identified to cover the budget gaps through to 2017/18. However, a report to the council in October, 2015 identified an estimated £11.4 million as the budget gap for 2018/19.
 6. In addition, the Scottish Government Financial Settlement presented a further reduction of £7 million in funding for 2016/17, thus extending the funding gap for that year to over £25 million. At a meeting on 17 February, 2016 the council agreed a balanced budget, which included measures to bridge this funding gap.
 7. There is a risk that the council will be unable to deliver the necessary savings to bridge the future funding gaps. The Accounts Commission, in its August, 2015 Best Value
-

audit report for the council, also raised concerns about the council's ability to produce clear and detailed plans for how it will make these savings.

8. The LAN has concluded that whilst no specific scrutiny is required in this area, the external auditor should continue to review the financial position of the council, and its progress in these areas, as part of the annual audit process.
 9. **Best value:** A targeted audit of Best Value arrangements at the council was published in August, 2015. The audit identified a number of areas for improvement that relate to the scale and pace of change at the council and its approach to scrutiny, performance management and performance reporting. The Accounts Commission requires a report on the council's progress from the Controller of Audit by the end of 2016. It is important that the council is able to demonstrate that action has been taken to address improvement areas identified by the BV audit.
 10. **Education and children's services:** The LAN has not identified the need for any specific scrutiny in this area beyond normal ongoing oversight and monitoring. Results from early years and primary school inspections carried out within the 2014/15 session have been positive, and recent secondary school inspections have indicated a strong performance. A number of issues have arisen from recent special school inspections, where the council have worked together with Education Scotland to put the necessary changes and support in place.
 11. A Joint Inspection of Children's Services, led by the Care Inspectorate, and involving Healthcare Improvement Scotland (HIS), Education Scotland and HMICS was carried out at Falkirk Council at the end of 2015, as part of the wider planned programme of national scrutiny work. Findings are still to be reported. The impact of the 2014/15 structural changes on delivery of children's services and related outcomes will continue to be monitored in the short to medium term. There are currently no children's services in the Falkirk Council Area considered high risk by the Care Inspectorate.
 12. **Social Work/Social Care:** No requirement for specific additional scrutiny has been identified by the LAN. No significant concerns have been raised in relation to adult or children's services, public protection issues or criminal justice.
 13. HMICS and The Care Inspectorate carried out a joint thematic review of multi agency public protection arrangements (MAPPA) in Scotland during 2015 as part of a wider programme of national inspection. This inspection was carried out between October, 2014 and November, 2015 and the final report was published 26 November, 2015. Key message is that MAPPA is making an effective contribution to public safety and sex offender management. Councils and other groups will be asked to outline how the report's recommendations and areas for development will be implemented, and progress monitored and evaluated.
 14. Findings from the 2014 joint inspection of health and social work services for older people, carried out by The Care Inspectorate and HIS, were published in July 2015. The report highlighted the significant work still to be completed on health and social care
-

integration at that time, and noted issues around communication with front line staff, and improvements required in change management processes.

15. Good progress has since been made on health and social care integration, and the full Integration Joint Board (IJB) was established from 3 October, 2015. The necessary integration scheme was finalised by June, 2015 and the council are on track to implement full integration by 1 April, 2016. The external auditor will continue to monitor progress in implementing the governance and accounting arrangements for the new IJB.
16. **Housing benefit performance audit:** A follow-up risk assessment of the council's housing benefit service was carried out by Audit Scotland in November, 2015. The aim of this review was to obtain assurance that sufficient progress had been made against the action plan from the 2014 risk assessment audit, and that no additional material risks had arisen. A report on the findings was issued to the council 14 January, and responses are to be provided by 12 February, 2016, however, the report indicates that the council has made a very positive contribution to the delivery of the benefits service and has made admirable progress against risks previously identified.
17. **Community planning:** In 2015, Audit Scotland undertook follow-up work on the Community Planning Partnership (CPP) audit which was reported in May, 2014. The findings from the follow-up were reported to the council in October, 2015, indicating that progress had been made against parts of the improvement agenda, but that there was still more to be done. The external auditor will continue to monitor progress in progressing the CPP improvement agenda.
18. **Social landlord services:** To assess the risk to social landlord services, the Scottish Housing Regulator (SHR) has reviewed and compared the performance of all Scottish social landlords in order to identify the weakest performing landlords. Their review found that Falkirk Council is in the bottom quartile for all social landlords in relation to non-emergency repairs, gross rent arrears, the percentage of antisocial behaviour cases completed within locally agreed targets and tenant satisfaction with the overall service, on being kept informed about services and outcomes, and with the standard of their home when moving in. Council officials have assured SHR that they are aware of these areas of weaker performance and have a number of plans in place to improve future performance.
19. In addition, tenants and residents involved in the council's Customer Led Inspection of Estate Management Services have indicated that the resulting programme of planned actions has yet to be fully delivered by the council, and improved outcomes have yet to be achieved.

Planned scrutiny activity

20. As shown in [Appendix 1](#), the council will be subject to a range of risk-based and nationally driven scrutiny activity during 2016/17. For some of their scrutiny activity in

2016/17, scrutiny bodies are still to determine within 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 with the appropriate LAN lead.

