

Shared risk assessment: Assurance and improvement plan 2011–14

Glasgow City Council



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Assurance and Improvement Plan

Update 2011–14

Introduction

1. The Assurance and Improvement Plan (AIP) for Glasgow City Council was published in July 2010, setting out the planned scrutiny activity for the council for the period April 2010 to March 2013 based on a risk assessment. As part of the process of on-going scrutiny, the local area network (LAN) has revised its assessment of risks to produce an updated AIP and to reconsider the level of scrutiny required for the council. The appendix provides a revised timetable for proposed scrutiny activity.
2. As in the previous assessment, no significant scrutiny risks have been identified by the LAN. Whilst the current financial climate has considerable implications for the council's resources and its ability to achieve its outcome targets, the LAN recognises that the council has been proactive and has established plans in place to manage its financial pressures and achieve savings through extensive service reform. However there remains some uncertainty in a number of areas and these will be kept under review by the LAN.

Risk Assessment Changes

3. **Learning:** The 2010-11 AIP identified this outcome as an area of uncertainty. This assessment has now been reassessed as no significant risk, based on improvements in a number of key areas: improved quality and reliability of pre-inspection reports; increasing numbers of schools not requiring follow-through; decreasing numbers of schools requiring a second follow-through; improved levels of attainment and achievement; notable reduction in exclusions and significant progress with implementation of Curriculum for Excellence.
4. **Education:** In line with the changed assessment for the learning outcome above, the risk assessment for education services has also moved from an area of uncertainty to no significant risk.
5. **Use of Resources - Financial Position:** To reflect the challenges faced by all councils due to the economic environment, our financial assessment has considered separately the council's financial management processes and its financial position. The council has strong financial management processes and has been proactive in preparing financial plans and identifying savings through extensive service reform. As a result we consider there to be no significant scrutiny risk in this area.
6. In 2009/10 the council spent £3.0 billion on the provision of public services, with more than £2.8 billion on revenue services and the remainder on its capital programme. In delivering these services, the

council reported an income and expenditure accounting deficit of £0.3 billion. However after taking account of statutory adjustments, £7.2 million was added to the general fund during the year. Contributions to its unallocated reserves were in line with its budget. Reserves at 31 March 2010 were £28 million (1.5 per cent of net expenditure) which is in line with the council's policy to restore free reserves to two per cent over the medium term.

7. The council was able to report this general fund increase due to a number of significant non recurring items including the capital receipt from the transfer of assets to City Property Glasgow (Investments) LLP (£128 million), contributions to service costs from the capital fund (£49 million) and consent to borrow for equal pay (£12 million). The council's future budgets reflect the one-off nature of these and similar transactions.
8. The council's financial forecast for 2010-11 recognises the increasingly challenging climate, and identifies a funding gap of £30.3 million. On 28 January 2010, the council approved a budget to meet this gap. Measures adopted include improvement in staff attendance, phasing out of non-contractual overtime, middle-management reductions, increased fees and charges, savings from arms length external organisations (ALEOs) and reforms in education and social work.
9. Longer term financial forecasts (2011-2013) identify that the net effect of the reduction in funding and increasing costs, is a forecast spending gap of £52.7 million in 2011/12 and £48.7 million in 2012/13. The councils' Tomorrow's Workforce programme will offset some of this but the remaining gap of £90.4 million, will result in a reduction in planned expenditure of 3.6 per cent each year (7.1per cent cumulative). This includes £35 million from education services and £31 million from social work services.
10. We consider that due to the scale of the savings to be delivered in the future, the ability of the council to maintain its financial position into the future is yet to be proven and this is therefore an area of uncertainty for us. Audit Scotland will continue to monitor the financial position of the council during the annual audit process.
11. **Arms Length External Organisations (ALEOs):** During the year there was increased media coverage and correspondence to Audit Scotland in relation to the council's ALEOs. In addition, the 2010-11 council budget identified that ALEOs need to achieve efficiency savings of £7.08 million. The External Governance Scrutiny Committee has responsibility for monitoring the performance of the council's ALEOs in achieving outcome targets and maintaining service provision. In recognition of the requirements of best value there is also quarterly reporting on the main added value benefits arising from ALEO status. To demonstrate BV readiness all ALEOs have been asked to complete self-assessments of their approach to delivering best value and to demonstrate achievement of their original business case objectives. We welcome this self assessment process for driving further improvements in the governance of the ALEOs. It remains our view that there are no significant risks in this area, but pending the outcome of the self-assessments we have assessed this as an area of audit uncertainty. Audit Scotland will monitor the results of the process and the achievement of efficiencies. Future correspondence will continue to be monitored.

