The Accounts Commission for Scotland

Agenda

Meeting on Thursday 13 November 2014
in the offices of Audit Scotland, 18 George Street, Edinburgh

The meeting will begin at 10.00am

1. **Apologies for absence.**

2. **Declarations of interest.**

3. **Decisions on taking business in private:** The Commission will consider whether to take items 11 to 13 in private.

4. **Minutes of meeting of 9 October 2014.**

5. **Update report by the Secretary to the Accounts Commission:** The Commission will consider a report by the Secretary to the Commission on significant recent activity in relation to local government.

6. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit providing an update on his recent activity.

7. **Audit of Best Value (follow-up) - City of Edinburgh Council:** The Commission will consider a report by the Controller of Audit.

8. **Briefing: Scottish Budget 2015/16:** The Commission will consider a report by the Secretary to the Commission.

9. **Shared risk assessment 2015/16:** The Commission will consider a report by the Director of Performance Audit and Best Value.

10. **Local Government Benchmarking Framework:** The Commission will consider a report by the Secretary to the Commission and presentation by the Local Government Benchmarking Framework board.

The following items are proposed to be considered in private:

11. **Audit of Best Value (follow-up) - City of Edinburgh Council:** The Commission will consider the action it wishes to take on the report.

12. **Application of ethical standards for auditors:** The Commission will consider a report by the Assistant Auditor General.

13. **Commission business matters:** The Commission will discuss matters of interest.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of meeting of the Commission of 13 November 2014	AC.2014.9.1
Agenda Item 5: Report by Secretary to the Commission	AC.2014.9.2
Agenda Item 7: Report by Controller of Audit	AC.2014.9.3
Agenda Item 8: Report by Secretary to the Commission	AC.2014.9.4
Agenda Item 9: Report by Director of Performance Audit and Best Value	AC.2014.9.5
Agenda Item 10: Report by Secretary to the Commission	AC.2014.9.6
Agenda Item 12: Report by Assistant Auditor General	AC.2014.9.7

ACCOUNTS COMMISSION

MEETING 13 NOVEMBER 2014

MINUTES OF PREVIOUS MEETING

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 9 October 2014, at 10.00am

PRESENT: Douglas Sinclair (Chair)
Ronnie Hinds (Deputy Chair)
Alan Campbell
Sandy Cumming
Colin Duncan
Tim McKay
Christine May
Stephen Moore
Linda Pollock
Colin Peebles
Graham Sharp
Pauline Weetman

IN ATTENDANCE: Paul Reilly, Secretary to the Accounts Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Antony Clark, Assistant Director, PABV [Items 7, 9 and 10]
Fiona Kordiak, Director, Audit Services [Item 10]
Mark McCabe, Project Manager, PABV [Items 7 and 9]
Mark MacPherson, Senior Manager, PABV [Items 7 and 9]
Rebecca Seidel, Project Manager, PABV [Item 10]

Item No   Subject

1.   Apologies for absence
2.   Declarations of interest
3.   Decisions on taking business in private
4.   Minutes of meeting of 25 September 2014
5.   Update report by the Secretary to the Commission
6.   Update report by the Controller of Audit
7.   Orkney Community Planning Partnership
8.   Meeting arrangements 2015
9.   Orkney Community Planning Partnership *[in private]*
10.   Draft report: Community planning – a national overview *[in private]*
11.   Commission business matters *[in private]*

Introductory remarks

The Chair welcomed Ronnie Hinds, Tim McKay and Stephen Moore to their first meeting of the Commission.

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of interest

The following declarations of interest were made:

- Sandy Cumming, in items 7 and 9, as the former Chief Executive of Highlands and Islands Enterprise, and a Trustee of The Robertson Trust which has business interests in Orkney.
- Linda Pollock, in item 5, as a member of the board of the Care Inspectorate.

Advice was also noted from Fraser McKinlay that he would declare an interest in, and would not be advising the Commission in relation to, item 10 as his brother is Head of Community Planning and Empowerment in the Scottish Government.

3. Decisions on taking business in private

It was agreed that items 9 to 11 should be taken in private as they contained draft reports and confidential issues.

4. Minutes of meeting of 25 September 2014

The minutes of the meeting of 25 September 2014 were submitted and approved, subject to.

- noting that Colin Peebles was not present at the meeting.
- noting advice from the Secretary that:
    - o in relation to item 11 (The impact of welfare reforms on council rent arrears in Scotland), that the Chair would write to council leaders, chairs of audit committees and chief executives in the week beginning 20 October.
    - o in relation to item 13 (West Lothian Community Planning Partnership), the report and findings would be published on 23 October.

5. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary to the Commission providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion the Commission:

- noted the following changes to the Commission's committee membership:
    - o Ronnie Hinds would be chair and Stephen Moore a member of the Performance Audit Committee.
    - o Graham Sharp would be chair and Tim McKay a member of the Financial Audit and Assurance Committee.

- noted advice from the Secretary that:

  o In relation to paragraph 7 (Audit Scotland board), he was working with the Chair on providing clarity to the Commission on the board business in which the Commission would have a direct interest.

  o In relation to paragraph 34 (Islands Framework and devolution of power), more information would follow in this regard when it became available from the UK and Scottish governments.

  o In relation to paragraph 35 (Retrieval of tax arrears), more information would follow in this regard when it became available from the Scottish Government.

  o In relation to paragraph 42 (National Audit Office consultation: draft Code of Practice), it was his view that there was no need for a direct response solely from the Commission to the consultation, but he would keep the Commission informed of a response from Audit Scotland.

Thereafter the Commission agreed to note the report.

6.   Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders.

7.   Orkney Community Planning Partnership

The Commission considered a report by the Secretary introducing a report, by the Controller of Audit and the Auditor General for Scotland, of the audit of Orkney Community Planning Partnership and seeking direction on how to proceed.

During consideration, the Commission agreed:

- To ensure appropriate prominence in the national overview report to the resources dedicated to support community planning partnerships

Action: Director of Audit Services

- To note the report

- To consider in private how to proceed.

8.   Meeting arrangements 2015

The Commission considered a report by the Secretary to the Commission proposing meeting arrangements for the Commission for 2015.

During consideration, the Commission agreed:

- To approve the proposed meeting schedule for meetings of the Commission and its committees in 2015, subject to:

  o Meetings starting at 10.15am, to be preceded with a private business session at 9.30am.

  o The Financial Audit and Assurance Committee meeting first at 10.00am each committee day.

- That these arrangements would start from the first meeting in 2015.

- That the annual strategy seminar take place in late March 2015.

- To continue with a guest speaker session as part of committee days, with scrutiny partners, the Improvement Service, the Children's Commissioner, the Local Government Boundary Commission, and health sector representatives such as GPs, to be considered for inclusion in the programme of speakers.

Actions: Secretary

9. Orkney Community Planning Partnership *[in private]*

The Commission agreed that this item be held in private to allow it to consider how to proceed in relation to a report by the Controller of Audit.

The Commission discussed how to proceed in relation to the report by the Controller of Audit and Auditor General for Scotland on the audit of Orkney Community Planning Partnership.

Following discussion, the Commission agreed to make findings, to be published in early course.

10. Draft report: Community planning – a national overview *[in private]*

The Commission agreed that this item be held in private to allow it to consider a draft report.

The Commission considered a report by the Secretary introducing a draft report, in conjunction with the Auditor General, updating the progress of community planning in Scotland.

Following discussion, the Commission agreed:

- to approve the draft report, subject to the drafting team considering a number of points raised in discussion.

- that final sign-off of the report be delegated to the Chair and Deputy Chair.

Action: Director of Audit Services and Secretary

- To note advice from the Secretary that, on publication of the report:

  o the Chair would write to the Convener of the Scottish Parliament's Local Government and Regeneration Committee commending the report in the context of the Committee's ongoing scrutiny of the Community Empowerment Bill.

  o the Chair would brief the National Community Planning Group on the report at its meeting on 2 December.

  o the Auditor General would give evidence on the report to the Scottish Parliament's Public Audit Committee at its meeting on 3 December.

11. Commission business matters [*in private*]

The Commission agreed that the Chair's update on Commission business matters be held in private to allow it to discuss issues of a confidential nature relating to the operations of the Commission.

The Chair briefed the Commission on matters of interest.

ACCOUNTS COMMISSION

MEETING 13 NOVEMBER 2014

REPORT BY SECRETARY TO THE ACCOUNTS COMMISSION

UPDATE REPORT

Introduction

1.   The purpose of this report is to provide a regular update to the Commission on significant recent activity relating to local government, as well as issues of relevance or interest across the wider public sector.

2.   The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. Further, detailed news in relation to local government activity is provided in the weekly media digests produced by Audit Scotland's Communications Team and provided to Commission members alongside Commission meeting papers.

3.   The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business

Impact of recent reports

4.   On 23 October 2014, the *West Lothian Community Planning Partnership* report was published. The report was covered by Holyrood Magazine and by a short piece in the Evening News. Particular effort was made to interest local weekly papers but this yielded no coverage. Since publication (up to 3 November) there have been 170 downloads of the main report and the Podcast has recorded 17 listens. The audit team has been invited to attend the CPP Board on 17 November to talk to the published audit report and as part of the Board's consideration of its response to the audit / improvement plan. The Accounts Commission will met with the CPP Board early in 2015.

5.   The *School Education* report, which was published on 19 June 2014, continues to attract significant media and other parliamentary interest - more than any other Accounts Commission report this year. Holyrood Magazine, referred to the report in an article on education funding in its 29 October edition. In addition, a debate was held in the Scottish Parliament on 29 October 2014, on *Addressing the Attainment Gap in Scottish Schools*, which drew on the key findings of the report. It was also referenced in a press release by the Scottish Conservatives of 28 October 2014, issued in advance of this debate. Download statistics indicate ongoing online interest in the report. During September, there were 493 downloads of the main report and ten listens to the Podcast. Figures for October were higher with 737 downloads and 11 listens and up to 3 November, the report had already been viewed on 27 occasions.

6.   Throughout September and October, the audit team have continued to have considerable engagement with stakeholders and interested parties:

- At the beginning of October, the study team gave a presentation to the National Voluntary Youthwork Organisations for Scotland in relation to developing the wider achievement agenda in schools. This event was very well received by all the organisations who attended, as it provided them for the first time with an insight into how councils are approaching, developing, monitoring and recording wider achievement activities within schools.

- Presentations have been given to West Lothian Council's Audit and Governance Committee and the Education Committee at East Renfrewshire Council. Other councils, including East Ayrshire and Aberdeen City continue to implement action plans to support the report's recommendations. The audit team also contributed to a national partners events organised by Scottish Government focussing on raising attainment and developing models for improvement.

- Current planned activities before the end of the year include presentations at East Lothian, Highland, Comhairle nan Eilean Siar, and Argyll and Bute councils and the Education Scotland Audit and Risk Committee.

7. The report of the audit of Orkney community planning partnership was published on 6 November 2014 (this was of course after the issue of this report).

Other Commission business

8. The 13 October 2014 edition of Holyrood magazine includes an article entitled *Full Accountability* featuring an interview Douglas Sinclair, reflecting on his first year as Chair of the Accounts Commission. The Commission's role in auditing the health and social care partnerships, as well reporting on arms length organisations are identified as key issues for the future.

9. On 3 November 2014, a Development Event for Non-Executive Directors was held by the Scottish Government's Public Bodies Unit. Linda Pollock attended this event on behalf of the Accounts Commission and will brief members on the key points at today's meeting. On 16 October 2014, the Permanent Secretary had written to public bodies requesting nominees to attend.

Auditor General for Scotland:

10. On 24 October 2014, Caroline Gardner, Auditor General for Scotland (AGS) reported to the Scottish Parliament on matters raised in the audits of the 2013/14 accounts for NHS 24, NHS Highland and NHS Orkney. The reports draw Parliament's attention to a number of issues identified in the audits.

11. The *NHS in Scotland 2013-14* report was published on 30 October 2014. There was extensive media coverage of the report. The Herald carried it as the front page and included both an analysis and View on the publication. Caroline Gardner was interviewed live on BBC Good Morning Scotland and also gave TV interviews for the BBC and STV. It was also covered in Holyrood. Statements in response to the report were issued by the Scottish Government, all opposition parties (apart from Scottish Greens), Royal College of Nursing (RCN) and the British Medical Association (BMA). All the coverage reported the key messages well, with the main focus on the performance against waiting targets, their suitability given the existing pressures on the service and whether the current level of funding committed by the Scottish Government is sufficient in light of the report. Alongside the media interest, the report has generated considerable online interest since publication. Up to 3 November, there were 832 downloads of the main report, 97 of Supplement 2, 21 of Supplement 3, 30

listens of the podcast and 12 viewings of the text only version (no figures available for Supplement 1).

12. Caroline Gardner, AGS, and the audit team will present the report to the Public Audit Committee on 5 November. The Health & Sport Committee received a private briefing on the report on 28 October 2014 as part of their scrutiny of the health budget. In addition, the audit team have been invited to present the report to NHS Tayside's audit committee.

13. During October 2014, articles featuring interviews and contributions from Caroline Gardner have appeared in the *Global Accountant – Interview with Caroline Gardner*. The interview focusses on the importance of ethics and accountability following the financial crisis, and in the context of her role as a public member of the IFAC International Ethics Standards Board for Accountants (IESBA). *Accountancy Futures* magazine features an article entitled, *A new responsibility,* with contributions from Caroline Gardner and other auditor generals from other countries. The article explores the long-term implications of the 2008 financial crisis, including a stronger role for the public audit function.

Audit Scotland:

14. Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value, will represent Audit Scotland on the Advisory Board of What Works Scotland. This is in response to a request of 24 October 2014, from Nick Watson, What Works Scotland, for Audit Scotland to be represented on the Board. The programme aims to improve local decision-making by local areas by using evidence to make decisions about local service services. It is jointly funded by the Scottish Government, Economic and Social Research Council (ESRC) and Universities of Glasgow and Edinburgh.

15. Briefings on *Health and Social Care Integration* and *Q&A* (October 2014): This *briefing* and a *Q&A* have been produced by Performance Audit and Best Value (PABV), Audit Scotland, for auditors. The documents outline the significant changes underway in relation to health and social care services in Scotland, via the Public Bodies (Joint Working) (Scotland) Act. They explain the key features of integration and implications for Audit Scotland's work.

16. As reported to the Commission's September meeting, Audit Scotland hosted the 2014 annual *EURORAI (European Organisation of Regional External Public Finance Audit Institutions)* conference in Edinburgh on 24 October 2014. The theme of the event was auditing in a period of austerity. It proved very successful with 120 delegates from 14 different countries attending the seminar. Details of the presentations are now available to view on EUORAI's website.

Issues affecting local government

Scottish Government:

17. On 21 October 2014, the Scottish Government has published a *Consultation Report July 2014: Future Model for Community Justice in Scotland* presenting the findings of its recent consultation on community justice in Scotland, as well as an analysis of the responses. A total of 66 responses were received from public, private and third sector organisations, including a joint submission from the Accounts Commission and Auditor General for Scotland prepared by Audit Scotland. The responses can be viewed on the Scottish Government's website.

18. The Scottish Government published quarterly *Scottish Welfare Fund Statistics to 30 June 2014* on 21 October 2014, covering April – June 2014. The report provides information on those receiving assistance from the Fund; processing times for applications; how the Scottish Welfare Fund has been spent, analyses by households and local authorities, as well as details of the review process. The full report and accompanying data tables are available on the Scottish Government's website.

19. On 9 October 2014, the Scottish Government's *Draft Budget 2015-16* was presented to the Scottish Parliament for consultation by John Swinney, Cabinet Secretary for Finance, Employment and Sustainable Growth. For the first time, this includes the powers devolved through the Scotland Act 2012 to set the rates and bands for Scottish Landfill Tax and Land and Buildings Transaction Tax and borrowing for capital investment. More details of the draft budget are available on the Scottish Government's website. I have reported on this separately at today's meeting.

20. On 30 October 2014, the Scottish Government published *Autumn Budget Revision 2014-15 Supporting document*, the first of two biannual amendments to the budgets detailed in the Budget Act 2014. It provides details of any changes to Level 2 and 3 budgets and supports the Budget (Scotland) Act 2014 Amendment Order 2014. More details, including the full report, are available on the Scottish Government's website.

Scottish Parliament

Chamber Proceedings:

21. The Secretary for Finance, Employment and Sustainable Growth, John Swinney, outlined details of the *Draft Budget 2015-16* (as at para 19) to the Scottish Parliament on 9 October 2014. The Official Report of the Ministerial Statement on the Draft Budget 2015-16 is now available on the Parliament's website.

Parliamentary Committee News:

Local Government and Regeneration Committee:

22. At its meeting of 8 October 2014, the Committee continued its consideration of evidence on the Community Empowerment (Scotland) Bill at Stage 1.

23. On 27 October 2014, the Committee considered and noted the Scottish Government's response dated 26 September 2014, to its report on *Flexibility and Autonomy of Local Government* of 27 June 2014. It agreed to seek a plenary debate on the report, and to consider the issues raised by its inquiry as part of its ongoing Stage 1 consideration of the Community Empowerment (Scotland) Bill which it continued at this meeting.

24. The Committee continued its consideration of the Community Empowerment (Scotland) Bill at Stage 1 at the 5 November 2014 meeting. It took evidence form Douglas Sinclair, Chair, Accounts Commission for Scotland, and Caroline Gardner, Auditor General for Scotland, (AGS), Audit Scotland.

Public Audit Committee:

25. At its 8 October meeting, the Committee considered the Section 23[1] report by the

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[1] The Auditor General for Scotland (AGS) reports to the Public Audit Committee under Section 23 of the Public Finance and Accountability Act on economy, efficiency and effectiveness of public sector bodies (excluding local government).

Auditor General for Scotland, *Accident and Emergency - Performance update* published on 8 May 2014. Evidence was heard from Caroline Gardner, Auditor General for Scotland (AGS); Angela Canning, Assistant Director, Tricia Meldrum, Senior Manager, and Catherine Young, Project Manager, Audit Scotland. The Committee agreed to request written evidence from the Scottish Government on issues raised in discussion and to consider a draft report, at a future meeting. Also at this meeting, the Committee considered the AGS report, The 2013/14 audit of the *Scottish Government Consolidated Accounts - Common Agricultural Policy Futures programme*. It took evidence from Caroline Gardner, Auditor General for Scotland; Mark Taylor, Assistant Director, and Gemma Diamond, Senior Manager, Audit Scotland. The Committee agreed to seek oral evidence from the Scottish Government on the report.

26. On 5 November 2014, the Committee considered the Section 23 report, *NHS in Scotland 2013/14* published 30 October 2014. It took evidence on the AGS report from Caroline Gardner, AGS; Tricia Meldrum, Senior Manager, and Jillian Matthew, Project Manager, Audit Scotland and considered its approach. The Committee also considered the Section 22 reports - *The 2013/14 audit of NHS Highland*, *The 2013/14 audit of NHS Orkney* of 24 October 2014. It took evidence from Caroline Gardner, Auditor General for Scotland; Stephen Boyle, Assistant Director, and Tricia Meldrum, Senior Manager, Audit Scotland and considered its approach.

27. At this meeting, the Committee also considered the responses from the Scottish Government and the AGS to the Committee's report, Report on NHS financial performance 2012/13; and Management of patients on NHS waiting lists- audit update.'

Infrastructure and Capital Investment Committee:

28. At its meeting of 8 October 2014, the Committee took evidence on homelessness in Scotland. Consideration of this item was continued on 5 November 2014, in particular, the outcomes from the Committee's review of the implementation of the 2012 homelessness commitment. The Committee also heard evidence on the Scottish Government's Draft Budget 2015-16.

Finance Committee:

29. On 8 October 2014, the Committee took evidence on further fiscal devolution. It also considered the Draft Budget Scrutiny 2015-16 and heard evidence on preventative spending. The Committee also took evidence on the Financial Memorandum of the Community Empowerment (Scotland) Bill.

30. At its meeting of 29 October 2014, the Committee considered a report by the Scottish Fiscal Commission and took evidence on further fiscal devolution. The Committee also agreed its submissions to the lead committees on the Community Empowerment (Scotland) Bill: Financial Memorandum and Welfare Funds (Scotland) Bill: Financial Memorandum.

31. The Committee continued its consideration of further fiscal devolution and took evidence on the Scottish Government's Draft Budget 2015-16 at the meeting of 5 November 2014.

32. The Committee launched its *Devolution of further fiscal powers - Inquiry* on 8 October 2014. The inquiry will explore options for the further devolution of financial powers to Scotland, in the context of the Smith Commission's ongoing consideration of this area.

It will consider both the general principles of the devolution of further financial powers, specific powers and the impact of any further financial powers on the block grant. A call for written evidence has been issued with a closing date for responses of Friday 14 November 2014. Oral evidence sessions will be held throughout November and December. More details of the inquiry are available on the Committee's [webpage](#).

Welfare Reform Committee

33. The Committee's meeting of 7 October 2014 was a single item meeting on the Welfare Funds (Scotland) Bill l at Stage 1. Further evidence on the Bill was taken at the meetings of 28 October and 4 November 2014.

Justice Committee:

34. At its meeting of 7 October 2014, the Committee considered its approach to the scrutiny of the Scottish Government's Draft Budget 2015-16 and agreed: not to appoint an adviser; a list of witnesses on the courts budget; and to request specific budgetary information from the Scottish Court Service, the Scottish Police Authority and Police Scotland. The Committee also agreed its report to the Parliament on Criminal Justice and Courts Bill (UK Parliament legislation).

35. On 4 November, the Committee considered Subordinate legislation (drink driving limit). It took evidence on the Road Traffic Act 1988 (Prescribed Limit) (Scotland) Regulations 2014 [draft]. Also at this meeting, Committee heard evidence on the Scottish Government's Draft Budget 2015-16.

Bills – Progress Updates:

36. The [Community Empowerment (Scotland) Bill](#) was introduced by the John Swinney MSP, Cabinet Secretary, on 11 June 2014. Stage 1 consideration is due to be completed by 6 February 2015. The Local Government and Regeneration Committee is the lead committee.

37. Consideration of the [Criminal Justice (Scotland) Bill](#) at Stage 2 is continuing – a completion date has not yet been considered. Stage 1 consideration was completed on 27 February 2014. The lead committee is the Justice Committee.

38. Consideration of the Government Bill, [Air Weapons and Licensing (Scotland) Bill](#) (introduced 14 May 2014) continues. The Local Government and Regeneration Committee is lead committee. A Stage 1 completion date has yet to be scheduled.

39. The [Welfare Funds (Scotland) Bill](#) was introduced by Nicola Sturgeon MSP, Cabinet Secretary, on 10 June 2014. The lead committee is the Welfare Reform Committee. Stage 1 consideration continues.

40. The Justice Committee completed Stage 2 consideration of the [Courts Reform (Scotland) Bill](#) at on 27 June 2014.

41. The [Disabled Persons' Parking Badges (Scotland) Bill](#) received Royal Assent on 24 September 2014. The Bill had been passed at Stage 3 on 19 August 2014. The Local Government and Regeneration Committee was lead committee.

42. The [Revenue Scotland and Tax Powers Bill](#) received Royal Assent on 24 September 2014. It was passed at Stage 3 on 19 August 2014. The lead committee was the Finance Committee.

Smith Commission - Updates:

43. The Smith Commission has invited the five political parties represented at the Scottish Parliament to submit their views by Friday 10 October on further powers to be devolved to Holyrood. The responses will be available to read on the Commission's website after the deadline.

44. *[Proposals from the political parties represented at the Scottish Parliament](#)* from were submitted to the Commission by 10 October 2014 and are now available to view on the Commission's [website](#).

45. The [public consultation](#) on further powers to be devolved to the Scottish Parliament closed at 5pm on 31 October 2014. The *[Accounts Commission](#)* and *[AGS](#)* have both submitted responses dated 29 October 2014.The Commission's purpose is to produce Heads of Agreement with recommendations for further devolution of powers to the Scottish Parliament by 30 November 2014. More information on the Commission and its work can be found on its [website](#).

46. The [first cross-party talks meeting](#) involving all ten of the nominees from each of the political parties represented in the Scottish Parliament took place on 22 October 2014. In a [press statement](#) released by Lord Smith after the meeting, discussions were described as described as "constructive".

COSLA, Improvement Service etc.:

47. The COSLA Convention met on 31 October 2014. Major items of business considered at the meeting included the Management of COSLA's Strategic Activity; the Commission on Strengthening Local Democracy Report; Police Scotland: Governance and Scrutiny; and a Gender Balance Task Group Update. The Convention also considered an item on Responding to the Lord Smith Commission - Lord Smith joined the meeting for part of the discussion on this item. The next meeting of the Leaders Group is scheduled for 21 November 2014.

Current activity and news in local government:

   Individual councils:

48. The following paragraphs highlight current activity and news occurring in local government over the previous month as well as developing issues. The items are drawn from a range of sources including news articles, websites and media summaries. Some of the more significant issues are highlighted in the following sections.

49. On 10 October 2014) [Councillor Alastair Cranston, Scottish Borders Council](#) was suspended by the Standards Commission for three months after breaching the councillors' code of conduct.

50. The SNP candidate Iain Stewart MacLean won the *[Oban North and Lorn Ward - by-election](#)* for Argyll and Bute Council, held on 23 October 2014. This result was a gain for the Party. The by-election was held following the recent death of independent councillor John MacGregor. More information is available on the council's [website](#).

51. The *[North Coast and Cumbraes Ward –by-election](#)* was won by Grace McLean, SNP, for North Ayrshire Council, held on 30 October 2014. The result was a hold for the Party. The by-election was held following the death of SNP councillor Alex McLean. More details are available on the council's [website](#).

52.   The resignation of the Leader of Moray Council, Councillor Allan Wright, was reported on 4 November 2014. His decision followed a vote by fellow councillors agreeing a five year moratorium on the closure of schools. He said this decision made his position as leader untenable. More details are available on BBC Online.

Scrutiny and Inspection Bodies

Her Majesty's inspectorate of Constabulary of Scotland (HMICS):

53.   *HMICS Local Policing+ Pilot Inspection of Fife Division* was published on 16 October 2014. This HMICS inspection pilot tested the methodology of the Local Policing+ inspection programme, and also undertook a detailed inspection of Fife Division. The learning from the pilot will inform the rolling programme of divisional inspections of local policing across Scotland. Overall, the report concludes that effective local policing is being delivered to the communities of Fife and the area continues to be a safe place. Police officer and staff morale had been affected by the transition to the new single service. More details are available on HMICS website.

Scottish Public Sector Ombudsman (SPSO):

54.   The *SPSO News – October* was published on 22 October 2014. The October newsletter summarises September case numbers, outlines investigations reports, recent SPSO news and highlights emerging issues, including in this month's edition, a planning decision by a local authority on a windfarm planning application. More information on the SPSO's work, including detailed Investigations and decision reports, are on the Our findings webpage. More detailed intelligence from the SPSO was considered by the Financial Audit and Assurance Committee on 11 September 2014.

55.   SPSO published *Local government complaints report 2013-14* on 8 October 2014. The report states that SPSO received 1,750 complaints about local government (almost 40 per cent of SPSO caseload), 16 per cent more complaints than the previous year. The number of premature complaints (complaints that had not completed the council's procedure before they came to the SPSO) was down 10 per cent to 40 per cent. The rate of upheld complaints was 49 per cent, up from 47 per cent the previous year. Housing, planning and social work received the highest number of complaints. The Ombudsman highlights concerns about the pace of reform of social work complaints procedures and the lack of clarity over complaints pathways under health and social care integration. Nevertheless, he reports that consistency in complaints handling across councils has improved as a result of all 32 councils now using the same accessible, straightforward, user-focused complaints handling procedures. He notes that this enables opportunities for learning and improving council services, as well as for benchmarking and improving the quality of councils' complaints handling. More information is available on the SPSO's website.

56.   The *Health Complaints 2013-14* report was published on 30 October 2014. It highlights issues raised with SPSO concerning the NHS. Key points include a 11.5 per cent increase in health complaints, 55 per cent of complaints upheld, a continuing decrease in complaints being raised with SPSO at a too early stage, and 684 recommendations for redress and improvement were made. More information on the report can be found on the SPSO's website.

57.   The SPSO's Annual Report 2013/14, *Transforming Scotland's Complaints Culture* published 28 August 2014, was considered at the Commission's September meeting. The report reviews SPSO's performance, highlights general improvements in

complaints handling, and identifies areas for further improvement. Given the potential interest of this report to the Commission, I have appended a copy of the full report.

Commissioner for Ethical Standards in Public Life in Scotland:

58. From October to 4 November 2014, the Commissioner published decisions on two complaints relating to councillors, namely Councillor Ronald Mackinnon, Comhairle nan Eilean Siar, and Councillor Malcolm Cunning, Glasgow Council. In both cases the Commissioner decided that no breach of the Councillors' Code of Conduct had occurred. More detailed intelligence in this regard was considered by the Financial Audit and Assurance Committee on 11 September 2014.

Standards Commission for Scotland:

59. From October to 4 November 2014, the Standards Commission undertook two investigations into complaints against councillors (referred from the Commissioner), namely Councillor Alastair Cranston and Councillor George Black.In both cases, the Commission decided to hold a hearing, (10 October and 4 November 2014 respectively). Councillor Alastair Cranston was suspended for three months after breaching the councillors' code of conduct (see para 49). More detailed intelligence in this regard was considered by the Financial Audit and Assurance Committee on 11 September 2014.

Other UK Audit Bodies

National Audit Office:

60. NAO published *The 2013-14 savings reported by the Efficiency and Reform Group* on 22 October 2014. This guide provides a quick and accessible overview of the Department with a focus on areas for improvement, illustrated by examples from previous NAO publications. It is one of 17 such guides covering NAO work on each major government department. They cover the department's responsibilities, expenditure, financial management, reported performance, as well as key issues identified in NAO reports. More details are available on NAO's website.

61. On 17 October 2014, the *Housing Benefit fraud and error* report was published. It concludes that the Department for Work & Pensions should have increased its focus on housing benefit fraud and error sooner, and is now facing an escalating problem. It recommends that the Department should articulate clearer responsibilities for reducing fraud and error. More details are available on NAO's website.

Audit Commission:

62. On 13 October 2014, the Audit Commission announced, a reduction in *Audit Fees* for local public bodies in England by £30 million from 2015-17 – the lowest level since 1990. The Commission also launched its final consultation on its 2015/16 proposed work programme and audit fees scales.

Ofsted:

63. On 9 October, Ofsted's Chief Inspector launched an eight-week consultation on proposals which he billed as "some of the most far-reaching reforms to education inspection in the last quarter of a century". Sir Michael Wilshaw said the reforms would bring about a radically different inspection regime designed to maintain and accelerate improved educational standards in England. The consultation includes proposals to introduce frequent but shorter inspections for good schools and further education and

skills providers. Such inspections will look to see that headteachers and leadership teams have identified key areas of concern and have the capability to address them. Another key proposal due to take effect from next September is the introduction of a new common inspection framework, which will standardise the approach to Ofsted education inspections. This will be adapted to suit nurseries, schools and colleges, including the independent schools that Ofsted inspects, making it easier for parents, employers, pupils and learners to compare different providers and make more informed choices.

Westminster

64. The Command Paper, *The parties' published proposals on further devolution for Scotland* was published on 13 October 2014. This policy paper produced by the UK government sets out the proposals of the three main UK political parties for further devolution of powers to the Scottish Parliament. More information, including the full report, can be found on here.

