

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

**Minute of Meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 21 November 2019.**

**Present:**

Councillor Stewart Miller (Chair)  
Councillor Barbara Grant (Vice Chair)

Councillor Charlie Gilbert  
Councillor Jim Swift

Councillor Miller in the Chair

**Attending:**

Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Michelle Blair, Chief Auditor; Sarah Janes Hayes, Customer Services Manager; Colin McMenemy, Education Admissions and Development Manager; Linda Hutchison, Clerk to the Committee; Charles Leleux, Scrutiny and Evaluation Officer; and Ron Leitch, Committee Services Officer.

**Apologies:**

Provost Jim Fletcher and Councillor Annette Ireland.

**DECLARATION OF INTEREST**

**1103.** Councillor Grant declared a non-financial interest in relation to Item 1110 by virtue of the fact that she was a member of the East Renfrewshire Culture and Leisure Trust Board.

**CHAIR'S REPORT**

**1104.** The Chair reported that Elaine Barrowman, who had been Audit Scotland's Senior Audit Manager for the Council for approximately 3 years, was leaving her current External Audit position to take up a new post within Audit Scotland. He took the opportunity to put on record his personal thanks and those of the committee to her for all the work she had done for the Council and, in particular, the support she had provided to him, the Vice-Chair and other members of the committee, wishing her well for the future. It was clarified that Ms Barrowman's successor remained to be appointed

The committee noted the position and that either the Chair or the Clerk would confirm to the committee in due course who had been appointed to succeed Ms Barrowman.

## INTERIM TREASURY MANAGEMENT REPORT 2019/20

**1105.** Under reference to the Minute of the meeting of 15 August 2019 (Page 901, Item 972 refers), when the committee had noted the Treasury Management Annual Report for 2018/19 and recommended to the Council that the organisations specified in that report for investment of surplus funds be approved, the committee considered a report by the Head of Accountancy (Chief Financial Officer) on treasury management activities for the first six months of 2019/20.

The report explained that, in line with the CIPFA Code of Practice on Treasury Management 2017, the Audit and Scrutiny Committee was responsible for ensuring effective scrutiny of the Council's treasury management activities. In accordance with that requirement, the interim Treasury Management Report for 2019/20 was attached to the report for consideration.

Regarding the investment of surplus funds, the Head of Accountancy confirmed that the Council was operating in accordance with permitted arrangements agreed in February 2019. Having referred to the period covered by the report, she highlighted new borrowing by the Council of £20m from the Public Works Loan Board (PWLB) and the extent to which other loans had been repaid. She added that, unexpectedly, on 9 October 2019 the Treasury and PWLB had announced an immediate increase in the PWLB interest rate of 1%, confirming that the Council had secured the £20m of planned borrowing at the previous, lower rate prior to that. Like all other local authorities, the Council now had to reassess its longer term borrowing and capital investment plans to reflect this change, but the current PWLB interest rate remained favourable.

It was confirmed that COSLA was making representations to the Treasury on the potential impact of the recent interest rate increase, and that the Council would also take advice from its treasury advisers on any alternative, cheaper sources of borrowing. Members would be kept updated as the position evolved.

In response to Councillor Grant who sought clarification on the period of the new PWLB loan, the Head of Accountancy confirmed it was approximately 45 years during which time the rate of interest would remain fixed.

The committee agreed:-

- (a) to **recommend to the Council** that the organisations for investment of surplus funds be approved in accordance with Appendix 2 to the report;
- (b) to note the unexpected increase in the cost of borrowing from the Public Works Loan Board; and
- (c) otherwise, to note the report and related comments made.

## INTERNAL AUDIT PLAN 2019/20

**1106.** The committee considered a report by the Chief Auditor regarding progress made on the implementation of the 2019/20 Internal Audit Plan from 1 April to 30 June 2019. It was confirmed that during the quarter nine audit reports relating to planned 2019/20 audit work had been issued, that the management response to one of them had yet to be received, and that details of one report issued in 2018/19 had been included, the management response to which had not been received when the previous progress report was considered. Reference was also made to the quarterly performance indicators (PIs) for the section, and four new requests for assistance dealt with using contingency time.

The report proposed that the planned audit of Council Tax recovery and enforcement; and work in relation to the National Fraud Initiative be deleted from the 2019/20 Audit Plan.

