

**MINUTE**  
**of**  
**AUDIT & SCRUTINY COMMITTEE**

**Minute of Meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 24 January 2019.**

**Present:**

Councillor Stewart Miller (Chair)  
Councillor Barbara Grant (Vice Chair)  
Provost Jim Fletcher

Councillor Annette Ireland  
Councillor Jim Swift

Councillor Miller in the Chair

**Attending:**

Andy Cahill, Director of Environment; Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Michelle Blair, Chief Auditor; Linda Hutchison, Clerk to the Committee; and Ron Leitch, Committee Services Officer.

**Also attending:**

Elaine Barrowman and David Sim, Audit Scotland.

**Apologies:**

Councillors Charlie Gilbert and Jim McLean.

**REQUEST TO RECORD PROCEEDINGS**

**759.** Council Miller intimated that a request had been received to audio record the meeting. The request was approved.

**DECLARATIONS OF INTEREST**

**760.** There were no declarations of interest intimated.

**CHAIR'S REPORT**

**761.** The following matter was discussed during the Chair's report:-

Meetings of Committee

Councillor Miller highlighted that, in the interests of the committee working constructively, the introduction of party politics into its meetings was both unwanted

and unacceptable. Whilst referring to access Elected Members had been given to sessions and resources to help them develop their scrutiny skills and carry out this important role effectively, he highlighted that these had focussed on scrutiny as a positive, purposeful and potentially innovative process; and had encouraged Members to adopt constructive, open-challenge and non-adversarial approaches to their scrutiny work in a way that overcame organisational and political boundaries. He emphasised that scrutiny was principally about driving improvement, requesting that politics be left behind in terms of progressing the committee's work.

Councillor Grant confirmed she had been the person who had raised this matter, highlighted that the committee served the Council as a whole, and commented that although its membership had always been cross-party it had not been used as a political platform in the past. She reported that the committee had been regarded highly in the past and as an exemplar at one stage by Audit Scotland, expressing hope that this would be the case in future.

The committee noted the comments made.

## **LOCAL EXTERNAL AUDIT REPORT ON HOUSING BENEFIT PERFORMANCE AUDIT RISK ASSESSMENT AND NATIONAL EXTERNAL AUDIT REPORT ON HOUSING BENEFIT PERFORMANCE AUDIT ANNUAL UPDATE 2017/18**

**762.** The committee considered a report by the Clerk providing information on the local External Audit report on the *Housing Benefit Performance Audit Risk Assessment* and the national External Audit report on the *Housing Benefit Performance Audit Annual Update 2017/18*. Under the committee's specialisation arrangements the reports had been sent to Councillors McLean and Swift for review. The Head of Communities, Revenues & Change had provided high level comments on the reports and a copy of these comments and a related Action Plan were included as appendices to the report, together with a copy of the local External Audit report.

Regarding the national Housing Benefit (HB) Performance Audit Annual Update 2017/18, it was explained that arising from an audit of 5 councils, which did not include East Renfrewshire, 24 risks to continuous improvement had been identified. Reference was made to the complexity of this area of work, and related developments which had to be planned for and resourced whilst maintaining current service provision. The Audit Scotland report had made reference to the ongoing implications of the national roll-out of Universal Credit (UC); development of the Scottish Social Security Agency; and introduction of new tools to improve processing performance and debt recovery which the Council was making good use of. It was highlighted that local focus in recent years had been on planning for the shift from HB to UC which had resulted in restructuring and consolidating benefits services; delivering savings predicated on a forecasted declining HB caseload; and development of staff based within the small team concerned to build future resilience. More broadly across the Council, the focus had been on planning for the wide-ranging impact of the full UC service rollout, the latest tranche of which had taken place in September 2018 and which had been the subject of updates to the Cabinet in June and December 2018.

Regarding the local Audit of Housing Benefit Risk Assessment Report, the report provided a summary of the Council's current position and key issues it faced with a view to assuring the committee about the ongoing drive to understand and improve performance against a complex background of nationally driven changes to the benefits system and budget and resource constraints.

Reference was made to the action plan prepared to respond to issues identified, and the significant structural changes made within Revenues Services. It had been acknowledged by Audit Scotland that the Council remained proactive and committed, such as in its efforts to improve service delivery and performance and to recover overpayments. It had been acknowledged within the authority that performance had been mixed. Having commented on a range of associated matters, including issues to be addressed which were itemised and related developments and initiatives, the report emphasised the commitment which existed to continuous improvement and high degrees of accuracy moving forward.