65. On 4 November 2014, Eric Pickles, Secretary of State for Communities and Local Government, made a ministerial statement to the House of Commons outlining his proposed actions in relation to the *Best Value Inspection of London Borough of Tower Hamlets Report* published on 16 October 2014. The report had been commissioned on 4 April 2014 following concerns about poor governance and financial management at the council of the London Borough of Tower Hamlets. The statement sets out a proposed intervention based around a team of three commissioners appointed by and accountable to the Minister. The council will be required to work, with the commissioners, to agree an action plan to ensure it complies with the best value duty in future. The commissioners will provide six-monthly progress reports to the Minister. The Shadow Secretary of State for Communities and Local Government, Hilary Benn responded on behalf of the Opposition. His comments were broadly supportive of the findings of the report: he called on the council to *"now accept the findings of this report, and work with the commissioners to ensure that what has gone wrong is put right".*

Treasury Committee – Inquiry:

66. On 23 October 2014, the Treasury Committee announced its inquiry into *Proposals for further Fiscal and Economic Devolution to Scotland*. Its first session was held on 28 October 2014. More details of inquiry can be found on the Committee's webpage.

Public Accounts Committee:

67. The Committee published its report on *The centre of government* on 22 October 2014. The report concludes that there is a lack of clarity around the role of centre of government, particularly the respective responsibilities of the Cabinet Office, HM Treasury and Prime Minister's Office and how they work together coherently. The report makes a series of recommendations and will review progress in a further session before the end of this Parliament. More information, including the full report, can be found on the Committee's webpage.

Conclusion

68. The Commission is invited to consider and note this report.

Paul Reilly
Secretary to the Accounts Commission
5 November 2014

Transforming Scotland's Complaints Culture

SPSO

Scottish
Public
Services
Ombudsman

Laid before the Scottish Parliament by the Scottish Public Services
Ombudsman in pursuance of section 17(1) and (3) of the Scottish
Public Services Ombudsman Act 2002.

Contents

"I recognise the courage and stamina it can take to make a complaint about a public service and we work hard to put things right and to bring about learning and change through the complaints that we see."

Ombudsman's overview

Welcome to our 2013/14 annual report.

Last year, we helped over 4,400 people in Scotland. We provided independent advice and support, investigating where we could the issues people brought us. We made final stage decisions on almost 900 complaints, providing individual justice to people failed by public services.

We also improved public services by rigorously following up nearly 1,200 recommendations. And by publishing our decisions, we made public authorities more transparent and accountable to the people their services are for.

We achieved this against a background of receiving a record number of complaints, up 8% on the previous year. 2013/14 is the fifth consecutive year we have seen an increase.

At the same time, we continued to successfully put in place simple, accessible, standardised and effective complaints handling procedures across more areas of the Scottish public sector.

Complaints are a key way for public authorities to learn about services that are not working well and to use that feedback to make improvements. Thanks to our complaints standards work, for the first time members of the public and others will soon have access to clear, transparent and consistent information on the volume of complaints service providers received and how they handled these. There is also much evidence that, as well as providing accountability and other clear benefits for service users, getting things right early saves money for the public purse.

Our work directly contributes to the Scottish National Performance Framework, in particular the national outcome of ensuring that public services are high quality, continually improving, efficient and responsive to local people's needs.

Balancing demands on our service

As in so many businesses that are demand-led, there is an inherent tension in balancing service user and other stakeholder needs. SPSO has multiple goals – efficiency, effectiveness, quality, accessibility, impact and public service improvement. Each year the demands on us change, and we need to be flexible and creative in finding new ways to carry out our different functions.

Our productivity kept pace with the increased demand, thanks primarily to the extraordinary commitment of SPSO staff. Their dedication and hard work allowed us to keep our heads above water as complaint numbers increased again and resources remained static. I am grateful to the Scottish Parliamentary Corporate Body for recognising the challenge of the increase in complaints and their complexity, and giving us temporary funding in 2014/15 for more staff to carry out investigations.

How does the SPSO make a difference?

I think individual stories are a powerful way of illustrating how a complaint can have an impact on an individual and also lead to wider change. I recognise the courage and stamina it can take to make a complaint about a public service and we work hard to put things right and to bring about learning and change through the complaints that we see.

An example of such a case is what happened to a 60 year old man who was taken into hospital after a seizure. He had early onset dementia, and sight and hearing difficulties. He had a stroke in hospital and was discharged to a care home, where he was given no physiotherapy care. His wife felt that he was left to vegetate and said that, despite her having welfare power of attorney for her husband, the hospital had not included her when making decisions about his care and treatment. Among other failings, my investigation found that the man's care needs had not been adequately assessed, there were no meaningful attempts at rehabilitation or to discharge him home, and his dignity was not respected.

This case raised important issues under the Charter of Rights for people with dementia and their carers in Scotland. As well as the significant injustice that the man and his wife suffered, we identified failings not just in his treatment but also in hospital staff's understanding of peoples' rights under the relevant legislation (the Adults with Incapacity (Scotland) Act). To redress the personal injustice in so far as was possible, I recommended that the board apologise to the couple and that, if his wife agreed, they thoroughly assess the man to find out whether he would benefit from physiotherapy and if so, arrange this. It is also our role to ensure that processes are changed so that failings are not repeated. To address the failings in this case, I made recommendations to improve staff training in the care of people with dementia including asking the board to audit the ward's compliance with the legislation. We shared the outcomes of the complaint through our communications channels, adding to the intelligence that the Scottish Government, Healthcare Improvement Scotland and others use to drive their scrutiny, regulatory and improvement activities.

Recommendations like these do make a difference. We follow up each one, and require the organisations to provide us with evidence that they have implemented them. We check the hundreds of apologies, policy reviews, action plans and training programmes that we ask public bodies to carry out, to make sure that they have done what they said they would. The results of our recommendations mean real changes in real services delivered to real people.

Ombudsman's overview

Person-centred public services

Rising complaint numbers is one challenge; another is changes in how public services are delivered. We need to be proactive and responsive to policy proposals and make sure we share our unique perspective on services in a way that reflects the experiences that people using those services bring us through their complaints.

In one particular policy area – integration of health and social care, including social work – I am concerned about the time it is taking for simple, coherent and effective complaints procedures to be put in place. I have commented on this before, for example in my evidence to the Health Committee in October 2013, when I said '... If we are serious about integration, all aspects... should be looked at, which should include complaints. It is a matter of some urgency. I would not want a system to be put in place and then have a lag on the complaints side that causes people to become frustrated with the system and begin to lose confidence in it. I urge people to think carefully about that.'

My concern is all the stronger because people using health and social care services can often be vulnerable. This is also the case for people using social work procedures, where the pace of reform has been slow. Back in 2008, Douglas Sinclair highlighted the need for simplification in social work complaints pathways, saying that the complexity of the arrangements was putting people off complaining. People still have to use those arrangements, and it is now 2014.

One further issue I wish to highlight is that it is clear from discussions with some health boards that access by prisoners to the NHS complaints process remains problematic. It is worth noting that the number of complaints received by SPSO remains well below the levels escalated to Scottish Ministers under the previous complaints system. Again, this is an issue I have raised in various ways throughout 2013/14.

Complaints on the increase

We saw complaint numbers rise in most areas of the public sector. This most likely relates to greater public awareness of complaints (and hopefully of the benefits of complaining) resulting from media coverage of problems, particularly in the NHS in the wake of the Francis Inquiry. Another possible factor is the more streamlined processes now operating under the standardised complaints procedures. I explained in last year's report that a possible unintended consequence of more accessible systems could be that more complaints come to us because people are getting through the local procedure quicker, finding their complaint easier to pursue, and are being appropriately signposted to us. This may also explain the continuing drop (of 6% on last year) in the rate of premature complaints (complaints that reach us before the organisation's own process has been completed). It is early days though, and we will continue to monitor this.

We upheld more complaints (overall 4% more than last year) which tells me there is still work to do in supporting organisations in getting things right when people complain to them.

Ombudsman's overview

Making complaints more effective

In 2013/14, we supported public authorities in putting in place model complaints handling procedures (CHPs) in three new areas: further education, higher education and the sector made up of the Scottish Government, Scottish Parliament and associated public bodies. Our support includes providing advice and guidance tools, sharing best practice, facilitating networks of complaints practitioners and delivering extensive training activities.

Customers benefit from the standardised approach because, increasingly, anyone using a public service now knows what to expect when making a complaint. For organisations, there is clarity and consistency about stages and timescales. There are opportunities for learning and improvement to services through increased responsiveness, transparency and oversight. There is also a developing performance culture in complaints handling. I have been keen to drive this over the past year, in part through delivering master classes on the fundamental importance of complaints in terms of corporate governance and responsibility, taking on the lessons of the Francis Inquiry into the Mid-Staffordshire NHS Foundation Trust.

2013/14 is the first year for which the sectors that have already implemented model CHPs are required to report their annual statistics. This is a true turning point for the public sector in Scotland, in enabling complaints to help drive service improvements across organisations and sectors.

The Scottish model

The efficiency and quality of our casework and the benefits brought about by improved public sector complaints handling procedures attracted a great deal of interest from other ombudsman offices and other countries. I detail some of this below. While highlighting our growing reputation for getting things done and done well, I want to emphasise that we are by no means resting on our laurels. I recognise that there remains a great deal to be done.

I gave evidence to a Westminster inquiry into the Parliamentary and Health Service Ombudsman (PHSO). The PHSO is the final stage for complaints about UK government departments and agencies and the NHS in England. The inquiry's report recommended consulting on creating a single public services ombudsman for England. It also called for new legislation that would give the PHSO the power to oversee complaints processes across its jurisdiction and a formal role in setting complaints standards and training in complaints handling. This would draw on the Scottish legislation that enabled us to set up our Complaints Standards Authority (CSA), a body that is unique among UK ombudsmen (and as far as I am aware is unique outside the UK as well).

I was also asked to contribute to an external evaluation of the Local Government Ombudsman (LGO) for England, which made recommendations to help ensure the consistency of decisions, strengthen corporate governance and assure the public of its independence.

Ombudsman's overview

We hosted a large number of visits from Scottish organisations and other ombudsmen and complaints handlers, who wanted to find out more about our casework process and the CSA. Visitors came from Scotland's Commissioner for Children and Young People, the Scottish Legal Complaints Commission, the Legal Ombudsman, Ombudsman Services (which handles complaints about communications, energy providers and property in England and Wales), the Housing Ombudsman, the LGO, the Public Services Ombudsman for Wales and the Northern Ireland Ombudsman. The Office of the Independent Adjudicator, which handles complaints about higher education in England, has decided to use our model complaints handling procedure as the basis for developing a framework for a standardised procedure across its jurisdiction, and University College Dublin has unilaterally already done so. We also hosted visits from Australia, China, Ireland and Norway.

Our quality assurance (QA) process, which ensures that our decision-making is robust and consistent, was nominated by our ombudsman peers as an example of best practice innovation. I was invited to speak at a European Ombudsman conference about our QA and the other ways we continuously build quality into our work. We were also heavily involved in the activities of the Ombudsman Association, where we are on the Executive Committee, chair the First Contact and HR working groups and are represented on the legal and communications groups.

Our expertise in delivering training and developing e-learning modules in complaints handling was sought after. We delivered over 50 courses across Scotland and expanded our e-learning platform. We developed complaints handling training materials with NHS Education for Scotland,

specifically for NHS staff, and the NHS in England are adapting these to train their entire staff. Our training materials have also been requested by local authority staff in New Zealand.

It is worth noting that our training unit is run by one person, with support from SPSO colleagues. Indeed, our entire staff number only around 50. I think the expansion of activities and the interest in what we have achieved is a reflection of the excellent work done by what is a relatively small team of people at SPSO. I am pleased to recognise an outstanding year for the office and hope that this annual report does justice to the huge effort they have made, the innovations and solutions they have come up with and the ongoing dedication they demonstrate to making a difference.

Jim Martin, SPSO

"This is a true turning point for the public sector in Scotland, in enabling complaints to help drive service improvements across organisations."

Casework performance

This section highlights:

> casework volumes and outcomes

> how we managed the increased demand

> timescales

> how we ensured the quality of our service and our decisions

> stakeholder involvement

Case volumes

Although our level of investigation resource remained the same in 2013/14, we were able to achieve an 8% rise in productivity and manage the 8% increase in complaints to us. We did this by continuing to focus on performance management and quality assurance, and by carrying out a successful pilot project that introduced expertise earlier in our process.

There is a detailed table with all the outcomes of the complaints we dealt with in 2013/14 at the end of this report. Below we identify some key points.

Cases received

The number of complaints people brought us continued to rise for the fifth year in a row. In 2013/14, we received 4,456, an increase of 8% on the 4,120 we received the previous year. We handled 8% more complaints, 4,408 compared with 4,077 the year before.

Enquiries went down to 363 from 531 the year before. There is a breakdown of enquiries at the end of this report. It shows the organisations to which we most frequently signposted people, the top two being Citizens Advice Scotland and the Financial Ombudsman Service.

Most of the increase in complaints received came from the two sectors that make up 70% of our workload, local government and health. Local government complaints received rose 16% from 1,505 in 2012/13 to 1,750 last year. Health complaints rose 11.5% from 1,237 to 1,379. Other sectors saw rises and falls in complaints received (for example housing associations up by 7% and water providers down by 17%) but on less statistically significant volumes.

Complaints received by sector in 2013/14
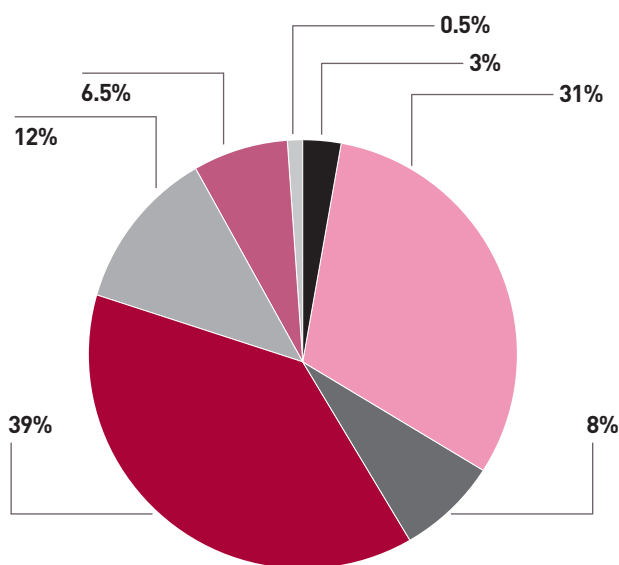
SECTOR	COMPLAINTS	% OF TOTAL
Further & higher education	125	3%
Health	1,379	31%
Housing associations	351	8%
Local authority	1,750	39%
Scottish Government & devolved admin	535	12%
Water	292	6.5%
Other	24	0.5%
Total	**4,456**	**100%**

Casework performance

Changing profile of complaints

The main positive for service users from the 2013/14 figures is the further drop in the number of complaints we saw that were premature (ie that reached us before they had completed the public organisation's own complaints procedure). Four years ago the rate of premature complaints was 51%. It has fallen gradually since then, and in 2013/14 it was 34%, a 6% overall decrease on the previous year.

Every sector under jurisdiction saw a decrease in premature complaints, the percentage drop being more pronounced in those sectors where we saw fewer complaints.

Reduction in premature complaints over past 2 years by sector

SECTOR	2012 – 13	2013 – 14	% DIFFERENCE
Further and higher education	44	27	-39%
Health	356	350	-2%
Housing associations	175	163	-7%
Local authority	750	692	-8%
Scottish Government and devolved admin	156	140	-10%
Water	133	117	-12%
Other	11	6	-45%

The fall suggests that there is more effective signposting about when to refer complaints to us. This is good news for complainants, as it can be very frustrating for people to have to return to the organisation they were first complaining about. The lower rate of premature complaints suggests that people are getting their complaint dealt with at the right place and using the SPSO properly as the final stage in the process.

Primary responsibility for this lies with the public authorities that are dealing with the complaints. Consistency in achieving this effectiveness may have been helped by the explicit guidance on how and when to signpost to us, contained in the model complaints handling procedures.

This welcome reduction in premature complaints also means that more of the complaints we see are ready for us to consider. Clearly, however, investigating a mature complaint takes more time than providing support and advice on a premature complaint. It is also worth noting that the sector in which complaints usually present the most complexity is health, and this is where the premature rate has dropped least. The added complexity within health complaints is that here, uniquely, we have powers of clinical judgement. This means that we are able to consider what the health professional did and whether it was reasonable in the circumstances, so we will often be examining medical records and other clinical evidence and seeking independent specialist advice. This can be particularly resource and time intensive compared with most complaints about other areas.

This changing profile puts greater pressure on the later stages of our process where we look at what we may be able to achieve for people whose complaints are mature. In 2013/14, we successfully applied for temporary funding for two additional complaints reviewers, and these posts were filled in April 2014.

Casework performance

Pilot project – giving people answers earlier

We are always looking for ways to maximise the efficiency and effectiveness of our process. In 2013/14 we introduced a six month pilot project where a small team of complaints reviewers worked closely with our advice team. This enabled us to better manage expectations early on as to what we could achieve for the person making the complaint.

The pilot introduced a much earlier triage of complaints, enabling complaints reviewers to let many complainants know more quickly whether we could achieve what they were looking for. This meant that people were getting an answer sooner and this was of course a positive outcome. Given the success of the pilot, we decided to continue it into 2014/15.

While the number of cases moving on to be investigated remained at the same level as in 2012/13, this project led to a rise in the number of complaints determined in one category, that of people who withdrew complaints, did not 'duly make' their complaint or wanted an outcome that we could not achieve for them. These increased from 1,017 last year to 1,436. In these cases, we often reached no final decision and invited these complainants to come back to SPSO if they wanted us to look at their issue in more detail or to provide more evidence that might allow us to take it further.

We analysed the complaints that contributed to this increase and found these were mainly local authority complaints. Initial indications are that these represent an underlying dissatisfaction with discretionary decisions made by the local authorities concerned, which we cannot look at where there is no evidence of maladministration or service failure. We will, however, continue to analyse these complaints to identify any common themes that we could pass on to the appropriate local authority and other stakeholders to help inform their work.

Complaints by sector

Complaints dealt with by sector 2012–13 and 2013–14

SECTOR	2012 – 13	2013 – 14
Further and higher education	138	111
Health	1,197	1,324
Housing associations	316	360
Local authority	1,507	1,747
Scottish Government and devolved administration	527	528
Water	347	314
Other	45	24
Total	4,077	4,408

Case decisions

In 2012/13, we dealt with around 60% of our cases at the advice stage. In 2013/14 this rose to 64%, thanks to the pilot project described above.

In 2013/14, 1,579 cases were passed on from the advice stage for further detailed review, compared with 1,601 in 2012/13. At this stage, we try to talk to the complainant to make sure we understand their complaint and the outcome they want. We aim to see if there is a resolution that can be achieved, and in 2013/14 we resolved 63 complaints at this stage compared with 47 the previous year.

We also decided a further 622 cases at this stage. These were premature, out of jurisdiction, or we were unable to take the matter further because the complainant did not provide us with enough information, withdrew the complaint, or wanted an outcome we could not achieve for them.

Casework performance

Key figures 2013–14

The number of complaints received rose by **8%** on last year

We handled **4,408** complaints, **8%** more than last year

The number of premature complaints fell to **34%** of our caseload (**6%** less than last year)

People who received advice, support and signposting: **3,192**

Number of cases decided following detailed consideration pre-investigation: **685**

Complaints fully investigated: **894** with 895* publicly reported to parliament

We made **1,197** recommendations for redress and improvements to public services (**19%** more than last year)

The overall rate of upheld complaints was **50%** (up from **46%** last year)

* Some of the cases published in 2013/14 will have been handled in 2012/13. In a small number of cases we do not put information in the public domain, usually to prevent the possibility of someone being identified.

Casework performance

Investigations

We gave our decision by letter in 850 cases, compared with 895 in the previous year. We also published 44 full detailed investigation reports, the same number as the previous year.

Upheld complaints

Of all the complaints that were 'fit for SPSO' (i.e. ready for us to look at and about a subject that we could look at), we upheld or partly upheld 50%, up from 46% in 2012/13. 'Upheld' includes fully and partly upheld complaints. Much of the rise was due to small increases in upheld complaints in the two sectors about which we receive most complaints, local authorities (up 2% on last year to 49%) and health (up 3% on last year to 55%).

As we reported last year, we have been working with a number of individual organisations that we identified as having both high volumes of complaints reaching us and high uphold rates after investigation. Having analysed the reasons for these last year, we are continuing to work with a small number of those organisations where we feel a greater focus on good complaints handling will help them reduce both the volume of complaints and their uphold rates.

We uphold complaints wherever we find fault, even if this has already been recognised by the organisation. We do this to recognise the validity of the complainant's experience. People come to us for an external, independent judgement about what happened and if we find that something went wrong it is important for the complainant that we acknowledge this. We also include in our reports how the organisation responded to the original complaint and any action that they took, or plan to take, to put things right. Where an organisation has responded well, while we will uphold the complaint, we may also publicly commend them for acknowledging the mistakes that happened and the action they took to resolve this for the complainant, and we are unlikely to need to make recommendations.

"People come to us for an external, independent judgement about what happened and if we find that something went wrong it is important for the complainant that we acknowledge this."

Casework performance information for 2013/14 is available on our website at **www.spso.org.uk/statistics**

Casework performance

Sharing learning

Our reports are intended to raise wider public awareness and support learning. Full detailed investigation reports have particular potential to do this and we take care to highlight them in our e-newsletter. As is the case each year, the majority of these are about the health sector, usually because of the severity of the individual injustice or because there was a particular issue we wanted to highlight. In 2013/14, these issues included mental health, pressure ulcers, care of vulnerable adults, barriers to prisoners accessing the NHS complaints process and record-keeping. We will give more detail of these in our dedicated health complaints report later this year.

We also published two detailed reports about a water industry licensed provider because we identified serious systemic issues in their complaints handling. We published one report about the tendering process for a ferry route, where we recommended that as a matter of urgency the government agency responsible continue to look at measures to reduce weather related ferry cancellations and to increase the reliability of the route for passengers. Finally, we published a report about a commissioner's handling of a complaint about the actions of a councillor.

There is much more about how we share learning in the next chapter on 'Impact'.

Timescales

Clearly, the time taken to handle complaints will vary significantly from case to case, depending on the level of advice, resolution work or investigation required. We have, however, set average timescales for staff to work towards in these different areas, which we publish on our website. Despite the increase in case volumes, we met two of our three internal timescales, as detailed below:

> **PI-1 99%** (target: 95% of advice stage complaints handled within 10 working days)

> **PI-2 70%** (target: 95% of early resolution complaints decided or moved to more complex investigation stage within 50 working days)

> **PI-3 96%** (target: 95% of investigation complaints decided within 260 working days)

We anticipate that the pilot described earlier and other initiatives underway will enable us to make progress against our second internal performance measure in the coming year.

We publish reports of almost all of our investigations online and they are searchable at **www.spso.org.uk/our-findings**

Casework performance

Quality of service and decisions

We have an internal forum that considers all the information we receive about our service, to ensure that we are learning and improving as a result of what users are telling us. The forum meets quarterly to consider the various sources of intelligence: quality assurance, reviews of decisions and customer service complaints. It shares learning and recommends and implements improvement initiatives. We publish statistics on our website about reviews of our decisions and customer service complaints about SPSO, and we share key findings, areas for improvement and good practice, both with individuals and across our office for wider learning and development.

On customer service, research we have carried out previously tells us that people need us to listen properly to their concerns and be empathetic. They want us to be upfront with them about what we can and cannot achieve, and provide information in plain English and by the means of communication they want. Once we take a complaint on, people expect us to use our investigative skills to make an independent, impartial examination of anything that went wrong and make recommendations to put things right. Whether or not we find in their favour, people should be satisfied that we have heard their concerns, considered the evidence and carried out a thorough investigation.

Quality assurance (QA)

In addition to senior level review of decisions, we ensure quality through our QA process. This is a constantly evolving tool and our current process involves randomly testing a 10% sample of our work at different stages in our process. We look carefully at the lessons from each quarterly QA review, and this helps us determine our focus for each year. In 2013/14 we concentrated on reviewing and expanding the criteria we use and linking more closely with our customer service standards.

We did not change any decisions following QA in 2013/14. We did give careful, closer consideration to a small number of decisions and found some instances where we could have given a clearer explanation or where we could have obtained more evidence to support our conclusions. We were, nevertheless, satisfied with the decision reached in these cases. Senior staff thoroughly examined any case that raised such questions, involving the staff member who considered the complaint in order to share in a positive way any learning identified.

We also identified many examples of good practice, which we always highlight in our quarterly reports, to celebrate the good work of colleagues and to demonstrate what we should aim for.

In 2014/15 we will further develop our service standards so that they more clearly express the link with our QA process, so that our customers, other stakeholders and staff know what should be expected when they are in contact with our office.

"Whether or not we find in their favour, people should be satisfied that we have heard their concerns, considered the evidence and carried out a thorough investigation."

Casework performance

Reviews of our decisions

We also carefully analyse requests for reviews of our decisions to check that we are getting things right and take action in any where we have not.

Before we issue a decision, wherever possible we phone complainants to explain our decision and give them the option to discuss it with us. When we send a decision letter, we remind complainants and organisations that they can ask for a review if they think there is new evidence about the complaint, or that there are factual inaccuracies in our decision. This is a process we set up ourselves, which is non-statutory (i.e. we are not required by law to have it). It includes decisions not to look at a complaint, as well as the decisions we give after an investigation.

When people ask us for a review, they are disagreeing with our decision. However, we often find that the information they provide does not fall within our criteria for a review. Even so, their request may give us the opportunity to address their concerns about what we have said and, in some cases, to provide further explanations about our powers and the reasons for our decisions. This also helps us feed back to our staff how they could have communicated a decision more thoroughly or clearly.

In 2013/14 we received 260 requests for review (5.7% of our caseload) and closed 276 (some cases received at the end of 2012/13 were dealt with in 2013/14). We changed the original decision in five of these. In these cases we either did not feel we had enough evidence to reach the original conclusion, or felt we could have exercised our discretion to consider the complaint. We re-opened eight complaints in light of new information received (i.e. entirely new and relevant information that we did not have during the original investigation).

We have a separate process for full detailed investigation reports. Before we publish the final report, we send the complainant(s) and organisation involved a draft copy and ask for any comments.

All our decisions are subject to judicial review. There were, however, no judicial review challenges in 2013/14 by either complainants or public organisations (this has been the case since 2007).

Customer service complaints

We have a separate process for people who are unhappy with our service. This is our customer service complaints scheme, which is also non-statutory. It has two internal stages, followed by referral to an external Independent Service Delivery Reviewer (ISDR). We report on complaints about our service in more detail in a later chapter, where the ISDR also provides a report of his findings. We share the learning from these complaints internally and publish reports on our website to assure our customers that complaining to us does make a difference and to let them know what we have done to address any failings that are identified.

"We share the learning from these complaints internally and publish reports to assure our customers that complaining to us does make a difference and to let them know what we have done to address any failings that are identified."

Casework performance

Stakeholder involvement

Customer sounding board

We want to involve the public in helping us improve our service and with this in mind we set up a customer sounding board which met for the first time in December 2013. Members are representatives of different public service user groups including:

> Age Scotland

> Alliance Scotland

> A prison visiting committee

> Citizens Advice Scotland

> Consumer Futures

> Patient Opinion Scotland

> Scottish Independent Advocacy Alliance

> Tenant Participation Advisory Service Scotland

We welcomed the sounding board's input on the information we give customers about our service and on initiatives such as our proposed revised service standards. The sounding board also discussed more general themes such as social media and other routes for feedback and complaints; people's experience of health and social care integration complaints pathways; the Scottish Welfare Fund and prisoner access to complaints processes.

We also discussed different ways in which organisations gather feedback from service users. This ongoing conversation is proving very useful as we prepare to issue our next survey to users of our service in 2014/15.

Impact

This section outlines what we have done to ensure that the outcomes of our consideration of complaints, in particular our recommendations, were relevant, joined-up and drove improvements in public services. We highlight how we used communication channels to ensure accessibility and how we developed new ways to help us hear from our stakeholders.

Sharing strategic lessons

Through our recommendations we try to fix things for people and ensure that public authorities learn lessons from complaints and monitor improvements. While it is ultimately for the organisations themselves (supported and driven by regulators and other improvement and scrutiny bodies) to bring about change on the ground, our recommendations represent significant tools that can help make that change.

We see our role as identifying failings and making recommendations that put organisations back on the right track. We see it as the role of other scrutiny bodies to regularly review processes and ensure that organisations stay on that track. To put it another way, our investigation is a red flag that makes the organisation sit up, take notice and make changes; regulators and other improvement and scrutiny bodies carry out green flag checks in a continuous and systematic way that show that the organisation is acting properly.

There are three main ways in which we share learning:

> putting information, including analysis and trends, into the public domain;

> working alongside regulators and other improvement and scrutiny bodies to ensure that people's concerns are fully addressed and do not fall between the cracks; and

> encouraging regulators and other improvement and scrutiny bodies to build key aspects of good complaints handling into their work where possible to help drive a valuing complaints culture across the public sector.

Providing information

We share learning from the complaints we see through:

> publishing a significant volume of decisions and statistics about sectors and individual service providers on our SPSO website

> e-newsletters, sectoral reports, annual letters and our Valuing Complaints website

> consultation and inquiry responses

> providing written and oral evidence to parliamentary committees and others

> participating in working groups

> conferences, meetings, presentations and visits.

In a later chapter we describe how the new requirement on public sector organisations to publish consistent complaints data will support improvement.

Maximising the impact

We are keen to strengthen links with regulators and other improvement and scrutiny bodies and we recognise the value of our different roles. An example of the inter-relatedness of our work was highlighted in our April 2013 commentary about the care and treatment provided to a young man before he committed suicide. The **Mental Welfare Commission for Scotland** (MWCS) had conducted a review into the man's death and used the case to raise broad concerns about how services respond to young people with multiple problems. When we investigated the case, we did so from our specific standpoint of looking at the individual experience of the person who had brought the complaint, in this case the father of the young man.

Given our different roles and remits, the MWCS review and our investigation examined some different areas. However, the two reports complemented one another in many ways, and several of the conclusions were similar.

Impact

Our annual letters provide details of the complaints received and dealt with about a relevant organisation or sector along with premature and uphold rates, compared with the previous year. Organisations use these statistics to help assess and benchmark complaints performance.

In 2013/14 we published eight individual sectoral complaints reports, and we received very positive feedback on their usefulness and user-friendliness. We will be publishing similar reports again this year, building up an increasingly detailed picture of the issues arising within and across sectors.

We have a duty to alert the appropriate authority if we see serious failings and will also do so if our investigation points to the possibility of a systemic issue. In these cases we may pass on information to professional regulatory bodies such as the **General Medical Council**.

We also shared relevant cases with the **Scottish Human Rights Commission**, for example investigations where we found a failure to maintain dignity and respect in someone's healthcare. The Ombudsman sat on the Commission's Advisory Panel that developed the Scottish National Action Plan on Human Rights that was launched in December 2013. He welcomed the plan's emphasis on helping organisations embed a human rights approach in their work.

We worked closely with **Healthcare Improvement Scotland** (HIS) in 2013/14, taking part in their working group looking at new guidance for adverse incident reviews. There are clearly areas of mutual learning in this work. For example, the group noted the significant overlap in the skills required to undertake complaints investigations and to review adverse events, and looked at supporting NHS boards to translate learning into service improvement and to share outcomes across services and boards.

HIS also invited SPSO to be represented on their Healthcare Intelligence Review group. This group will help members share the different types of information they hold to identify the key early signs of problems and help HIS to react promptly to those.

