

Orkney Islands Council

Local Scrutiny Plan

2016/17



March 2016

Orkney Islands Council

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Introduction

1. This local scrutiny plan sets out the planned scrutiny activity in Orkney Islands Council during 2016/17. The plan is based on a shared risk assessment (SRA) 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 2016/17, which is available on the Audit Scotland website.

Scrutiny risks

3. During 2015/16 a number of scrutiny reviews took place, as detailed in the 2015/16 Local Scrutiny Plan. This included a follow-up review of *Orkney Community Planning Partnership* and a *Housing Benefit Performance Audit* by Audit Scotland, and a *Joint thematic review of multi-agency public protection arrangements (MAPPA)* by the Care Inspectorate and HM Inspectorate of Constabulary in Scotland (HMICS). Reports on these studies were published during the year.
4. The Scottish Housing Regulator (SHR) continued to engage with the council regarding the provision of housing services. During this engagement, work was carried out to identify and correct errors in the council's Annual Return on the Charter (ARC). SHR will continue to engage with the council during 2016/17.
5. Audit Scotland, working jointly with the Care Inspectorate and Health Improvement Scotland, issued a social care integration position statement in December 2015. This national statement recognised significant risks which must be addressed if integration is to provide the substantial changes needed to health and social care. These risks included difficulties with agreeing budgets, complex governance arrangements, and workforce planning. The LAN will continue to monitor progress with integration.

Planned scrutiny activity

6. As shown in Appendix 1, the council will be subject to a range of risk-based and nationally driven scrutiny activity during 2016/17 and further detail on this activity is noted below. For some of the scrutiny activity in 2016/17, scrutiny bodies are still to

determine their work programmes, which specific council areas they will cover and/or when this scrutiny activity will be undertaken. Where a council is to be involved, the relevant scrutiny body will confirm this with the council and the appropriate LAN lead.

7. Audit Scotland plans to carry out 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 Scotland will also carry out audit work on equal pay, but is still considering the focus and outputs of work in this area. Any engagement with councils is still to be determined. Details of future audit work are available on the Audit Scotland website.
8. 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.
9. 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.
10. 2016 is a transition year. This 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, Best Value audit work will continue. But, appropriate elements of the new approach, such as reporting mechanisms, will also be tested in some councils.
11. Orkney Islands Council holds considerable useable reserves (£240 million at the end of March 2015), largely as a result of the contribution it receives from oil revenues. This means that its financial position is not under the same pressure as some other public bodies. Nonetheless, the council's 2016/17 local government grant settlement from the Scottish Government is 3.9 per cent lower than last year and it anticipates that it will continue to experience reductions in funding in the next few years. Prior to the 2016/17 settlement, the council had identified that it needed to make £9.5 million of savings by 2019/20 to close this budget gap. As a result of the settlement, the gap has increased. With only a single year finance settlement the full effects of the funding decrease in the medium term remains unknown.

12. A *change programme* has been established to reduce costs and improve services through the development of new approaches to service delivery. The external auditors reported in their 2014/15 annual audit report that the council had still to develop plans for how it will make these savings. They also reported that the council is at the early stages of its planning for changes to its workforce, which it anticipates will support some of its cost reductions. As a result, the LAN has assessed this as an area that requires ongoing oversight and monitoring during 2016/17. This will be undertaken as part of the annual external audit.
13. Annually, LANs consider the results of their scrutiny activity and submissions to help them decide whether to recommend Best Value audit activity in a council to Audit Scotland. Orkney Islands Council's last Best Value audit was in 2008 and the LAN concluded that the council should be recommended for some early Best Value activity as part of Audit Scotland's new approach. (see paragraphs 9 – 11)
14. 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.
15. Education Scotland will be working in partnership with councils to carry out a validated self-evaluation (VSE) of educational psychology services across all councils over a two-year period. For Orkney Islands Council, this will take place in the period March – June 2016.
16. To assess the risk to social landlord services SHR has reviewed and compared the performance of all Scottish social landlords to identify aspects of landlords' services that require improvement. It found that Orkney Islands Council was in the bottom quartile for all social landlords in relation to completing emergency and non-emergency repairs on time, its performance in collecting gross rent arrears and the speed of re-letting void properties. SHR also found that the council did not provide them with reliable data in their Annual Return on the Charter (ARC) in 2014/15. The council has since taken steps to rectify these errors and put in place a more robust process for future submissions. SHR will engage with the council in relation to all these areas during 2016/17 and the LAN have therefore concluded that ongoing oversight and monitoring is required in this area.

17. SHR will publish the findings of its thematic inquiry work completed during 2015/16. It will carry out further thematic inquiries during 2016/17. SHR will also 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 a data accuracy visit SHR will confirm this directly with the council and the LAN lead.
18. 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. In respect of Children's Services, we plan to undertake six joint strategic inspections in the 2016/17 year. In respect of Adults' Services, we continue to work with partner agencies to review the methodology of these joint inspections. Accordingly we plan to undertake three joint strategic inspections of Adults' Services in the 2016/17 year. As well as our joint strategic scrutiny programmes, we will be undertaking – or continuing – to review our approach to the joint review of strategic commissioning; review the validated self-assessment of alcohol and drug partnerships and undertake a variety of thematic programmes of work.
19. 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.
20. 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. Individual audit and inspection agencies will also 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.
21. The 2016/17 shared risk assessment concluded that the majority of areas of the council did not require any additional scrutiny beyond statutory and on-going work.

March 2016

Appendix 1: Scrutiny plan

Scrutiny body	Scrutiny activity	Date
Audit Scotland	Targeted follow-up of the national performance audit report <i>Scotland's Public Sector Workforce</i> published in November 2013.	June 2016
Audit Scotland	Performance audits planned in following areas: <ul style="list-style-type: none"> • Early learning and childcare • Self-directed support follow-up • Equal pay 	Dates to be confirmed
Care Inspectorate	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.	March 2016
Education Scotland	Education Scotland will be working in partnership with councils to carry out a validated self-evaluation (VSE) of educational psychology services.	March – June 2016
Her Majesty's Inspectorate of Constabulary in Scotland (HMICS)	HMICS will be inspecting local policing across Scotland over the next two years. This will examine, amongst other things, local scrutiny and engagement between Police Scotland and councils.	Date over next two years to be determined.
Her Majesty's Fire Service Inspectorate (HMFSI)	HMFSI will be inspecting local fire and rescue services across Scotland over the next four years. These inspections will examine, amongst other things, local scrutiny and engagement between the Scottish Fire and Rescue Service and councils.	Date over next four years to be determined.
Scottish Housing Regulator (SHR)	The Scottish Housing Regulator will engage with the council during 2016/17 through quarterly monitoring of service action plans and performance outcomes in relation to emergency and non-emergency repairs, gross rent arrears and rent lost due to void properties. It will also seek further information and outcomes in relation to actions taken to ensure accurate data is provided through the ARC. The Scottish Housing Regulator (SHR) will publish the	Throughout 2016/17.

	<p>findings of its thematic inquiry work completed during 2015-16. It will carry out further thematic inquiries during 2016-17.</p> <p>SHR will review the Charter data submitted by landlords and carry out data accuracy visits during quarter 2.</p> <p>If the council is to be involved in a thematic inquiry or a data accuracy visit SHR will confirm this directly with the council and the LAN lead.</p>	<p>Second quarter of 2017.</p>
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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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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

T: 0131 625 1500 E: info@audit-scotland.gov.uk 

www.audit-scotland.gov.uk 