The Chief Auditor confirmed why the proposed changes to the Plan were being recommended. Regarding the four requests for assistance dealt with using contingency time, she confirmed that two related to theft of assets from Council premises, both of which had been reported to the police. A review of data migration from the old finance system to the new system had also been carried out using contingency time.

In response to Councillor Swift who asked if Internal Audit offered any security recommendations such as to departments which had been victims of the theft of assets, the Chief Auditor reported that this was provided in appropriate circumstances.

The committee agreed:-

- (a) not to seek any of the reports issued in the quarter at this stage;
- (b) to approve the deletion of the council tax recovery and enforcement audit and work in relation to the NFI from the 2019/20 Audit Plan on the basis proposed; and
- (c) otherwise, to note the report and related comments made.

## **SCHOOLS ADMISSION POLICY AND EDUCATION APPEALS SYSTEM**

**1107.** Under reference to the Minute of the meeting of 15 August 2019 (Page 904, Item 975 refers), when it had been agreed that the Education Appeals system was a low priority issue for detailed scrutiny for the time being, to revisit the issue in 2021/22, and in the interim to invite appropriate officers to make a presentation to the committee, for information, on the schools admission policy and Education Appeals system, Councillor Miller welcomed Colin McMenemy, Education Admissions and Development Manager, and Sarah Jane Hayes, Customer Services Manager, to the meeting.

The Education Admissions and Development Manager outlined various statutory obligations placed on the Council with regards to school admissions and placing requests. He made particular reference to the Education (Scotland) Act 1981 which placed duties on local authorities in respect of placing requests; and the Education (Scotland) Act 1980 which required authorities to secure adequate and efficient provision for school education in their area. It was clarified that local authorities were not expected to employ extra teachers or extend buildings to meet placing requests.

The Education Admissions and Development Manager referred to policies the Council had in place in respect of the admission to, and transfer of pupils from, the primary to secondary sector; to deal with the submission of applications from East Renfrewshire parents and carers for places for pupils in school catchment areas; and also to deal with the submission of placing requests by either East Renfrewshire parents and carers seeking a place at a non-catchment school or by residents outwith East Renfrewshire. Having clarified that the catchment area and placing request application processes ran in parallel, he outlined the sequence of events regarding each one and related timescales. With regards to placing requests, he referred to the criteria used to allocate places in the event of an oversubscription of requests by catchment and non-catchment areas. Some recent policy changes were referred to, including limiting parents to making one appeal per annum.

It was emphasised that the right for a parent/carer to send their child to a publicly funded school by means of a placing request and for any applicant to appeal if their placing request was refused were enshrined in law and therefore outwith the control of the Education Department. The Education Admissions and Development Manager confirmed that local authorities had a legal responsibility to grant placing requests, except when statutory grounds for refusal existed. The Appeal Committee was the route an appellant could take if they were not satisfied that a statutory ground for refusal existed. When the decision was upheld, the appellant could appeal to the Sheriff Court.

Statistics were provided on the number of catchment area applications made for Primary 1 and Secondary 1 for those seeking places in August 2019. In respect of both 2017/18 and 2018/19, statistics were also provided on the significant numbers of placing requests received and appeals made. The Education Admissions and Development Manager concluded by referring to the extent the Council prioritised placing requests from East Renfrewshire residents.

The Customer Services Manager gave an overview of the involvement of Customer First in discharging the role of Clerk to the Education Appeals Committee during which she outlined the overall appeals process and related timescales. She highlighted the extent to which liaison was required between Customer First, the Education Department, the Corporate and Community Services Department's Business Support Unit and Legal Services on the planning and operation of the committee. It was confirmed that the committee comprised two Elected Members and one lay person, considered both statutory and discretionary elements of cases, and heard the cases submitted by both the Education Department and the appellant in support of their case. It then made its decision without representatives of Education being present, with the decision being confirmed in writing within 7 days.

During a widespread discussion, Councillor Grant asked if it was possible to highlight to parents more clearly from the outset when there were no surplus places available at particular schools, arguing that this could reduce the number of appeals submitted. The Education Admissions and Development Manager explained that under current legislation parents had a right to submit an application for a place at any school, even if no surplus places were available. He also referred to the importance of acting in a way that upheld parents' rights and of not prejudging appeals, despite few being successful. Councillor Grant added that she was not suggesting that people should be told not to appeal, just that information could make the position on schools clearer which might impact on the number of appeals submitted. The Education Admissions and Development Manager undertook to consider the position.