12. **Use of resources – Assets:** This assessment has been changed from one of uncertainty to no significant risk. At the end of 2009/10 the council transferred its portfolio of surplus and investment property assets to a wholly owned subsidiary, City Property Glasgow LLP. In return it received a capital receipt of £120 million, which has been used to generate funds to fund the early retirement and redundancy programme. Part of the service reform programme includes the rationalisation of the council's office space in the city centre from 18 offices to six. This will result in a reduction of floor space by 63 per cent and annual cost savings of approximately £6 million.

Areas of on-going risks and uncertainties

13. The areas where no significant risks were identified in the 2010/11 AIP but which continue to be areas of audit uncertainty, to be kept under review by the LAN, are as follows:

- **Healthy** – There is varied progress in performance against local outcome indicators in this outcome area. The LAN will consider the results of the ISLA and the annual audit process will monitor key service development and further evidence of performance.
- **Working** – The effect of the economic downturn on public spending has had an impact on progress against economy related national outcomes. The annual audit process will monitor key service development and further evidence of performance.
- **Safe** – Performance during 2009/10 was mixed with violent crime rates showing little improvement. The proportion of people who had a positive perception of the general crime rate in their local area has decreased since 2006/07. The LAN will consider the result of the Joint best value report on Scottish Police Forces when updating future risk assessments.
- **Social Work** – The changes in governance arrangements and the impact of the early retirement scheme represent challenges for social work services, particularly as demand is likely to increase as a result of the economic downturn. The LAN will consider the results of the ISLA and the SHR progress assessment when updating future risk assessments.
- **Development and Regeneration Services** – Performance outcomes continue to be affected by the economic downturn. This service will lose 35 per cent of its staff as part of the early retirement programme. The annual audit process will monitor key service development and the impact on services.
- **Land and Environmental Services** – This service continues to undergo fundamental reforms to change established working patterns and methods of service delivery. The severe winter weather has had an adverse effect on performance in several areas such as refuse collection and recycling as well the considerable effect on roads maintenance targets. The annual audit process will monitor key service development and the impact on services.

- **Use of resources – People** – Around 2,600 employees have accepted offers for early retirement/redundancy by 2013. Extensive service reform and workforce planning is required to ensure that services not adversely affected. The LAN will consider the effect of workforce reform on service delivery.

National risk priorities

14. **The protection and welfare of vulnerable people (children and adults) including access to opportunities.** The LAN has not identified any significant scrutiny risks for the council for this national risk priority. However the assessment remains as area of uncertainty mainly due to the unknown impact of the new governance arrangements, the need to rebuild partnership arrangements with NHSGGC and the impact of the voluntary severance scheme. In addition, during 2009/10, 16.8 per cent of Glasgow care services had requirements placed on them from the Care Commission, a rise from 13.6 per cent in the previous year and five per cent of Glasgow care services had a complaint upheld by the Care Commission, a rise from 2.7 per cent in the previous year. This uncertainty will be considered in the Initial Scrutiny Level Assessment (ISLA) review planned by SWIA for completion by March, with publication of the findings in May 2011.
15. **Assuring public money is being used properly.** Assurance on the financial position of the council is obtained through the annual audit process conducted by Audit Scotland and best value reviews. The results of the council's previous Best Value Audit were published in January 2006, with a follow-up review carried out in 2009. The findings of the follow up and the issues identified in the 2009 SRA process have been incorporated in the council's Best Value Improvement Plan (BVIP). Progress on implementation of the action plan is reported to committee on a quarterly basis. As at June 2010, of 18 improvement actions, three (17per cent) were complete; eight actions (44 per cent) were on schedule and seven actions (39 per cent) were experiencing some slippage. Audit Scotland continues to monitor progress as part of the 2010/11 annual audit.
16. Whilst no significant scrutiny risks are identified, the council is going through a period of extensive planned service reform. A key part of this reform has been the invitation to all staff over 50 to participate in a programme of early retirement/redundancy. In recognition of the potential effect on services, the council has determined individual release dates phased over a three year period. Each service department has produced service reform plans to demonstrate how they will accommodate reductions in posts. Whilst the impact of the service reform is being managed by the council, the longer term impact on services and the financial position are yet to be proven. This is therefore an area of uncertainty for the LAN. To allow the LAN to consider the implication of these reforms a Best Value 2 audit of the council has been included in the 2013/14 scrutiny plan.
17. **How councils are responding to the challenging financial environment.** As noted above the council has been proactive in preparing financial plans and identifying savings through extensive service reform. Their Service Reform Programme pulls together initiatives in workforce planning, streamlining bureaucracy and asset management. The council continues to be proactive in responding

