

MINUTE
of
AUDIT & SCRUTINY COMMITTEE

Minute of Meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 2 June 2016.

Present:

Councillor Gordon Wallace (Chair)
Councillor Barbara Grant (Vice Chair)
Councillor Gordon McCaskill

Councillor Tommy Reilly
Councillor Charlie Gilbert

Councillor Wallace in the Chair

Attending:

Kim Gear, Corporate Policy Officer; Michelle Blair, Chief Auditor; Linda Hutchison, Clerk to the Committee; and Ron Leitch, Committee Services Officer.

Apologies:

Councillors Paul O’Kane and Ralph Robertson.

DECLARATIONS OF INTEREST

2050. There were no declarations of interest intimated.

CHAIR’S REPORT

The following matter was discussed during the Chair’s report:-

(i) Inspection Reports

Councillor Wallace explained that the Corporate Management Team and Heads of Service had been reminded that members of the committee wished to have sight of all externally prepared inspection reports on Council services on an ongoing basis when they were received, referring to some that were recently circulated. Having confirmed that the reports were not routinely submitted to the committee, he highlighted that issues could be raised or pursued by exception.

The committee noted that if any Members wished, by exception, to raise or pursue any matters further regarding inspection reports, they should contact the Chair or Clerk in the first instance.

CODE OF CORPORATE GOVERNANCE

2051. Under reference to the Minute of the meeting of 4 June 2015 (Page 1478, Item 1570 refers), when the Code of Corporate Governance updates and actions for 2015/16 had been approved, the committee considered a report by the Deputy Chief Executive on progress against improvement actions and seeking approval of a revised code for 2016/17.

The report reiterated the Council's responsibilities for the conduct of its business, defined what the Code of Corporate Governance was, and explained that the proposed updates took account of guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE). The report referred to key requirements with which the Council had to comply and summarised progress on 2015/16 actions, highlighting those which had been completed or carried forward. Of the eight improvement activities listed in the 2015/16 code, seven had been completed and one, relating to the revision of strategy guidance, had been carried forward into the 2016/17 code.

The updated Code of Corporate Governance for 2016/17, setting out arrangements which fulfilled the six governance principles outlined in national guidance, was included as an appendix to the report. Self-assessment of the 2015/16 code against nationally prescribed criteria had found the Council to be fully compliant across all of the six governing principles. The scoring was supported by a positive external Local Scrutiny Plan 2016/17 report prepared by Audit Scotland.

Having commented on the Annual Governance Statement to be published in the 2015/16 Annual Report, the report concluded that the Council continued to be governed by sound management controls and complied with the requirements of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. It was explained that progress on planned actions for 2015/16 had been posted on the Council's website, as would the 2016/17 code subject to its approval by the committee.

The Corporate Policy Officer commented on the report during which she referred to the importance of the Council's governance arrangements and requirements placed on the Council to publish an annual progress summary on the previous year's code as annexed to the report; an annual Code of Corporate Governance update, and to include an Annual Governance Statement in the Council's Annual Report and Accounts. She confirmed that a report on the Local Scrutiny Plan 2016/17 report prepared by Audit Scotland had been submitted to the Cabinet on 2 June 2016.

Referring to requirement 2.4 under Principle 2 of the 2016/17 code which referred to making a senior officer responsible to the authority for ensuring appropriate advice is given on all financial matters, for keeping proper financial records and accounts and maintaining effective systems of internal financial control, Councillor Wallace, supported by Councillor Grant, commented on the situation that had arisen regarding payments to care providers, questioning against this background if there was full compliance on this as the evaluation score suggested there was. In response, the Corporate Policy Officer clarified that the 2015/16 code had referred to there being only partial compliance under requirement 2.4, the improved evaluation reflecting anticipated improvements linked to implementation of the CareFinance system. Councillor Wallace proposed that a copy of the 2015/16 Code of Corporate Governance and related report submitted to the committee be recirculated to allow Members to review the extent of the reference within it to the care providers issue.