Councillor Miller raised the issue of the "Balfron Rule" under which local education authorities were entitled to reserve a reasonable number of places for children moving into each school's catchment area, and asked if there was any merit in increasing the number of places reserved. The Education Admissions and Development Manager explained that the Education Department regularly reviewed the number of reserved places to ensure they met any reasonable unforeseen demand, but that it would be difficult to defend reserving too many. He clarified that in the case of St Ninian's High School, the Council had had to implement its oversubscription policy. The challenges linked to the placing request deadline predating the end of March when it would be known how many pupils had applied to each school was commented on.

Councillor Miller argued that there could be merit in levying a charge for submitting a placing request which could be refunded in the event of it being successful, but acknowledged that this was not currently permissible in law. He asked if officers felt such a scheme would result in a reduction in the number of speculative placing requests made. The Customer Services Manager expressed the view that there was no reason to suggest that this would be the

case. Reference was made to the fact that some appellants failed to attend appeal hearings when they pursued appeals, this being an issue that was hard to overcome but which impacted on both officer and Elected Members' time.

In response to Councillor Grant who expressed concern regarding the proposal under consideration by the Scottish Government to transfer administration of the Education Appeals system from local authority control to the Scottish Tribunals system, the Education Admissions and Development Manager explained that this proposal had been put forward to address a view that the current system was not parent friendly and also took account of another independent appeals tribunal which dealt with appeals concerning service provision for children with additional support needs (ASN). The proposal to extend the model to encompass Education Appeals from 2021 had been the subject of consultation. Reference was made to concerns expressed on the proposals, and issues raised about the ability of such a system to cope with the volume of appeals concerned. It was understood that, at least for the time being, the proposal was not being actively pursued.

In response to Councillor Swift who referred to concerns he held regarding the current placing request criteria which was impacting on some local parents who were no longer necessarily able to secure places for all of their children at the one school following changes to catchment areas, the Education Admissions and Development Manager explained that legislation specifically prevented a local education authority from discriminating between catchment and non-catchment area children who had siblings in a school already.

The committee, having heard Councillor Miller thank the Education Admissions and Development Manager and the Customer Services Manager for an interesting and informative presentation, noted the position and the committee's intention to revisit the issue of Education Appeals in 2021/22 as agreed in August.

## **INVESTIGATION ON INCOME GENERATION AND COMMERCIALISATION – FINAL DRAFT REPORT**

**1108.** Under reference to the Minute of the meeting of 26 September 2019 (Page 972, Item 1050 refers), when it had been agreed to note progress on the committee's investigation on income generation and commercialisation opportunities within the Council, the committee considered a report by the Chief Executive on the final draft report on the investigation.

Having referred to the aims and objectives of the investigation which had been undertaken between July and October 2019, and the submission of interim progress reports to the committee in August and September 2019, it was clarified that members of the committee had been actively involved in the review which included convening meetings between the committee and Council departments at which a range of common themes had been discussed. Consideration had also been given to various briefing papers compiled containing guidance from national organisations; comments on existing areas of income generation and potential areas for generating new income streams; and examples of good practice from other councils both in Scotland and England. A final informal meeting of the committee had been convened in October to determine what the committee wished to comment and make recommendations on.

The recommendations arising from the review were set out in Appendix 1 to the committee's report, the main proposal being that a policy on income generation and commercialisation for the Council should be developed supported by a cross-departmental team to implement the policy and an associated action plan. It was argued that such an approach, which was already in operation within the Environment Department and commonly used by other councils, placed greater focus on income generation and a culture of commercialisation.

The Scrutiny and Evaluation Officer was heard in respect of the report during which he asked if any final amendments to the report were proposed. No amendments were suggested, but comments were made on related issues.

Councillor Grant commented that the Environment Department was the most likely one to pursue income generation, making reference to parking charges at car parks near railway stations and the potential to generate income from advertising near cycle lanes.

Councillor Swift referred to the Charging for Services reports submitted by departments to the Cabinet annually, expressing the view that it would be helpful if they provided clearer information on the extent to which the Council subsidised costs of services. The Head of Accountancy (Chief Financial Officer) explained that departments were now expected to explain the reasons for charges, such as if they were linked to a statutory requirement or to fully or partially recover costs. Other issues commented on by Councillor Swift included that he did not fully agree with a view held by the Education Department to the effect that Easter Schools could widen the attainment gap between pupils from disadvantaged areas and those from more affluent ones on the basis of ability to pay; that there could be opportunities for income from factoring linked to new-build housing developments aimed at reducing the responsibility the Council had to maintain green spaces; and that wind turbines were a potential source of income.