Following the transfer to the NHS of responsibility for healthcare in prisons, we identified some barriers to prisoners raising complaints. In a May 2013 investigation we found that a prisoner had been unreasonably denied access to the process. We were pleased to be able to report that the Scottish Government was being proactive but also commented in our e-newsletter and subsequent evidence to the Health Committee that: *'It is now 18 months since the transfer of responsibility and it is high time that these issues were fully addressed.'* We highlighted the same issues appearing in a different health board in October 2013. And in written evidence to the Health Committee we said that while we appreciated there would be a time lag while problems were ironed out, we would be very disappointed if we were continuing to report on access issues into 2014.

Our arrangements with regulators and others are set out in protocols and MoUs; see www.spso.org.uk/memoranda-understanding

Impact

Driving a culture that values complaints

The key elements that we encourage regulators and other scrutiny and improvement bodies to ensure are built in are:

> clear accessibility and visibility of the complaints procedure and related information. This includes clear signposting and support for those with needs or difficulties in accessing the system, as well as ensuring that real or perceived barriers to complaining have been identified and removed.

> a focus on resolving things early at the frontline, including ensuring apologies are given freely and action taken where things go wrong

> recording all complaints and reporting this regularly in line with model complaints handling procedures or other requirements such as the Patient Rights Act

> learning from service failures, with systems in place to analyse and report on complaints outcomes, trends and actions taken. This would include seeking opportunities to share learning across the relevant sector.

> ensuring that processes are in place to identify and respond immediately to critical or systemic service failures or risks identified from complaints

> strong, visible leadership on complaints from senior staff, including support and training and a recognition of the importance of effective complaints handling to good governance.

Consumer Ombudsman

In 2013/14, we were invited to contribute to the Scottish Government's discussions about consumer protection and the possible creation of a Scottish Consumer Ombudsman. We offered our experience on a range of matters such as a single portal advice centre, common standards of complaints handling, consolidating the complaints handling landscape, financial redress, the pros and cons of recommendations versus binding decisions, how complaints link to improvement, and the role of mediation. The roundtables we attended were also useful for discussing the possible implications of the European Directive on Alternative Dispute Resolution, which requires there to be access to dispute resolution for consumers.

Other areas

We responded to a wide range of other inquiries, work plans and consultations. Given our complaints standards improvement role, and our focus on streamlining complaints processes, we responded in particular to changes that would affect users of public services and their access to complaints. These included section 70 of the Education (Scotland) Act 1980, the Revenue Scotland and Tax Powers Bill, draft standards for the inspection of prisons in Scotland, petitions on whistleblowing and an independent examinations regulatory body, the Children and Young People (Scotland) Bill, proposals relating to the delegation of local authority functions and the Mental Health (Care and Treatment) (Scotland) Act 2003 and Adults with Incapacity (Scotland) Act 2000, tax management, a guide for board members of public bodies in Scotland and the new housing panel for Scotland.

See our consultation responses at www.spso.org.uk/consultations-and-inquiries

Impact

Tracking and follow-up on recommendations

In 2013/14, we issued 1,197 recommendations on cases we closed (up from 1,003 last year) and while the word 'recommendation' may seem to lack punch, we do drive each one to completion under a rigorous process. We issue each recommendation with a deadline for implementation, and we monitor completion times closely. In 2013/14, of 1,171 recommendations due for implementation, 74% were carried out within the agreed timescale and 98% within three months of the target date.

While we work hard to engage with public authorities to meet the timescales wherever possible, ultimately it is down to each individual organisation to implement the recommendations on a timely basis. There is some variation between sectors in the percentage of recommendations not being implemented on time. There may be structural or operational reasons for this, for example in the way that different authorities take decisions, which can slow down implementation. And in cases where recommendations are more complex, implementation may sometimes take longer than first anticipated.

Where we find that policies and practices are inadequate we can recommend that they are reviewed and changed. We can also have professionals include discussions in their appraisals about failings that we have identified. This happens most often in the health sector. In all cases, we require organisations to provide evidence of implementation, for example:

> copies of the new policy/procedure or review/audit we have asked for, with action plans for implementation, and the outcomes

> documentation showing that the staff training we asked for has been carried out

> proof that credits/payments we have asked for have been made

> copies of apology letters, demonstrating that they satisfy our guidance on meaningful apology.

Where appropriate we will ask one of our independent advisers to assess the evidence as well. This can happen with any of our recommendations, but we do this particularly where we have identified systemic issues. If we find that an organisation has not provided robust evidence, we go back to them until the recommendation has been implemented to our satisfaction.

Examples of recommendations:

> a college review a disabled student's application for a place

> a council meet with a woman to explore her options for rehousing

> a council consider paying a landlord an amount equivalent to one month's housing benefit payment

> a housing association offer a man a redress payment in line with that offered to other neighbours

> a GP practice review a sample of their patient records to ensure that clinical note taking complies with the relevant standards

> a hospital carry out a significant event analysis of the circumstances that led to a man's death, and use this to improve their future practices

> a dentist refund the cost of treatment that a man had to get from another dental practice

> a prison ensure staff are aware of the procedure that should be followed when searching a prisoner's cell

> a water company adjust charges on an account, to credit it with half of the fees that were disputed.

Impact

Using communications tools effectively

We want organisations to learn from their and others' complaints and we make public as many as possible of our decisions and investigations, including the recommendations. This transparency helps hold organisations to account, and the possibility of reputational damage can sometimes be a useful lever for ensuring improvements are made. We are mindful of this in managing press interest in our work. The press are an important facilitator of information about SPSO, and our media reach expanded significantly in 2013/14, most likely in response to journalists' heightened interest in health stories.

As well as making almost all of our decisions public on our website, we have continued to publicise the key learning from them through our monthly e-newsletter which has around 2,000 subscribers. We produce targeted information for different stakeholder groups, and in 2013/14 this included an updated guide for MSPs, MPs and parliamentary staff. We also produced new materials in partnership with Citizens Advice Scotland (CAS) as part of our ongoing project to strengthen our links with advisers and advocates. We developed a guide to all our key information leaflets for CAS bureau managers and an e-learning module about the SPSO for bureau staff and Patient Advice and Support Service advisers. This material is also available through the Scottish Independent Advocacy Alliance.

We recognise that people increasingly use social media and digital services to access public services and we continue to measure and monitor the impact and value of our online services. We use Twitter regularly and our followers increased by 130% in 2013/14 compared with the previous year.

In the final quarter of the business year, we visited a number of prisons and were able to assess the visibility and usage of our printed and audio materials. We are now working to make further materials available to ensure we are as accessible as we can be, especially for people who have low literacy levels. This project is part of our continuing aim of raising awareness among hard-to-reach or typically excluded users and potential users of our service.

Listening to stakeholders

We now have three sounding boards through which we seek stakeholder views. As we highlighted in the casework section, we set up a customer sounding board whose members include representatives of advice, advocacy and support groups. One of the projects we are discussing with them is how to gather user feedback on our service in preparation for our next customer survey.

In 2013/14, our NHS sounding board met twice, after its inaugural meeting in March 2013. It is made up of senior NHS professionals from across Scotland, including representatives of chairs of boards, chief executives, medical and nursing directors and complaints handlers.

A new local authority sounding board was also set up, following a joint invitation from the chair of SOLACE (local authority chief executives) and the Ombudsman. Members include representatives of SOLAR (local authority lawyers), ADES (directors of education), ADSW (directors of social work), heads of planning, CIPFA (accountancy in public service), the Improvement Service and the chair of the local authority complaints handlers network.

The sounding boards allow for frank, two-way discussions about our role and effectiveness. They help us listen to where we can improve our service and provide a constructive environment for discussion and better understanding of issues relevant to each area, away from the consideration of individual cases. They meet two to three times a year and details of membership and minutes are on our website.

Case Studies

This is a selection of case studies from investigations we published in 2013/14. Some illustrate the double injustice that can happen when a poorly delivered service is compounded by poor complaints handling. Other case studies are included to show some of the positive actions that organisations take in response to complaints. To share this good practice, in the report on our website we normally highlight where an organisation has taken such action. Still other case studies summarised here are included as examples of where organisations have delivered a service and investigated the complaint properly.

Health: dementia; capacity for decision-making

A 55-year old woman, who has since died, was often in hospital. She had learning difficulties and dementia and could not make her own decisions. Although she didn't have a formal welfare guardian, she had an independent advocate to help protect her rights. In 2011, the woman was in hospital several times. She couldn't feed herself, and was fed through a tube. Hospital doctors decided that she should not be resuscitated if her heart stopped, and staff decided to remove her feeding tube during one admission to hospital. The woman died later that year, and her advocate complained to us about these decisions.

We found that the decision to stop feeding was taken before the woman's dementia status was assessed, and was unreasonable. The medical records did not support some of what the board said about the background to that decision. The doctor in charge had the final say on the resuscitation decision, but no-one spoke to the advocate or the woman's carers about it to explain it or find out what she might have wanted.

The board have made several positive changes since this happened. However, we were very concerned about how they decided about treatment and how they dealt with the woman's decision-making capacity. They knew they were dealing with a very vulnerable person, but there were significant delays in acting on legal safeguards that should have protected her. We recommended that the board use the woman's case to review their practices when caring for patients with learning difficulties and suspected dementia, particularly in decision-making. We also asked them to improve their record-keeping in a number of areas. Because of our concerns, we highlighted her case to the Mental Welfare Commission for Scotland.

Case **201104966**

Case Studies

Local government: additional support needs in school

When a child with severe and complex additional support needs was enrolled in a school, the enrolment process and the child's experiences at school meant there were real challenges for everyone involved. An advocacy worker complained on behalf of the parents about some of what the school had done. The council eventually accepted that some actions had been unreasonable, and upheld some of the complaints. We looked at how the council had handled this, and found that they had taken far too long, had not apologised and hadn't told the parents what had happened as a result of these complaints. We said they should apologise for this, and review their complaints handling process. We also said they should look at any learning – including on equality and diversity – arising from the complaints, and review how they handled them to find out why such serious issues were not upheld earlier in their complaints process.

Case **201205187**

Health: ambulance; patient transfer, complaints handling

A man, who had been out for a drink with friends, fell downstairs at home. His wife found him unconscious and finding it very hard to breathe. When an ambulance arrived she said the crew didn't seem to want to take him to hospital and she overheard them talking about 'drunks'. She said they only took him because his blood pressure was low. The crew transferred the man to a wheelchair to take him to the ambulance. He ended up paralysed, and his wife thought that this had something to do with the way the ambulance crew transferred him.

We couldn't say whether what the ambulance crew did had any effect on what eventually happened. But we found that once they realised how he had fallen, and that he had been unconscious, they should have immobilised him as soon as possible, and they didn't do that. The ambulance service's response to the complaint also didn't reflect the seriousness of this allegation, and it seemed from this that the staff involved weren't interviewed. Much later, we were told that one of them had in fact left the service and the other had been disciplined. We were very concerned that the service did not send us all the information at the start, and that they gave us the missing details so late. We said they should have their complaints process externally audited to make sure it was fit for purpose. We also said they should apologise to the man and his wife because he wasn't properly immobilised and because of their poor investigation.

Case **201301204**

Case Studies

Higher education: appeals processes

A student appealed his academic results saying that in the circumstances there were good reasons why he had not done well. His appeal was partly upheld, and his student representative then asked for a review of that decision. This was refused as the university said that his evidence was not valid, so the student could not continue his studies. We found that the university had not taken into account all the information that would have provided a complete picture of the student's circumstances and given his appeal fair consideration. We said that they should apologise for this and reconsider his appeal.

Case **201304371**

Housing: right to buy

A man and his father exchanged their rented houses. The man then found that he couldn't buy his new home through the right to buy scheme, as the scheme was suspended before he exchanged. He also found out that the suspension had since been extended for a further ten years. The leaflet the housing association gave him when he exchanged did not mention the suspension at all. It said that although one type of right to buy would be lost when the properties were exchanged, someone in his position would qualify for the modernised right to buy scheme. As the association could not show that they had told the man about the suspension, we upheld his complaint, and also thought that they could have alerted him to the possibility that the suspension might be extended. We said that they should apologise and consider making him an ex-gratia payment. We also said they should make sure that all of their paperwork is correctly updated, and that staff understand what they should tell people.

Case **201300633**

Transport: ferry routes

An action group were campaigning for a frequent, safe, reliable vehicle and passenger ferry service. Transport Scotland had tendered for that service and had awarded a six year contract on a passenger-only basis. The action group felt the service provided was inadequate, and pointed out evidence of significant numbers of cancellations and of a considerable drop in passenger numbers. We looked at the tendering process in detail, including a European Commission decision on state aid for ferry services. We did not find anything wrong in the process and did not uphold the complaints. However we recommended that Transport Scotland urgently look at ways to reduce the number of cancelled ferries related to weather conditions, and to increase the reliability of the route for passengers.

Case **201202798**

Case Studies

Prisons: visits from children

A man arranged for his children, who were 16 and 15, to visit him in prison. When they got to the visit room, they were not allowed in and were told this was because they were not with an accompanying adult (a person over 18). The man complained that the prison allowed them to book in for the visit, have their identities checked and go through the metal detector before being told that they both needed to be with an adult. The younger child had been searched during the process, and had told staff then that the adult accompanying her was her older brother.

The prison policy said that a person under the age of 16 would not be allowed in unless they were accompanied by a person who was at least 18. Mr C's younger child was, therefore, not accompanied by an appropriate adult, according to the prison policy, and was searched there without an appropriate adult being present. After we asked the prison service about this several times, they confirmed they did not have a specific national policy. They also checked on local policies and found that prisons were not operating consistently, with some allowing the accompanying adult to be 16 or over, and others 18 or over. We said they should explain what they had done to put a consistent policy in place, consider discussing this with Scotland's Commissioner for Children and Young People and, once they had a policy, take immediate steps to make their staff fully aware of it.

Case **201101687**

Water: billing and charging

A man rented an industrial unit, which had a water meter. He told us he heard nothing about water charges until he got a bill reminder about four months after moving in. He said he hadn't received the bill and in any case the meter number and reading were wrong. The water company said they would investigate, and eventually sorted this out, but only after he had chased them about it for nine months. A debt recovery agency also tried to get payment for the disputed amount from him, even though his account was meant to be on hold. We couldn't see why this was so difficult to sort out. The water provider had not followed this up, and only did so when the man contacted them. They had already reduced his bill because of the delay but we didn't think that they reduced it enough in the circumstances. We recommended a further payment, an apology and that they send us evidence of what they had done to stop this happening again.

Case **201204157**

Case Studies

Local government: antisocial behaviour

A couple were having problems with their neighbours' behaviour. Their sleep was often disturbed and they were worried about the safety of their family and property. They complained to the council about their neighbours but were unhappy with the way their complaints were handled.

We found that the couple had complained about this for nineteen months. The council had recorded a number of the incidents, and had taken action after the first few, but didn't follow up on later complaints. The couple had kept a diary of what happened, but the council had not followed up on this either. It was clear from what we saw that the council knew things were getting worse but they took several months to get it sorted out. They didn't tell the couple what was happening and didn't respond to their complaints properly. We said they should apologise to the couple, and that they should make sure their staff know what to do in cases of antisocial behaviour, what records they should keep and the importance of replying to complainants quickly.

Case **201200725**

Housing: repairs and communication

A woman told us it took too long for her housing association to fix damp and drainage problems. She had contacted them many times on behalf of herself and her neighbours and felt she wasn't getting anywhere. The association had told her that the problems were significant, and they'd found it difficult to provide a timescale for fixing them as they had to investigate in detail. They'd accepted that they could have communicated better, offered her a voluntary payment as an apology, and explained that they'd introduced a new customer care centre to improve communications.

We found that it took around nine months for the problems to be addressed, but the association had clearly been working on this during that time. The problems were considerable and affected the whole building. We agreed that these were exceptional circumstances, and that their actions about the repairs were reasonable. On communication, although their responses became more helpful as work progressed, we upheld this complaint as sometimes the woman had to ask for information rather than this being provided as it should have been.

Case **201204216**

Case Studies

Health: prisoner access to complaints process

A prisoner was unhappy with how his complaints about his healthcare were treated. He had sent the board a lot of feedback forms and a complaint form. We found that the board's complaints handling had been poor and said they should apologise for this.

Of even more concern, however, was a wider issue – we found that prisoners' access to the complaints process was restricted. Although the board said that they thought forms were available to those who wanted to complain, and that prisoners could write directly to the board with a complaint, we found that prisoners normally had to complete a nurse referral form, then ask for a complaints form. Even then, they sometimes only received a feedback form, unless they said that they didn't want one. This meant that in some cases the feedback process was used as an extra level of the NHS complaints process. NHS users don't have to complete a feedback process before accessing the complaints process, and it should be the same for anyone in prison. We recommended that the board make sure that prisoners could in future have easy access to NHS complaint forms.

Case **201203374**

Health: fertility treatment

We heard from a couple who'd had an unsuccessful first cycle of fertility treatment. They thought they'd be offered a second cycle, but the health board decided not to do so. There had been some delay in starting the initial treatment, and by the time we saw the complaint, the opportunity for more treatment by the board had gone. Although we decided that the decision not to provide the second treatment was within NHS guidelines, we criticised the way in which the couple were given information about the criteria for treatment. We also criticised the delays in the process. We decided that the only meaningful way to provide redress was to recommend that the board make a financial payment for the amount that another cycle of treatment might cost, should the couple seek treatment elsewhere.

This was an unusual recommendation and we made it knowing that the NHS is not required to fund every available treatment. We recommended this because of a combination of very particular factors – the delays, the time-limited nature of the medical procedures, and the specific personal circumstances of the people concerned.

Case **201200390**

Complaints Standards Authority

Key steps 2013/14

most of the public sector now operating one standardised model for complaints handling

first compliance tests carried out

progress towards public authorities publishing – for the first time – consistent and detailed information on complaints performance and outcomes

support and advice to hundreds of public authorities implementing new complaints procedures

more complaints handlers networks set up

our training courses and e-learning expanded

Transforming the complaints culture

A simple, standardised complaints system for the public sector

This section outlines how we have made a difference in simplifying and improving how complaints are handled by public service providers. This includes the key achievements of our Complaints Standards Authority in 2013/14. The CSA undertakes the statutory duties given to SPSO following the Crerar and Sinclair reports, which recommended improvements to the way complaints are handled in Scotland. In line with these, we have led the development and implementation of standardised complaints procedures. We have also continued to fulfil our duty to monitor, promote and facilitate the sharing of best practice in complaints handling through:

> supporting public bodies

> coordinating networks of complaints handlers

> developing and sharing best practice

> high quality training.

We want to make sure that complaints procedures are simple and clear. When there are proposals to change how services are delivered or how people can ask for a decision to be looked at again, we draw on our experience of the complaints people bring us. We provided input into several areas in 2013/14. The key ones are listed below and expanded on at the end of this section:

> health and social care integration

> review of social work complaints procedures

> Scottish Welfare Fund

> Scottish Tribunals and Administrative Justice Advisory Committee.

Complaints handling procedures (CHPs)

In 2013/14, more of the public sector implemented the standardised model CHP. Like our previous work with local authorities and registered social landlords (RSLs), we adopted a partnership approach and consulted with working groups of sector representatives to develop these. The successful implementation of these CHPs means that Scotland's colleges and universities and over 70 organisations in the Scottish Government, Scottish Parliament and associated bodies sector are following the same complaints system.

The NHS already have a standardised process in place under the revised *Can I Help You?* guidance, published by the Scottish Government in March 2012. In April 2014 the Scottish Health Council published a report[1] on feedback, comments, concerns and complaints about the NHS. It recommended that the CSA should lead on the development of a more succinctly modelled, standardised and person-centred complaints process for NHS Scotland. We are considering the report and the way in which this and other SPSO-related recommendations can best be taken forward.

While there are minor sector-specific differences, the model CHPs in place in each sector contain the same key elements. This means that for the public there are, generally, consistent, simple, accessible and timely procedures in place. We are confident that we have helped achieve, as far as we can, the Sinclair report's vision of a simplified, standardised complaints procedure operating across the public sector. Full alignment, however, will be subject to further legislative changes in a number of areas including social care and social work, which we discuss further below.

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1 http://www.scottishhealthcouncil.org/publications/research/listening_and_learning.aspx

Transforming the complaints culture

Ensuring that the complaints procedures work

In carrying out our duty to lead on standardising CHPs we decided at the outset to involve regulators and scrutiny bodies. We were keen that reporting and monitoring of complaints should form part of the other information that public service organisations are obliged to provide. We therefore developed arrangements with Audit Scotland, the Scottish Housing Regulator and the Scottish Funding Council to ensure that compliance with CHPs is monitored as part of regular scrutiny activity.

Organisations are required to self assess and we provide tools to support them in doing this. We have, however, also carried out additional monitoring work on compliance and have been pleased with the overall results. In 2013/14, we looked at the first two sectors to implement model CHPs – local government and RSLs. We informally sampled the accessibility of local authority CHPs and we tested CHP compliance across a random sample of RSLs. The outcomes were positive and we found the vast majority to be compliant, subject to minor amendments which have now been made. We discussed any concerns with the organisations themselves and with Audit Scotland and the Scottish Housing Regulator who were content with our approach to monitor ongoing improvement before initiating any compliance action.

We provided particular support to the Scottish Prison Service, through participating as observers in an SPS internal audit of complaints handling arrangements. We welcomed the opportunity to observe complaints handling in prisons and offer our advice and expertise on various aspects of how complaints are handled including compliance with the complaints handling provisions of the Prison Rules, which were developed in line with key CSA principles.

The health sector is slightly different, as the Patient Rights Act requires NHS boards to produce an annual report on their use of feedback, comments, concerns and complaints. Boards published their first reports for 2012/13 and the Scottish Health Council reviewed[2] these, comparing how boards responded to the new requirements and identifying potential areas for improvement in future reporting.

Reporting and publicising complaints handling performance

Under the model CHP, organisations have to publish annual complaints statistics and learning against performance indicators. 2013/14 will be the first year for which relevant organisations publish clear, transparent and consistent complaints information.

We carried out some sample monitoring of this during the year in the sectors already fulfilling this requirement (local authorities and RSLs). Again, we were pleased that the vast majority of organisations had measures in place for internal management reporting. However, in some cases this did not follow through to externally publishing the outcomes of complaints. Where we identified problems, we provided support and guidance. We appreciate that this level of reporting is new for most organisations and that there may be some issues early on.

"We were keen that reporting and monitoring of complaints should form part of the other information that public service organisations are obliged to provide."

2 http://www.scottishhealthcouncil.org/publications/research/review_of_nhs_feedback.aspx

Transforming the complaints culture

The respective complaints handlers networks for each sector discussed our findings, including what worked well and areas for improvement. The results were also discussed with Audit Scotland and the Scottish Housing Regulator who were content with our approach to ongoing monitoring of this requirement.

The performance indicators were developed in partnership with the networks and are designed to be broadly consistent across the sectors. We are continuing to support the networks in their discussions about how performance indicator information should be presented and benchmarked. The aim is to move towards a greater consistency of reporting on complaints and provide a basis for comparing performance and supporting ongoing improvement.

Advice, support and guidance

A key aspect of our role is to work closely with service providers, regulators and other stakeholders to offer advice, support and guidance about the model CHPs and effective complaints handling. Throughout 2013/14 we continued to provide this support across a range of issues. Many were straightforward requests, but others required detailed advice, guidance and follow-up contact.

Stakeholder enquiries

In 2013/14, the CSA responded to over 900 stakeholder enquiries. As we anticipated, there was a shift in the source of the requests, reflecting the stage of each sector in implementing its model CHP. Many requests were about implementation, although the fact that the local government sector continues to provide the majority demonstrates that there is an ongoing need for advice on wider aspects of good complaints handling.

CSA contacts 2013/14
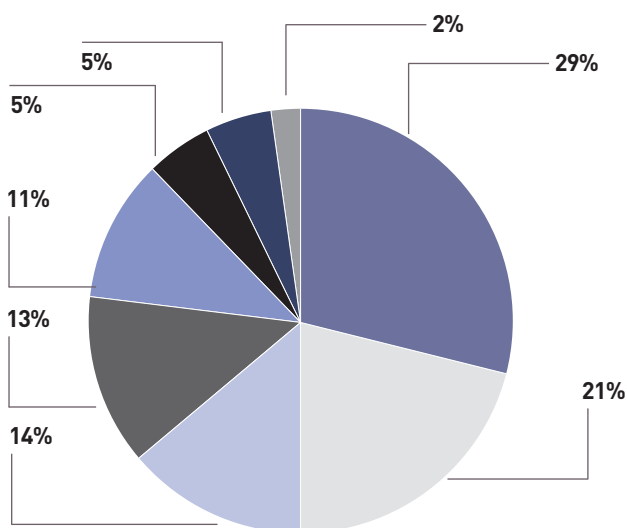
CSA ENGAGEMENT AND SUPPORT	TOTAL	PERCENTAGE
Local government	265	29%
Scottish government agencies	190	21%
RSLs	124	14%
Higher education	121	13%
Further education	102	11%
NHS	43	5%
Other	41	5%
Members of the public	22	2%
Total	908	100%

Transforming the complaints culture

Meetings, events and conferences

We provided speakers at a total of 70 conferences, meetings and events throughout the year. In doing so we provided direct support and advice to individual bodies across all sectors. We also engaged stakeholders at a number of cross-sector events and conferences, including by speaking at various national complaints conferences.

Our presence at these events allowed us to add value in several ways. This included:

> providing expert advice and guidance on implementing the requirements of the model CHPs

> explaining the need and value of reporting of complaints performance and learning outcomes

> illustrating ways in which the consistent reporting of data will allow for benchmarking of performance across sectors

> re-emphasising the governance requirements within the roles and responsibilities of senior staff in complaints management.

Overall our outreach activity has helped to continue the focus on improving the complaints culture amongst public service providers.

Reflecting the interest in the progress of our complaints improvement work, we were invited to speak at events in England to share our expertise in simplifying and improving complaints handling, including an Academic Registrars Council event for higher education complaints handlers and a conference of national health and social care managers.

Valuing Complaints website and online forum

In 2013/14 we continued to facilitate the sharing of knowledge and best practice in complaints handling through our dedicated CSA website, which provides:

> information on the CSA and the statutory basis for its work

> the model CHPs and implementation guidance

> good practice guidance on complaints handling and links to relevant sources of information and best practice in complaints handling

> an online community forum for discussion and sharing best practice in the professional complaints handling community, both within and between sectors

> the SPSO training centre with access to our e-learning resources and information about courses.

Resourcing constraints meant that we could not develop the website and forum as much as we intended to in 2013/14. We want complaints handlers to use the website as a central information point, and in the coming year we will be asking them how they would like this work to be taken forward.

The CSA website is at www.valuingcomplaints.org.uk

Transforming the complaints culture

Sharing best practice

Networks of complaints handlers

The aim of the networks is to share good practice, develop tools and guidance, support complaints handling practitioners and provide a forum for benchmarking complaints performance information. The key to their effectiveness is that each network is led by the sector for the sector with SPSO as members. Our role is to help facilitate their development, contribute our expertise and ideas and provide support and advice on aspects of good complaints handling and the model CHPs.

Networks were set up in 2012/13 for local authorities and RSLs. In 2013/14 more were set up in the further and higher education sectors and the Scottish Government established a forum for all complaints handlers within its departments.

Local authority complaints handlers network

This is chaired by North Lanarkshire Council and has over 60 members, including SPSO. This year, all local authorities have been involved in the work of the network, which met four times in 2013/14. It considered a range of issues including feedback on the operation of the model CHP and performance reporting and indicators. There were sessions about the needs of children in the complaints process and the handling of education service complaints. The network considered and shared best practice on learning from complaints. The key theme in 2013/14 was benchmarking, with the Improvement Service leading discussions on how best to align the benchmarking of complaints information with their own benchmarking approach.

RSL complaints handlers network

The RSL network, chaired and coordinated by Queens Cross Housing Association and Castle Rock Edinvar Housing Association, met once during 2013/14 with over 50 housing associations having been involved in meetings to date. As well as sharing good practice, the network looked at how complaints categories could be standardised to help benchmark performance and at reporting complaints performance.

New networks

The further education complaints handling advisory group was formed in the development phase of the model CHPs and is chaired by College Development Network. The group met regularly throughout 2013/14 to discuss the implementation of the new CHP and reporting of information. The group operates as a smaller sub-group of the Quality Development Network Steering Group, inputting to this wider group of all colleges as and when required.

The higher education sector have developed a group of complaints handling practitioners which meets regularly to share best practice in complaints handling. The Scottish Government also set up a network for its complaints handlers, led at Director level. The SPSO will contribute to these groups as and when required.

Outputs

Some of the networks have published specific products, such as standardised reporting templates, lessons learned reports and good practice guides. We commended the further education group for the work carried out by Cumbernauld College, supported and guided by College Development Network, in developing an online complaints handling tool for use by all colleges. This is an excellent example of sharing services, allowing colleges to develop a consistency of recording and reporting across the sector. We welcomed these outputs, which are useful across individual sectors and also support the creation of a cross-sectoral network of complaints handlers.

To join a network, contact csa@spso.org.uk

Transforming the complaints culture

Training

Classroom courses

In 2013/14 we directly delivered 56 frontline and investigation skills courses, with particular demand from the sectors where new model CHPs were introduced during the year. In new areas we delivered:

> five courses in further education

> nine in higher education and

> nine across a range of Scottish Government and associated public authorities.

We also delivered:

> eighteen courses to local authorities

> seven to housing associations

> four to health bodies and

> four to a mix of organisations.

It was a busy year, but with model CHPs now operating in most sectors, we expect demand in these sectors will slow in 2014/15. We do, however, anticipate demand from the NHS following the recommendations on training made in the Scottish Health Council report *Listening and Learning.*

Our courses continued to get very high ratings from participants and the materials were much sought after, including by other ombudsmen in the UK and overseas.

In addition to the direct delivery courses, we developed tailored materials for GPs and dentists. With the support of NHS Education for Scotland (NES), we created audio case studies as a training tool for practice managers. SPSO trainers delivered workshops on how to use the material to over 200 GP and dental practice managers, who could then use the materials to train their own staff.

We also wanted to reinforce the message about corporate responsibility and complaints. In light of the lessons of the Francis Inquiry, the Ombudsman delivered a series of master class sessions for chief executives and non-executive directors of NHS boards on the role of complaints in good governance. These focused on the importance of complaints and their value as indicators of performance, service quality and risk. NES has

a video recording of this session available on its website alongside all the other tools that we have developed for NHSScotland staff.

Classroom-based training for complaints investigators and others involved in complaints handling remains crucial to improving the way that organisations deal with complaints, particularly in reaching the right decisions first time. Along with the new streamlined approach to complaints handling, we expect training to continue to be a significant factor in how we help drive improvements in complaints handling culture and manage the numbers of complaints coming to the SPSO.

E-learning courses

In 2012/13, we developed and launched our first e-learning modules on frontline complaints handling. The aim of these is to help the people dealing directly with the public to feel more confident responding to complaints. The modules in each sector were designed to support staff awareness of the model CHP and good practice in frontline complaints handling. In 2013/14 over 2,500 registered users accessed the modules directly from our website. In addition to this we are aware that many public authorities have adapted the e-learning package for use on their own internal systems. This was ground-breaking work, and, in light of the good uptake rates and positive feedback, we expanded the range of modules into new sectors, adapting them for college and university frontline staff in August 2013.

In the health sector, we built on the previous year's work in developing e-learning modules for frontline NHS staff by developing a new e-learning module on investigation skills. It helps participants explore the complaints investigation journey from first receipt through to the final decision. It also covers learning lessons from complaints and includes examples of good practice. We developed this as part of our second year of a programme of activity with NES, and aim to adapt this module for use in other sectors.