Whilst commenting on the local report, related audit work and the main areas to be addressed, Ms Barrowman clarified that 5 new risks had been identified through the 2017/18 risk assessment, whilst 3 remained outstanding from the previous one. She added that, to ensure further continuous improvement, the Council needed to address these risks which included addressing reasons why the cumulative speed of processing performance for new claims fell below the Scottish average; ensuring processing resource was sufficient and the recorded time taken to process change events was reported accurately; addressing why accuracy performance had declined; and improving debt recovery. Having referred to related issues and the action plan, she confirmed that Audit Scotland would continue to monitor the Council's performance against the Department for Work and Pensions (DWP) indicators and other performance measures.

Councillor Swift expressed extreme disappointment regarding the findings, including on the performance on the speed of processing new claims, and the inaccuracy identified regarding the recorded time taken to process change events. He contended that these were serious matters and, in the case of the latter, referred to the possibility of fraudulent reporting. Having suggested that a further report was needed, Councillor Swift also referred to high levels of overpayments and low recovery of these which were amongst other concerns he held.

In response to Councillor Ireland who expressed her unease at the reference made by Councillor Swift to possible fraud and instead supported placing a focus on what was being done to address the shortcomings highlighted, Mr Sim provided further clarification referring to the inaccuracies identified relating to changes of circumstances, casework examined, data recording errors, audit sampling issues and training provided for officers to address errors made. He added that improvements in performance were now being seen. Councillor Miller referred members of the committee to the part of the action plan relating to these issues, following which Ms Barrowman commented that some issues had started to be addressed at the same time as issues were being audited, although the current position now remained to be confirmed.

In support of Councillor Swift, Councillor Grant suggested that it would be useful to seek an update from the Head of Communities, Revenues & Change at the next meeting on the current position regarding implementation of the action plan and training for example in terms of improving performance.

In response to a query from Councillor Miller regarding whether or not Audit Scotland intended to undertake any follow-up work, Mr Sim explained that this would depend on performance, the general tendency being not to do so if it was improving.

In response to Provost Fletcher who referred to efforts he was making not to raise political issues at meetings of the committee but related challenges he faced, such as when allegations of fraud were being made by another Elected Member, more generally Councillor Miller expressed the view that many of the issues raised during the discussion had concerned facts.

Provost Fletcher expressed the view that the unsatisfactory performance was due, in part, to problems relating to the roll-out of UC which had impacted on officers' workload at the same time as the authority was facing financial cutbacks and associated workforce reductions. Having commented that the authority performed well on a lot of issues but acknowledged that HB-related performance had not been a particular strength, he encouraged Elected Members to remember that Council officers were doing a difficult job under circumstances that were not of their own making.

In response to Councillor Ireland who asked if a further update on performance would be provided later in the year, it was clarified that the Head of Communities, Revenues & Change could be asked to attend the next meeting and possibly subsequent meetings if considered necessary.

Councillor Swift referred again to the very poor accuracy rates reported, highlighting that overpayments were greater than underpayments and that, rather than being political, he wanted everything possible done to avoid such problems occurring. He added that he was not blaming anyone, but rather highlighting that tasks were not being performed well. Mr Sim commented on accuracy both post and pre-payment and processes already reviewed by the Council, adding that a lot of the related audit findings had been attributable to a few people not performing as well as they could, and also new employees.

Councillor Ireland, seconded by Councillor Fletcher, moved that an update on progress be sought after the implementation of the Action Plan had been completed.

Having expressed frustration that a formal Motion had been proposed given the nature of the committee, Councillor Grant, seconded by Councillor Swift, moved as an amendment that the Head of Communities, Revenues & Change be asked to attend the next meeting to enable issues raised in relation to the External Audit reports to be raised with her. Councillor Grant added that this would allow a decision to be made then if a further report was needed thereafter in due course.

On a vote being taken, 2 Members voted for the motion and 3 Members voted for the amendment. The amendment was accordingly declared carried and it was agreed:-

- (a) that the Head of Communities, Revenues & Change be asked to attend the next meeting of the committee to enable issues raised in relation to the External Audit reports to be raised with her; and
- (b) otherwise, to note the report and associated comments made.