Referring to requirement 2.1 on ensuring that those making decisions were provided with information that was “fit for purpose”, Councillor McCaskill, supported by Councillor Wallace, expressed the view that some formal reports prepared by some departments were clearer than others. By way of example, Councillor Wallace commended some reports previously submitted to the committee by officers in the Environment Department which Members had considered to be of a high standard.

The Corporate Policy Officer, in response to Councillor McCaskill, clarified that the “bespoke training on a range of legal issues” referred to under requirement 4.2 of the code covering limits of lawful action and observing legal requirements was that provided to officers rather than Members. Thereafter the Clerk referred to the induction programme implemented for elected Members following the 2012 elections, opportunities for Members to discuss their training needs and request and attend training, and Members’ induction related work to be progressed after the summer recess in preparation for the 2017 local government elections.

Councillor McCaskill referred to the requirement to ensure that individuals from all sections of the community were supported to contribute and participate in the work of the Council, commenting on the lack of community councils in some areas and questioning if enough was being done to encourage new talent. Having heard Councillor Gilbert refer to encouragement provided in the Newton Mearns area, Councillor Wallace expressed hope that through time the number of community councils would increase and referred to the extent to which the position on community councils varied between wards.

Responding to Councillor Grant who sought further clarification on when further information or training on the impact and implications of the Community Empowerment (Scotland) Act 2015 would be provided to elected Members prior to March 2017, the Corporate Policy Officer referred to some briefings for officers, elected Members and others in the community on this, undertaking to provide further clarification for circulation.

The committee:-

- (a) noted progress on the 2015/16 Code of Corporate Governance improvement actions;
- (b) approved the Code of Corporate Governance updates and actions for 2016/17;
- (c) agreed that the Clerk recirculate a copy of the 2015/16 Code of Corporate Governance and related report submitted to the committee to allow Members to review the reference made within it to the issue that had arisen with care providers; and
- (d) noted that the Corporate Policy Officer would provide further information on plans to brief Members on the Community Empowerment (Scotland) Act 2015 for circulation by the Clerk.

NATIONAL EXTERNAL AUDIT REPORT – OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND 2016

2052. The committee considered a report by the Clerk on the publication by the Accounts Commission of a report entitled *Overview of Local Government in Scotland in 2016* which, under the committee’s specialisation arrangements for dealing with external audit reports,

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had been sent to Councillors Wallace and Grant for review. The Head of Business Change and Revenues had been asked to provide comments and a copy of the feedback was attached to the report.

The Accounts Commission report covered a wide range of topics from a national perspective and provided some overarching key recommendations and messages for councils. Issues covered included resourcing and service pressures; performance management; financial planning and budgeting; effective decision making; changes to service delivery and dealing with reduced staff numbers; Community Planning Partnership and arms-length organisations; Health and Social Care Partnerships; consulting with service users and getting communities involved; governance arrangements; and councillor training.

Various aspects of the report were highlighted, including reference made to issues in which the committee had taken an interest, such as workforce planning, and the role of the committee itself. Councillor Wallace referred to themes which ran through more than one report the committee considered, such as training for Members. The Clerk clarified that work undertaken annually to collate Members' training and development records was nearing completion for 2015/16.

Regarding financial planning, Councillor Wallace highlighted the difficulties the Council faced on longer term financial planning when the Scottish Government's financial settlement only covered a single year. Referring to benchmarking data that had been available for 2014/15 on the Council's performance on debt as a percentage of net revenue which showed East Renfrewshire to have the lowest level of 30 councils, he proposed that an update on the current position be requested.

Whilst referring to comments within the report on succession planning discussions within departments for planning purposes and related challenges, Councillor McCaskill emphasised the importance of such issues being discussed by the Corporate Management Team (CMT) also. Councillor Wallace added that workforce planning was an issue for the council, reiterating that the committee's recent observations and comments on consultancy, as conveyed to the Chief Executive, were associated with this.