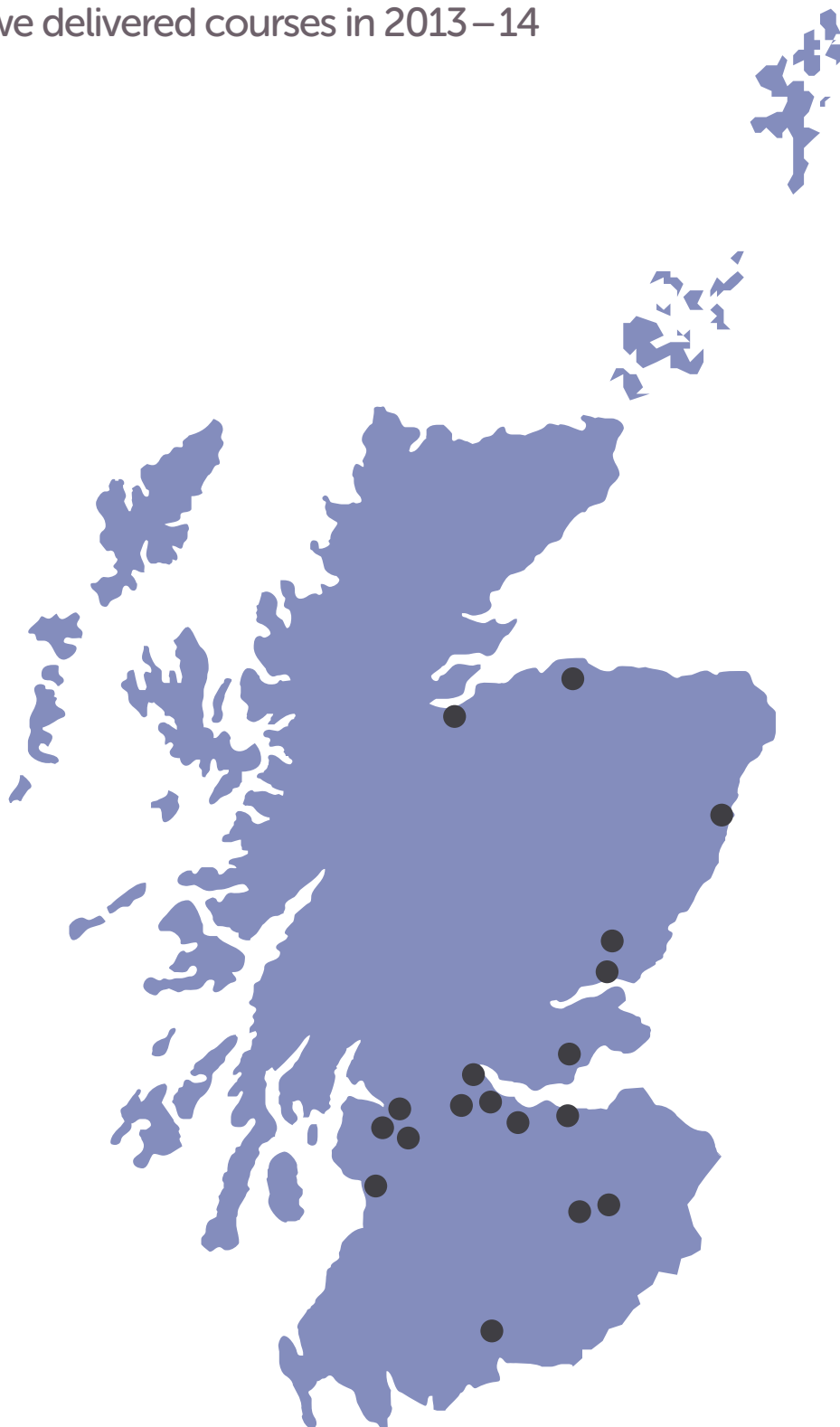Our approach to e-learning has received positive feedback and the e-learning modules for frontline NHS staff have been requested for use by the NHS in England and local authorities in New Zealand.

All our e-learning training materials are free and are available to all public sector organisations.

Transforming the complaints culture

For more about our training activities, visit **www.spsotraining.org.uk**

Transforming the complaints culture

Simplifying the landscape: key areas of policy contribution

Health and social care integration

The integration of health and social care was a key focus for us this year. In our responses to Scottish Government consultations on two areas – self-directed support and delegation of certain local authority functions under mental health and adults with incapacity legislation – we raised the important issue of the need for clarity around complaints. We also highlighted this in our response to the Health Committee's call for evidence about the Public Bodies (Joint Working) (Scotland) Bill.

We were invited to give evidence to the Health Committee at an October 2013 roundtable event about the role of regulators and complaints bodies in relation to integration. We highlighted the need for the complaints route to be clear and accessible to service users, and for there to be no legislative barriers restricting public bodies in their ability to investigate and respond to complaints in a joined-up way.

Social work

Following their review of and consultation on social work complaints procedures, the Scottish Government indicated that their recommended options were those that would see local authorities adopt the model CHP for social work complaints (but with some flexibility around timescales) and the SPSO taking on the role of Complaint Review Committees, with a remit over professional judgement. This was felt to be the most likely to create a fit-for-purpose complaints system for the future. We supported this option, as it fits with the aim of simplifying the complaints landscape in Scotland and will align social work complaints with wider local authority complaints handling, making things simpler for complainants and organisations alike.

In February 2013, the Government's social work complaints working group reached broad agreement on these future options, subject to further discussion on detail. The working group included SPSO, the Care Inspectorate, the Convention of Scottish Local Authorities, the Association of Directors of Social Work, the Scottish Social Services Council and a number of third sector organisations, including Capability Scotland and Children First.

Following the recommendations of the working group in July 2013, in advance of making a decision on this, the Government elected to commission further research on the needs of service users. As we have underlined throughout the lengthy review, consultation and working group process, people using social work complaints procedures are likely to be vulnerable and in need of support and effective, timely decisions. We have also highlighted, on the basis of cases that we have seen, that the current system is failing these vulnerable service users.

Scottish Welfare Fund

The Scottish Welfare Fund (SWF) provides day-to-day living expenses to those on low incomes who are in crisis, as well as providing essential household items to those in need. SWF complaints came under our jurisdiction as part of a two-year interim arrangement in April 2013. The fund is administered by local authorities so the SPSO became the final point for complaints.

The Government consulted on the permanent arrangements for the fund, including the options for review arrangements. Following the consultation, they confirmed their intended policy that the SPSO take on a new role in reviewing decisions. This would mean an unusual extension to our jurisdiction, to include the ability to review and change SWF decisions, and would have a number of consequences, including adaptations to our current remit, processes and procedures.

See our consultation responses at www.spso.org.uk/consultations–and–inquiries

Transforming the complaints culture

The Government's proposal is included in the Welfare Funds (Scotland) Bill. Throughout the consultation on this policy proposal, we have not expressed a view on whether this role should come to us. We have emphasised that the SPSO is a Parliamentary body, and this is a decision for the Parliament to consider in its deliberations on the Bill.

Our consultation response highlights that if we are to take on the role, a number of important issues need to be factored in:

> *Accessibility, simplicity and timeliness:* we appreciate that there will be a need to make decisions quickly and to be fully accessible to people who are more likely to be vulnerable and to have complex and multiple needs than the majority of our current service users. Given this vulnerability, any option must be genuinely accessible by them and it will be particularly important that we have the ability to respond quickly.

> *Reporting and learning:* it is vital that the system of review can demonstrate that it is impartial and transparent. In line with our current systems for public reporting, we will ensure that we make public the information about our performance, and will publish anonymised summaries of decisions to advise people and agencies who are interested and enable them to learn from the cases we see.

> *Complaint vs review:* the proposal would give the SPSO two new powers. These are that we should be able to consider whether the decision is one that should have been made, and to direct the local authority to put in place an alternative decision if we consider a different one should have been made. There are both legal and practical implications of these additional powers.

To prepare for this possible role, we are considering all this with the Government and Scottish Parliamentary Corporate Body, as well as the logistical issues that we would need to resolve to ensure that we meet customers' needs.

Prisons

We responded to two calls for evidence on changes to the role of prison visiting committees (PVCs). In general, we welcomed the proposal to provide lay monitors with a role in complaints handling, building on the existing role of PVCs. However, we said that further clarity is needed to ensure that complaints handling roles are defined well and work together, and that the existing process for handling complaints, particularly that of the prison service, remains the principal avenue through which prisoners can raise complaints. We also said there should be greater clarity on the status of reports and recommendations, and highlighted the importance of transparency of decisions and consistency in what is reported.

Scottish Tribunals and Administrative Justice Advisory Committee (STAJAC)

The STAJAC was established by the Scottish Government in November 2013 to champion the needs of users across the administrative justice and tribunals system in Scotland, to provide external scrutiny of the system in devolved areas and to highlight any issues to Scottish Ministers.

Our head of complaints standards was invited to join the committee to add our experience in improving complaints handling to the committee's advice on developments in the wider administrative justice landscape, including tribunals and other routes of appeal. The committee's workplan focuses on various areas relevant to complaints handling, including the costs of administrative justice and how users can express dissatisfaction within the new integrated system of health and social care. We have continued to emphasise the importance of complaints systems as one of the key routes for service users to access administrative justice and the importance of all administrative justice routes being user focused.

Corporate performance

This section highlights:

> strategic planning and delivery

> improving operational efficiency

> how we support our staff

> statutory reporting

> financial performance

Strategic planning and delivery

In 2013/14, we delivered year two of our 2012–16 strategic plan, which we consulted on and published in March 2012, in line with our legal obligations. The plan sets out our five strategic objectives, which reflect the statutory functions of the Ombudsman. It also contains our equalities commitments, and provides the framework for developing annual business plans and accompanying annual performance measures.

Each year, progress against our strategic plan and annual business plans and measures are reviewed regularly by operational management, the senior management team and the Audit and Advisory Committee. Our business plans for 2013/14 and 2014/15 and performance measures for each year were shared with SPCB officials. All of our plans and measures, along with minutes of meetings to record and monitor progress, are on our website.

Improving operational efficiency

The corporate planning process plays a key role in ensuring operational efficiency and effectiveness. We also use information from external and internal audit to drive efficiency and effectively manage risk. The outcome of the external audit engagement for the year 2013/14 was an unqualified certificate from the external auditors, Audit Scotland.

In 2013/14, as part of the three year internal audit programme for 2012–15, our internal auditors, the Scottish Legal Aid Board, looked at the areas of information systems installation, HR, payroll and absence management, and document management. The auditors raised no issues of significance.

Full external and internal audit reports are available on our website.

We had a strong record of ICT systems reliability in 2013/14. We also continued to improve our case-handling application by automating the transfer of information from our online complaint form into our complaints database. This allows us to process these complaints more efficiently. To further our goal of becoming a paperless office, we carried out a scanning pilot on part of our business and will review the findings in summer 2014. We also installed a SharePoint database, in preparation for introducing an electronic records management system. We developed a Business Classification Scheme for documents and expect the move to the database to be completed by December 2014. These initiatives are designed to improve our efficiency by making it easier to access and share documents.

Corporate performance

Our people

We review our learning and development requirements and deliver training programmes and development opportunities on a rolling basis, to ensure that our staff have the knowledge, skills, tools and support they need to manage and deliver our service. Group training sessions are delivered by a mix of internal and external experts and in 2013/14, this included areas such as capacity and consent; analysing evidence; handling freedom of information requests; and awareness and understanding of mental ill-health.

We obtain external validation of how we support our staff to engage effectively with our goals and meet our service commitments, sometimes in challenging circumstances. We do this through Investors in People (IIP), which recognised us as an Investor in People in March 2011. The IIP carried out their three year review in March 2014 through an independent assessment visit and confirmed that we continue to be recognised as an Investor in People.

We also carried out a staff survey at the end of 2013/14. The results of both the survey and the IIP findings were generally very positive, indicating high levels of job satisfaction, engagement and commitment from SPSO staff. In the staff survey in particular, staff indicated a strong sense of achievement and personal accomplishment and felt supported by the learning and development programmes and robust performance management systems. The IIP assessment highlighted areas for us to focus on in our continuing improvement and we are finalising actions from the staff survey.

The IIP report is on our website and we will publish the staff survey there in summer 2014.

Statutory reporting

Freedom of Information / Data Protection Subject Access

We received 209 requests, review requests and appeal notifications in 2013/14. There were six appeal decisions from the Scottish Information Commissioner against our decision about the information to provide, and three decisions from the UK Information Commissioner's Office.

Environmental and sustainable development

We publish an annual sustainability report, monitoring carbon emissions and waste management activities and in 2013/14 we exceeded the targets set.

"SPSO staff indicated a strong sense of achievement and personal accomplishment and felt supported by the learning and development programmes and robust performance management systems."

For more information, see our website at **www.spso.org.uk/corporate-information**

Corporate performance

Financial performance

We continued our efficiency drive this year, making a 3% decrease against the 2012/13 budget. This was the final year of a three year planned real term reduction of 15% against the baseline budget of 2011/12, which the Scottish Parliamentary Corporate Body asked us to make. Our budget for 2013/14 was £3,207 million.

Costs were reduced as a result of the revenue generated by our training unit and the shared services agreements we have developed (we share our Edinburgh office with the Scottish Human Rights Commission and provide HR expertise to Scotland's Commissioner for Children and Young People).

There is a summary of our 2013/14 expenditure in the table below. We publish information on our website on specific expenditure areas as required under the Public Services Reform Act. We will publish our full audited accounts there, when they have been signed off in October 2014.

Summary analysis of expenditure	2014 £000s	2013 £000s	2012 £000s
Staffing costs	2,651	2,559	2,660
Property*	309	293	292
Professional**	149	138	166
Office***	267	358	324
Total operating expenditure	3,376	3,348	3,442
Capital ****	3	62	128
Other income	-154	-180	-93
Net expenditure	3,225	3,230	3,477
Staff FTE	46	47	45

* Including rent, rates, utilities, cleaning and maintenance
** Including professional adviser fees
*** Including ICT, annual report and publications
**** Including IT projects

Full audited accounts are available on the SPSO website www.spso.org.uk

"Your incredibly kind, understanding assistance today, does prove that the SPSO's statements regarding access for disabled people are factual, not just lip-service as is so often the case with various companies."

A complainant

"I felt compelled to write to you separately to convey my admiration and respect for the extremely thoughtful, patient and professional way that your staff have supported Mr C throughout his complaints. At each and every opportunity they took time to work out how best to support his needs and where they could make reasonable adjustments for his disability. Their skill and professionalism shone through."

SPSO equalities adviser

"The SPSO decision does not only support my complaint — it also helps any other student with a disability and I am sure I can thank you from them."

A complainant

Equality and diversity

This section explains what we did to fulfil the **five equalities commitments** in our strategic plan in 2013/14. To support this work, we continued to take advice from our equalities adviser, both when looking at the equality elements in complaints we considered and to ensure that our policies and practices comply with equality legislation and best practice in this area.

Living up to our equalities commitments

1 **to take proactive steps to identify and reduce potential barriers to ensure that our service is accessible to all.**

In 2013/14, we looked specifically at the customer's journey through our process, including how they may want to approach us. We verified that our office is equipped with the right tools for this, for example that it is physically accessible and has induction loop facilities for people with hearing difficulties.

We always ask how people would like to communicate with us. In 2013/14, we made adjustments for 23 people who asked us to adapt our communications with them. We made most of these adaptations for people with learning difficulties – mainly dyslexia – and sight or hearing impairment. For example, we communicated with a man with visual impairment by phone and when we wrote giving him our final decision, we made sure the letter was in the large print he had asked for. We also helped a man who had physical difficulty in writing to make his complaint to us orally. When a woman told us that she had a disability that affects the speed at which she absorbs and responds to information, we made sure that she had extra time to allow her to adequately communicate with us. We provided translation facilities – both on the phone and in writing – for people who do not have English as their first language, and we continued to translate copies of our leaflets into other languages and to provide information in large print.

We took part in an event organised by Independent Living in Scotland, aimed at bringing together disability organisations and scrutiny bodies. As a result, we added a specific performance indicator to our 2014/15 business plan, recognising the importance of involving disabilities and equality groups in our communications work.

We are aware that few children and young people complain to us. As we said in our July 2013 evidence to a Parliamentary Committee looking at a possible expansion of the Children's Commissioner's role in relation to complaints *'It can take both confidence and experience to make a complaint about someone who has power over some aspect of our lives and, while this is difficult for adults, it is likely to be more difficult for the young.'* We welcomed the likelihood that more children and young people may complain to the Commissioner as a result of his expanded role.

We are aware that if we are given a role in carrying out reviews of Scottish Welfare Fund decisions, many of those who might contact us about this will be particularly vulnerable. In June 2014, the Scottish Government carried out an equality impact assessment in advance of the introduction of the Welfare Funds (Scotland) Bill. In it, they noted our approach to equalities planning and monitoring as well as the information and statistics from last year's annual report. They said that they would work with us to highlight the needs of potential applicants as they set up their service, to ensure that equalities considerations are taken into account in service design and monitoring arrangements. This fits with the Ombudsman's stated concern that systems fit the needs of the people using them and allow for us to make decisions quickly.

Given the increasing reliance on online services, we continually improve our website information. In 2013/14, Crystal Mark carried out an independent evaluation of our public website including auditing our accessibility. They gave us some helpful comments, on which we acted, and we continue to display the Crystal Mark on our website.

Equality and diversity

2   to identify common equality issues (explicit and implicit) within complaints brought to our office and feed back learning from such complaints to all stakeholders.

We fed back key learning to stakeholders through a range of tools, most prominently the Ombudsman's monthly e-newsletter. In 2013/14, we published sectoral reports for the first time, highlighting trends and issues.

We also play a part in ensuring that, in their policies and practices, organisations reflect the obligations they have under the Equality Act 2010. Equality issues and human rights issues are, of course, often interlinked and during 2013/14, we identified 24 cases in which human rights were potentially an issue.

Matters to which we drew attention to in 2013/14 included:

> a lack of awareness, understanding or meeting of the requirements of the Adults with Incapacity (Scotland) Act, particularly in health boards. For several years this has been, and remains, an all too frequent concern that we regularly highlight. In one example, a family only learned that a Certificate of Incapacity (which says that a person is not capable of deciding about their own medical treatment) was in place when they asked for a copy of their mother's medical records after she died in hospital. Staff had not discussed this with her family, or asked if any of them could legally decide matters for their mother.

> prisoners with less equality of access to the NHS complaints system than other NHS users. The Ombudsman had already raised this issue with the Health Committee, after which the Scottish Government wrote to health boards reminding them of the process.

> the use of restraints on a prisoner, escorting a disabled prisoner and prisoner diet

> failing to protect children and young people from bullying, or to provide them with additional support for learning

> failings in the way a prison treated children visiting their father in prison.

There are further examples of some of these issues in the case studies below.

3   to ensure that we inform people who are taking forward a complaint of their rights and of any available support, and that we encourage public authorities to do the same.

It is important that we not only tell individuals what their rights are and where they can take issues, but also those who may represent them. When we became responsible for handling complaints about the Scottish Welfare Fund in April 2013, we developed new communications for advisers and independent advocates about our role and process. These explained what people could expect of the new process and of us, and where else they might find help if the problem was one we couldn't help with.

During the year we worked to explain our role and provide support to various organisations and groups that represent or help people, including the Children's Commissioner, Citizens Advice Scotland, Patient Opinion (an independent feedback platform for health service users) and RespectMe (which provides guidance to public authorities on anti-bullying policies, and advice to those affected by bullying). Our customer sounding board includes members representing advocacy and advice organisations.

In our communications in 2013/14, we again used our decisions on complaints to point out to organisations examples where people had not been given their rights. Examples include the failure of a health board to apply the Adults with Incapacity legislation in the case of a man with dementia, and of a college to properly advise and support a young man with learning support needs.

Equality and diversity

4 **to ensure that we play our part in ensuring that service providers understand their duties to promote equality within their complaints handling procedures.**

When developing standardised complaints handling procedures, we helped organisations understand how to meet their equality obligations by building in fair and equal treatment from the start. The model CHPs require organisations to take their equalities obligations into account, especially in pointing out the need to make reasonable adjustments where necessary.

Now that the model CHPs have been rolled out across the public sector, the main way in which we meet this obligation is through ongoing discussions with and support for public organisations through the complaints handlers networks. Guidance[3] on our Valuing Complaints website explains some of the implications of the Equality Act for the public sector, particularly in terms of fair and equal treatment in complaints processes.

5 **to monitor the diversity of our workforce and supply chain and take positive steps where under-representation exists.**

We are committed to supporting the diversity of our workforce. Although we are a small employer with a low staff turnover, we ensure that in all recruitment, selection and development processes, individuals are selected, developed and promoted on the basis of their abilities alone. We regularly monitor the diversity of our workforce and positively value the different perspectives and skills of all staff and make full use of these in our work. The staff survey carried out in 2014 indicates that individual differences are positively supported and respected and that opportunities for development are fairly managed. We ensure that our procurement processes are open and transparent and we require any potential suppliers or providers to demonstrate the same level of rigour as we do in their approach to diversity.

Case Studies

Here we have focused on the equality/human rights-related issue, and so may not refer to all the issues that were in the original complaint.

Restraint of prisoner

A prisoner said that he was placed under restraint with a body belt. He said that he was held this way for more than 12 hours without approval from Scottish Ministers, and that during that time staff did not monitor him properly and he was denied access to toilet and water breaks. The records showed that he was held for longer than he should have been without approval, and there was no evidence that he was continuously monitored during some of that time. This is against prison rules. The records also showed that he was given a drink and toilet access only once, which we found unacceptable.

The prison service had already reviewed their process for restraining prisoners, and had reminded staff they must get permission to restrain someone for that length of time. We said that they should also apologise to the prisoner, and tell staff that full written records must be kept of the time in restraints; and that during that time they should regularly offer access to water and a toilet.

Case **201300592**

3 "Fair and Equal: How does the Equality Act 2010 affect complaints handling in Scotland?"

Equality and diversity

Additional support needs in school

A child was exhibiting behaviours that suggested they might have Asperger's syndrome. After an incident in school, the child was referred to an additional needs tribunal. The tribunal said that the council had not made reasonable adjustments under the Equality Act. The child's father then asked for a coordinated support plan, but this took more than eight months to produce. He complained to us that the council did not apply policy and procedures to meet his child's additional support needs.

The guidelines say that a support plan should be provided in four weeks, so the council had clearly taken far too long to provide this at what was a particularly important time in the child's education. We said that they should apologise to the family and show us that staff have been reminded about what they should do when a plan is requested.

Case **201205207**

Prisoner escort

A man who uses a mobility aid and has a heart condition was escorted from prison to court. He said that, despite his disability, he was handcuffed in an inappropriate way. The escort service agreed that they should have risk-assessed this, but could not be certain whether he had been handcuffed in the way he described. They said they would develop guidance for staff on how to deal with this in future. We could not find out exactly what happened, but we upheld the complaint, as staff did not record whether they had made a risk assessment to show that he had been safely and securely escorted. We recommended that they consider recording the handcuffing style used in future and let us see a copy of their new guidance.

Case **201201756**

Gender referencing

A woman complained that an organisation referred to her as male in their records, after they had agreed to refer to her as female. She said this was a hate incident. We looked at the documents, and found that she was referred to as male in a note on the file. The organisation had agreed to refer to her as female before the note was made, and, therefore, should have done so. We said that they should make sure that staff know that they must refer to transgender customers appropriately, and tell us what learning they've taken from this complaint and how they have passed this on to staff.

Case **201302903**

Equality and diversity

Welfare power of attorney

A woman had power of attorney to make decisions for her late brother, who had profound learning and communication difficulties. He was admitted to hospital, where he died three days later from a blood infection. The woman told us that hospital staff did not discuss his care and treatment with her. She said that when her brother deteriorated, she could have provided important information about his normal condition, which could have informed how he was treated. The board apologised that staff did not act on changes in her brother's medical condition but said this was not due to his learning disabilities.

The board have a good best practice guide in line with the principles of the Adults with Incapacity Act (Scotland) Act 2000, but it was not followed in this case. It says that as well as the views of the individual, staff should as far as possible take account of the views of family and carers. The woman was not involved in the decision-making process and, more importantly, her information about her brother's deterioration was not taken seriously. We said that the board should apologise to her, remind staff of the best practice guidance and make sure it is used for relevant patients.

Case **201304515**

Learning needs in college

A student has a developmental disorder and behavioural symptoms, and was unhappy with the way his college treated him. He had withdrawn from his first course, after which he was assessed and told that he would benefit from learning support. He was encouraged to access this support for his next course, but did not, and again withdrew before completing it. He enrolled for a third course but had to withdraw for medical reasons, and applied for it again the next year. At this point he was told he had to complete an extra module first, to show he could commit to a full course.

Our equalities adviser said that the college didn't do enough to support him. There was nothing to show that they provided guidance, or talked to him about why he was withdrawing from courses, his personal circumstances or what withdrawal might mean for any new applications. We thought they had not taken all his circumstances into account. We also found that saying he had to complete an extra module before he could access the course was inappropriate. We said that the college should reconsider the student's application, and review their policies to make it clear to staff when they should consider making reasonable adjustments for students with disabilities. We also said that they should make a record of discussions between students and staff about withdrawal from courses.

Case **201300085**

Governance and accountability

Report from Dr Tom Frawley, Chair of the SPSO Audit and Advisory Committee

Introduction

1   The Audit and Advisory Committee (the committee) has, for the past number of years, produced an annual report. The report's purpose is to update the Ombudsman, and other key stakeholders, on the work programme of the committee during the year, specifically articulating how it: discharged its responsibilities; the actions it took; and the ways in which it has sought to add value to the governance processes within the office of the Scottish Public Services Ombudsman.

2   The committee meets in accordance with its terms of reference which, in turn, are informed by the work schedule laid out in the Scottish Government Audit Committee Handbook (2008).

3   The principal role of the committee is to provide the Ombudsman with advice and assurance on the adequacy of internal control and risk management within the SPSO, including: the framework of internal control; risk management processes; and the quality and reliability of financial reporting and related matters.

4   These issues are considered through the regular review of the risk management processes undertaken by management, in conjunction with consideration of the work undertaken by internal and external audit throughout the course of the financial year.

5   The committee met on four occasions during 2013/14.

Committee structure and membership

6   The committee membership during 2013/14 comprised three non-executive directors, these being: Tom Frawley; Douglas Sinclair; and Heather Logan. In line with Scottish Government best practice guidance on the operation of audit committees, the committee is chaired by Tom Frawley, a non-executive member. Each meeting was quorate.

7   The committee's terms of reference are kept under regular review as guidance in the field of corporate governance and audit committees is developed. A particularly useful guide for evaluating the effectiveness of the committee is the *'The Audit Committee Self-Assessment Checklist'*, contained within the Scottish Government Audit Committee Handbook referred to above.

Attendees

8   The following people also attended meetings during the year: Patricia Fraser, External Auditor, Audit Scotland; Nick McDonald, Internal Auditor, Scottish Legal Aid Board (SLAB); Jim Martin, Ombudsman; Niki Maclean, SPSO Director (Secretary); Emma Gray, SPSO Head of Policy and External Communications; Paul McFadden, SPSO Head of Complaints Standards; Fiona Paterson, PA to Ombudsman (Minutes); Rachel Hall, SPSO Executive Casework Officer; and David Thomas, Independent Service Delivery Reviewer.

9   The committee routinely receives oral reports from representatives of the external and internal auditors on their work programmes, supplemented by formal audit reports at appropriate junctures during the year.

Governance and accountability

The work of the committee

10 The committee considered the following range of issues, summarising some of the key aspects of its duties deriving from its terms of reference: internal audit; external audit; risk management; and internal control.

11 Specific reviews involved evaluating, and advising on, the following issues, through a series of recurring and specific items dealt with at meetings:

> the accounts for the year just finished prior to their finalisation and submission for audit

> the content of the Governance Statement for the year, presented alongside the finalised accounts

> internal audit's finalised periodic work plan for the financial year

> internal audit opinion for the financial year just finished

> the internal audit strategy and the periodic work plan for the financial year

> emerging findings from internal audit engagements

> the emerging external audit opinion for the financial year just finished and advising the Accountable Officer on signing the accounts and the Governance Statement

> the external auditor's report for the previous year, any emerging findings from the current interim/in-year work of external audit, and external audit's approach to their work

> any residual actions arising from the previous year's work of both internal and external audit

> re-visiting emerging findings from auditors and review actions.

12 The committee also reviewed arrangements made by management in relation to risk management, including how ongoing risks are identified, assessed, monitored, managed and reviewed.

13 The committee regularly reviews Risk Registers prepared by the SPSO. In relation to strategic processes for risk, control and governance, the committee, in the course of its work, aimed to secure assurances:

> that the risk management culture was appropriate

> that there was a comprehensive process for identifying and evaluating risk, and for reviewing what levels of risk were tolerable

> that the Risk Register was an appropriate reflection of the risks facing the SPSO

> that management had an appropriate view of how effective internal control was

> that risk management was carried out in a way that really benefited the organisation and added value

> that the organisation as a whole was aware of the importance of risk management and risk priorities

> that the system of internal control was effective

> that the Accountable Officer's annual Governance Statement was meaningful, and underpinned by credible evidence.

Audit engagements

External audit

14 The committee found the proactive approach adopted by Audit Scotland in planning for the external audit to be most helpful. This process was beneficial in that it succinctly scoped the ambit of the audit, having regard for: the organisationally specific risks and priorities facing SPSO; the national risks pertinent to the SPSO's local operating environment; the impact of changing international auditing and accounting standards; the responsibilities of external audit under the terms of Audit Scotland's Code of Audit Practice; and issues brought forward from previous audit reports.

15 The outcome of the external audit engagement for the year 2013–14 was an unqualified certificate from Audit Scotland.

16 In the opinion of the external auditor, in all material respects, expenditure and income had been applied for the purposes intended by the Parliament and the financial transactions conform to the authorities which govern them. The external auditor further noted that they had no observations to make on the financial statements.

Governance and accountability

Internal audit

17 Complementing the important role of external audit, internal audit provides the committee with objective assurance that the SPSO's control frameworks are operating effectively. Effective control systems are the foundation of effective risk management arrangements and, in receiving and deliberating on the reports of internal audit, a critical aspect of the committee's accountability role is discharged. During 2013–14, the internal auditors, SLAB, undertook reviews of information systems installation; HR, payroll and absence management; and document management. The overall opinion reached by internal audit in all audits was that of satisfactory assurance. The committee looks forward to receiving the work being conducted into procurement arrangements in SPSO, in due course.

18 The internal audit's Annual Assurance Report provided the Ombudsman with a 'satisfactory' level of assurance, based on the conclusions of their various engagements during the course of 2013-14.

Commentary

19 During the course of the year, the committee took assurance from the fact that no significant areas of concern arose in the course of these various audit engagements that remained unaddressed or unresolved. Moreover, neither auditor at any time has indicated any area of particular concern that should be brought to the committee's attention.

20 The committee was also informed that the necessary co-operation had been received from the SPSO's management and staff. The committee further acknowledges the steps being taken by management and staff to implement recommendations resulting from the various audit engagements.

21 The committee at all times sought to provide a forum for focused debate, involving key internal and external stakeholders, with the ultimate aim of providing assurances to the Accountable Officer on the adequacy of internal control and risk management within the SPSO, including: the framework of internal control; risk management processes; and the quality and reliability of financial reporting and related matters.

22 The committee believes it has effectively discharged its functions in this regard, using the following sources of evidence: terms of reference informed by best practice guidance in the field of public sector corporate governance; a series of regular meetings considering all of the matters noted above; and meeting, on a continuous basis, with senior management to discuss matters of mutual interest, whilst taking assurance from the opinions expressed by the auditors, both internal and external. Consequently, the committee provided assurance to the Accountable Officer, at the appropriate juncture in the reporting cycle, that the assertions made in the Governance Statement were meaningful and underpinned by a robust evidence base.