With regard to grounds maintenance, the Chief Auditor explained that an audit report covering this issue would be finalised shortly and be commented on further in her next quarterly progress report. She added that the report would include comments on a number of areas which were not in the Council's ownership but which were maintained by it.

The committee agreed:-

- (a) to approve the final draft report on its investigation on income generation and commercialisation opportunities within the Council as submitted, including related recommendations in accordance with Appendix 1 to the report, for submission to the Cabinet;
- (b) that in due course a progress report on the implementation of those recommendations on income generation and commercialisation which were accepted by the Cabinet be requested and submitted to the committee; and
- (c) that officers be made aware of the other comments made at the meeting on various issues as appropriate.

## **INVESTIGATION ON CLIMATE CHANGE**

**1109.** Under reference to the Minute of the meeting of 26 September 2019 (Page 971, Item 1049 refers), when it had been agreed that climate change would be the next high priority issue to be the subject of a scrutiny and evaluation review by the committee subject to further discussion, the committee considered a report by the Chief Executive on the proposed scope and timeline of the investigation.

Having highlighted that climate change had the potential to be a very broad subject area, the report proposed that the committee provide advice on some specific issues to feed in to activity already underway to refresh the Council's Environmental Sustainability Strategy and Action Plan 2015 – 2018. In terms of background to the review, issues commented on included that the Environment Department was participating with Glasgow City Region partners through the Climate Ready Clyde consortium to prepare for climate change and its

impacts; that there was increased publicity on climate change on various issues including the declaration of a national climate emergency by the First Minister of Scotland in April 2019 and the setting of a target of 2045 for Scotland to have net zero carbon emissions; and carbon neutral and climate emergency declarations made by various local authorities. Reference was made to work that would be required if the Council was to become carbon neutral in terms of policy initiatives and coordination of various activities. It was commented that climate change was a cross-departmental issue and that, while the Environment Department was taking a lead role, the subject matter impacted on all departments. Engagement and participation of citizens and businesses in the public debate on climate change was also regarded as critical to the success of the new strategy.

The proposed scope of the review was specified in the report. Amongst other things, it was proposed that the review focus on assessing the level of awareness within departments of the importance of addressing climate change; if there was a need to review governance arrangements within the authority associated with addressing climate change issues to ensure this was pursued effectively; the extent to which adequate targets have been set and are being considered and developed further to address climate change; and assessing the level of existing capacity and expertise to enable climate change issues and related targets to be pursued.

The committee, having heard the Scrutiny and Evaluation Officer in respect of the proposal and following a brief discussion, approved the proposed scope and timeline of the investigation on climate change, which would be carried out in support of the refreshed Environmental Sustainability Strategy and Action Plan.

## **EAST RENFREWSHIRE CULTURE AND LEISURE TRUST – BEST VALUE-TYPE REVIEW**

**1110.** Under reference to the Minute of the meeting of 15 August 2019 (Page 904, Item 974 refers), when it had been agreed to approve the deletion of the audit of the operation of the Culture and Leisure Trust from the 2019/20 Internal Audit Plan and noted that the Scrutiny and Evaluation Officer would instead progress a Best Value-type review on the Trust the findings of which would be reported to the committee in due course, the committee considered a report by the Chief Executive regarding the scope and timeline of the review, a copy of which was appended to the report.

It was explained that both had already been agreed by the Council's Chief Executive, the Director of Education and the Chief Executive of the Trust, the purpose being to look at what had worked well since the Trust had been established in 2015 as well as what could be improved for the future.

In response to Councillor Grant who commented on a backlog of maintenance and repairs at Trust-managed properties which led to users seeing some properties in a poor state of repair, the Head of Accountancy (Chief Financial Officer) advised that this matter had been discussed at a recent meeting of the Trust Board and also at a meeting of the Corporate Asset Management Group as a result of which steps were being taken to address the situation.

The committee noted the scope and timeline of the Best Value-type review of East Renfrewshire Culture and Leisure Trust, the findings of which would be reported to the committee in due course.