## **ACCOMMODATION RELATED CONSULTANCY**

**763.** Under reference to the Minute of the meeting of 22 November 2018 (Page 633, Item 698 refers), when it had been agreed that the Director of Environment be asked to attend a future meeting to enable issues in relation to consultancy reports commissioned and prepared on accommodation issues to be raised with him, specifically in relation to the Leisure Centre but also any other issues regarding such reports raised by members of the committee, Councillor Miller welcomed the Director of Environment to the meeting and invited him to respond to specific issues raised by Members. It was clarified that questions on issues Members had indicated they intended to explore had been issued to him in advance to enable him to prepare.

Prior to questions being posed to him, the Director of Environment made some preliminary comments, referring to the extent to which information on the issue, particularly the Leisure

Centre, was already available such as through Minutes of recent Council meetings and related reports and questions raised. He highlighted that the outcome of the recent public consultation exercise on future leisure provision within the Eastwood area had been debated extensively at the Council meeting in September 2018 when it had been noted that a comprehensive report on the Feasibility and Full Business Case for a leisure and recreational facility and associated issues, to include the possibility of a new-build facility in Eastwood Park, would be submitted to the Council in due course.

Whilst commenting further the Director of Environment also referred to discussions at the subsequent Council meeting on 31 October 2018 on an accommodation strategy to be developed for approval during 2019/20 and a report on future work plans for the development of a leisure centre to serve the Eastwood area. He clarified that it had been noted then that he would undertake the master planning of Eastwood Park, including specifically exploring the feasibility of a new-build leisure centre within the Park based upon the latest information on Council property options for schools and office accommodation; and that he would submit a further report to the Council with an options appraisal for the future provision of leisure facilities in the Eastwood area once this work had been completed.

The Director of Environment also referred to two related questions posed to the Leader of the Council at the meeting of the Council in December 2018, both of which had been responded to. He stated that, with these caveats, he was happy to reply to any questions Members wished to raise, but that he might need to come back to them later regarding some issues depending on what was raised.

Referring to the public consultation on the future provision of leisure facilities in the Eastwood area, Councillor Swift outlined why he considered the extent of the description of Option 4 and the particular way in which it had been presented, compared to other options, to be substantially biased, this point having not been accepted by the Leader of the Council. Amongst other things, he reported that an expert he had spoken to had voiced concerns about the approach adopted. He also expressed the view that a booklet made available to those consulted had been presented in such a way as to persuade respondents to favour Option 4 but had not made it clear that this was the intention. Councillor Swift asked the Director of Environment if he agreed that if a particular outcome was preferred by officers within a consultation, the promotion of that option should be made clear, adding that he did not mind a biased approach provided it was stated that an option was a preferred one.

The Director of Environment stated that none of the options suggested had been preferred including by officers, stressing that his role was to advise the Council and implement decisions it took. Referring to the booklet, he acknowledged that the way the 4 options had been presented varied. He clarified that it had been decided that the best way to present Options 1 and 2 had been to use existing photographs; that as Option 3 concerned refurbishment, using photographs of the nearest example of The Foundry had been considered appropriate; and that because Option 4 offered the largest facility, there were more opportunities attached to that option compared to the others. Whilst commenting further, the Director of Environment explained that the main issue regarding a new-build facility was identifying a suitable site which had been highlighted in the document, acknowledging the existence of opportunity costs issues associated with that option such as linked to travel and using green space.

The Director of Environment also referred to confusion that he felt existed, clarifying that the exercise was not meant to have been about sites, in respect of which he referred to the terms of a report submitted to the Cabinet dated December 2017 on the condition of Eastwood Park Leisure Centre, Eastwood Theatre and Carmichael Hall and which outlined options for further consideration with regard to future leisure provision and the Eastwood

Park campus more generally. He clarified that, in response to a request from Elected Members, reference to sites had been included, but that he had held concerns that this approach would turn the exercise into one about that issue. He also referred to planning related issues that needed to be considered about site options. The Director of Environment stated that he was unable to comment on the views of the expert whom Councillor Swift had referred to as he neither knew the person nor had seen the comments made by them.

Councillor Grant emphasised that her concern was not about the past but for the future, referring to changing parameters such as the fact that a further extension to St Ninian's High School was no longer being considered in favour of a new school being built. She expressed hope that Eastwood Park would be given serious consideration as the location for the Centre, commenting that local people needed a facility in the Park and that the Park was an obvious site now.

