

MINUTE
of
AUDIT & SCRUTINY COMMITTEE

Minute of Meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 22 November 2018.

Present:

Councillor Stewart Miller (Chair)	Councillor Annette Ireland
Councillor Barbara Grant (Vice Chair)	Councillor Jim Swift
Councillor Charlie Gilbert	

Councillor Miller in the Chair

Attending:

Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Phil Daws, Head of Environment (Strategic Services); Michelle Blair, Chief Auditor; Linda Hutchison, Clerk to the Committee; and Jennifer Graham, Committee Services Officer.

Apologies:

Provost Jim Fletcher and Councillor Jim McLean.

REQUEST TO RECORD PROCEEDINGS

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

DECLARATIONS OF INTEREST

695. Councillor Grant declared a non-financial interest in relation to Item 699 by virtue of the fact that she was a member of the East Renfrewshire Culture and Leisure Trust Board.

CHAIR'S REPORT

696. The following matters were raised during the Chair's report:-

(i) Specialisation Arrangements

Under reference to the Minute of the meeting of 21 June 2018 (Page 452, Item 481(ii) refers), when it had been noted that the committee's specialisation arrangements for dealing with internal and external audit reports and inspection reports were to be reviewed after their first full year of operation, the Chair reported that the Clerk had analysed the reports dealt with since May 2017, the findings being that some Members had dealt with

more reports than others. He proposed that Members' views be sought on the analysis and any preferences they might have in terms of their remits in future with a view to any changes being formally submitted to a future meeting for consideration.

(ii) Consultancy Costs

Under reference to the meeting of the Council held on 31 October 2018 when the Chair had expressed concern regarding the extent to which external consultants were being used by the Council, he suggested that it would be useful for the committee to investigate this matter further to ascertain how much each department had been spending on external consultants and feasibility studies and possibly legal advice over the past three years as well as the reasons for doing so. Having referred to some work concluded by the committee previously on this issue covering the financial years 2013/14 and 2014/15, he proposed that in the first instance the Clerk submit a report on the previous work completed to the next meeting and that it be discussed then how further work could be progressed.

The committee agreed:-

- (a) that the Clerk circulate and seek the views of Members of the committee on the analysis done on the number and type of internal and external audit reports, as well as inspection reports, each Member had dealt with since 2017; and also any preferences they might have on their remits in future with a view to any proposed changes being formally submitted to a future meeting for consideration; and
- (b) regarding consultancy costs:-
 - (i) to progress some work on the extent of departmental expenditure on external consultants and feasibility studies and possibly legal advice; the reasons for doing so; and which consultants had been used; and
 - (ii) in relation to (b)(i) above that, in the first instance, the Clerk submit a report to the next meeting on the committee's previous work on consultancy costs covering 2013/14 and 2014/15 to allow a discussion to take place then on how the committee might progress further work on this issue.

INTERIM TREASURY MANAGEMENT REPORT 2018/19

697. Under reference to the Minute of the meeting of 16 August 2018 (Page 489, Item 541 refers), when the committee had noted the Treasury Management Annual Report for 2017/18 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 2018/19.

The report explained that, in line with the revised CIPFA Treasury Management Code of Practice 2011, 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 2018/19 was attached to the report for consideration.

The Head of Accountancy explained that the report reflected the debt position and movement in investments over the preceding 6 months, clarifying that during that period debt totalling £1.28 million had matured with the Public Works Loan Board. She also clarified that no changes were proposed to the list of organisations for the investment of surplus funds, and that the Council was operating in accordance with permitted arrangements agreed in March 2018. Commenting on reference within the report to new Regulations to be introduced by the Money Market Fund sector with effect from the start of 2019, she advised that this impacted on how issues were classified rather than on investments themselves.