The committee agreed:-

- (a) that the Chief Financial Officer provide an update on the Council's current performance on debt as a percentage of net revenue relative to other local authorities and that this be circulated by the Clerk on receipt; and
- (b) otherwise, to note the report and the comments made.

NATIONAL EXTERNAL AUDIT REPORT – COMMUNITY PLANNING – AN UPDATE

2053. The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Community Planning – An Update* which, under the committee's specialisation arrangements for dealing with external audit reports, had been sent to Councillors Wallace and Robertson for review. The Deputy Chief Executive had been asked to provide comments and a copy of the feedback was attached to the report.

The report referred to three recommendations for Community Planning Partnerships (CPPs) within the national report, clarifying that these related to targeting resources and focusing on prevention; ensuring communities have a strong voice; and public service reform. Reference was made to the wider context for these recommendations and how East Renfrewshire CPP was placed currently to meet the requirements.

Councillor Wallace highlighted that the balance of the thirteen recommendations in the Audit Scotland report were directed at the Scottish Government and COSLA. Having heard Councillor Grant reiterate that planning of any type, including community planning, was problematic when there was uncertainty over the level of future financial resources at the authority's disposal, Councillor Wallace highlighted that some of the recommendations made focussed on preventative measures and cited examples of good community planning initiatives within East Renfrewshire including the Early Years Strategy, the HSCP and the City Deal initiative. Making reference to comments made on integrated health and social care services to support the growing number of people living in East Renfrewshire with disabilities and long-term conditions, he proposed that further clarification and information be sought on whether or not this demographic trend was peculiar to East Renfrewshire and on the support provided to this client group. Discussion also took place on the extent to which pupils attending Isobel Mair School resided locally or otherwise, related issues and services provided outwith East Renfrewshire to support those living in the authority's area.

Regarding the recommendation that CPPs should ensure that local communities have a strong voice in planning, delivering and assessing local public services, Councillor Grant referred to the importance of ensuring that the views of communities are not only sufficiently heard but also acted upon.

During discussion on the value of using plain English in reports and avoiding the use of jargon which could be a hindrance, it was proposed that further clarification be sought on the term 'turning the curve' referred to within the report.

The committee agreed:-

- (a) that further clarification be sought and circulated on demographic trends linked to the growing number of people living in East Renfrewshire with disabilities and long term conditions as proposed and the types of support services provided to this client group;
- (b) that, in the context of the value of using plain English in reports, further clarification be sought on the term 'turning the curve' referred to within the report; and
- (c) otherwise, to note the report and comments made.

NATIONAL EXTERNAL AUDIT REPORT – PROCUREMENT IN COUNCILS – IMPACT REPORT

2054. The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Procurement in Councils – Impact Report* which, under the committee's specialisation arrangements for dealing with external audit reports, had been sent to Councillors Wallace and Grant for review. The Chief Officer (Legal and Procurement) had been asked to provide comments and a copy of the feedback was attached to the report.

Having referred to the report prepared by Audit Scotland in April 2014 *Procurement in Councils* following an audit of all 32 local authorities and Scotland Excel which had assessed whether councils were efficiently and effectively managing how they procured goods and services, the report clarified that the impact report had reassessed the position of the Scottish Government, Scotland Excel and councils in relation to the recommendations made in the 2014 report. Feedback on progress made by the Council was provided, including on

earlier engagement with suppliers and service users regarding the development of contract specifications; the calculation of procurement savings; better use of market research; examining the benefits of joint working to secure economies of scale; collaborative contracts; benchmarking on staff issues; and use of Public Contracts Scotland (PCS).

Councillor Wallace commented that he was unclear what the PECOS system referred to in the report was. Thereafter having heard Councillor Grant comment that she remained uncertain if the Council's participation in Scotland Excel provided value for money, Councillor McCaskill proposed that further information on related savings achieved be requested.