The Director of Environment confirmed that part of his remit was to answer questions, but also referred to his role to guide Elected Members in appropriate directions. He acknowledged that parameters about projects could change such as the position on St Ninian's High School in this case, and explained that he had been concerned that an extension to the School, had it been needed in the Park, could have been compromised by a new facility of the type under discussion. He confirmed that he was looking at what could be done in the Park but also potential obstacles, such as if the existing Centre could remain open during the construction of such a new-build facility. Reference was made to related Freedom of Information requests to be responded to and how this resulted in deflecting some resources from the task under discussion.

In response to Councillor Miller, the Director of Environment clarified that the Member/Officer Working Group linked to the Local Development Plan would be convened as soon as possible, referring to related background research underway such as on school pupil projections. He said that the Group would be convened when sufficient information had been gathered and that it was likely that a few meetings would be convened prior to a report being submitted to the Council.

Having referred to the allegation of bias, Provost Fletcher asked about the selection of the consultant used by the Council, commenting that he understood the organisation to have expertise which it deployed in many countries. The Director of Environment referred to the tender issued for the work, related bids for the contract and the need to ensure that the organisation appointed had the required skill base. Whilst commenting on the careful selection of Turner and Townsend, the Director of Environment referred to their experience including on an international basis, clarified that they had been used for work carried out in 2014, and that it had made sense to use them again. Provost Fletcher welcomed the explanation provided and reassurance given, even if some had not liked the outcome of their work. Whilst expressing a personal and political preference for any new facility being in the Park, he highlighted the need to be open minded to the possibility of a better option being suggested. He argued in favour of a solution that was good not only for the Council but also the local community.

Having stressed that he had considered the consultation to be biased, rather than the consultants used, Councillor Swift expressed concern regarding the lack of a scoring mechanism proscribed for sub-domains which would have enabled the analysis provided to be explained, understood and checked rather than a subjective approach having been adopted in his view. Having stated that he would welcome the site of any new facility to be within Eastwood Park, he sought an update on progress on the preparation of the masterplan for the Park, including the current position, which organisations had approached the authority to assist with it, and when the Plan would be ready.

In response, the Director of Environment explained that the exercise required a considerable input in terms of resource, clarified that he was leading this work himself rather than another member of his senior management team, and referred to on-going discussions that were well underway between him and a particular provider through Hub West with a view to a contract being awarded. He acknowledged that Elected Members were seeking the submission of a report to the Council on the outcome of the work as soon as possible, estimating when it might be possible to do so later in the year subject to sufficient progress being made. Referring to local interest in the issue, Provost Fletcher commented that it would be preferable if a report could be submitted as soon as possible, whilst acknowledging the complexity of the matter.

The committee, having heard Councillor Miller thank the Director of Environment for attending, noted the position and clarification provided.

### **EAST RENFREWSHIRE CULTURE AND LEISURE TRUST AND COUNCIL ACTION PLAN**

**764.** Under reference to the Minute of the meeting of 22 November 2018 (Page 635, Item 699 refers), when it had been agreed that a further update on the joint action plan prepared by the East Renfrewshire Culture and Leisure Trust (ERCLT) to be considered by the Joint ERCLT Board in December 2018 and the outcome of discussions on the plan and related changes made to it at that meeting be submitted to this meeting, the committee considered a report by the Director of Education providing the update requested. A copy of the updated action plan, approved by the Board, was attached as an appendix to the report. The report clarified that regular updates on the implementation of the plan were to be presented to the Board biannually, with the next update scheduled to be submitted to it in June 2019.

The committee agreed to note the report.

### **CONSULTANCY EXPENDITURE 2013/14 AND 2014/15**

**765.** Under reference to the Minute of the meeting of 22 November 2018 (Page 632, Item 696(ii) refers), when the committee had agreed to progress some work on the extent of departmental expenditure on external consultants and feasibility studies and possibly legal advice, the reasons for such expenditure and which consultants had been used; and that, in the first instance, the Clerk submit a report on the committee's previous work on consultancy costs relating to 2013/14 and 2014/15 which had been completed during the previous Administration to allow further discussion to take place on how to proceed, the committee considered a report by the Clerk on the expenditure incurred covering those two financial years and related issues.