The Future

23 The committee will continue to monitor progress on all areas under its remit during the forthcoming year, particularly at a time of continuing change for the SPSO, particularly against the context of extensions to jurisdiction. The committee believes the SPSO is well positioned to respond to whatever opportunities or challenges it meets, given the high standards of performance that have been evidenced in the course of the last year, across a number of areas, as highlighted in the engagements of both internal and external audit.

24 The committee will continue to monitor the progress of the SPSO and ensure that the levels of attainment evidenced in the course of the year are maintained, enhanced and refined.

25 The committee would like to thank the external and internal auditors and the management and staff of the SPSO who facilitated its work during the year, in particular the excellent administrative support provided.

Governance and accountability

Complaints about SPSO

People can complain, through our customer service complaints scheme, about the service we have delivered. Although the law doesn't say that we have to do this, we decided to put a process in place. It has two internal stages, and complainants can ask for a final external review by our independent service delivery reviewer (ISDR). The ISDR's 2013/14 report is below, as well as statistics about these complaints, what we did with them and what we learned from them.

Report from David Thomas, Independent Service Delivery Reviewer

SPSO set a precedent for public sector ombudsman schemes in 2007 by creating external arrangements for the review of service delivery complaints, so the process is now well-established.

During the year to 31 March 2014, I dealt with service delivery complaints in eight cases. This is a reduction of about one third on the previous year, and represents less than 0.2% of the cases handled by SPSO. In all of the cases, the Ombudsman and his staff provided me with all of the information that I required. Besides looking at the specific service delivery concerns raised with me, I also carefully reviewed the whole of the case files in question.

Most of those who referred service delivery complaints to me found it difficult to distinguish their view of the merits of their complaint against the public body (which is not a matter for me) from their view of the way in which SPSO handled the case. Some who complained had unrealistic expectations. There are legal limits to SPSO's powers, which it cannot exceed. And it is for SPSO, and not the complainant, to direct the course of the investigation – not least to ensure impartiality.

In four of the cases that I considered, I did not uphold any part of the service delivery complaint. I was satisfied that SPSO had dealt with these cases effectively, efficiently and fairly.

In the other four cases that I considered, I upheld part of the service delivery complaint – because there had been a handling error in the case itself or the service delivery complaint, a lack of clarity, a minor delay or a minor procedural error. In two of the four, the shortcomings were very minor. In the other two, the shortcomings did not have any material effect on the outcome of the case, but indicated areas where SPSO might consider process improvements.

All the cases turned on their own facts, but areas where SPSO may wish to keep its processes under review include:

> ensuring time limits for complainants always have regard to the actual circumstances of the case and the particular complainant

> giving a final warning before closing a case because of lack of cooperation by the complainant; and

> being clear about whether or not SPSO could or would require the public body to pay compensation.

SPSO reacted positively to my conclusions in all four of these cases and apologised to the complainants concerned.

Governance and accountability

Using complaints to improve quality

We take complaints about our service very seriously and use them as a tool for ensuring the quality and consistency of our work. These complaints link to our service standards, and our findings from them feed into our quality assurance process and the discussions of our senior management team and internal service improvement forum.

In 2013/14, we changed how we record complaints about our service, to bring ourselves into line with what we ask other organisations to do under the model complaints handling procedure. We publish reports on our website about these complaints and the actions we have taken in response to any failings they identify. The reports provide statistics showing the volumes and types of complaints, their outcomes and key performance details, including the time taken and the stage at which complaints were resolved. They also contain a full list of recommendations and actions we have taken.

In addition to putting things right for our customers where possible, we always seek to learn lessons from any service failures and address any systemic issues that may be identified.

In the course of reviewing service complaints, individual instances of service failure are highlighted to our senior management team, where necessary, and to the relevant staff and managers involved, where appropriate. A summary report of complaints is provided to our senior management team, our service improvement group and our Audit and Advisory Committee each quarter. These are analysed for trend information to ensure we identify areas where our service could improve and take appropriate action.

In all cases where our service was not up to the standards expected, we apologised to the complainant and, where possible, took action to help ensure this did not happen again.

Key points

› We received 57 service complaints in 2013/14, representing 1.2% of our caseload

› This was an increase of 27% on the previous year when we received 45 complaints, and was largely due to the greater focus on recording complaints at the first stage of our process

› We dealt with 59 complaints (this includes some carried forward from the previous year) and upheld 29%. Nine were fully upheld, eight were some upheld, four were withdrawn and 38 were not upheld.

› We dealt with more cases (28%) at the first stage of our process, so there was a drop in the number we dealt with at the second stage (down 15%) and the number reviewed by the ISDR (down 36%). This suggests that more service complaints are being resolved quicker and closer to the point of service delivery compared with previous years, reflecting our focus on seeking to resolve complaints as early as possible. The reduction in cases to the ISDR also suggests that, overall, customers are more satisfied with our response to their complaints than they were in previous years.

› Average timescales for stage 1 and stage 2 complaints were 7 and 19 working days respectively. We responded to 51% of complaints at stage 1 and 69% at stage 2 within our target timescales of 5 and 20 working days respectively. The time taken reflects the fact that in some cases we had difficulty obtaining information from or clarifying the issue with the person. Our revised process also focused on resolving complaints at as early a stage in the process as possible. We continue to work to increase the proportion of cases where we meet our targets.

The table below shows a breakdown of closed complaints by stage and outcome. Each complaint contains a number of individual aspects of complaint so the decision outlined represents an aggregate of the outcome of these.

Complaints determined about SPSO 2013−14

SDC TYPE	FULLY UPHELD	SOME UPHELD	NOT UPHELD	COMPLAINT WITHDRAWN	TOTAL
Stage 1 **Officer / Manager**	6	1	27	3	**37**
Stage 2 **Senior Management**	3	7	11	1	**22**
Total	9	12	42	4	**59**
Stage 3 **Cases to ISDR**	0	4	4	0	**8**

Statistics

All cases determined 2013/2014

Case type	Stage	Outcome Group	Further & Higher Education	Health	Housing Associations	Local Government	Scottish Government and Devolved Administration	Water	Other	Total
Enquiry	Advice & signposting	Enquiry	0	11	4	22	1	2	3	43
		Out of jurisdiction	0	0	0	0	0	0	320	320
	Total enquiries		**0**	**11**	**4**	**22**	**1**	**2**	**323**	**363**
Complaint	Advice	Not duly made or withdrawn	31	331	76	328	93	47	7	913
		Out of jurisdiction (discretionary)	0	25	5	56	19	3	0	108
		Out of jurisdiction (non-discretionary)	12	19	12	42	28	0	10	123
		Outcome not achievable	5	66	24	129	37	25	0	286
		Premature	23	297	161	659	130	108	6	1,384
		Resolved	0	2	3	6	4	0	0	15
		Total	**71**	**740**	**281**	**1,220**	**311**	**183**	**23**	**2,829**
	Early Resolution 1	Not duly made or withdrawn	3	49	6	36	16	3	0	113
		Out of jurisdiction (discretionary)	2	26	4	57	9	7	0	105
		Out of jurisdiction (non-discretionary)	5	15	17	110	41	5	0	193
		Outcome not achievable	1	37	7	40	10	5	0	100
		Premature	4	53	2	33	10	9	0	111
		Resolved	3	18	3	18	9	12	0	63
		Total	**18**	**198**	**39**	**294**	**95**	**41**	**0**	**685**
	Early Resolution 2	Fully upheld	3	17	4	31	25	7	0	87
		Some upheld	1	4	6	25	6	6	0	48
		Not upheld	9	42	12	50	64	11	0	188
		Not duly made or withdrawn	0	7	0	1	2	1	0	11
		Resolved	0	0	0	4	0	8	0	12
		Total	**13**	**70**	**22**	**111**	**97**	**33**	**0**	**346**
	Investigation 1	Fully upheld	4	73	3	20	5	19	0	124
		Some upheld	1	82	9	39	4	13	0	148
		Not upheld	4	115	5	60	10	21	0	215
		Not duly made or withdrawn	0	7	1	2	1	1	1	13
		Resolved	0	1	0	1	1	1	0	4
		Total	**9**	**278**	**18**	**122**	**21**	**55**	**1**	**504**
	Investigation 2	Fully upheld	0	27	0	0	1	2	0	30
		Some upheld	0	11	0	0	2	0	0	13
		Not upheld	0	0	0	0	1	0	0	1
		Total	**0**	**38**	**0**	**0**	**4**	**2**	**0**	**44**
	Total complaints		**111**	**1,324**	**360**	**1,747**	**528**	**314**	**24**	**4,408**
	Total contacts		**111**	**1,335**	**364**	**1,769**	**529**	**316**	**347**	**4,771**

Statistics

Enquiries signposted by SPSO advice team 2012/13 and 2013/14

	2012/13	2013/14
Association of British Travel Agents	2	0
Age Concern Helpline	2	1
Audit Scotland	2	3
Bus Passengers Platform	0	1
Care Inspectorate	6	3
Citizens Advice Bureau	47	59
Civil Aviation Authority	1	0
Commission for Ethical Standards in Public Life in Scotland	0	3
Consumer Direct	9	1
Dental Complaints Service	2	0
Drinking Water Quality Regulator	0	1
Financial Ombudsman Service	115	47
Information Commissioner Office Scotland	13	15
Law Society of Scotland	0	2
Office of the Scottish Charity Regulator	1	6
Ombudsman Services: Communications	20	15
Ombudsman Services: Energy	18	22
Ombudsman Services: Pensions	5	3
Ombudsman Services: Property	8	6
Other	59	35
Parliamentary and Health Service Ombudsman	33	24
Passenger Focus	0	1
Planning Aid for Scotland	2	2
Police Investigations & Review Commissioner	13	12
Post Office / Royal Mail	1	0
Private Rented Housing Panel	11	8
Public Concern at Work	3	5
Public Services Ombudsman for Wales	1	0
Public Standards Commissioner for Scotland	7	1
Referred to Employer / Human Resources	18	11
Referred to Legal Advice	26	10
Samaritans	1	1
Scotland's Commissioner for Children and Young People	0	1
Scottish Information Commissioner	3	0
Scottish Legal Aid Board	0	1
Scottish Legal Complaints Commission	10	6
Scottish Parliamentary Standards Commissioner	0	1
Scottish Traffic Commissioner	1	0
Shelter Housing Advice Line	3	12
Standards Commission for Scotland	1	0
Telecommunications Ombudsman	3	0
The Office of the First Minister	1	0
Water Industry Commission for Scotland	6	1
Total	**454**	**320**

ACCOUNTS COMMISSION

MEETING 13 NOVEMBER 2014

COVER NOTE BY SECRETARY TO THE COMMISSION

AUDIT OF BEST VALUE (FOLLOW-UP): CITY OF EDINBURGH COUNCIL

Purpose

1. The purpose of this report is to introduce the follow-up Best Value audit report on the City of Edinburgh Council. The Commission is invited to consider the report and decide how it wishes to proceed.

Background

2. At its meeting on 13 December 2012, the Commission considered a report by the Controller of Audit on the 2011/12 audit of the City of Edinburgh Council. The Commission:

    •   Agreed that it wished to continue to closely monitor the performance of City of Edinburgh Council.

    •   Noted that the Controller of Audit was currently undertaking a Best Value audit of the Council.

    •   Having considered the options open to it when receiving a report from the Controller of Audit, agreed to take none of these options but to note that further information on the Council's performance against its Best Value duty would be forthcoming in the Controller of Audit's Best Value audit report.

    •   Noted meantime the matters highlighted by the Controller of Audit in his report.

    •   Agreed that these matters be considered further at a future meeting, in the context of the Best Value audit report.

3. Subsequently, at its meeting on 9 May 2013, the Commission considered a report by the Controller of Audit on the audit of Best Value in the Council. The Commission agreed to reach findings which were published on 30 May 2013. Those findings are set out in the Appendix hereto.

4. As part of its findings, the Commission asked the Controller of Audit to report on progress in around 18 months' time. The attached report fulfils that decision.

The report

5. The attached report to the Commission is made by the Controller of Audit under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).

6. The legislation enables the Controller of Audit to make reports to the Commission with respect to:

    a) the accounts of local authorities audited under the Act;

    b) any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public.

    c) the performance by a local authority of their statutory duties in relation to best value and community planning.

7. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.

Procedure

8. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:

    (a)   direct the Controller of Audit to carry out further investigations;

    (b)   hold a hearing;

    (c)   state its findings.

9. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence presented in the report.

Conclusion

10. The Commission is invited to:

- consider the report by the Controller of Audit on the audit of Best Value in relation to City of Edinburgh Council; and

- decide how it wishes to proceed.

Paul Reilly
Secretary to the Commission
5 November 2014

Appendix:

Audit of Best Value: City of Edinburgh Council

Commission Findings

30 May 2013

1. The Commission accepts the Controller of Audit's report.

2. The Commission acknowledges a range of improvements since the last Best Value report in 2007. It welcomes improving performance in partnership working, both at a political level within the council and with community planning partners; economic development; children's services; and aspects of reducing inequalities.

3. The council demonstrates a good understanding of the challenges it faces and the need to restore public confidence, which has been damaged in light of high-profile issues such as the trams project and the statutory repairs service. These issues are substantial, and the Commission will continue to monitor progress. Overall, the Commission is concerned about the scale of the challenges that the council faces.

4. The council needs to develop a comprehensive workforce strategy; improve its information and communications technology (ICT); ensure it has effective risk management and internal audit arrangements; and improve a range of services including adult social work, waste management, and meeting housing need. It needs to ensure it has the capacity and skills to deliver its ambitious improvement and change programme, and embed the commitment of all staff to the need for change.

5. The challenge of reducing budgets is found in other councils, but the Commission considers there is a set of circumstances which makes Edinburgh's situation particularly challenging. The council decided not to proceed with alternative business models to provide services and achieve substantial savings. Currently, its four-year budget for 2014–18 requires recurring annual savings of £107 million by 2017/18 and is heavily dependent on improved procurement delivering recurring annual savings of £41 million by 2017/18. Assuming all elements of the savings plan are achieved including all the savings from procurement, the council will still require to find further substantial savings.

6. There are risks in whether the planned savings are achievable and in the reliance on the level of saving to be achieved from procurement. These risks are compounded by the unknown financial impact of fully resolving the statutory repairs problem which is unique to Edinburgh. There is an additional risk that not achieving the required overall savings will hinder the Council's ability to restore public confidence.

7. In light of these significant risks and uncertainties, the Commission urges the council to give absolute priority to ensuring that savings identified are both achievable and delivered.

8. The Commission has stated previously in its overview reports that a need for focus on finances in councils means that the statutory financial officer is increasingly important and must have the appropriate access and influence to perform this crucial role. Given the scale of the financial challenge facing the Council, the Commission would encourage the council to assure itself that this is the case.

9. The council is on a journey of improvement: it needs to complete that journey. The recent strong leadership needs to continue in order to translate plans into reality. To this end, the Commission asks the Controller of Audit to report on progress in around 18-months' time.

The City of Edinburgh Council

Best Value Audit Report 2014

Contents

Introduction

1. In May 2013, the Controller of Audit presented a report to the Accounts Commission on the City of Edinburgh Council's performance of its statutory duty to secure Best Value. This was under section 102(1)(c) of the Local Government (Scotland) Act 1973. The Commission made findings on the report; the Controller's report and the Commission's findings were published on 30 May 2013.

2. Appendix 1 details the Commission's 2013 findings. The Commission recognised that the council had demonstrated a good understanding of the challenges it had faced and the need to restore public confidence. This had been damaged in light of high-profile issues such as the trams project and problems in the council's statutory repairs service.

3. The Accounts Commission expressed concerns about the scale of the challenges the council faced, including:

    *   Reducing its spending to balance its long-term budgets. There were risks in whether the council could achieve its planned savings and in how much it was relying on the level of savings it expected to make from procurement (buying good and services).

    *   Ensuring it had effective risk management and internal audit arrangements.

    *   Developing a comprehensive workforce strategy to ensure it had the capacity and skills to deliver its ambitious improvement and change programme, and embedding the commitment of all staff to the need for change.

    *   Improving its information and communications technology (ICT).

    *   Improving a range of services including adult social work, waste management, and meeting housing need.

4. The Commission asked the Controller of Audit for a further report after around 18 months, to allow the Commission to review the council's progress in implementing actions and maintaining improvements. This audit report responds to the Commission's request.

The audit

5. The audit reviewed the council's progress over the 15 months between the publication of the previous report in May 2013, and August 2014. Audit work took place from June to August 2014 and this report reflects the position at that time, although we also took account of relevant developments up to October 2014.

6. In addition to reviewing and analysing key documents, the audit team interviewed:

    *   the council's Leader and Deputy Leader

    *   the Convener of the council's Governance, Risk and Best Value Committee

    *   the Convener and Vice-Convener of the council's Finance and Resources Committee.

The team also interviewed the Chief Executive and the other members of the Corporate Management Team, managers from across the council's service areas, and trade union representatives. The team observed council committee meetings, attended a 'Pride in our People' event, and held two focus groups with council staff, one with a group of middle managers and the other with front-line staff.

7. I gratefully acknowledge the cooperation and assistance provided to the audit team by the Chief Executive, Sue Bruce, the Leader of the council, Councillor Andrew Burns, as well as the other councillors and staff who met with members of my team as part of the audit.

Summary

Overall conclusions

In May 2013, the Accounts Commission concluded that the City of Edinburgh Council's financial position was particularly challenging. At that time the council reported that, assuming it achieved all planned savings, it still needed to find additional savings of £17 million to balance its budget in 2017/18. Since then, the financial challenges facing the council have increased significantly, with recent council reports now showing that the additional savings it needs to find in each of the next three years have increased, rising to £67 million in 2017/18.

The council's financial position requires significant changes in the council's operations over a relatively short period if it is to achieve a balanced budget in 2017/18. The council plans to generate a significant proportion of these additional savings from its new transformation programme (known as BOLD) and from improved arrangements for buying goods and services. It is too early to assess the effectiveness of these initiatives.

Dealing with long-running problems in the statutory repairs service and more recent issues, such as concerns about practices at Mortonhall crematorium, have absorbed significant amounts of senior managers' time. The council needs to ensure it has sufficient capacity to deal with problems as they emerge while increasing the pace of improvement and change.

The council has made good progress in developing its approach to scrutiny and risk management. The Governance, Risk and Best Value Committee provides effective scrutiny of the council's operations and performance. The council has also improved risk management, internal audit and the oversight of major projects. It needs to maintain this progress and ensure these changes are firmly in place across the organisation, to help identify risks earlier and to support improvement.

The council has still to develop a comprehensive workforce strategy, despite this being a key building block in ensuring it has the capacity and skills to address the challenges it faces. The council has improved its ICT arrangements and acknowledges the need to make further progress in this crucial area, to help improve services and achieve savings.

The council has improved those services highlighted in the Accounts Commission's findings on the 2013 Best Value report. However, it continues to face significant challenges to meet increasing demand for services while delivering the savings it needs to make.

8. In its findings on the 2013 Best Value report, the Accounts Commission urged the council to give absolute priority to ensuring that savings identified were both achievable and delivered. While the council has continued to manage its day-to-day finances well, it needs to deliver savings of around £37 million (around four per cent of its £950 million net annual spend) to balance its budget in 2014/15. While other councils also have to achieve savings, the City of Edinburgh Council faces particularly significant challenges to achieve the savings required over the next three years. Since May 2013, when we last reported, the council has revised its financial plans. The revised plans show that, assuming it achieves the savings identified in the plan, which are challenging in themselves, the amount of additional savings the council needs to find to balance its budget in 2017/18 has increased, from £17 million to £67 million. This

increase is substantial and will require significant changes in the council's operations over a relatively short period if it is to achieve a balanced budget in 2017/18.

9. The council has developed a transformation programme (BOLD, or Better Outcomes through Leaner Delivery) to generate additional savings options from 2015/16. However, the council has yet to confirm these proposals and it is too early to assess the programme's impact. The previous Best Value report noted that the council's financial plans depended heavily on savings from improved procurement (how it buys goods and services). The council's ambitions for savings from improved procurement remain strong but it has reduced considerably the amount of savings it expects to receive from this source in its financial plans. It has improved its procurement arrangements and its central procurement unit is working more closely with services to generate additional savings.

10. The council has had to deal with substantial issues of public concern in the 18 months since our last report. These include a fatal accident at Liberton High School and the outcome of an independent inquiry into practices at Mortonhall Crematorium. These matters, along with the need for action to resolve long-standing problems in its statutory repairs service, have absorbed significant amounts of senior managers' time. The council has made improvements since our last report, but elected members have expressed concerns about the pace of change. In view of the range of challenges the council faces, there is a risk that the council does not have sufficient capacity, both at leadership level and across the organisation, to resolve problems as they emerge while increasing the pace of change and improvement.

11. The Corporate Management Team (CMT) continues to improve how it works together, with strong leadership from the Chief Executive. However, the delay in resolving the statutory repairs issue, for example, has underlined the need for the CMT to ensure a consistent, coordinated approach to problems and risks. Changes in the composition of the CMT are planned following the resignation of the Director of Services for Communities in June 2014. Officers and elected members work well together and continue to recognise the need to restore public confidence and the council's reputation following its high-profile problems.

12. The council has made good progress in bedding in the changes to governance that were new at the time of our previous audit. The Governance, Risk and Best Value Committee is well established and makes a strong contribution to scrutiny. The council has improved risk management and internal audit, and the corporate programmes office effectively oversees major projects. The council recognises that it needs to maintain this progress to ensure these changes are firmly in place across the organisation, to identify risks earlier and to support further improvement.

13. Our previous report stated that workforce planning was underdeveloped and that ICT was weak. The council has still to develop a comprehensive workforce strategy setting out how it will make sure it has the workforce it needs to meet future service demands and to continue improving. In recent reports, the council recognises that having such a strategy is a key aspect of well-run organisations and is central in achieving Best Value, but progress has been slow. It now plans to develop a comprehensive strategy by the end of 2014. It has increased its engagement with staff to widen their understanding of the council's priorities but needs to

ensure these messages are communicated effectively across the organisation. The council has improved ICT but acknowledges the need to make further progress to help improve services and deliver savings.

14. In its findings on the May 2013 Best Value audit report, the Commission noted that the improvements the council needed to make would take time to achieve fully. Since then, it has made progress in a number of the areas highlighted in the Commission's findings. Other actions, such as embedding the commitment of all staff to change and transforming services to secure improvement and savings, will take longer. The council continues to face a range of significant long-term challenges, not least achieving substantial savings while meeting increasing demands for services.

Audit assessment

The council's financial position has become significantly more challenging since the previous Best Value report. The council's financial plans show that the additional savings it needs to find in 2017/18 have increased, from £17 million to £67 million

15. In its findings on the 2013 Best Value report, the Accounts Commission noted that the City of Edinburgh Council faced particular challenges in reducing its budgets and delivering substantial savings in the period to 2017/18. The Commission urged the council to give absolute priority to ensuring that its savings plans were both achievable and delivered.

The council continues to manage its day-to-day finances well but faces significant challenges to achieve the savings it needs to make

16. The council has continued to achieve good overall in-year financial results. In 2013/14, all council services operated within budget, and the council achieved its savings target of £26 million. Of this, £14 million came from savings from across service areas (£3 million less than planned) and £5 million came from improved procurement (£4 million less than planned). The balance of £7 million came from savings in loans charges and from savings in individual services beyond those agreed as part of the original budget.[1] At the end of financial year 2013/14, the council's general fund balance was £123 million, £110 million of which was earmarked for future commitments and £13 million was unallocated. To balance its budget for 2014/15, the council needs to achieve savings of around £37 million (around four per cent of its £950 million net annual spend). It expects to achieve this by making £7 million savings from corporate procurement and £30 million in savings from across services.

17. The council has well-developed financial plans.[2] Its projections show that, between 2014/15 and 2017/18, spending will increase by 15 per cent because of increasing demands for services while its income will remain static in cash terms (that is, not allowing for inflation).[3] In May 2013, we reported that the council needed to deliver recurring annual savings of £107 million by 2017/18. Since then, the council has revised its plans. In September 2013, it reported that the total recurring savings it would need to achieve by 2017/18 had increased to £120 million.[4] By May 2014, this figure had increased to £138 million.[5]

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[1] *Revenue monitoring 2013/14 - outturn report*. City of Edinburgh Council Finance and Resources Committee, 28 August 2014.

[2] *Scotland's public finances. A follow-up audit: Progress in meeting the challenges.* Audit Scotland, June 2014.

[3] *2015/18 revenue and capital budget update*. City of Edinburgh Council Finance and Resources Committee, 7 May 2014.

[4] *Revenue and capital budget framework*, City of Edinburgh Council Finance and Budget Committee, 19 September 2013.

[5] *2015/18 revenue and capital budget update*. City of Edinburgh Council Finance and Resources Committee, 7 May 2014.

18. The increase in the overall savings requirement of £31 million since May 2013 was due to two main factors, namely[6] [7]:

- Changes to the council's budget assumptions, including a number of service pressures, increasing the council's required net savings by 2017/18 by about £5 million.

- The council anticipates that, compared with its previous estimates, grant funding from the Scottish Government will reduce by £26 million by 2017/18.

19. The council's current savings plans will, if achieved, generate savings of £71 million by 2017/18. These are from various sources, including:

- service reviews (including staff management)

- efficiencies (better ways of doing things, including improved procurement)

- additional income (raising more money from charges for council services).

20. The previous Best Value report highlighted that, in addition to its planned savings, the council needed to find additional savings of £17 million in 2017/18 to balance its budget. In September 2013, the council reported that the additional savings it needed to achieve each year to 2017/18 had increased, rising to £32 million in that year. In May 2014, the council reported that these additional savings had increased further, rising to £67 million in 2017/18; that is, the council's £138 million overall savings requirement (paragraph 17) less planned savings of £71 million (paragraph 19) (Exhibit 1). The increase in the council's required additional savings was due to the increase in its overall savings requirement and its decision to reduce the amount of savings expected from procurement. Compared with April 2013, the council's budgeted savings from improved procurement in 2017/18 have decreased by about £30 million. We consider procurement in more detail in paragraph 31, and the council's revised approach to recording and reporting procurement savings in paragraph 35.

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[6] *2015/18 revenue and capital budget update*, City of Edinburgh Council Finance and Resources Committee, 7 May 2014.

[7] *Revenue and capital budget framework*, City of Edinburgh Council Finance and Budget Committee, 19 September 2013.

Exhibit 1

Additional savings requirements set out in the council's financial plans, 2015/16 to 2017/18

Since April 2013, the additional savings the council needs to achieve in each of the next three years have increased, rising to £67 million in 2017/18.
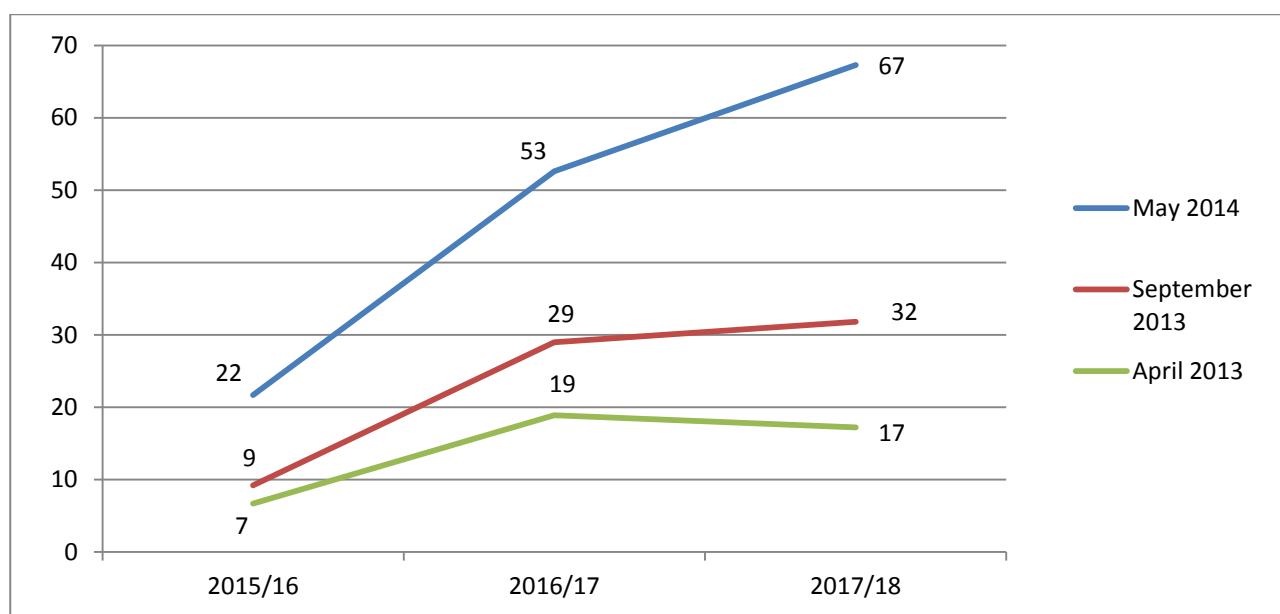
Sources: The City of Edinburgh Council's financial plan update reports

21. Over and above the planned savings (£71 million) and the additional savings that it has yet to identify (£67 million), the council faces a range of pressures that are likely to affect its longer-term financial position:

- The council has identified a number of priority projects that may require capital funding during the period 2014-19. These include improvements to schools, sports facilities and leisure facilities, and they have a total value of about £200 million.[8] The council has yet to confirm which of these projects will be taken forward and, consequently, to assess any impact on its revenue position. In addition, recent condition surveys have identified a backlog of essential works across a range of council properties, including roads and schools. While the council's asset management plan allows it to target spending on priority areas, it does not have enough money to clear the backlog.

- As with many councils, spending pressures affect individual services. The council has identified a range of potential financial pressures, including:

  - likely increases in demand for services such as school meals, school transport and domestic care;

  - the impact of legislative changes such as giving people more control over buying personal care under self-directed support;

[8] *2015/18 revenue and capital budget update*, City of Edinburgh Council Finance and Resources Committee, 7 May 2014.

- the potential loss of existing external funding such as European Social Fund for employability projects;

- additional costs from setting up a new shared repairs service for people living in tenements;

- revised Scottish Government targets, such as reducing delayed discharges from hospital.

At May 2014, the council estimated these additional spending pressures would total over £15 million in 2015/16.[9] The council has not reflected these additional pressures in its budgets as directors are expected to develop proposals to address them.

- There are potential financial liabilities associated with the council's arm's-length external organisations (ALEOs). The council is aware of its exposure to financial risks associated with its ALEOs, and there are concerns about the financial position of some organisations. For example, an independent report indicated that the current financial position of the Edinburgh International Conference Centre (EICC) is not sustainable and raised concerns about whether the EICC business plan can be achieved over the life cycle of the project.[10] If council ALEOs experience financial difficulties, the council may have to provide additional financial support.

22. Uncertainties also remain about the money the council will be able to recover from statutory repairs work that has yet to be billed (Exhibit 2).[11] In July 2014, the council reported that it needed to resolve financial issues with an overall value of almost £30 million. The council's financial statements allow for up to £12.5 million that the council may not recover from statutory repairs work undertaken. In addition, a further £3.9 million has been earmarked within council reserves to cover the costs of any further claims against the council in respect of statutory repairs.[12]

Exhibit 2

Financial implications for the council of resolving the statutory repairs issue

In 2011, following allegations of poor service, overcharging and mismanagement, investigations started into the council's property conservation service. The service was responsible for serving statutory notices requiring repairs to commonly owned parts of buildings such as roofs.