The committee agreed:

- (a) that the Chief Officer (Legal and Procurement) provide further clarification on what the PECOS system referred to in the report is and that this be circulated by the Clerk on receipt;
- (b) that the Chief Officer (Legal and Procurement) provide further information on savings associated with the Council's participation in the Scotland Excel arrangements and the extent to which value for money is considered to be achieved and that this be circulated by the Clerk on receipt; and
- (c) otherwise, to note the report and comments made.

NATIONAL EXTERNAL AUDIT REPORT – HEALTH AND SOCIAL CARE INTEGRATION

2055. The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Health and Social Care Integration* which, under the committee's specialisation arrangements for dealing with external audit reports, had been sent to Councillors Grant and Reilly for review. The Chief Officer Health and Social Care Partnership had been asked to provide comments and a copy of the feedback was attached to the report.

It was clarified that the Audit Scotland report, which was the first of three reports to be published on health and social care integration, commented on emerging arrangements for setting up, managing and scrutinising Integration Joint Boards (IJBs) and related risks to be addressed. The comments within the national report were based on a review of various issues including a range of documents such as integration schemes, strategic plans and progress documents; and interviews with key stakeholder representatives, East Renfrewshire having been one of the six integration authorities involved in the latter.

The feedback provided on the local position reflected that although East Renfrewshire was fortunate to have had a long and successful track record of integration and partnership working, giving a strong foundation for the new governance and planning challenges, it had been considered prudent that the Performance and Audit Committee of the East Renfrewshire IJB (ERIJB) review the recommendations and respond appropriately. Details of the recommendations made and an update on action taken on these, which had also been submitted to the IJB's Performance and Audit Committee, were appended to the report.

Councillor Grant, supported by Councillor Reilly, expressed a wish to observe a future meeting of the ERIJB Performance and Audit Committee to observe its approach to scrutiny, proposing that they do so and report back. It was acknowledged that the meeting was a public one, but was considered appropriate to contact the IJB in advance about this as a courtesy.

Having referred to various comments in the Audit Scotland report, Councillor McCaskill reiterated that no Opposition Members had been appointed to the ERIJB, expressing the opinion that this reduced not enhanced transparency. Councillor Wallace highlighted that the Chief Officer HSCP had already indicated that she would be happy to attend the Audit and Scrutiny Committee if there were any issues the committee wished to discuss. Reference was made to the report submitted to the Council in April 2016 on the responsibilities of the ERIJB and the relationship between the Council and the IJB.

During further brief discussion on an event which Councillors Grant and Gilbert had attended, Councillor Grant commented on the importance of adopting a “bottom up” approach through which services were driven by users’ needs

The committee agreed:-

- (a) that the Clerk contact the IJB regarding Councillor Grant and Reilly observing a future meeting of the ERIJB Performance and Audit Committee, noting that they intended to report back on this to a future meeting; and
- (b) otherwise, to note the report and the comments made.

NATIONAL EXTERNAL AUDIT REPORT – MAJOR CAPITAL INVESTMENT IN COUNCILS: FOLLOW UP

2056. The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Major Capital Investment in Councils: Follow Up* which, under the committee’s specialisation arrangements for dealing with external audit reports, had been sent to Councillors Wallace and O’Kane for review. The Head of Accountancy had been asked to provide comments and a copy of the feedback was attached to the report.

Having made reference to areas of good practice in East Renfrewshire, including a record level of capital investment, the variety of funding mechanisms used, collaboration with other bodies and efficient asset use, the report commented on the delay of some revenue funded projects in 2015 due to changes in European legislation and related issues. The Audit Scotland report had recommended that all councils ensure that key findings referred to in its report are addressed in respect of which an action plan had recently been prepared, a copy of which was attached to the report.

Councillor Wallace welcomed the positive nature of the feedback, adding that the action plan highlighted further steps to be taken to make further improvements. In response to Councillor McCaskill he referred to the section of the plan which specified that further criteria and guidance on the conduct of post project evaluation reviews would be made available by September 2016, adding that this would enhance reporting on this, a need for which had been identified.

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

CHAIR

