

MINUTE
of
AUDIT AND SCRUTINY COMMITTEE

Minute of Meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 10 November 2016.

Present:

Councillor Gordon Wallace (Chair)	Councillor Gordon McCaskill
Councillor Barbara Grant (Vice Chair)	Councillor Tommy Reilly
Councillor Charlie Gilbert	Councillor Ralph Robertson

Councillor Wallace in the Chair

Attending:

Andy Corry, Head of Environment (Operations); Michelle Blair, Chief Auditor; Shona Fraser, Environmental Services Manager; Barbara Clark, Chief Accountant; Steve Fox, Prevention Services Manager (Trading Standards); and Linda Hutchison, Clerk to the Committee.

Apology:

Councillor Paul O'Kane.

DECLARATIONS OF INTEREST

2258. There were no declarations of interest intimated.

CHAIR'S REPORT

2259. The following matter was discussed during the Chair's report:-

(i) Overnight Subsistence Rates

Regarding employees' lack of option to claim a lower overnight subsistence rate for staying with friends, which is currently an option for Members and was raised by the committee at one stage, Councillor Wallace reported that the travel and subsistence policy for employees was under review and that provision for this was to be included in future as a result.

The committee noted the position.

INTERIM TREASURY MANAGEMENT REPORT FOR 2016/17

2260. Under reference to the Minute of the meeting of 29 September 2016 (Page 2060, Item 2206 refers), when the committee had noted the Treasury Management Annual Report for 2015/16 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 2016/17.

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 2016/17 was attached to the report for consideration.

The Chief Accountant explained that the report reflected the debt position and movement in investments over the last 6 months, and that long-term borrowing was fairly static despite £5m. having been borrowed from the Public Works Loan Board (PWLB) to support the Council's capital investment plans due to debt maturing within that period. She provided clarification on Council policy on variable rate loans and related issues, explained why short-term investments had remained fairly static due to cash flows in capital and revenue expenditure and income, and referred to related fluctuations in balances and how investments were backed by reserves. She also commented on prudential indicator issues, and the list of organisations recommended for the investment of surplus funds. It was clarified that all investments were restricted to United Kingdom bodies with high credit ratings, with the maximum period of investment restricted to 6 months with the exception of local authorities regarding which it was restricted to 364 days.

In response to questions, the Chief Accountant clarified why £5m. had been borrowed from the PWLB, making reference to a range of associated issues including the period of time for which funds could be borrowed, future borrowing requirements, and action to reduce exposure to future interest rate rises. She confirmed that the position on funds held by the Council was reviewed daily, commenting on related issues including investments and payments made to creditors.

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; and
- (b) otherwise, to note the report.

NATIONAL REVIEW OF TRADING STANDARDS SERVICES

2261. The committee considered a report by the Director of Environment referring to the committee's interest in the national debate on the future provision of trading standards services, and providing an update on the ongoing national review of these services and the potential impact on delivery in the local area.

Having outlined the current staffing structure and role of the Council's service, the position on related accountability issues and how the Council's service could react to local concerns such as through bespoke project work, the report referred to an in-depth national review of these services by the Accounts Commission in 2002, related conclusions and recommendations, and a subsequent Audit Scotland report of 2013 entitled *Protecting Consumers*, the main

conclusion of which was that the long term viability of councils' trading standards services was under threat requiring urgent action to be taken. Reference was also made to a related presentation to COSLA, the establishment of a Trading Standards Strategic Review Group to investigate options, its findings and related recommendations made to COSLA Leaders at their most recent meeting. It was clarified that the Leaders had noted the recommendations made and agreed that the Improvement Service (IS) should scope out the precise number and configuration of regional services with a view to a follow up report being presented thereafter.

The report concluded that a fully comprehensive local service would ideally be best delivered by the present structure, if the primary focus was to address issues locally this also being dependent on the commitment of resources which some other councils had not done to the same extent as East Renfrewshire. However, there was also considered to be merit in some co-ordination on national and international issues, particularly regarding consumer protection, some of which was the function of Trading Standards Scotland (TSS) although that body did not have a full, legislative remit on trading standards.