By May 2013, the council had paid £22 million to contractors for repairs but had not yet billed property owners. In June 2014, the council stated that consultants had examined £15 million,

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[9] *2015/18 revenue and capital budget update*, City of Edinburgh Council Finance and Resources Committee, 7 May 2014.

[10] *Governance of Major Projects: progress report*. City of Edinburgh Council Finance and Resources Committee, 30 July 2014.

[11] See paragraphs 39-40 and Exhibit 2 for further information about the statutory repairs issue.

[12] *Property Conservation Closure & New Service Programme - Progress Report,* City of Edinburgh Council Finance and Resources Committee, 30 July 2014.

and assessed £11.5 million of that as billable. The council has formal assurance reports supporting £7.5 million of the £11.5 million billable amount.

Of the £22 million the council paid to contractors, it has issued bills for £6 million to date and collected £3 million. To ensure completion of all unbilled case assessments, the council has extended its contract with the consultants to January 2015, around twelve months longer than originally anticipated.

The prolonged resolution of the property conservation issue continues to affect council finances. To date, the council has written off around £1.3 million and estimates that the final debt write-offs for unbilled work will be around £9.4 million. The council increased its overall limit for writing-off bad debts from £10 million in 2012/13 to £12.5 million in 2013/14. It subsequently made additional provision of £3.9m to account for settlement offers which may be made in respect of paid bills to owners who have been affected by statutory notice works. The cost of the consultants contracted to help with debt recovery was around £1.3 million at March 2014. The council faces further, unquantified costs in resolving the issue, such as the costs of additional staff.

Source: Audit Scotland.

23. In May 2014, the council described its financial position as 'more severe' because it now expects to receive less grant funding than previously anticipated.[13] It recognises that the scale of spending reductions it needs to achieve means that it needs to go beyond incremental, efficiency-driven measures. It also recognises that it needs to adopt more fundamental changes that will both transform how it provides services and meet its strategic priorities. The council's main approach for making its planned savings is through developing and implementing its Better Outcomes through Leaner Delivery (BOLD) programme. The programme includes savings from improved procurement practices.

The BOLD programme is generating options for delivering additional savings but it is too early to assess its impact

24. The council launched the Better Outcomes through Leaner Delivery (BOLD) programme in November 2013 as one of its main responses to financial pressure. The programme cuts across council directorates and is intended to identify new and fundamentally different ways of providing services.

25. There is strong commitment to the BOLD programme. The council has seconded senior staff from across the council with appropriate skills and experience to the delivery team. To ensure strong governance and support, the Corporate Management Team (CMT) is the programme board and receives weekly updates, and a member-officer working group meets every two weeks to discuss progress. The council established the Corporate Programme Office (CPO) in January 2013 to review and support major council projects and change programmes. The CPO monitors the BOLD programme's overall progress.

[13] *2015/18 revenue and capital budget update*, City of Edinburgh Council Finance and Resources Committee, 7 May 2014.

26. The BOLD team has consulted extensively with staff and external stakeholders, including other councils and the NHS, in developing savings proposals across 12 themes (Exhibit 3). These range from traditional approaches such as staff reductions and increased charges for services, to more transformational approaches. Examples of these include neighbourhood projects, which look at how services are organised and provided in specific areas in the city. In September 2014, the council's Finance and Resources Committee drew on these BOLD themes to approve additional savings proposals with a total value of £28.5 million in 2015/16. The council will engage with the public on these proposals. If achieved, the savings would bridge the council's anticipated funding gap of £22 million for 2015/16 and allow a degree of additional investment in priority areas.

Exhibit 3

BOLD programme savings themes

Council staff generated proposals across 12 themes.

Workforce controls	Education transformation
Flexitime, agency and sickness	Health and social care transformation
Employee benefits package	Coordinated services - Business Support
Property rationalisation	Efficiency
Income maximisation	Third sector payments
Neighbourhood model	Enablers and tools

Source: The City of Edinburgh Council.

27. The council needs to ensure that, once it confirms savings proposals, it provides the funding and management skills needed to implement the projects successfully, particularly larger-scale projects. In contrast to some aspects of the council's previous approach to delivering procurement savings (see paragraph 31), the BOLD team plans to ensure that there is clear responsibility and ownership within service areas for making savings from BOLD initiatives.

28. The council has evaluated the first phase of the BOLD programme and found that, overall, staff are buying into and participating in it, with strong support from CMT and elected members. The review also highlighted areas for improvement, including:

- a stronger customer focus
- providing adequate resourcing
- better management information to identify where the council most needs to improve.

29. The council recognises that the first phase of the BOLD programme adopted a largely traditional approach to achieving savings. It has now started phase 2 of the programme. This will include a series of strategic service and activity reviews across the council. In view of the increase in the level of savings required by 2017/18, there is now even greater expectation on the BOLD programme to identify and deliver savings.

30. The BOLD programme has the potential to make a significant contribution to the savings the council needs to achieve. However, it is too early to assess the effectiveness of the BOLD programme and there is a long way to go before it secures the transformational changes the council is seeking to achieve.

The council is improving its procurement practices but has substantially reduced the savings from procurement included in its financial plans

31. The council recognises that its previous policies and systems for procurement were not effective. It identified the following factors for the shortfall in its 2013/14 central procurement target:

   • a lack of clarity and ownership on implementation of the savings across services

   • a focus on agreeing targets rather than delivering on projects

   • risk aversion across some service areas

   • contract management difficulties.

32. The council has taken action aimed at improving procurement practices including: developing a procurement strategy and handbook; introducing mandatory purchase orders; and developing a management information system to allow better understanding and transparency of procurement spending. Since 2013, the council's Procurement Capability Assessment score (which assesses an organisation's purchasing strategy, operations and performance) has improved from 59 per cent to 76 per cent. This places the council in the 'superior performance' category under Scotland Excel's ratings.

33. The council continues to rely on improved procurement to help reduce its costs and make savings. In 2013/14, it only achieved £5 million of the £9 million planned corporate cash savings from procurement. Across the organisation, however, it reported total savings of over £22 million from improved commercial and procurement activities.[14] This total included cash savings from procurement of £10.6 million, with the remainder being savings from major projects (such as avoiding costs in buying new ICT equipment) which did not represent savings against budget for the council in 2013/14.[15]

34. In our previous report, we highlighted that the council anticipated cumulative savings from improved procurement of £104 million across the whole organisation over the four years to

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[14] *Commercial Excellence Programme - Update.* City of Edinburgh Council Finance and Resources Committee, 5 June 2014.

[15] These procurement-related savings are the council's forecast savings in 2013/14, and may be achieved over several years. They are therefore not comparable with the council's in-year 2013/14 savings of £28 million.

2017/18. Since then, the council has revised the amount of savings from corporate procurement (that is, expected procurement savings in the corporate budget) included in its financial plans. In September 2013, the financial plan included budgeted procurement savings over the four years to 2017/18 of £64 million.[16] In May 2014, the council further revised its estimated corporate procurement savings and, as a result, its cumulative savings target in this area is about £40 million over the four years to 2017/18.[17]

35. The council's reduced budgeted level of corporate savings reflects its revised approach to recording and reporting procurement savings. Its revised corporate procurement target is more clearly in line with each project's stage of delivery, which allows greater confidence that these savings will be delivered. In addition to corporate procurement savings, some service-based budgets also include procurement-related savings. Under the council's revised approach, individual services are now expected to work more closely with the central procurement unit to develop and implement further procurement-related savings and to record these savings directly against their budgets. The council expects that this will provide a greater incentive to individual services to meet their savings targets. The council's ambitions for savings from procurement remain strong and it continues to work with external consultants to deliver procurement savings, but it has yet to include many of these savings in its budgeted savings plans. It is therefore too early to assess the effectiveness of the council's revised approach in achieving additional savings from procurement.

Elected members need consistent information to allow effective scrutiny of the council's financial position

36. The council provides quarterly financial monitoring reports to the Finance and Resources Committee and the Governance, Risk and Best Value (GRBV) Committee. These reports show the updated forecast position for the year, including information on service pressures and the financial challenges facing the council.

37. However, there is not always a full and accessible summary of the council's financial position, or progress against all savings plans. For example, while the council's May 2014 update report on its 2015/18 revenue and capital budgets included the additional savings it would need to make by 2017/18, it did not include a clear statement on the increased overall savings it would need during this period. To ensure effective governance and scrutiny of its financial position and performance, it is important that elected members are provided with clear and comparable information.

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[16] *Revenue and capital budget framework*, City of Edinburgh Council Finance and Budget Committee, 19 September 2013.

[17] These savings comprise £6.8 million in 2014/15 and £11 million in each subsequent year to 2017/18.

There is a risk that the council does not have sufficient capacity to deal with problems as they emerge while increasing the pace of change and improvement

Dealing with high-profile problems has taken up significant amounts of senior managers' time

38. In recent years, the council has faced significant high-profile problems, including contractual disputes arising from the trams project and difficulties in its statutory property repairs service[18]. The council recognises that the action taken to resolve problems in its statutory repairs service has not been effective and elected members have expressed frustration about the lack of progress.[19] The council recently made a number of changes to help ensure more effective governance and scrutiny of statutory repairs (Exhibit 4).

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[18] The statutory repairs service was responsible for serving statutory notices requiring repairs to commonly owned parts of buildings, such as roofs.

[19] Minutes of the City of Edinburgh Council Finance and Resources Committee meeting, 5 June 2014.

Exhibit 4

Edinburgh's statutory repairs problems

The council's progress in resolving the statutory repairs issue has taken longer than planned.

The council's statutory repairs service was responsible for issuing statutory notices requiring repairs to commonly owned parts of buildings, such as roofs. In many cases, home owners have disputed or refused to pay for the work. In June 2014, an internal review identified shortcomings in the council's arrangements for dealing with complex complaints and legacy statutory notices, including:

- An unsuccessful pilot scheme to deal with more complex complaints using an external law practice to act as mediators

- Insufficient knowledge and expertise to resolve legacy statutory notice projects

- A fragmented approach for resolving problems arising from the statutory repairs scheme, including how it dealt with complaints.

The council subsequently made a number of changes to help ensure more effective governance and scrutiny of statutory repairs. These include setting up a dedicated cross-council project board which is responsible for complaints resolution, billing of projects and recovery of outstanding debts. In July 2014, the council established a new approach called Programme Momentum which aims to bring together all its workstreams relating to statutory repairs. The council has recently made progress in reviewing unbilled projects and complex complaints, and plans to send out all invoices and settlement offers by January 2015. The Chief Executive now has overall responsibility for resolving complaints and recovering debt, and has delegated authority to write off sums of up to £100,000 per project.

This change in responsibility and accountability is intended to ensure a more effective, corporate approach for resolving outstanding complaints. Officers will provide monthly reports to the Finance and Resources Committee, and the Chief Executive will update the committee's Convener and Vice-convener on progress every two weeks.

Source: Audit Scotland.

39. Since our last report, the council has also had to deal with a fatal accident at Liberton High School and the publication of an independent report that was highly critical of practices at Mortonhall Crematorium.[20] Dealing with these high-profile problems and the statutory repairs issue has absorbed a large amount of senior managers' time.

40. The council has made improvements since our last report, but elected members have expressed concerns about the overall pace of change, for example over the statutory repairs issue and developing a strategic workforce plan (paragraph 59). In view of the range of challenges the council faces, there is a risk that it does not have sufficient capacity (that is, enough people with appropriate skills and experience), both at leadership level and across the

[20] The report related to the cremation of babies at Mortonhall Crematorium.

wider organisation, to address the challenges while increasing the pace of change and improvement. A lack of capacity could, for example, affect the progress of improvement programmes such as BOLD.

The CMT continues to improve how it works together but needs to ensure it always takes a coordinated approach to resolving issues

41. The CMT comprises the Chief Executive and directors of five service areas: corporate governance; services for communities; health and social care; children and families; and economic development. The Head of Finance, the council's statutory officer for finance, is also a full member of CMT and has direct access to the Chief Executive and senior elected members. In considering the recent Accounts Commission/Auditor General report on *Scotland's Public Finances*, the council confirmed that this important role is established properly within its overall governance arrangements.[21] The lead officers for communications, and people and organisation, also attend CMT.

42. The CMT continues to improve how it works together, with strong leadership from the Chief Executive. It now adopts a more corporate and coordinated approach to issues such as tackling homelessness and reducing delayed discharges from hospital. The CMT's actions following the Liberton school accident and the publication of the Mortonhall report helped ensure a cross-council response in difficult circumstances.

43. The CMT needs to ensure that it maintains a corporate approach to resolving issues. The council may have identified problems in resolving the statutory repairs issue earlier had the CMT monitored progress more closely and adopted a more corporate approach. There was also a lack of coordination within CMT in dealing with an internal review of the council's approach to health and social care integration, a highly significant matter for the council and its services and finances.[22] In short, there was poor communication within the CMT about a report provided to elected members about the council's position. The statutory repairs issue and the review of health and social care integration highlight the risks, when the CMT's oversight of major issues is not fully co-ordinated, to:

- effective corporate working
- the confidence of elected members and council staff in the CMT.

44. Following the Liberton accident and the publication of the Mortonhall report, the council suspended the Director of Services for Communities. The Director subsequently resigned in June 2014. To ensure continuity of leadership, the Chief Executive initiated a series of acting-

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[21] *Audit Scotland national report: Scotland's public finances - a follow-up audit.* City of Edinburgh Council Finance and Resources Committee, 30 July 2014.

[22] In August 2014, the council approved a proposal to adopt the Integrated Joint Board model for planning and resourcing adult health and social care services in Edinburgh. The council and NHS Lothian must jointly submit an Integration Scheme to the Scottish Government by April 2015, and establish a new Integration Authority by April 2016. The estimated annual budget of the new health and social care partnership will be around £400-500 million.

up arrangements. Although managers in temporary promoted posts have responded well, the council must ensure that it has sufficient long-term capacity at senior management level to:

- lead its improvement programme
- increase the pace of change
- ensure the council is providing good quality services.

Some elected members have expressed concerns about the long-term viability of the current acting-up arrangements and, more generally, about the range of some senior managers' responsibilities. The council is currently developing new organisational arrangements to address this issue.[23] The proposed approach cuts across service directorates, with a greater emphasis on local priorities and outcomes. The council will consider its approach in more detail in November 2014.

45. The council recognises that good working relationships between elected members and officers are key to a successful, high-performing council.[24] Service directors reported strong relationships with conveners of the respective council committees. Members and officers recognise the need to restore public confidence and the council's reputation following the issues of public concern that the council has faced in recent years. The council monitors residents' views through an annual survey, and the 2013 survey showed increased public confidence in the council. For example, 74 per cent of people said they were satisfied with the way the council was managing the city (an increase from 2012, and an improving long-term trend).

46. While elected members and officers informed us that relations between them are generally good, some members see the need for more discussion at an earlier stage on the options for service changes. Similarly, elected members expressed some concerns about progress in implementing decisions and with the quality of some of the information they receive to inform decision-making and to support scrutiny. The council is currently revising its member/officer protocol to clarify the information elected members require to fulfil their duties, including scrutinising and challenging the council's operations and decisions.[25]

The council has made good progress in developing its approach to scrutiny and risk management

47. The council set up new political governance arrangements in October 2012 in which a committee system replaced the previous cabinet system. The new arrangements aim to improve the effectiveness of the council's decision-making, policy development and scrutiny. Sub-committees provide a policy development and review function. The council recently consulted members and officers on the effectiveness of the policy development and review

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[23] *Organise to deliver: the principles for change.* The City of Edinburgh Council, 23 October 2014.

[24] *Operational Governance: Member/Officer Protocol.* The City of Edinburgh Council, 12 December 2013.

[25] *Update to Member/Officer Protocol*, The City of Edinburgh Council Governance, Risk and Best Value Committee, 14 August 2014.

sub-committees. At the time of our audit, the council was considering whether to retain and strengthen the sub-committees or return their functions to the main committees.[26]

48. The Governance, Risk and Best Value Committee (GRBV) is chaired by an elected member from an opposition party and plays a significant role in scrutinising the council's operations and performance. The committee works well and is effective in holding officers and members to account. As part of its commitment to improve, committee members have expressed interest in training on financial scrutiny to help them further develop their role. Officers have facilitated this as part of a wider training programme for elected members that focuses on key areas of governance.

49. The council has also made good progress towards its commitment to openness and transparency. For example, it set up the Petitions Committee in October 2012. It has received a total of 27 petitions to date and has considered nine of the 15 valid petitions. In each case, the committee agreed that the issues raised merited further action and the petitions have been referred to the relevant committees to agree and implement appropriate actions. The council began webcasting full council meetings in 2012 and has recently expanded this programme with live webcasting of many committees, with archived webcasts available on its website.

50. At officer level, the council established a Corporate Programme Office (CPO) in January 2013 to oversee and support major council projects and change programmes. The CPO has so far carried out over 20 assurance reviews, including a review of the planned integration of health and social care services.

51. The CPO has also helped to support projects that have had difficulties. For example, it helped to resolve difficulties with the first phase of the Water of Leith flood prevention project. This included mediating with the contractor and improving the project management and governance arrangements. It has also carried out an assurance review of the second phase of the project. The CPO has recently started to assess the council's approach to resolving the statutory repairs issue and procuring its new ICT contract.

52. The CPO reports monthly to the CMT and quarterly to the council's Finance and Resources Committee. The CMT and elected members provide strong support to the CPO, and look to it for advice and assurance on how effectively major projects and programmes are managed. While the CPO is now well established, the team is currently operating with about half of the number of staff included in the CPO plan. The council needs to build on the CPO's initial success and assess the risk that it does not have enough staff to maintain its effectiveness.

53. The council has made good progress in developing its approach to scrutiny and risk management. A 2012 review by external consultants concluded that the council's risk management arrangements were not adequate for an organisation of its size, nature and complexity. The council has appointed consultants to help it improve its risk management and internal audit arrangements. It aims to use these improved arrangements to identify risks earlier and to make improvements.

[26] *Review of political management arrangements.* The City of Edinburgh Council Governance, Risk and Best Value Committee, 9 October 2014.

54. The risk management steering group assesses how risks are classified and measured. Further work has resulted in a risk management policy and framework to help integrate risk management across the council and to clarify roles and responsibilities. The council recognises that, having taken steps to improve risk management, it needs to do more to ensure risk management is practised at all levels of the organisation. Risk management is included in induction for new staff and there are training and awareness-raising events for staff.

55. The external consultants are also helping the council to develop a more proportionate approach to internal audit, that is, identifying areas of most risk and focusing audit activity on these. Internal audit reports monthly to CMT and quarterly to the GRBV Committee. These include findings' reports, which identify medium and high risks, follow-up reports and reports which the committee requests on topics such as the council's ICT arrangements and workforce issues.

56. There is evidence that the revised internal audit arrangements are having a positive impact in a number of areas, including:
    - progress against key performance indicators
    - financial savings
    - identifying areas requiring further progress
    - positive feedback from council service areas about the value of internal audit reviews.

57. In May 2014, the council became the first public sector organisation in Scotland to introduce a whistleblowing hotline for its staff. It is too early to assess its impact but it provides a way for staff to highlight problems that the council can then respond to. By September 2014, the council had received 12 disclosures, and it has identified areas for improvement to the whistleblowing service.[27] The council plans to assess the impact of the service after six months' operation.

The council has still to produce a comprehensive workforce strategy. It also needs to improve its ICT arrangements further, to help improve services and deliver savings

The council's progress in developing a comprehensive workforce strategy has been slow

58. In March 2014, the council employed 18,120 employees (15,495 full-time equivalents, FTE).[28] Between March 2010 and March 2012, the council's workforce decreased by around six per cent and then increased by around one per cent between March 2012 and March 2014.

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[27] *Whistleblowing policy: update.* City of Edinburgh Council Governance, Risk and Best Value Committee, 24 September 2014.

[28] Minutes of the City of Edinburgh Council meeting, 1 May 2014.

59. The council lacks a comprehensive workforce strategy and has made limited progress on this since our initial Best Value audit report in 2007. In recent reports, the council recognises that effective strategic workforce planning is an important feature of well-run organisations and is an important component of Best Value. It also recognises that it is essential in ensuring sufficient capacity for change and improvement and in meeting increased demand for services in the context of financial constraints.[29] However, although there are examples of good workforce planning within individual services, the council has still not produced a comprehensive workforce strategy for the organisation as a whole.

60. The council has recently taken steps to improve workforce planning, including:

- It appointed an interim Head of People and Organisation in March 2014 to replace the previous Head of Organisational Development and lead a range of workforce initiatives across the council.

- It established a strategic workforce group to provide high-level oversight of workforce planning. The group comprises the Chief Executive, Director of Corporate Governance, Head of People and Organisation and the Head of Finance. The group will monitor progress and ensure appropriate actions are in place at CMT level.

- A BOLD workstream on workforce management is generating new ideas and reviewing specific areas identified by a member-officer working group on workforce management.

- It has set up seven workforce workstreams. These are working in areas such as gathering information on staff numbers and skills, deploying staff in new ways, identifying and developing staff strengths, and improving induction and training in areas such as risk management.

61. The council's people and organisation team is involving all directorates in developing the approach to strategic workforce planning. Due to problems with data quality, it has only recently produced baseline staffing data for each directorate. This information provides, for the first time, a comprehensive profile of the staff working in the organisation.

62. The council plans to produce a comprehensive workforce strategy by the end of 2014. This will involve elected members and consultations with trade union representatives.[30] It should refer to good practice guidance such as the Accounts Commission/Auditor General report on *Scotland's Public Sector Workforce* (published in November 2013) when developing its strategy.

The council has increased its engagement with staff to widen understanding of its values and priorities

63. The previous Best Value audit report highlighted the need to embed the commitment of all staff in the need for change. In April 2013 the council launched its *Pride in our People (PioP)* programme to communicate the council's vision, values and priorities to staff (Case study 1).

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[29] *Strategic workforce planning,* City of Edinburgh Council Finance and Resources Committee, 7 May 2014.
[30] *Presentation on workforce plan,* City of Edinburgh Council Finance and Resources Sub-committee, August 2014.

The programme involves a series of events at which the council Leader, the Chief Executive and other members of the CMT deliver presentations, followed by discussions among attendees. The initial events involved around 1,500 managers, and a further 1,500 have been involved in subsequent events.

64. Initial feedback has been positive. Managers have welcomed the presence and involvement of senior managers. The council will monitor further progress through staff questionnaires. To date, the programme has been limited to managers who are responsible for communicating the messages from the events to their teams. The council needs to monitor this and ensure that managers are effectively communicating these messages throughout the council to maximise the impact of PioP, and to monitor its overall impact. The programme has now expanded from the initial managers events to become part of the council's wider employee engagement strategy.

65. The council published its 2014 staff survey results in September 2014. It showed an improving trend across most measures since the previous survey in 2012, especially in the areas of line managers being approachable, available and listening. Pride in working for the council has increased since the 2009 survey from 44 per cent to 58 per cent. However, the 2014 results showed pressures around workload, a need to prioritise work objectives, and the need to use resources more effectively. They also highlighted that some respondents lacked confidence in:

- the decisions made by their directors and heads of service
- the extent that directors and heads of service had a clear vision for the future of the council.

The council will agree actions in response to the survey and report on progress every six months to the Finance and Resources Committee.

Case study 1

Pride in our People programme

The overall aim of the programme is to engage, inform and involve staff in the council's vision and values. The council has asked staff for their views on the challenges it faces and is listening to their ideas on how to improve and change the council in the face of these challenges.

The council developed four values with groups of council employees:

- customer first: being client or customer-focused, taking ownership and responsibility
- forward thinking: managing performance and developing others, planning and decision-making
- honesty and transparency: political sensitivity, leading others, managing change
- working together: working effectively with others, communicating effectively.

The council has held several events at various locations around the city since May 2013. These events were hosted by the council's CMT and by the council's Leader and Deputy Leader. The events involved around 3,000 managers who were expected to share the messages and values with their teams. To help staff put the council's values into practice at all levels of the organisation, the values will be included in council employees' performance appraisals.

The council has also produced a video and various displays and posters to communicate the message. Overall, staff we spoke to recognised and agreed with the vision and values.

To gather the views of staff and improve communication, the council has installed whiteboards in their HQ building for staff to submit questions and comments. Staff have welcomed this. The council plans to collate the questions and comments, and provide responses on its intranet. The people and organisation team also plans to issue quarterly questionnaires to assess employee involvement.

Source: Audit Scotland

The council has improved its ICT arrangements but acknowledges the need to make further progress and ensure it effectively procures and manages its new ICT contract

66. Our previous Best Value report highlighted that the council's information and communications technology (ICT) arrangements were weak. The council understands the prospects for delivering its overall improvement programme depend, in large part, on improving its ICT. Good ICT helps to improve communication, and makes it easier for people to access and share information. ICT has played, and will continue to play, an important role in delivering the financial savings the council needs to make. This could, for example, be through more efficient ways of working, such as online transactions and communications, or enabling new methods of providing services.

67. Since May 2013, the council has taken steps to improve its ICT arrangements. It consulted a wide range of stakeholders including staff, citizens and local businesses about ICT priorities and areas for improvement. The council involved members of the public in designing and testing its new website. It now provides around 30 fully automated online transactions, including complaints and requests about council services such as bin collections and removing litter. This allows customers to request services 24 hours a day, and to receive automatic updates on the status of their requests. This work has reduced both the time and council resource required to meet requests, and the council plans to introduce another 30 digital transactions by the end of 2014.

68. The council set out its principles and vision for ICT in its ICT and digital strategy in December 2013. The ICT and Digital Strategy Board oversees the implementation of the strategy. The council has started several improvement projects separated into three programmes, each with an implementation plan. In 2013/14, the council completed a wide range of ICT projects, including improved online access to services, extending online coverage of council meetings and providing improved equipment and services for staff.

69. While these projects represent recent improvements to the council's ICT arrangements, it acknowledges that it still needs to make further progress. It has a contract with an external provider to manage and modernise ICT services, and has worked with the provider to deliver better value over the last 18 months.

70. The current ICT contract ends in March 2016, and the council's ICT and digital strategy includes how it will procure the next contract. This will aim to provide more flexible and responsive ICT services. The council plans to achieve this by having one main ICT provider responsible for a smaller set of core services with multiple suppliers for other ICT services. This will enable the council to amend its ICT requirements and suppliers to meet the changing demand of its customers.

71. In line with the McClelland Report, the council has designed the tender documents for the new contract to enable other public bodies to use it for their own purposes.[31] [32] The council hopes this will bring potential benefits such as better compatibility between public sector bodies so that participating organisations can achieve better value for money and joined up services for citizens. It is not yet known how many public sector bodies will opt to use the contract.

72. The council currently spends around £26 million a year on core ICT services. It aims to save over £6 million a year through the new contract. It has set up a programme board to oversee the contract process, including representatives from services and from the procurement, ICT and finance functions. The CPO provides project and consultancy support.

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[31] *Review of ICT Infrastructure in the Public Sector in Scotland*, John F McClelland on behalf of the Scottish Government, June 2011.

[32] The council plans to spend about £20-22 million annually on the core contract over seven years. If the council takes up an option to extend the contract to a total of 19 years, and all other participating organisations also choose to use the contract for the whole period, the overall value of the contract could be up to £2 billion.

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73. In addition to effective procurement, the council also is aware of the need to manage the new contract effectively to ensure it fully meets its requirements for ICT and digital services. The council has considered the recommendations in the Auditor General's report *Managing ICT contracts,* published in August 2012, and the checklist for scrutinising and challenging how to manage ICT programmes.

The council faces significant challenges to meet increasing demand for services while securing the reduction in future spending it needs to achieve

74. The Commission's findings on the 2013 Best Value audit report identified scope for improvement in a range of services including adult social work, waste management and meeting housing need. This section of the report considers progress in each of these areas.

The council has increased homecare for older people but demand continues to exceed supply

75. Over the next 25 years, the number of people in Edinburgh aged over 65 is expected to increase by around 65 per cent, from 71,000 to 117,000. By 2037, almost 20 per cent of people living in Edinburgh will be over 65, compared to about 15 per cent in 2012.[33]

76. In May 2013, we reported that the council's health and social care service had shown improved performance but faced increasing demand. To meet this demand, the council increased homecare by around 13 per cent in 2013/14, from 44,827 to 50,660 hours a week.[34] However, there was still an unmet demand for around 3,000 hours of care a week and estimates suggest this will increase by a further 2,000 hours in 2014/15.

77. Since 2012, the council has invested over £11 million in homecare services, but further investment is required to meet the growing demand. Inability to meet demand for homecare creates blockages in the wider health and social care system.

    • In 2013/14, the council approached its target of a 40 per cent reduction in the need for homecare following the delivery of reablement services that help individuals maintain independent living. However, monthly performance fluctuated due to blockages created by the inability to meet homecare need.

    • In June 2014, 246 people were waiting for a homecare service, 74 of whom had been waiting over four weeks to be discharged from hospital. The council's target is to have no-one waiting more than four weeks to be discharged from hospital. The June 2014 figure was more than four times higher than the 17 people who waited more than four weeks to be discharged in June 2013.

78. The council buys around three quarters of homecare services from private organisations. Due to the competitive local labour market, these providers face difficulties in recruiting and

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[33] Based on National Records of Scotland's 2012 population projections.

[34] *Cost of Care at Home*, City of Edinburgh Council Finance and Resources Committee, 30 July 2014.

retaining appropriately skilled staff. The council is currently developing a workforce strategy for care services and plans to implement the strategy in April 2015. To help meet the immediate unmet demand for homecare services, it has approved plans to spend a further £4 million to increase pay rates of contracted care providers, to increase staff numbers and improve staff retention.

79. The Scotland-wide policy of shifting the balance of care towards homecare has reduced the number of residential care home places in Edinburgh. There may also be unplanned reductions which can lead to a shortage in care home places. For example, in 2013 two private care homes were closed to new admissions following reports from the Care Inspectorate about poor standards. This involved the loss of over 400 beds.

80. In November 2013, the council established a programme to improve the standard of care in its 11 care homes for older people. The programme builds on existing good practice and aims to improve service quality and ensure consistency across all homes.[35] Recent work by the Care Inspectorate shows that the council has improved the quality of care in its homes for older people.

81. The council and its partners, including NHS Lothian, are jointly developing a range of short- and medium-term measures to improve the quality of care for older people, and achieve better outcomes such as preventing hospital admissions. These include initiatives that aim to shift the balance of care from residential care towards more care being carried out in the community. In the longer term, the council recognises the need to change how adult health and social care services are provided, to conform to changes in legislation and policy. An example of this is self-directed support, which aims to give people more choice in the social care services they use. The council is considering all aspects of the current system in planning changes to adult social care services. This includes better joint working across service areas. The council is also consulting the people who provide and use services to develop new ways of providing care. These will have a greater focus on preventing hospital admissions and allow people to be actively involved in selecting and shaping the services they receive.

Waste management performance has improved although the council missed some targets

82. In 2012, the council implemented ImproveIT, an environmental service programme to change how it collects waste, and deliver £45 million net savings (that is, savings achieved after investing in improvements) over the seven years to 2018/19. The programme, which concluded in March 2014, led to a range of improvements in the council's waste management arrangements (Case study 2). Council performance improved in 2013/14 although it missed several targets:

- The amount of waste going to landfill continued to fall but the council missed its 2013/14 target of 118,000 tonnes. In 2013/14, the council sent around 133,000 tonnes of waste to

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[35] *Working Together to Achieve Excellent Care in Care Homes for Older People*, City of Edinburgh Council Special Sub-Committee on Adult Social Care, 2 November 2013.

landfill, a reduction of over 15,000 tonnes (ten per cent) since the start of the ImproveIT programme. This reduction saved around £1.6 million in landfill costs.