Councillor Swift raised concerns regarding the management of the Council's funds, specifically future debt in relation to schools and the leisure centre and associated with house building; and the related revenue implications of such capital projects. The Head of Accountancy confirmed that specific funding for possible new schools and leisure facilities had not yet been included in the Capital Plan but that this and any associated revenue implications would be reviewed in preparation for the Council's budget meeting in 2019. She commented that it was expected that Government grants would be available to assist with school building projects and, whilst referring to housebuilding and the related demand for other facilities, commented on how developer contributions could help alleviate the cost of these. Whilst commenting on the Local Development Plan 2 (LDP2), the Head of Accountancy clarified that work on this had not yet reached the stage at which capital expenditure would be considered.

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 **recommend to the Council** the continuing use of Money Market Funds in light of the new Regulations coming into effect from early 2019; and
- (c) otherwise, to note the report and related comments made.

RATIONALISATION OF COUNCIL PROPERTIES

698. Under reference to the Minute of the meeting of 21 June 2018 (Page 452, Item 481(iii) refers), when it had been agreed that a report be sought on the rationalisation of Council property and buildings, the committee considered a report by the Director of Environment on work being undertaken on this issue.

Having referred to the Council's entire office accommodation portfolio both owned and rented, the classification of its 115 operational properties, and the extent to which they were educational, licenced to the Culture and Leisure Trust, depots or stores, the report focussed on the remaining 38 operational properties. It was highlighted that since the portfolio had been acquired over time, its usage had changed substantially including due to the authority's smaller workforce; technological changes; changing customer behaviour; and the creation of new buildings. Consequently some buildings were surplus to requirements including Lygates, the Dickie Building, Capelrig House, the McGuire Building and former Clarkston Social Work office.

Reference was made to efforts being made to dispose of or identify alternative uses for properties deemed surplus to requirements, following which the report provided details of actions taken to dispose of some or refurbish others to facilitate appropriate effective usage. Properties deemed significant in terms of their value or previous use were then commented on in detail.

The report also commented on a corporate approach to office accommodation adopted through which all non-education building property budgets would transfer to the Environment Department from April 2019 which would become responsible for furniture, costs, usage and monitoring. Key components of this corporate landlord approach were itemised which included moving away from the standard ratio of one desk per employee; and using modern technology to enable efficient, agile working.

Reference was also made to work undertaken in 2017 to develop options to be considered in developing an accommodation strategy detailing properties the Council wished to retain or dispose of, and how it wished to use them, this work having been commissioned to advise and inform the Director of Environment and CMT on the development of a strategy prior to the formulation of recommendations. Through this assessment it had been concluded that the Spiersbridge property required additional investment to facilitate more effective, agile working, the required work having been carried out since then.

Reference was made to work on the accommodation strategy to be progressed in 2019, and the specific terms of a related report the Director of Environment had submitted to the Council in October 2018 on options for such a strategy. Issues referred to within that report had included the consultants commissioned to prepare a Property Management/ Accommodation Strategy and action for 42 corporate buildings (excluding education and the Culture and Leisure Trust); and options provided by the consultants for the Council's office accommodation needs in 2020 and beyond. It was explained that the Director of Environment's report had concluded that the immediate priorities for his department were the delivery of the Early Years programme, leisure centre proposals for the Eastwood area, and addressing the emerging education requirements in relation to LDP2. The Council had noted the consultant's report and their recommendations and that the Director of Environment would consider all the issues and report back to the Council during 2019/20 regarding formal approval of the accommodation strategy.

The Head of Environment (Strategic Services) was heard in further explanation during which, in reply to Councillor Grant who commented that Capelrig House had been available for community use at one stage, he undertook to explore if it could be brought back into use in this way, adding however that community groups had not requested this. Also in reply to Councillor Grant, having heard the Head of Strategic Services undertake to check if revealing the annual cost of the Lygates building would be releasing commercially sensitive information, Councillor Swift quantified the approximate costs.

Following discussion on the ownership of the Dickie building and the land on which it was built, on the suggestion of Councillor Miller, the Head of Strategic Services undertook to explore if demolition and releasing the land for housing was an option, expressing some concern regarding access which was not ideal. In reply to Councillor Swift who enquired if Spiersbridge could be vacated in favour of officers using the Dickie building, he commented on the relative size of the two properties, clarifying that early release from the Spiersbridge lease could not be secured.