to the current financial environment and the LAN has therefore concluded that there are no significant scrutiny risks for this area.

18. It is acknowledged that the financial climate will impact on the council's ability to deliver its outcome targets and maintain service performance into the future. The council has recognised this and is currently re-prioritising its performance outcomes. The extent of this is currently uncertain and will be kept under review by LAN members.

Scrutiny plan changes

19. No significant changes to the scrutiny plans for 2011/12 and 2012/13 have been identified. As reported above, a Best Value 2 audit has been scheduled by Audit Scotland for the 2013/14 scrutiny plan. The details are included in Appendix 1.

Review of 2010/11 planned activity

20. The 2010/11 scrutiny plan has been substantively completed in accordance with the timetable reported. The main findings from the work carried out were largely positive with progress reported from a number of LAN members. Both SWIA and HMIE reported improvements in the quality of self-evaluation processes within the council. A progress report requested by HMIE from education services on the extent of improvement was shared with the LAN and contributed to the reduction in our assessment on the level of scrutiny risk. However some areas for improvement were identified as a result of SWIA's inspection of prison-based social work services which will be followed up through the link inspector.
21. The local auditor's review of progress on the Commonwealth Games was issued in March 2011. The HMICS/Audit Scotland Joint Best Value audit of Strathclyde Police Authority is currently underway.

Appendix 1 - Scrutiny Plan 2010-14

Glasgow City Council Scrutiny Plan		2011-12										
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Audit Scotland Fire and Rescue Best Value audit												
HMIE – Validated Self Evaluation, in partnership with council												
2012-13												
Indicative scrutiny activity for year 2	Potential scrutiny bodies involved											
ISLA review	SCSWIS – timing to be confirmed by the new body											
2013-14												
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved											
Best Value 2 audit	Audit Scotland											

Footnotes

- The focus of the AIP is strategic scrutiny activity, that is scrutiny activity which is focused at corporate or whole service level, but there will also be baseline scrutiny activity at unit level on-going throughout the period of the AIP. This will include, for example, school and residential home inspections. Scrutiny bodies also reserve the right to make unannounced scrutiny visits. These will generally be made in relation to care services for vulnerable client groups. The annual audit of local government also comprises part of the baseline activity for all councils and this includes work necessary to complete the audit of housing benefit and council tax benefit arrangements. HMIE, through the District Inspector, will continue to support and challenge Education Services regularly and as appropriate.
- The new body, Social Care and Social Work Improvement Scotland (SCSWIS), will be in place from April 1st 2011 and will regulate care services and inspect social work services based on the Public Services Reform (Scotland) Act 2010.
- SCSWIS will undertake supported self evaluation work with councils during 2011. Planning is currently taking place and SCSWIS will contact LAN leads when the detail of the fieldwork is established.
- HMIE and Learning and Teaching Scotland are to form a new quality and improvement agency on 1 July 2011.
- The Accounts Commission has decided to undertake Best Value audits of Fire & Rescue Services and Authorities during 2011. Planning is currently taking place and Audit Scotland will contact LAN leads when the detail of the fieldwork is established
- Audit Scotland also undertakes a series of national performance audit studies. Field visits to individual local authorities often form part of this work. When a visit is planned to a council this will be communicated to the council through the LAN lead.
- In April 2008, the Accounts Commission agreed to a request from the Department for Work and Pensions (DWP) to take over the Benefit Fraud Inspectorate's responsibility for inspecting housing and council tax benefit (benefits) services in Scotland. As Audit Scotland has no inspection function, this 'benefits performance audit' work has been incorporated into the annual audit of local government. The housing benefit audit of the council is planned for 2011/12.