- The council recycled 39.3 per cent of waste in 2013/14, an increase of 1.4 percentage points on the previous year. The council's target is to achieve a recycling rate of 50 per cent.

- The council met its target to achieve 95 per cent of streets being clean in every quarter of 2013/14.

- Complaints about waste management and street cleanliness peaked in September 2012, following changes to refuse collection routes. Since then, complaints have fallen to within the council's target (it received 1,569 complaints in March 2014, against a target of 1,632).

Case study 2

ImproveIT environmental service plan

The ImproveIT programme has made various improvements, including:

- a redesigned workforce, including a new management structure and working patterns

- modernised refuse collection fleet and technology

- improved performance management

- stronger focus on evidence-based decision making.

In June 2014, the council reported that ImproveIT delivered £6.7 million savings in 2013/14, and resulted in major cultural changes and improved skills across the Environment workforce. Staff received training and around 370 achieved SVQ qualifications.

The CPO carried out reviews throughout the life of the programme. This helped to ensure a disciplined approach and focus on making improvements, which has continued since the programme was completed in March 2014.

Source: Audit Scotland

83. The council is relying on modernised services and improved efficiency to meet its savings targets from improved waste management. It has achieved cumulative savings of £14.2 million since 2011/12, but failed to meet its financial target of £16.5 million due to missed recycling and landfill targets and overly optimistic assumptions for savings. [36]

84. The council has shown good customer focus in changing its waste management arrangements, involving communities in initiatives, and developing a communication plan to help residents increase recycling. The council is aware of the risks and challenges it faces in meeting its performance targets for managing waste and its savings targets. It has developed

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[36] *ImproveIT Programme – Final Update*, City of Edinburgh Transport and Environment Committee, 3 June 2014

a long-term plan to meet these challenges but needs to ensure it has the required staff and equipment to deliver this.

The supply of affordable housing has increased but the council still faces a challenge to tackle homelessness

85. In May 2013, we reported that the council and its partners faced challenges in making sure the people of Edinburgh had access to suitable housing. The number of new private homes built reduced significantly between 2008/09 and 2010/11, but has shown some recovery in 2011/12 and 2012/13. The council and its partners have also increased the supply and quality of affordable housing in the city in the past year:

- They approved 1,375 new affordable homes (exceeded the target of 700)

- They completed 1,285 affordable homes (trebled since 2008/09)

- 88 per cent of council homes met the Scottish Housing Quality Standard (up from 82 per cent in 2012/13, and the council aims to achieve 100 per cent by 2015).[37]

86. Edinburgh needs 1,600 new affordable homes every year for the next ten years. If it is to meet the city's housing need, the council and its partners need to maintain the increase achieved in recent years. They also need to explore and expand new funding models, although there are risks associated with these.[38] The CPO oversees the council's affordable housing programme, and the BOLD programme includes an initiative to encourage house building.

87. The council is taking steps to reduce homelessness. It increased the availability of accommodation (such as Private Sector Leasing) and is working with housing providers to develop more permanent solutions and move people on from temporary accommodation within six months. Where appropriate, it diverts people who are at risk of becoming homeless to other council services to help resolve problems that increase the chance of homelessness. It is also developing a pilot scheme with its partners, to provide housing advice and support services.

88. A focus on preventing homelessness and intervening early contributed to a six per cent reduction in the number of homeless applications in 2013/14. However, during the same period the number of households in temporary accommodation increased by over 12 per cent and the length of time those households spend in temporary accommodation increased by over six per cent.[39] For those requiring temporary accommodation, 51 per cent spent at least one night in bed and breakfast accommodation. This is down from 56 per cent in 2012/13 but still double the national figure of 25 per cent. The number of households in bed and breakfast accommodation continues to show an upwards trend in Edinburgh, whereas bed and

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[37] *Achieving Excellence Performance Report October 2013 to March 2014*, Corporate Policy and Strategy Committee, 10 June 2014; *City Housing Strategy 2012-17 Annual Review*, Health, Social Care and Housing Committee, 17 June 2014; Scottish Housing Regulator Performance data, August 2014.

[38] *Housing in Scotland*, Audit Scotland, July 2013.

[39] City of Edinburgh Council

breakfast use across Scotland is reducing.[40] Edinburgh also has the second highest incidence of repeat homelessness in Scotland (ten per cent). [41]

89. Edinburgh faces a particular challenge in tackling the problem of rough sleeping. The city has the highest incidence of any council in Scotland in the percentage of homelessness applicants who had previously been sleeping rough (11 per cent).[42] This figure has increased by around a quarter since 2012/13 and this is double the rate of increase seen across Scotland.

90. In January 2013, a Scottish Housing Regulator inquiry recommended that the council review its homelessness service and use of temporary accommodation.[43] The council has increased the supply of affordable housing and temporary accommodation, and improved its homelessness services. It has also reviewed arrangements for using temporary accommodation to ensure it is being used efficiently. However, the continued high number of households in temporary accommodation, and the high level of rough sleeping, reflects the continuing gap between the demand for, and supply of, affordable housing.

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[40] Scottish Government HL1 and HL2 Datasets

[41] *Operation of the Homeless Persons Legislation in Scotland: 2013-14*, A National Statistics Publication for Scotland, 24 June 2014

[42] *Operation of the Homeless Persons Legislation in Scotland: 2013-14*, A National Statistics Publication for Scotland, 24 June 2014. This figure is for cases where a previous application from the household had been closed less than 12 months before the current assessment.

[43] *Scottish Housing Regulator Inquiry – Homelessness Services*, Health, Wellbeing and Housing Committee, 29 January 2013

Areas for improvement

The council has responded constructively to the previous Best Value report and implemented a number of improvements. However, progress in certain areas has been slower than anticipated. It is therefore important that the council increases the pace of change and improvement. This report identifies the following areas for improvement:

- The council needs to ensure that it applies the lessons learned from the first phase of the BOLD programme when considering its approach for the second phase. This includes adopting genuinely transformational approaches to providing services and delivering savings. The council also needs to ensure that, once it confirms BOLD proposals, it provides the funding and management skills needed to implement the projects successfully, particularly larger-scale projects.

- The council should ensure that elected members are provided with clear and accessible information to help their decision-making and to support scrutiny. This is particularly important for information about the council's financial position, including progress against planned savings from the BOLD programme and improved procurement.

- The council needs to ensure that its Corporate Management Team takes a consistent, coordinated approach to resolving issues. This is important to ensure effective corporate working and to maintain the confidence of elected members and council staff in the CMT.

- The council needs to develop a comprehensive workforce strategy to make sure it has sufficient people with appropriate skills and experience, both at leadership level and across the wider organisation and including the Corporate Programme Office, to meet the challenges it faces while increasing the pace of change and improvement.

- The council should ensure that it involves and communicates effectively with staff at all levels to embed its vision and values across the organisation. It also needs to monitor staff views to assess the impact of this engagement, and to involve staff at an early stage when planning major changes.

- The council needs to make further progress to its ICT arrangements to ensure they are fit for purpose and help to improve services and make savings. The council also needs to ensure it has the required skills and expertise when planning and managing its new ICT contract.

Appendix 1: Accounts Commission's 2013 findings

1. The Commission accepts the Controller of Audit's report.

2. The Commission acknowledges a range of improvements since the last Best Value report in 2007. It welcomes improving performance in partnership working, both at a political level within the council and with community planning partners; economic development; children's services; and aspects of reducing inequalities.

3. The council demonstrates a good understanding of the challenges it faces and the need to restore public confidence, which has been damaged in light of high-profile issues such as the trams project and the statutory repairs service. These issues are substantial, and the Commission will continue to monitor progress. Overall, the Commission is concerned about the scale of the challenges that the council faces.

4. The council needs to develop a comprehensive workforce strategy; improve its information and communications technology (ICT); ensure it has effective risk management and internal audit arrangements; and improve a range of services including adult social work, waste management, and meeting housing need. It needs to ensure it has the capacity and skills to deliver its ambitious improvement and change programme, and embed the commitment of all staff to the need for change.

5. The challenge of reducing budgets is found in other councils, but the Commission considers there is a set of circumstances which makes Edinburgh's situation particularly challenging. The council decided not to proceed with alternative business models to provide services and achieve substantial savings. Currently, its four-year budget for 2014–18 requires recurring annual savings of £107 million by 2017/18 and is heavily dependent on improved procurement delivering recurring annual savings of £41 million by 2017/18. Assuming all elements of the savings plan are achieved including all the savings from procurement, the council will still require to find further substantial savings.

6. There are risks in whether the planned savings are achievable and in the reliance on the level of saving to be achieved from procurement. These risks are compounded by the unknown financial impact of fully resolving the statutory repairs problem which is unique to Edinburgh. There is an additional risk that not achieving the required overall savings will hinder the Council's ability to restore public confidence.

7. In light of these significant risks and uncertainties, the Commission urges the council to give absolute priority to ensuring that savings identified are both achievable and delivered.

8. The Commission has stated previously in its overview reports that a need for focus on finances in councils means that the statutory financial officer is increasingly important and must have the appropriate access and influence to perform this crucial role. Given the scale of the financial challenge facing the Council, the Commission would encourage the council to assure itself that this is the case.

9. The council is on a journey of improvement: it needs to complete that journey. The recent strong leadership needs to continue in order to translate plans into reality. To this end, the Commission asks the Controller of Audit to report on progress in around 18-months' time.

ACCOUNTS COMMISSION

MEETING 13 NOVEMBER 2014

REPORT BY THE SECRETARY TO THE ACCOUNTS COMMISSION

SCOTTISH DRAFT BUDGET 2015-16

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Purpose

1. The purpose of this paper is to provide the Commission with a briefing on the Scottish Draft Budget 2015-16, highlighting some of the key issues for local government.

Background

2. The Draft Budget extends the indicative spending plans published in September 2013 using the full extent of the powers available to the Scottish Parliament. For the first time, these include forecast revenues for the tax powers devolved through the Scotland Act 2012 to set the rates and bands for Scottish Landfill Tax, Land and Buildings Transaction Tax (LBTT) and borrowing for capital investment – which will come into force for the first time in April 2015

3. The Draft Budget 2015-16 sets out the Scottish Government's spending plans for the financial year 2015-16, extending the indicative spending plans published in September 2013. The spending plans outlined cover a one year period.

4. The main sources for this document are: the Scottish Parliament's briefing paper on the Draft Budget,[1] and the Scottish Government's Draft Budget document,[2].

Overall budget

5. Overall, Scottish Departmental Expenditure Limit (DEL)[3] is planned to increase by 2.6 per cent in cash terms and 1.0 per cent in real terms. The actual spend allocated across the DEL portfolios will total £30.4bn in 2015-16. Newly devolved taxes are forecast to generate income of £558m in 2015-16 – £441m from LBTT and £117m from Landfill Tax.

6. Exhibit 1 overleaf shows the breakdown of DEL by portfolio. The total DEL figure for the local government portfolio is £7,957.2m (£7,831.9m in 20 14-15 prices) – this is a real term fall of 1.3 per cent from the previous year (a fall of 2.2 per cent in DEL Resource and an increase of 6.4 per cent increase in DEL Capita) (Appendix 1 provides a breakdown of DEL between Resource and Capital by portfolio). In 2015-16, the local government portfolio accounts for 26.2 per cent of the DEL budget (compared to 26.8 per cent in 2014-15).

7. Overall, Scottish Government DEL Resource (i.e. revenue) decreases by £180m in real terms and DEL capital increases by £383m between 2014-15 and 2015-16. Additionally, the Scottish Government say they intend to transfer £58m from

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[1] *Financial Scrutiny Unit Briefing: Draft Budget 2015-16*, Scottish Parliament Information Centre, 16 October 2014
[2] *Scottish Budget Draft Budget 2015-16,* Scottish Government, 11 October 2014.
[3] DEL is the discretionary spending that the Scottish Government is able to spend and control.

Resource to Capital in 2015-16, but this has not been reflected in the total DEL Resource and DEL Capital budget figures. A breakdown of DEL between Resource and Capital is shown in Appendix 1.

Exhibit 1: Departmental Expenditure Limit (DEL) by portfolio in real terms (£m 2014-15 prices)

Portfolio	2014-15	2015-16	Change 15-16 on 14-15 (%)
Health and Wellbeing	11,868.0	11,886.6	0.2
Commonwealth Games, Sport, Equalities & Pensioners Rights	231.3	90.6	-60.8
Local Government	7,937.2	7,831.9	-1.3
Infrastructure, Investment & Cities	2,714.8	2,967.0	9.3
Education and Lifelong Learning	2,445.9	2,548.3	4.2
Justice	2,589.2	2,567.3	-0.8
Rural Affairs, Food & the Environment	559.2	598.4	7.0
Finance, Employment & Sustainable Growth	504.0	531.8	5.5
Training, Youth and Women's Employment	244.8	257.5	5.2
Culture & External Affairs	231.2	251.9	8.9
Administration	198.0	194.6	-1.7
Crown Office & Procurator Fiscal	108.7	110.3	1.5
Scottish Parliament & Audit Scotland	95.7	94.4	-1.4
Total	**29,632.3**	**29,930.7**	**1.0**

Source: *Financial Scrutiny Unit Briefing: Draft Budget 2015-16*, Scottish Parliament Information Centre, 16 October 2014.

Capital spend and investment

8. Year on year fluctuations in capital spend accounts in part for some of the changes in portfolio DEL in Exhibit 1. In terms of relative proportional spend, the Infrastructure, Investment and Cities portfolio shows the highest proportion of DEL Capital Spend at 60 per cent. The Finance, Employment and Sustainable Growth, at 33 per cent, is the next largest.

Detailed budget areas

9. Exhibit 2 shows the largest (more than £5m) real terms level 2 budget lines increases and decreases in 2015-16 on the previous financial year. Points to note are as follows:

- Housing and Regeneration shows the largest increase in 2015-16 due to an allocation of Financial Transactions flowing from the UK Autumn Statement 2013 and UK Budget 2014

- The Student Awards Agency for Scotland (SAAS) has the second largest increase which is largely a technical change with no impact on discretionary spending

- Sport shows the largest absolute decrease as a result of spend returning to trend after the Commonwealth Games.

Exhibit 2: Largest real terms changes, 2014-15 to 2015-16, £m.

Housing and Regeneration	188.3
Student Awards Agency for Scotland	100.8
Parliamentary Business & Government Strategy	47.3
Motorways and Trunk Roads	44.9
Other Expenditure	40.7
Ferry Services in Scotland	37.4
EU Support and Related Services	36.8
Culture	21.3
Police and Fire Pensions	20.5
Enterprise, Energy & Tourism (inc employment)	17.1
Children, Young People & Social Care	17.0
Scottish Court Service	13.7
Employment and Skills	12.7
Health	12.5
Air Services in Scotland	12.0
Learning	10.6
Scottish Prison Service	7.7
Environmental and Rural services	5.7
Other Transport Policy, Projects and Agency	-5.0
Scottish Fire and Rescue Service	-5.9
Miscellaneous	-6.2
Young Scots Fund	-7.5
Courts, Judiciary & Tribunal Services	-11.7
Digital Economy and Infrastructure	-12.8
Scottish Futures Fund	-30.0
Scottish Further & Higher Education Funding…	-31.3
Scottish Water and Climate Change	-34.8
Scottish Police Authority (SPA)	-35.5
Rail Services in Scotland	-37.2
Sport	-140.3

Source: *Financial Scrutiny Unit Briefing: Draft Budget 2015-16*, Scottish Parliament Information Centre, 16 October 2014.

Local government
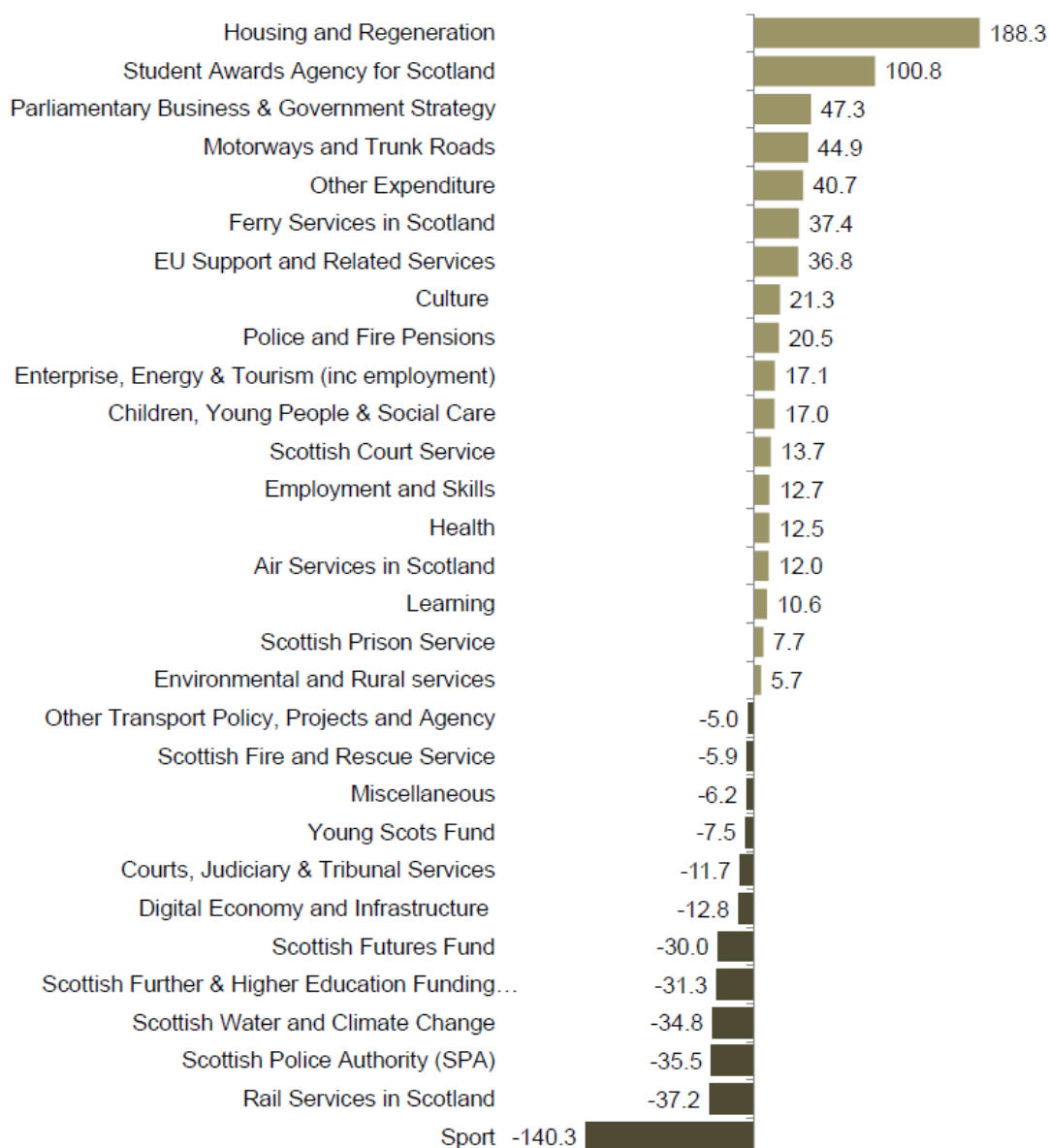
10. The total allocation to local government in 2015-16 will be £10,756.7[4]. This is comprised of £7,957m from DEL (down 1.3 per cent in real terms on 2014-15) and £2,800m from non-domestic rate income which is expected to increase by 4 per cent in real terms in 2015-16. The Scottish Government plans to freeze Council tax in 2015-16 for the eighth successive year.

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[4] This is made up of DEL of £7,957m, as in Table 1, and the remainder in Additionally Managed Expenditure (AME), i.e. expenditure which is difficult to predict precisely, but where there is a commitment to spend or pay a charge, e.g. pensions. Changes to AME are fully funded by HM Treasury, so do not impact on the Scottish Government's spending power.

11. Local Government's share of the overall Scottish budget has fallen by from 29.9 to 28.7 per cent from 2014-15 to 2015-16. This is due to increases in the overall Scottish Government's Total Managed Expenditure (TME) as a result of the devolution of the new tax powers to the Scottish Parliament. While this figure includes the Scottish Government's best estimate of non-domestic rates (NDR) income (see below), it does not include income from the council tax, any fees and charges which local authorities collect themselves, or other funding received direct from the UK Government or European Union.

12. Exhibit 3 shows how the 2015-16 local government budget is composed. The Scottish Government guarantees the combined general resource grant and distributable non-domestic rate income figure, approved by Parliament, to each local authority. A fall in non-domestic rate income is compensated for by an increase in general revenue grant and vice versa.

Exhibit 3: 2015-16 Local government settlement (£m)

Source	Budget £
General Revenue Grant	7,004m
Support for Capital	716m
Specific Capital Grants	145m
Specific Resource Grants	92m
Total DEL	**7,957m**
Non Domestic Rates	2,800m
Total Managed Expenditure	**10,757m**

Source: *Financial Scrutiny Unit Briefing: Draft Budget 2015-16*, Scottish Parliament Information Centre, 16 October 2014.

13. The Draft Budget states that the funding package for local government is founded on the Scottish Government's continued commitment to and "outcomes-based approach". It will focus on the:

> *"full integration of adult health and social care provision, continued investment in prevention and wider improvement actions, such as the Early Years Collaborative."*

14. As in previous years, in order to access the full amount of the funding package, each local authority will need to *"agree formally to work with the Scottish Government"* to:

- freeze the council tax; and

- agree, working with other stakeholders, to an in-principle educational outcomes-based approach, subject to the mutually satisfactory completion of work. The first phase of this work is due to be completed by 1 March 2015.

15. Discussions will take place with COSLA in relation to the financial support to be distributed to authorities and will be set out in a Scottish Local Government Finance Circular in early December 2014.

16. Non-domestic rates income (NDRI), currently the single largest source of revenue under the control of the Scottish Government, although the money is collected by local authorities, is expected to increase by 4.0 per cent in real terms from 2014-15 to 2015-16. The NDRI forecast for 2015-16 is £83.5m less than the forecast

for 2015-16 as outlined in the 2014-15 Draft Budget. The Scottish Government states that this is due to *"the UK Government's decision in the 2013 Budget to cap the increase in non-domestic rate poundage and other estimating changes."* The Scottish Government has added £83.5m to the Local Government resource DEL allocation, but this still represents a real term fall in the allocation.

17. Exhibit 4 shows the forecast receipts from NDRI in cash and real terms up to 2015-16.

Exhibit 4: Non-Domestic Rates Income (NDRI)

	2014-15	2015-16
NDRI (cash) (£m)	2,688.0	2,799.5
Cash terms annual change (£m)		150.0
Cash terms annual change (%)		5.7%
NDRI (real)	2,637.9	2,755.4
Real terms annual change (£m)		105.9
Real terms annual change (%)		4.0%

Source: *Financial Scrutiny Unit Briefing: Draft Budget 2015-16*, Scottish Parliament Information Centre, 16 October 2014.

18. The Scottish Government is providing an additional £70m in 2015-16 to freeze council tax at the previous year's level. This funding will be available to those councils that agree to freeze their council tax at 2007-08 levels for another year. Consequently, the total 2015-16 cost of the freeze is £560m, and the total cumulative cost from 2008-09 to 2015-16 is £2,520m.

19. The Scottish Government budget document notes changes to the 2015-16 draft budget relating to local government revenue funding, including:

   - an increase of £54m to give all children in primary 1 to primary 3 the option of a free school meal;
   - an additional £44m to fund the extended pre-school entitlement following the enactment of the Children and Young People (Scotland) Act 2014;
   - an additional £6.5m to support the administration costs of the Council Tax Reduction Scheme;
   - a transfer of £7.0m from the former Hostels Specific Resource Grant to General Resource Grant; and
   - an increase of £83.5m in General Resource Grant with the corresponding decrease of £83.5m in non-domestic rates following the decision to cap the increase in non-domestic rate poundage following the 2013 UK Government's Budget, and further estimating changes.

20. Additional resource will be added to the 2015-16 local government revenue settlement, to support the extension of kinship care allowances, in discussion with COSLA. This is not currently included in the published local government figures.

21. The changes to the 2015-16 capital funding are as follows:

   - an increase of £39.0m to facilitate capital work resulting from the Children and Young People (Scotland) Act 2014; and
   - an increase of £5.0m for Shetland Islands Council following the Scottish Government's commitment to match fund the contribution from the UK

Government to provide debt relief and support for future house building projects.

22. Glasgow City Council will receive an additional £30m for 2015-16 in support of the City Deal. This is additional to, but outwith, the local government finance settlement.

Local government priorities

23. The Draft Budget identifies a number of joint Scottish Government and local government priorities underpinning the funding package, namely:

- A focus on preventative approaches to key strategic outcomes through the new Single Outcome Agreements (SOAs). CPPs will be expected to work together to fully implement the plans, provide the resources required, oversee the arrangements for their delivery.

- A clear shift towards preventative measures across mainstream service provision underpinning the programme of public service reform. For example, the Early Years Change Fund, Reshaping Care for Older People Programme and partnership funding of £100 million to be allocated via NHS Boards in 2015-16 to support partnerships across all adult service. This funding will be accessible to local authorities, working with NHS Boards, the third sector and others.

- A clear role for CPPs in leading and implementing these partnership plans and priorities though strengthened SOAs. Specifically, to enable more effective and integrated local planning, CPPs, including local government, are expected to show a demonstrable commitment to the *Agreement on Joint Working on Community Planning and Resources* published alongside the Draft Budget 2014-15.

- The continuation of the council tax freeze.

- Mitigation of the "bedroom tax".

24. In addition to the priorities for local government outlined above, the Scottish Government has also provided information on those indicators and targets in the National Performance Framework, which are specifically influenced by local government activity. The Scottish Government's Scotland Performs Update 2015-16 shows performance in the 26 of the 50 indicators of greatest relevance to the Local Government and Regeneration Committee, as at 30 September 2014. These are listed in Appendix 2.

Devolved taxes

25. The 2015-16 Draft Budget includes taxes devolved through the Scotland Act 2012 to set the rates and bands for Scottish Landfill Tax (SLfT) and LBTT. The LBTT and SLfT will be levied in Scotland from 1 April 2015.

26. The Draft Budget states the "tax rate proposals are intended to be revenue neutral". The rates and (for LBTT) bands have been proposed to raise the same amount of money that the previous UK-wide taxes (Stamp Duty Land Tax and UK Landfill Tax) may have generated in Scotland in 2015-16 if they had continued unchanged. However, the Scottish Government has used a different forecast figure to the OBR (2014) which indicates Scottish Tax forecasts of £500m for Stamp Duty Land Tax (£59m more that the LBTT forecast by Scottish Government) and £109m for Landfill Tax (£8m less than the SLfT forecast by the Scottish Government). Cumulatively, the newly devolved taxes are forecast to raise £558m in revenue during 2015-16.

27. The Draft Budget proposes the same rates of landfill tax as in the rest of the UK. For 1 April 2015 this is proposed to be £82.60 per tonne for standard rated landfill and £2.60 for lower rate landfill. The lower rate applies to less polluting wastes.

Welfare reform

28. The Cabinet Secretary announced continued funding for measures to *"mitigate the most harmful impacts of the UK Government's welfare reforms"* (Scottish Government 2014a). Total funding for these measures will amount to £81.2 million in 2015-16 (approximately 0.3 per cent of DEL Resource budget). This includes:

   • £38m for the Scottish Welfare Fund (SWF), introduced in April 2013 to replace 'Crisis Loans for Living Expenses' and 'Community Care Grants'.
   • £35m to compensate for the cost of the 'Bedroom Tax'.
   • £8.2m for a range of other mitigation measures such as funding for advice and support services. The budget also supports initiatives with local authorities, third sector, health services and others.

29. The 2014-15 welfare reform mitigation budget line increased over the year, from £45.2m at the time of the Draft Budget (September 2013) to £81.2m now. Funding to mitigate the bedroom tax was announced during budget scrutiny. Although the welfare reform mitigation funding has been maintained in cash terms, it will reduce slightly in real terms by 1.6 per cent between 2014-15 and 2015-16.

Public sector pay

30. The Scottish Government published a two year public sector pay policy covering 2014-15 and 2015-16 alongside last year's draft budget (Scottish Government 2013). This pay policy directly affects the pay of Scottish Government staff, and the staff of around 50 public bodies, which together account for around 6% of the Scottish public sector (around 30,000 staff). Other parts of the public sector, such as local government and the NHS are not directly covered by the Scottish Government's pay policy and determine pay separately.

31. The pay policy published last year covers both 2014-15 and 2015-16. The main features of the pay policy are:

   • A one per cent cap on the cost of the increase in basic pay for staff earning more than £21,000.
   • A minimum basic pay increase of £300 for those earning less than £21,000, before progression payments (to be awarded on a pro-rata basis for part-time staff); the costs of this are not included in the one per cent cap.
   • A continued commitment to paying a Scottish living wage (currently at £7.65 per hour) for the duration of the Parliamentary term.
   • A continued suspension of non-consolidated performance related pay (bonuses).
   • Discretion for individual employers to reach agreements regarding pay progression, whereby employees progress through set pay bands on an annual basis, regardless of the basic pay settlement.
   • A continued commitment to no compulsory redundancies, to be negotiated by individual employers in exchange for agreements on workforce flexibilities and efficiencies where appropriate.

COSLA position

32. COSLA has not yet issued an official statement on the Draft Budget 2015-16. The organisation's Leaders' Group considered verbal updates on the Local Government Settlement 2015/16 at its meetings of 26 September and 29 August 2014. The update, considered in private session, focussed on issues surrounding the settlement. The Resources and Capacity Executive Group also received an oral update at its 1 October 2014 meeting. The COSLA Convention met on 31 October 2014 but the published agenda did not include consideration of the Draft Budget. The next meeting of the Leaders' Group is scheduled for 21 November 2014.

Next steps

33. The Draft Budget will now be subject of consultation with the public and Parliamentary committees. The Finance Committee will then make a report in early December which pulls together recommendations from the various subject committees' reports, and this is debated in Parliament in late December. The final stage of the budget process starts with the laying of the Budget Bill in Parliament in mid-January. The Budget Bill must be laid by 20 January each year, or the first day thereafter on which Parliament sits, and must complete all of its stages by February recess. It receives Royal Assent in March.

34. Following the publication of the Draft Budget however, the local government settlement undergoes its own parliamentary procedure in parallel with the formal budget process. This procedure is summarised below.

   - November / December: Local Government Finance Settlement Circular published. This Circular outlines the provisional total revenue and capital allocations to individual local authorities. The provisional total funding allocations form the basis of the annual consultation with COSLA and individual local authorities ahead of the Local Government Finance Order.

   - January / February: Local Government Finance Order laid in the Parliament and debated in the chamber.

   - February / March: Individual local authorities agree their budgets and decide whether to freeze their council tax.

   - February / March: Local Government Finance Amendment Order is laid before Parliament and debated in the Chamber. This Amendment Order contains the council tax freeze monies in the settlement, reflecting the decisions of local authorities regarding council tax.

35. In addition, the Finance Committee will consider subordinate legislation regarding the Non-Domestic Rates poundage rate for the forthcoming financial year and any other non-domestic rates related issues, such as the proposed public health supplement.

36. The Accounts Commission will consider early in the New Year its Local Government Overview Report 2015, with a view to its publication soon thereafter.