Having heard Councillor Miller welcome the introduction of the corporate landlord approach and Councillor Ireland welcome the proposed use of the McGuire building, in response to her, the Head of Environment commented that making the Clarkston Social Work Office available for community use could be explored as an option should the request from the NHS to lease it not proceed ultimately.

On an associated matter, Councillor Swift raised issues regarding consultants' reports, such as their neutrality, expressing the view that the conclusions seems pre-specified and predetermined at times, specifically citing the consultation on the leisure centre. He proposed that the Director of Environment be invited to a future meeting to enable related issues to be raised with him.

The committee, following discussion:-

- (a) noted that the Head of Environment (Strategic Services) would consider the comments and suggestions made at the meeting, such as regarding the future use of Capelrig House, the Dickie Building and the Clarkston Office;
- (b) agreed that the Director of Environment be asked to attend a future meeting of the committee to enable issues in relation to consultation reports commissioned and prepared on accommodation issues to be raised with him, specifically in relation to the leisure centre consultation but also any other issues regarding such reports raised by members of the Committee;
- (c) noted in relation to (b) above that the Clerk would seek further clarification from Members of the committee on the specific issues to be raised with the Director of Environment to allow these to be passed to him in advance to enable him to prepare for the meeting; and
- (d) otherwise, noted the report and associated comments made.

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Having declared an interest in the following item Councillor Grant left the meeting prior to its consideration and took no part in the discussions and decision.

JOINT EAST RENFREWSHIRE CULTURE AND LEISURE TRUST ACTION PLAN IN RELATION TO INDEPENDENT FINANCE AND BUSINESS CASE REVIEW OF THE TRUST

699. Under reference to the Minute of the meeting of 16 August 2018 (Page 490, Item 543 refers), when it had been agreed that a copy of the joint Action Plan prepared by the East Renfrewshire Culture and Leisure Trust (ERCLT) and the Council be submitted to a future meeting, the committee considered a report by the Director of Education submitting the joint plan, a copy of which was appended to the report.

Having clarified that the plan had been prepared in response to an independent finance and business review of the Trust, it was clarified that the one submitted to the committee was the original one approved by the Trust Board in June 2018 and was overseen by it and a Steering Group comprising the Director of Education, the Chief Financial Officer and the Trust's Chief Executive. Progress on the Action Plan had been reviewed by the Steering Group and this was to be the subject of a report to the Board in December 2018 when the Elected Members who were members of the Board would be able to scrutinise it.

In response to comments, the Head of Accountancy referred to the Council's role to ensure the Trust provided Best Value, the scrutiny of the plan by the Trust Board, related liaison required, and meetings of the Steering Group when progress was reviewed. Having clarified that reports on progress would be submitted to the Trust Board over time, she also referred to the Trust's Business Plan and End of Year Report both of which were submitted to the Council annually providing opportunities for these to be considered.

In response to Councillor Miller, the Head of Accountancy referred to the role of Elected Members serving on the Trust Board, during which she referred to the duty that fell to them in that capacity to make decisions in its best interests. She added that it was in the Trust's interest to succeed and address issues identified in independent recommendations, and confirmed that the Board could make adjustments to the Action Plan if it chose to.

Councillor Swift expressed concern about the Trust's independence, referring to the grants and credit it received from the Council to discharge its functions. Having also expressed concern that Minutes of the Trust Board meetings were not published timeously and on lack of sufficient detail within them which the Head of Accountancy undertook to pass on to the Trust, he also expressed the view that this made scrutiny of its use of resources and efforts to address its deficit difficult. He expressed the view that the Council's Audit and Scrutiny Committee should be provided with regular updates on progress regarding the implementation of the Action Plan, suggesting that this be a standing item on the Agenda.

It was proposed that as the Board was due to consider the updated Action Plan at their forthcoming meeting, in the first instance, a further update on the outcome of any discussions on it or changes to it be provided to the Audit and Scrutiny Committee in January 2019 as far as it was possible to do so.