The Head of Environment (Operations) and Environmental Services Manager highlighted key aspects of the report, including local benefits associated with the current service. They also highlighted that the way forward remained unclear; that achieving national agreement would be challenging; that collaboration could be useful if beneficial locally; but that the ability to act for local residents to the extent possible at present could be lost in future. Examples of work and initiatives currently progressed locally were cited, following which reference was made to resources deployed on trading standards work locally compared to elsewhere and related implications if a service that was not based locally was established. Various members of the committee commented on the value both they and local residents attached to the Council's service as delivered just now. The value of sharing information across areas was also commented on.

The Environmental Services Manager summarised the current status of discussions and consultation on future services and proposals, explaining that agreement remained to be reached on funding and core services amongst other things. The role of TSS, training for those involved in providing trading standards services, the age profile of those involved in this work, and specialisation by some members of staff on various issues were amongst other issues discussed in detail.

The committee agreed:-

- (a) to note the clarification provided on various issues, the support expressed by Members of the committee for trading standards work carried out locally at present and, otherwise, the terms of the report; and
- (b) to await with interest further developments on the delivery of trading standards services in future.

NATIONAL EXTERNAL AUDIT REPORT - MAINTAINING SCOTLAND'S ROADS – A FOLLOW UP REPORT

2262. The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Maintaining Scotland's Roads – A Follow up Report* which under the committee's specialisation arrangements had been sent to Councillors Robertson and McCaskill for review. The Head of Environment (Operations) had been asked to provide comments and a copy of his feedback was attached to the report.

It was clarified that the main purpose of the Audit Scotland report was to evaluate the extent to which previous recommendations in other national reports on roads, published between 2004 and 2013 had been adhered to. Having summarised the high level findings of the 2016 report, reference was made to those pertinent to a Strategic Action Group and local authorities either working alone or together with Transport Scotland.

The report explained that the Council undertook various measures, as itemised in the report, to ensure compliance with the most recent and previous reports, including submitting an annual report to Cabinet outlining Roads Condition Indicator performance, backlog repair figures and road maintenance expenditure; and ongoing monitoring and maintenance of the Roads Asset Management Plan. It was commented that the council had performed relatively well in terms of comparing performance nationally, information provided indicating that it had improved its position overall from 32nd in 2006 to 20th in 2015, and with performance on A class roads having generally been in the top 13 during the past 10 years.

Having commented on the Clyde Valley Roads Alliance (CVRA) and related collaborative work, the report concluded that the council was taking all appropriate steps to continue to ensure compliance with Audit Scotland's recommendations. Whilst it would continue to participate with the CVRA in pursuing national aims, this would be in terms of the best interests of the council's roads service and local residents. It was added that the roads service would report to Cabinet on the current Road Condition Indicator (RCI), Roads Asset Management Plan (RAMP) and current backlog figure in line with Audit Scotland's recommendations.

During discussion, Members referred to funding availability for roads, improvements made to some main roads and ongoing problems with more minor ones.

In response to Councillor McCaskill, the Head of Environment (Operations) commented on challenges benchmarking between local authorities and the work of the alliance with which the council was involved and related matters, including the work of other alliances at a more advanced stage of their work and the need to demonstrate collaboration. Difficulties recruiting professionals to work in the Roads Service; related issues including in terms of training; and the standard of roads reinstatement work following utility work were also referred to. The Head of Environment clarified that the work of a new member of staff recruited recently would include focussing on inspection of reinstatement work completed by utility companies, following which the Environmental Services Manager acknowledged the importance of publicising why, as well as when, significant works were taking place to allow residents to adapt their travel plans as required if roads were disrupted for example.

The committee noted the report.

NATIONAL AND LOCAL EXTERNAL AUDIT REPORTS - BENEFIT PERFORMANCE AUDIT ANNUAL UPDATE 2015/16; AND AUDIT OF HOUSING BENEFIT RISK ASSESSMENT REPORT

2263. Under reference to the Minute of the meeting of 3 March 2016 (Page 1817, Item 1934 refers), when the committee had noted a report on the benefits performance audit annual update 2014/15 and related issues on the reduction of fraud and error in housing benefit and the review of the housing benefit certificate 2015/16, the committee considered a report by the Clerk on the publication by Audit Scotland of reports entitled *Benefits Performance Audit Annual Update 2015/16* and the *Audit of Housing Benefit Risk Assessment Report* which, under the committee's specialisation arrangements, had been sent to Councillors Wallace and Robertson for review. The Head of Business Change Services and Revenues had been asked to provide comments and her feedback was attached to the report.