Conclusion

37. The Commission is invited to note this report.

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Paul Reilly
Secretary to the Accounts Commission
5 November 2014

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APPENDIX: Breakdown of DEL

DEL RESOURCE by portfolio in real terms (£m in 2014-15 prices)

Portfolio	2014-15	2015-16	Change 2015-16 on 2014-15 (%)
Health and Wellbeing	11,614.0	11,694.6	0.7
Local Government	7,140.5	6,984.2	-2.2
Education and Lifelong Learning	2,330.2	2,439.9	4.7
Justice	2,543.1	2,458.1	-3.3
Infrastructure, Investment & Cities	1,175.7	1,194.5	1.6
Rural Affairs and the Environment	484.0	513.2	6.0
Finance, Employment and Sustainable Growth	376.7	355.7	-5.6
Training, Youth and Women's Employment	244.8	257.5	-0.2
Culture and External Affairs	216.2	215.7	-0.2
Administration	192.9	186.6	-3.3
Crown Office and Procurator Fiscal	105.1	106.8	1.6
Scottish Parliament and Audit Scotland	92.1	90.6	-1.6
Total Commonwealth Games, Sport, Equalities and Pensioners' Rights	227.3	65.1	-71.4
Total	**26,742.6**	**26,562.4**	**-0.7**

DEL CAPITAL by portfolio in real terms (£m in 2014-15 prices)

Portfolio	2014-15	2015-16	Change 2015-16 on 2014-15 (%)
Infrastructure, Investment and Cities	1,539.0	1,772.5	15.2
Local Government	796.7	847.7	6.4
Health and Wellbeing	254.0	192.0	-24.4
Finance, Employment and Sustainable Growth	127.3	176.1	38.3
Justice	46.1	109.3	137.0
Education and Lifelong Learning	115.7	108.5	-6.3
Rural Affairs and the Environment	75.2	85.2	13.3
Culture and External Affairs	15.0	36.1	140.8
Total Commonwealth Games, Sport, Equalities and Pensioners' Rights	4.0	25.6	539.8
Administration	5.1	8.0	56.3
Scottish Parliament and Audit Scotland	3.6	3.7	3.9
Crown Office and Procurator Fiscal	3.6	3.5	-1.6
Training, Youth and Women's Employment	0	0	-0.2
Total	**2,985.3**	**3,368.3**	**12.8**

Source: *Financial Scrutiny Unit Briefing: Draft Budget 2015-16*, Scottish Parliament Information Centre, 16 October 2014.

Appendix 2: *Scotland Performs Update 2015-16*: **Performance against National Performance Framework Indicators relevant to Local Government, (30 September 2014)**

Performance improving

- More local authorities received positive evaluations in child protection inspections in the latest period (2009-2012) than in the previous period (2006-2009.
- The percentage of people receiving personal care at home (rather than in a care home or hospital) increased last year, as part of a generally increasing trend.
- The percentage of people who perceive crime to have stayed the same or reduced in their area continues to increase.
- The number of people killed on Scotland's roads has fallen continuously for the past several years, as part of a long term downward trend.
- Since December 2012, all unintentionally homeless households have been entitled to settled accommodation.
- New housing supply has increased in the past year for the first time since 2008, having fallen significantly in the five years to 2013. The downward trend in these earlier years was due to a fall in private rather than social housing.
- The amount of household waste generated continues to decrease.

Performance maintaining

- The number of businesses in 2013 maintains the rate achieved in 2012, which improved on a previously declining trend between 2008 and 2011.
- Journeys perceived to have been delayed due to traffic congestion have been generally declining since 2007.
- The percentage of the working age population with low or no qualifications continues to decline as part of a consistent downward trend.
- The first post-baseline sample shows that the same high percentages of pre-school centres receive positive inspection reports as in the baseline year.
- The first post-baseline sample shows that the same high percentages of schools receive positive inspection reports as in the baseline year.
- Scotland's educational performance remains above the OECD average.
- The proportion of school leavers in positive destinations has been increasing in the past few years, although there was no substantial change in 2013/14.
- Since the guidelines for physical activity changed in 2012, we cannot compare figures for earlier years. Using the previous guidelines, there was little substantial change over the years since the baseline.
- Reconviction rates remain on a long term downward trend.
- The percentage of people who agree that they can influence decisions affecting their local area stayed about the same in the past couple of years.
- The percentage of people who rate their neighbourhood as a very good place to live has remained about the same for the last few years.
- On the new indicator, the number of adults participating in a cultural activity has remained the same between 2012 and 2013 (on the old indicator the number had remained fairly stable since 2007).
- The proportion of adults who usually travel to work by public or active transport has remained about the same for the last decade.

Performance worsening

- After generally improving between 2007 and 2011, the percentage of people who are 'very or fairly' satisfied with local public services has markedly decreased.
- The estimated number individuals with problem drug use increased from 2003 to 2009/10.
- After generally improving between 2007 and 2011, the percentage of people who are 'very or fairly' satisfied with local public services has decreased in the past two years.
- The proportion of people living in relative poverty has risen in the last year, reversing the flat or downward trend of the past decade.
- The proportion of children living in material deprivation increased in 2012/13.
- Scotland's carbon footprint increased in 2010, after declining from the peak in 2007.

Source: *Scotland Performs Update 2015-16*, Scottish Government.

ACCOUNTS COMMISSION

MEETING 13 NOVEMBER 2014

REPORT FROM DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE

SHARED RISK ASSESSMENT 2015/16

Purpose

1. The purpose of this report is to inform the Accounts Commission of the proposed approach to, and timetable for, the 2015/16 shared risk assessment (SRA) process.

2. The report sets out how the SRA has been refocused and streamlined this year in response to feedback from participants in the process.

Background

3. Following the publication of the Crerar report in September 2007, the Scottish Government stated its aim of establishing a simplified and more coherent approach to delivering local government scrutiny. A key aspect of that agenda was to better coordinate and streamline scrutiny, while ensuring that its benefits for citizens (e.g. strengthened accountability and improved public services) are achieved.

4. In March 2008, the Accounts Commission was asked by the Scottish Government to take on a gate-keeping and coordination role for the scrutiny of local government. The local government Strategic Scrutiny Group (SSG) was subsequently established to set priorities and oversee development activity linked to this new role. The SSG consisted of the following members at that time: Accounts Commission (chair), Audit Scotland, Care Commission, the Convention of Scottish Local Authorities (COSLA), Her Majesty's Inspectorate of Education, Her Majesty's Inspectorate of Constabulary for Scotland, the Scottish Housing Regulator, NHS Quality Improvement Scotland, Social Work Inspection Agency, the Scottish Government, the Society of Local Authority Chief Executives and Senior Managers (SOLACE).

5. The membership of the group has evolved over time to reflect structural changes in the scrutiny landscape (e.g. the creation of Education Scotland, Care Inspectorate, and Healthcare Improvement Scotland)) and the groups increasingly strong interest in public service reform which extends beyond local government an affects all parts of the public sector. This latter development has led to the group's membership being extended to include Scottish Government policy staff covering health and social care integration and improvement activity in the NHS, and more recently Her Majesty's Inspector of Prisons.

6. The SSG established an operational group which prepared a joint code of practice for local government scrutiny. That document set out how the various bodies involved would work together to support more proportionate and streamlined scrutiny of local government (http://www.audit-scotland.gov.uk/docs/best_value/as_100110_scrutiny_joint_code_practice.pdf)

7. During 2009, the SSG successfully oversaw the introduction of the shared risk assessment (SRA) process (based on a single corporate assessment framework). Since then, the SSG has had responsibility for overseeing the SRA process, which is the annual process through which the main local government scrutiny bodies work together to agree risk-based and proportionate scrutiny plans for Scotland's 32 local authorities.

8. The process is managed locally by 32 local area networks (LANs). Each LAN is made up of representatives of each of the main local government scrutiny bodies (Audit Scotland (and firms appointed auditors), Care Inspectorate, Education Scotland, Scottish Housing Regulator). The LAN meets and shares relevant risk, audit and inspection and performance intelligence, which is then used to determine a proportionate and risk-based scrutiny programme for the council.

9. As well as promoting proportionate and risk-based scrutiny activity the SRA also promotes effective co-ordination and scheduling of scrutiny activity, including 'joined-up' audit and inspection where that is appropriate. It is the main vehicle for targeting local government Best Value audit activity on behalf of the Accounts Commission. The Commission will be considering a report on its approach to auditing Best Value at its next meeting.

10. The introduction of the SRA process led to improved planning and scheduling of scrutiny and a significant reduction in the overall level of corporate scrutiny activity in the local government sector (Exhibit 1).

Exhibit 1

Improvements delivered by the introduction of the SRA process

Key 'Crerar' recommendation to introduce scrutiny 'gatekeeping' role	✓
Improve scheduling and co-ordination of local government scrutiny activity	✓
Minimise duplication and overlap in planned scrutiny activity	✓
Make better use of shared information and intelligence	✓
Deliver tailored scrutiny plans which reflect local risks and circumstances	✓/✗
Promote innovative and flexible scrutiny responses	✗

Source: Strategic Scrutiny Group

11. Given the successful operation of the strategic scrutiny group since 2008, the Cabinet Secretary for Finance and Sustainable Growth wrote to the Accounts Commission in March 2011 confirming that he would like the co-ordination and facilitation of local government scrutiny activity to become one of the accepted functions of the Accounts Commission. He subsequently wrote to the other scrutiny bodies involved in the SSG confirming this change and highlighting that this way of working is a means of demonstrating compliance with the duty of co-operation contained in section 114 of the Public Service Reform (Scotland) Act 2010.

The 2014 review of the SRA process

12. As part of our commitment to continuous improvement, we review the SRA process each year. Our review process involves all relevant stakeholders and makes recommendations for change to the SSG.

13. Through our review we look to learn lessons from the previous year, as well as reflecting on how the SRA has operated over all previous cycles since 2008. We also take account of changes to the scrutiny landscape, feedback from local authority chief executives on their experience of the process, and feedback from LAN leads and LAN members on things that could work better. This year's review was led by Antony Clark from Audit Scotland, working closely with colleagues across Audit Scotland and scrutiny partners. Alastair Delaney from Education Scotland acted as the strategic scrutiny group 'champion' providing a degree of independent challenge to the review.

14. The purpose of the review was to take stock of the operation of the SRA after five cycles of the process, in the context of a significantly changed scrutiny and public service delivery landscape. The review was seeking to identify opportunities for:
    - streamlining and improving the efficiency of the process
    - improving the impact and influence of the process on national scrutiny programmes
    - strengthening the focusing on improvement within the scrutiny risk assessment
    - better aligning the process with the evolving public service reform agenda (e.g. partnership working, health and social care integration, focus on prevention, etc.)

Key findings from the SRA review

15. Our conclusions from the recent review work are set out in Exhibit 2, below:

Exhibit 2

SRA: what works and how we might further improve the process

What works	What is still to be improved
Councils generally value the process and feel that it has improved the co-ordination and scheduling of scrutiny activity	But, engagement with them is still inconsistent on occasions
The process has reduced the scrutiny burden	But, much of the scrutiny activity in Assurance and Improvement Plans (AIPs) is not risk-based, and ministerial-driven inspection programmes are creating new potential scrutiny 'burden' risks
The process has helped build mutual understanding and trust across scrutiny bodies	But, it is not yet driving widespread 'joined-up' scrutiny
For those who serve on LANs the SRA process feels like a partnership across scrutiny bodies	But, work pressures and restructures mean that participation by some bodies is patchy at times
The SRA process has become a routine part of what we do	But, LAN meetings and contact are still largely an event, not on ongoing process
The introduction of the more proportionate and risk-based approach to planning scrutiny has helped us to target our work on the most risky councils	But, an unintended consequence of this approach is that high performing councils are subject to less scrutiny, weakening our evidence base of good and innovative practice
Collectively scrutiny bodies understand the challenges councils face much better now	But, we need to develop more innovative ways of responding to complex cross-cutting issues that arise from the SRA process
The SRA is now a relatively mature process	But, the time and effort it takes to prepare and publish AIPs is sometimes greater than the value and impact that the SRA brings

16. There is a general consensus amongst councils and scrutiny bodies that the SRA process is beneficial, and that if it did not already exist, we would probably want to establish something like it. However, the evidence suggested that the process (and in particular drafting AIPs) is resource intensive and time-consuming, and that there is significant scope to make it more efficient.

Key areas of focus for the 2015/16 SRA process

17. To address the issues identified in the SRA review, we are working to improve the SRA process. This includes:

    - Enhancing the central planning and scheduling of scrutiny activity across scrutiny bodies through more regular dialogue amongst senior officers. For example, the Care Inspectorate has now agreed that the programming and scheduling of its national inspection programmes (strategic inspections of children's services and strategic inspections of services for older people) will be now be more informed by local risk assessment activity.

    - Ensuring LANs operate effectively and interact with councils in a consistent way.

    - Streamlining the documentation produced to support local scrutiny plans. For this year's SRA we have reduced the size of the risk assessment template used by LANs for recording evidence. This will allow LANs to focus on the most significant risk areas, particularly the capacity (politically and managerially) of the council to lead and deliver improvement.

    - Replacing Assurance and Improvement Plans (AIPs) with new more focused Local Scrutiny Plans. The new Local Scrutiny Plans provide a much clearer focus on the risk profile of the council and the local scrutiny that is planned in response to it. This will make the risk reporting process significantly more efficient.

    - Aligning the overall approach to the SRA process with the evolving thinking about the Accounts Commission's new approach to delivering the local government Best Value audit.

18. These improvements should strengthen the assurance that the SRA process is able to offer to the Accounts Commission on the extent which LANs are focusing their scrutiny efforts on keys areas of scrutiny risk (leadership, governance, delivery of improved outcomes for local people).

19. Copies of the SRA Guidance 2015/16 that have been issued to LAN leads and LAN members together with the material used at the recent training events can be made available to Commission members on request.

20. To support a more consistent approach to making scrutiny risk assessments, we have provided LANs with updated guidance and risk assessment templates to support the process this year. The revised guidance and evidence template provides a much clearer focus in each risk assessment area on the scope of the area under consideration and sets out a range of potential prompt questions that LANs should consider when making their risk assessments. The main risk assessment areas covered in the evidence template are:

    - Leadership and governance
    - Use of resources
    - Performance management and improvement (including scrutiny)
    - Education (including early years, learner attainment and achievement, attendance and exclusions, learner destinations, looked-after children, GIRFEC, community learning and development, Curriculum for Excellence)

- Social work (including adult care, older peoples services, learning disability services, criminal justice services, mental health services, children and families)
- Housing and homelessness services
- Other services (including analysis of SOLACE benchmarking data)

21. Cross-cutting themes that run through each key service assessment are:
- The quality of leadership (political and managerial) of the service
- The effectiveness of elected member scrutiny and challenge
- The extent to which available performance data and outcomes demonstrate continuous improvement

22. One of the successes of last year's SRA was the extent to which LANs developed a good understanding of how key aspects of the public service reform agenda were developing locally. These included:
- implementation of the community planning improvement agenda set out in the SG/COSLA Statement of Ambition
- preparations for the implementation of health and social care integration
- local police and fire oversight arrangements since the creation of single national police and fire and rescue services
- local partnership working to mitigate any negative impacts of welfare reform

23. This year's SRA process will build on last year's work by including an updated series of prompt questions on local public service reform implementation for LANs to cover in their engagement with councils as part of the SRA process. These include: ongoing local developments in community planning, current progress in implementing health and social care integration, and the early impact locally of police and fire reform.

24. To reinforce the importance of effective engagement with councils, the SRA guidance outlines minimum standards of engagement between LAN leads and councils at each stage of the SRA process. This includes:

- an initial set-up discussion with the chief executive (or his/her nominee)

- feedback to the chief executive on emerging issues after the LAN has held its local 'round table' meeting

- feedback to the chief executive after any national quality and consistency review

- a discussion on the draft Local Scrutiny with the chief executive (or nominee).

Timetable

25. Last year Audit Scotland published the 2014-15 National Scrutiny Plan and corresponding AIPs for all councils on 3 June 2014. Reflecting the fact that we have significantly streamlined the SRA process and reduced the reporting burden on LANs, we anticipate being able to shorten the timetable this year without compromising engagement and communication with councils.   Our intention this year is to publish the 2015-18 National Scrutiny Plan and local scrutiny plans by the end of March 2015 (Appendix 1).

Conclusion

26. The Commission is invited to:

    i.   consider this report:

    ii.   endorse the approach to, and timetable for, the 2015/16 shared risk assessment (SRA) process

Fraser McKinlay
Director of Performance Audit and Best Value
4 November 2014

Appendix 1: 2015/16 SRA Timetable

An overview of key milestones in the SRA process for 2015/16 is as follows:

DATE	ACTIVITY
From October 2014	LANs start engagement with councils on SRA process
November 2014 to January 2015	LAN members gather and analyse evidence for their council and complete the evidence template
	LAN members submit the evidence template to their LAN lead
	LAN leads collate the evidence from their LAN members into one document, for discussion at the LAN meeting
	LAN meetings take place
January 2015	All LAN leads meet discuss progress and common issues
February 2015	LAN leads submit draft local scrutiny plans to Audit Scotland *(Audit Scotland review all 32 local plans and start drafting National Scrutiny Plan)*
	Quality assurance of annual scrutiny plans
	Planners and schedulers confirm any nationally directed scrutiny activity
March 2015	Strategic scrutiny group agrees draft National Scrutiny Plan
	32 annual scrutiny plans and National Scrutiny Plan published

ACCOUNTS COMMISSION

MEETING 13 NOVEMBER 2014

REPORT BY SECRETARY TO THE ACCOUNTS COMMISSION

LOCAL GOVERNMENT BENCHMARKING FRAMEWORK

Introduction

1.   The purpose of this report is to introduce representatives of the Local Government Benchmarking Framework who will update the Commission on the progress of the project.

Background

2.   The Commission will consider its annual Performance Information Direction at its meeting in December. Given the significance of the Local Government Benchmarking Framework project in the Commission's thinking around its Direction, it is useful for the Commission to consider the progress of the project.

3.   Representatives of the project are guests at today's meeting in order to update the Commission on the progress of the project. The following will be present:

   - Elma Murray, SOLACE representative on the project board (Chief Executive of North Ayrshire Council).

   - Councillor Michael Cook, COSLA representative on the project board (Vice-President of COSLA)

   - Mark McAteer, Director, Governance and Performance Management, Improvement Service.

   - Emily Lynch, Senior Project Manager - Performance Management & Benchmarking, Improvement Service.

4.   The project has also provided the attached report as a basis for today's discussion.

Conclusion

5.   The Commission is invited to consider and note this report.

Paul Reilly
Secretary to the Accounts Commission
5 November 2014

Local Government Benchmarking Framework
SOLACE/IS Update for the Accounts Commission
November 5th, 2014

1. Introduction

   1.1. As we move towards publication of the 4th year of benchmarking data, there is clear evidence that councils are using the framework to drive learning and collaboration, and that scrutiny arrangements and public accountability have been significantly strengthened with it's implementation.

   1.2. Recognising the development of the Local Government Benchmarking Framework (LGBF) is an iterative process, councils continue to collaborate in strengthening the indicators, underpinning data and supporting processes to improve it's effectiveness in driving service transformation.

2. Earlier Publication of the Benchmarking Data

   2.1. Significant progress has been made in facilitating earlier publication of the LGBF, and this year the data will be published in December 2014 rather than March 2015 to enable councils to report on the benchmarking data as part of their Public Performance Reporting (PPR) arrangements in line with requirements set out in the statutory direction.

   2.2. Some data availability issues remain, and the project team is continuing to work with Scottish Government and other data owners to harmonise data development and publication schedules (e.g. national statistics on Looked after Children and new educational attainment indicators which are not available until March).

   2.3. The data release in December will once again be accompanied by an overview report to provide analysis and interpretation of the key performance trends within a national context.

3. Improving data consistency

   3.1. The focus on public accountability and improved scrutiny arrangements has necessarily forced significant improvements in the quality of the data underpinning the framework.

   3.2. Council officers from across all councils, including finance colleagues and representatives from professional associations, have shown significant commitment to the progression of this development work and continue to work together in task groups to improve the consistency of the data used and to address data gaps.

4. Improved public accountability through Public Performance Reporting

   4.1. The LGBF provides an excellent foundation to improve transparency and public accountability. To further strengthen this element, councils have worked together to develop a common approach to reporting on the LGBF within their Public Performance Reporting. The new structured approach

supports good practice and consistency across local government whilst retaining local flexibility and will be used by councils from December to report the 13/14 LGBF (see Appendix 1).

4.2. As part of this common approach, all councils will include a link on their website to a new online public reporting tool which presents the benchmarking data and has been designed to improve accessibility for the public and promote better engagement with benchmarking information.   To ensure data is not interpreted in isolation, this will be accompanied by narrative on local context, performance trends, and details about improvements under consistent broad headings.

5. Collaboration and sharing practice within Family Groups

5.1. Recognising the 'high-level' data within the framework is designed to provide 'can-openers' rather than explaining differences, a process has been developed to support councils to drill into the information to understand, in more detail, why the variations are occurring, and to share learning and identify best practice in order to drive service improvements. This process has been organised around 'family groups' of councils to facilitate learning between similar councils in terms of the socio economic make up of their area and also population sparsity.

5.2. Following evaluation of a pilot focussing on Roads Services and Post School Destinations of children, benchmarking activity within Family Groups is now beginning to gain significant traction, and is currently being established across Sports, Waste Management, Looked After Children and Council Tax services. Importantly, this activity is being led by service colleagues across councils who have been identifying the themes which offer real opportunities to share practice, to learn from each other, and to drive improvement. With all 32 councils participating, this has improved collaboration both between councils, and also within councils. A review of this phase will be undertaken in 6 months' time, before the next phase is initiated (see Appendix 2). The IS will continue to provide support around provision/analysis of drill down data, and ensuring learning and planned improvements are captured and shared (an overview report highlighting examples of good practice emerging from the Roads and Positive Destinations Family Groups will be published in advance of the 2013/14 data release).

6. Links to self evaluation and improvement planning

6.1. To ensure benchmarking is not seen in isolation, but rather as a process to support improvement planning, a common framework supporting councils to link the products of their benchmarking activities and build them into improvement activities is being rolled out. A systematic approach is currently being modelled by those councils using the PSIF self evaluation framework, and this is now being extended to councils using other improvement frameworks such as How Good Is Our Council and EFQM.

6.2. Chief Executives are also taking up an offer of additional tailored support through a 'critical friend' service to help them ensure benchmarking is embedded in improvement and service planning activities.

7. Improved Scrutiny Arrangements

7.1. Good scrutiny is at the heart of good accountability and is essential for the delivery of good quality services that meet the needs of local communities and to drive improvements in services when they underperform. The Local Government Benchmarking Framework provides a further opportunity to support Elected Members to hold public bodies to account through the provision of additional comparative performance information.

7.2. The majority of councils now regularly incorporate reporting of the benchmarking data within their scrutiny reporting arrangements ensuring Elected Members are aware of and actively using benchmarking information to support their scrutiny and accountability functions. The project team continues to build on this, both in terms of raising awareness more widely across all Elected Members, and also in terms of strengthening skills and capacity to use the benchmarking information effectively.

8. Extending the benchmarking approach to Community Planning Partnerships

8.1. In order to support the ongoing reform of Community Planning and the delivery of improved outcomes, Local Government, the Scottish Government and the IS have agreed to jointly fund a benchmarking programme for Community Planning. This programme will build on and apply the learning and resources generated from the LGBF and align with other work supporting CPPs i.e. PSRB, Improving Evidence & Data Group, What Works; HSC integration and CPP self-assessment work.

8.2. The purpose is to provide a resource and approach which supports CP boards to better understand their own performance, target improvement activity through access to better comparative and standardised performance information and supporting mechanisms, and to share learning on how to achieve better outcomes.

8.3. The CP indicator framework will differ from the Local Government framework in that it will include 2/3 'high level' outcome measures for each of the 6 national priorities. The indicator set will build on findings from the recent review of performance management for the PSRB, and will support CPP's to track progress in reducing inequalities and to develop their understanding of place through data provided at a neighbourhood level. Supporting supplementary/drill down data will also be identified for each of the high-level measures to allow deeper exploration and better understanding of why areas differ.

8.4. Similar to the LGBF, the CP framework will provide supporting mechanisms and processes to build collaboration, improvement and strengthen accountability.

8.5. A draft indicator set for the first Benchmarking framework has been endorsed by the new Advisory Board, and will be consulted on widely over the coming months with all CPP stakeholders, with the aim of publishing the first set of CPP Benchmarking data in March 2015.

9. Conclusion

9.1. This report highlights some of the key areas of progress being made in relation to the implementation and ongoing development of the local government benchmarking framework, not least the tangible steps made to strengthen public accountability but also the ongoing commitment demonstrated by local government to make the shift towards self-evaluation and reporting inherent in the benchmarking project and to ensure that the work is resourced on a sustainable basis.

9.2. The ongoing interest of the Accounts Commission in this work is very welcome, recognising the continuing role for the Commission in providing assurance on the validity of the data underpinning the framework particularly in relation to public performance reporting. We appreciate the opportunity to provide an update on progress on the 13th November, and look forward to further discussion as we move forward with this important piece of work.
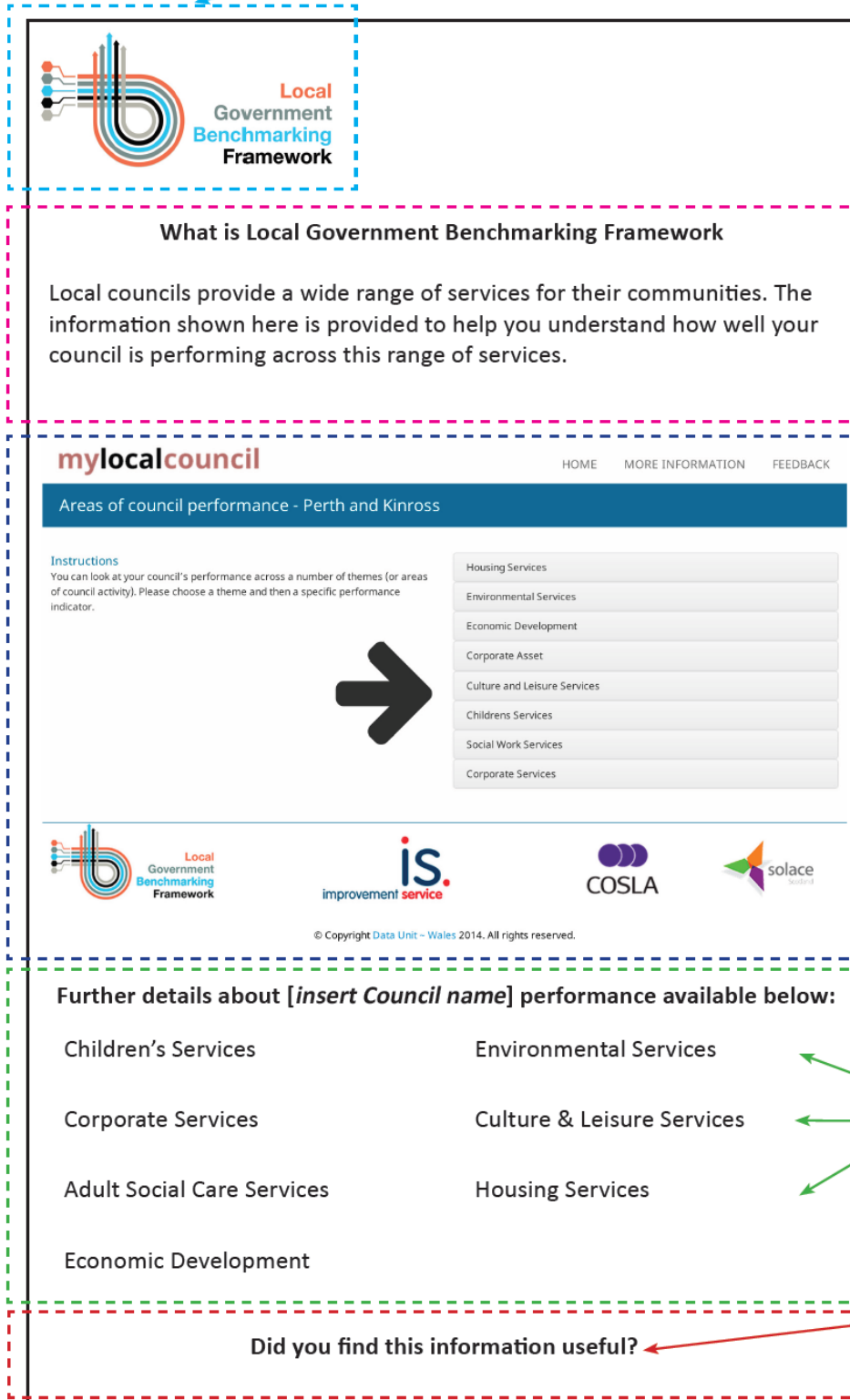
Emily Lynch
LGBF Project Manager – Improvement Service

Appendix 1 – Benchmarking & Public Performance Reporting

Building LGBF pages - main page

LGBF logo (file provided)
To be placed at top of page under Council branding, if present.

Page header
Suggested text to introduce the Framework page.

What is Local Government Benchmarking Framework

Local councils provide a wide range of services for their communities. The information shown here is provided to help you understand how well your council is performing across this range of services.

mylocalcouncil   HOME   MORE INFORMATION   FEEDBACK

Areas of council performance - Perth and Kinross

Instructions
You can look at your council's performance across a number of themes (or areas of council activity). Please choose a theme and then a specific performance indicator.

Housing Services
Environmental Services
Economic Development
Corporate Asset
Culture and Leisure Services
Childrens Services
Social Work Services
Corporate Services

Local Government Benchmarking Framework   is.   improvement service   COSLA   solace

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iFrame importing the framework tool. Details on how to create an iFrame are below.

Further details about [insert Council name] performance available below:

Children's Services   Environmental Services

Corporate Services   Culture & Leisure Services

Adult Social Care Services   Housing Services

Economic Development

Links to further detail

Suggested text to introduce further information for each category.

Did you find this information useful?

Link to feedback

Suggested text offering radio button yes/no or link to existing feedback eform.

Inserting an iFrame: the HTML code to pull an iFrame into a web page is <iframe src="http://scotland.mylocalcouncil.info/test/Default.aspx?lang=en-GB"><iframe>. This code should be positioned on the page where you want the iFrame to appear. If it is not possible for you to embed an iFrame on your website, we can provide alternative text to open the tool in a new page.

Building LGBF pages - indicator category

We suggest that the LGBF logo is introduced on each category page along with the heading of the indicator category. There should also be four sub headings on each page where you can publish your own Council's information resources relating to that category. An example is provided below:

Local Government Benchmarking Framework

Children's Services

← **Category heading**

Service Overview

E.g. a brief overview of the service area and local contextual information, including
- What is this service/what is included
- National Policy Context
- Brief local profile and contextual information to help public interpret the information
- Overview of council performance in across this whole area
- Factors which affect performance
- Links to corporate community plan/priorities/national priorities

Council Performance

E.g.
- Highlights - Description and reasons
- Areas for improvement - Description & reasons

What the Council is doing to improve services

E.g.
- Improvements already made, underway or planned
- Activity to understand performance better/learn from others e.g. family groups

How the public can get involved

E.g.
- Citizens panels; suggestion box; how do you rate our performance

Each of the four sub headings with example spacers below each heading.

Did you find this information useful? ←

Link to feedback

Suggested text offering radio button yes/no or link to existing feedback eform.

Appendix 2 – Family Group Schedule

Timeline: August 2014 — March 2015 — June 2015 — October 2015

PHASE 1 — August 2014
- Sports Services
- Council Tax
- Waste Management
- Looked After Children

PHASE 2 — March 2015
- Museums
- Street Cleaning
- Equalities
- HR

PHASE 3 — June 2015
- Economic Development
- Libraries
- Support Services

PHASE 4 — October 2015
- Parks & Open Spaces
- Trading Standards & Environmental Health
- Democratic Services
- Invoicing