The committee, following discussion, agreed:-

- (a) that a further update on the Action Plan be submitted to the next meeting reflecting the update to be considered by the Joint ERCLT Board in December and the outcome of discussions on the Plan and related changes made to it at that Board meeting as far as it was possible to do so; and
- (b) otherwise, that the report and related comments made be noted.

Sederunt

Councillor Grant rejoined the meeting at this point.

NATIONAL EXTERNAL AUDIT REPORT – CHILDREN AND YOUNG PEOPLE'S MENTAL HEALTH

700. The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Children and Young People's Mental Health* which under the committee's specialisation arrangements had been sent to Provost Fletcher and Councillor Gilbert for review. The Head of Public Protection & Children's Services (Chief Social Work Officer) had been asked to provide comments and a copy of her feedback was attached to the report. It was explained that the report would also be considered by the Integrated Joint Board (IJB) Performance and Audit Committee on 28 November and was potentially of greater relevance to that committee given its oversight of both health and social care services.

Whilst reporting on key messages within the Audit Scotland report, the report referred to the significant public health challenge presented by mental health and wellbeing concerns, explaining that a clinical response was not always required and that a need for mental health provision to become equivalent to physical health service provision had been identified. Audit Scotland had commented that early intervention and preventative approaches to children and young people with mental health and emotional wellbeing concerns was inconsistent and exacerbated by increased demand. Recommendations made included having clear access to services; improved data and performance information; and better targeting of resources.

Information on current service provision in partnership with others in East Renfrewshire was provided, including on ongoing work with Child and Adolescent Mental Health Services (CAMHS), and on a pilot scheme developed in partnership with Children 1st to provide a Family Wellbeing Service from September 2017. Further information was provided on

planning for future demand, regarding which it was highlighted that CAMHS East Renfrewshire was participating in a quality improvement programme with teams across NHS Greater Glasgow & Clyde, an early action of that programme being to seek to address the reduction in the number of children seen within 18 weeks. Reference was also made to an external evaluation of the Family Wellbeing Service and related issues on the expansion of the service; and a review and redefinition of school nursing provision through a more integrated approach to addressing vulnerability and interventions. Related consultation, partnership working and the implications of various proposals were also commented on.

Councillor Ireland welcomed the approach adopted, including on resourcing family therapy on which feedback had been good. Having heard Councillor Miller comment on staff morale, and turnover which he considered high, Councillor Swift highlighted good work being done by the Health and Social Care Partnership on young people and mental health issues and earlier intervention, adding that the CAMHS system had been congested.

The committee agreed to note the report and related comments made.

INTERNAL AUDIT PLAN 2018/19

701. The committee considered a report by the Chief Auditor regarding progress made on the implementation of the 2018/19 Internal Audit Plan from 1 July to 30 September 2018. The report confirmed the number of reports issued during the quarter and that all responses received had been satisfactory. Reference was also made to the quarterly performance indicators (PIs) for the section.

The Chief Auditor confirmed that, during the quarter, seven audit reports had been issued, one being for the Trust and therefore not for the Audit & Scrutiny Committee, and four being follow-up reports. She highlighted the changes made to the format of the progress report, reminding Members that they could contact her if they wished her to consider fine-tuning it further. Whilst commenting on the use made of contingency time, the Chief Auditor confirmed that one matter dealt with concerned a theft which had been referred to the Police, clarifying that the related audit report had not yet been issued and that further details would be provided in the next quarterly update.

In response to Councillor Swift who referred to the increase in nursery school provision and related payments for the service, the Chief Auditor commented on the parentpay system in place, expressing the opinion that it could probably cope with the increase in provision.

In response to Councillor Grant who expressed concern regarding the lack of a signed Service Level Agreement in place for the administration of Non Domestic Rates by Renfrewshire Council, the Chief Auditor confirmed that this issue had been raised before and that the recommendation made on this recently had been accepted by the Corporate and Community Services Department. Also in response to Councillor Grant who expressed the view that the issues raised on the roads job costing system seemed quite basic ones and voiced concern that they had not been dealt with thus far, the Chief Auditor commented that implementation of the recommendations as soon as possible would be welcomed.

Following discussion, the committee 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.