The report reiterated concerns expressed by the Chair at the meeting of the committee held in November 2018, and also at the meeting of the Council held on 31 October 2018 prior to that, regarding the extent to which external consultants were being used by the authority, which the committee had agreed would be useful to investigate further. Whilst commenting on the background to the committee's previous work, the report explained that one aim of that work had been to seek clarification on whether or not the Council was making greater use of consultants than compared to the period of time between April 2009 and March 2013 covered by a national External Audit report on *Scotland's Public Sector Workforce*. The report made reference to how the committee's previous work had been progressed in two stages, the types of information gathered and collated, and how issues relating to legal services costs had been dealt with and discussed further. The conclusions drawn were summarised.

Whilst providing further clarification, the Clerk commented further on the background to the work, the specific issues in which interest had been taken, and the conclusions drawn and relayed to the Chief Executive for her review and interest together with a note of the observations made by the committee on the value of such analysis by departments on an ongoing basis to ensure Best Value was secured. She reminded Members that in December 2018 the Council had agreed to reduce the threshold for allowing the Director of a procuring department to appoint consultants under Clause 19 of the Council's Contract Standing Orders from £50k to £10k, and to approve related logging arrangements. Thereafter the Clerk sought clarification from the committee on how it wished to proceed.

Councillor Grant commented on the challenges of defining consultancy, the use of appropriate account codes for such expenditure, and concerns she had expressed before about experienced staff with expertise leaving the Council, such as through early retirement, which she did not necessarily always consider the most appropriate action. Thereafter, whilst referring to various issues on the use of consultants including the value of assessing such expenditure if it was considered extensive, Provost Fletcher highlighted that, given its size, the Council did not always have sufficient officers in post with the appropriate skills to undertake some projects depending on their complexity, citing the example of work on City Deal projects and referring to the inevitability of requiring consultants in certain circumstances. He suggested that if there were concerns regarding expenditure on consultants, as a minimum the relevant director and convener should discuss this.

During further discussion, Councillor Swift supported reviewing the log referred to previously at the end of the next financial year, adding that it would be interesting to review what fell below the £10k threshold also and the nature of such expenditure.

The committee, having heard Councillor Miller and Councillor Ireland thank the Clerk for the comprehensive report she had prepared, agreed:-

- (a) in the first instance, at the end of the 2019/20 financial year to review the content of the log the Council had recently agreed to establish in relation to the appointment of consultants and related issues; and
- (b) otherwise, to note the report and related comments made.

## **INTERNAL AUDIT PLAN 2018/19 - IMPLEMENTATION PROGRESS REPORT – OCTOBER – DECEMBER 2018**

**766.** The committee considered a report by the Chief Auditor regarding progress made on the implementation of the 2018/19 Internal Audit Plan from 1 October to 31 December 2018. It was confirmed that during the quarter fifteen audit reports relating to planned 2018/19 audit work had been issued, that all responses received had been satisfactory, and that management responses for two audit reports remained to be received the due date for which had not yet passed. Reference was also made to the quarterly performance indicators (PIs) for the section, and three requests for assistance or queries dealt with using contingency time.

The Chief Auditor commented on the Creditor Payments audit report, through which it had been confirmed that good progress had been made by the Creditors Team which had fully implemented thirty-seven out of forty-one recommendations made in a previous report and was progressing implementation of the remaining four. She referred to debtors' accounts totalling approximately £33k raised to recover erroneous or duplicate payments which remained outstanding. The Chief Auditor also commented on one low risk recommendation contained in an Education follow-up report which had not been accepted by management and which related to a small number of pupils aged between 8 and 12 only.



Whilst commenting on the use made of contingency time, the Chief Auditor confirmed that one request was made by the Environment Department regarding verification of figures submitted within a Climate Change Report prior to its submission to the Scottish Government; and that a further issue which was ongoing related to a contract tendering matter. The third matter concerned a small sum of missing cash and an Apple TV box.

The Chief Auditor confirmed that one of the quarterly PIs had not been met due to delays in receiving feedback on reports from some departments, adding that she might need to review the PI in view of that. In response to Councillor Swift, she clarified that work on the Housing Benefit/Universal Credit audit was ongoing. She also clarified that she hoped, in the near future, to recruit a temporary member of staff to cover a post due to a member of her team having recently been seconded for two years.

The committee, having heard Councillor Miller thank the Chief Auditor for the comprehensive report she had prepared, agreed:-

- (a) not to seek any of the reports issued in the quarter at this stage over and above the follow-up reports already made available to them; and
- (b) otherwise, to note the report and related comments made.

CHAIR