Regarding the 2015/16 Update, it was explained that through eleven risk assessments carried out in local authorities 45 risks had been identified; that 85% of risks identified in 2014/15 had been dealt with fully or partially; and that progress made locally by the Council was considered satisfactory. Regarding welfare reform, it was clarified that a report to the Council in 2016 had given a local update on this issue.

Regarding the *Audit of Housing Benefit Risk Assessment Report*, reference was made to a risk assessment carried out by external auditors of the council's Housing Benefits Service in June; a related self-assessment and related issues; and comments made by the external auditor on significant changes to the service since the Council had been visited in October 2014 despite which the service was considered to have continued to deliver overall continuous improvement in the time taken to process claims. Related correspondence had commended the high level of accuracy maintained during this time and local performance on processing changes of circumstances. Management had acknowledged that there was scope for improvement on time taken to process new claims. Reference was made to actions undertaken and areas for improvement identified and reflected in an associated action plan implementation of which was on track.

It was concluded that Housing Benefit remained a key service for councils to deliver well into the next decade because the current Universal Credit (UC) and migration for working-age claimants was not planned for completion until 2022, that there are no plans to begin the incorporation of Housing Benefit for pensioners until completion of the UC timetable, and that the auditors had concluded that the council had demonstrated awareness of what constitutes an effective, efficient and secure benefits service whilst identifying a small number of improvement actions which would be taken forward in line with national issues common to many councils.

The committee, following discussion on UC for rent:-

- (a) agreed that the Head of Business Change and Revenues should provide, for circulation, clarification on the extent to which any concerns exist locally or otherwise regarding UC for rent not being paid directly to landlords; and
- (b) otherwise, noted the report.

INTERNAL AUDIT PLAN PROGRESS REPORT

2264. The committee considered a report by the Chief Auditor regarding progress made on the implementation of the 2016/17 Internal Audit Plan from 1 July to 30 September 2016. The report confirmed the number of reports issued during the quarter and that satisfactory management responses had been received in all cases. Reference was also made to the quarterly performance indicators for the section.

During discussion and in response to questions, the Chief Auditor commented on various elements of audit work, including the outcome of an audit on cash catering at Council Headquarters and the Barrhead Offices and related action to be taken by the Director of Education who would be looking at a range of future options. In response to Councillor Wallace and Councillor Grant who referred to the importance of addressing the payment of invoices timeously and in accordance with procedure, she also commented on the findings of the recent Internal Audit report on Payment of Invoices. It was proposed that the Head of Business Change and Revenues submit a comprehensive update to the next meeting on the current issues being addressed regarding payments to creditors and related action being taken.

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The committee agreed:-

- (a) that the Head of Business Change and Revenues submit a comprehensive update to the next meeting on the current issues being addressed regarding payments to creditors and related action being taken to address these, including referring to the findings of the recent Internal Audit report on Payment of Invoices and related management action plan and when it is anticipated that payments to creditors within 30 days will be up to date; and
- (b) otherwise, noted the report and related comments made.

INTEGRATION JOINT BOARD PERFORMANCE AND AUDIT COMMITTEE – INVITATION TO CO-OPT MEMBER OF AUDIT AND SCRUTINY COMMITTEE

2265. Under reference to the Minute of the meeting of 29 September 2016 (Page 2057, Item 2203 refers), when it had been noted that the East Renfrewshire Integration Joint Board (IJB) Performance and Audit Committee was exploring the option of co-opting a member of the Council's Audit and Scrutiny Committee, the Chair confirmed that the IJB had agreed to pursue this issue. Having invited expressions of interest in serving in such a capacity, he clarified that any related recommendation required to be submitted to the full Council for approval.

The Committee agreed **to recommend to the Council** that Councillor Grant be appointed as the co-optee and that it also be requested that Councillor Reilly be appointed as substitute to enable him to attend if she was unable to do so.

CHAIR