21. As noted above, Audit Scotland will carry out a follow-up review of actions taken by the council in response to the 2015 Audit of Best Value and Community Planning. This work is provisionally scheduled for April/May, 2016, with a December, 2016 deadline for reporting its findings.
 22. In December, 2014, the Accounts Commission concluded its review of Best Value and set out principles for a new approach to auditing Best Value. These principles include the need for more frequent assurance on Best Value across all 32 councils, integrating the audit processes, an increased emphasis on driving improvement, and a strong focus on the quality of service experienced by the public and the outcomes achieved.
 23. The new approach will be rolled out from October, 2016 but will continue to evolve. It will include assessment each year of aspects of Best Value as part of an integrated annual audit, and a public report (Controller of Audit report to the Accounts Commission) for each council, at least once in a five year period, that will bring together an overall picture of the council drawn from a range of audit activity. The initial iteration of the rolling programme, which will be reviewed and refreshed annually in response to factors including the SRA, will be presented to the Accounts Commission in April, 2016. The results of this current SRA will make a significant contribution to the audit intelligence that will underpin the new approach, and inform the development of the initial programme.
 24. 2016 is a transition year which includes development of the intelligence about each council for the new approach, and the handover to new audit appointments. While preparation for the new approach progresses, the scope of any Best Value audit work planned for 2016 will not change, however, appropriate elements of the new approach, such as reporting mechanisms, will be tested in some councils.
 25. Audit Scotland will continue to carry out a programme of housing benefit risk assessments across councils in 2016/17. The latest such assessment for Falkirk Council was carried out as recently as November, 2015, therefore no work is planned at Falkirk Council for the first half of 2016/17. Plans for the second half of 2016/17 are yet to be developed, and will be based on a risk assessment of council HB services.
 26. The Care Inspectorate will work together with partner regulatory agencies to continue to deliver a coordinated programme of joint scrutiny of Community Planning Partnerships and integration joint boards. Partner agencies are reviewing the methodology for joint inspections of Adults' services. As well as joint strategic scrutiny programmes, the Care Inspectorate will also be reviewing its approach to strategic commissioning, reviewing the validated self-assessment of Alcohol and Drug Partnerships and undertaking a variety of thematic programmes of work.
-

-
27. HMICS will continue to inspect local policing across Scotland during 2016/17 as part of its rolling work programme. These inspections will examine, amongst other things, local scrutiny and engagement between Police Scotland and councils. HMICS will identify and notify LANs and the local Policing Divisions to be inspected approximately three months prior to inspection.
 28. The Scottish Government has confirmed in its funding letters to Alcohol and Drugs Partnerships (ADPs) that the Care Inspectorate will undertake Validated Self-Evaluation (VSE) activity with Alcohol and Drug Partnerships. The purpose of this activity is to support the validation of ADP and services' self-assessment of local implementation and service compliance with the Quality Principles: Standard Expectations of Care and Support in Drug & Alcohol Services. The findings from this validation work will be reviewed by the Scottish Government to consider and inform the future programme of national support that will further encourage and support delivery of continued improvements at ADP and service level. It is anticipated that all 30 ADPs will participate. On site activity is likely to commence in March, 2016 with a national overview report completed by the end of 2016. The Care Inspectorate will also provide brief, customised feedback to each ADP in order to help build their capacity for self-evaluation.
 29. Education Scotland will continue to work, in partnership with councils, to complete its two year programme of validated self-evaluation (VSE) of educational psychology services across all councils. This work is planned to be carried out at Falkirk Council August – December, 2016.
 30. Education Scotland is also carrying out reviews of the quality of Careers Information Advice and Guidance (CIAG) services delivered by Skills Development Scotland across all councils, and this work is scheduled for Falkirk Council in October, 2016. 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.
 31. Audit Scotland plans to undertake performance audit work in three areas covering local government during 2016/17. It will undertake a performance audit on **early learning and childcare**, and a follow-up audit on **self directed support**. Audit work on **equal pay** will also be carried out, but the focus and outputs from the work in this area are still being considered, and any engagement with councils is still to be determined. Details of future audit work are available on the Audit Scotland website [here](#).
 32. The Scottish Housing Regulator (SHR) will monitor the council's progress in addressing the weaknesses identified above. The council will submit quarterly progress reports in relation to its proposed improvement actions and their outcomes. This will be followed by meetings with council officials and representative tenant groups, if considered necessary.
 33. The SHR will publish the findings of its thematic inquiry work completed during 2015/16, and will carry out further thematic inquiries during 2016/17. It will review the Charter
-

data submitted by landlords and carry out data accuracy visits during the second quarter of 2016/17. If the council is to be involved in a thematic inquiry or data accuracy visit, SHR will confirm this directly with the council and the LAN lead.

34. 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.

March 2016

Appendix 1: Scrutiny plan

Scrutiny body	Scrutiny activity	Date
Audit Scotland	Best Value follow-up review.	April/May, 2016 and reporting by end 2016.
	Audit Scotland will carry out a programme of performance audits during 2016/17. It will undertake a performance audit on early learning and childcare and a follow-up audit on self-directed support. Audit Scotland will also carry out audit work on equal pay.	2016/17 Specific engagement with councils to be determined.
Care Inspectorate and Healthcare Improvement Scotland	Validated self evaluation of Alcohol and Drug Partnerships as part of a national review programme and not as a result of the LAN's assessment.	From March, 2016; Dates for Falkirk TBC
Education Scotland	Validated self-evaluation (VSE) of education psychology services within the council.	August, 2016
	Review of the quality of Careers Information Advice and Guidance services delivered by Skills Development Scotland across the council's area.	October, 2016
Scottish Housing Regulator (SHR)	Monitoring of the council's progress in addressing weaknesses identified.	Quarterly
	Further thematic inquiry work will be carried out during 2016/17.	To be confirmed
	Review of Charter data submitted by the council, and related data accuracy visits.	Quarter 2