

MINUTE
of
AUDIT AND SCRUTINY COMMITTEE

Minute of Meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 4 June 2015.

Present:

Councillor Gordon Wallace (Chair)
Councillor Barbara Grant (Vice Chair)
Councillor Charlie Gilbert

Councillor Tommy Reilly
Councillor Ralph Robertson

Councillor Wallace in the Chair

Attending:

Louise Pringle, Head of Customer and Business Change Services; Michelle Blair, Chief Auditor; Eamonn Daly, Democratic Services Manager; and Ron Leitch, Committee Services Officer.

Apologies:

Councillors Gordon McCaskill and Paul O’Kane.

DECLARATIONS OF INTEREST

1568. There were no declarations of interest intimated.

CHAIR’S REPORT

1569. The following matters were discussed during the Chair’s report:-

(i) Consultancy Costs

Under reference to the Minute of the meeting of 21 August 2014 (Page 1120, Item 1168(v) refers) when it had been agreed to request information from each department on any paid consultancy or advice commissioned directly by the Council from an external individual, company or organisation for a fixed period of time to assist the Council progress an issue, including in respect of the provision of legal services, Councillor Wallace explained that the collation of this information for the financial years 2013/14 and 2014/15 was nearing completion and that it was anticipated that a report would be submitted to the committee for consideration at the meeting on 20 August 2015.

(ii) CHCP Finance Systems

Under reference to the Minute of the meeting of 23 April 2015 (Page 1452, Item 1541 refers), when audit work on CHCP payments issues had been discussed, Councillor Wallace reported that the Cabinet had earlier in the day considered a report by the Director of CHCP and Head of Accountancy providing an update on matters relating to CHCP Finance systems and processes. He went on to explain that the CHCP Director had requested the Chief Auditor to undertake a full review of payment processes with a view to producing a report by late summer and it was anticipated that this report would be made available to the committee in due course.

The committee:-

- (a) noted that it was anticipated that a report on consultancy costs for financial years 2013/14 and 2014/15 would be submitted to the committee for consideration at the meeting on 20 August 2015; and
- (b) noted that it was anticipated that the report being prepared by the Chief Auditor in respect of CHCP payment issues would be made available to the committee in due course.

CODE OF CORPORATE GOVERNANCE

1570. Under reference to the Minute of the meeting of 12 June 2014 (Page 1054, Item 1103 refers), when the Code of Corporate Governance updates and actions for 2014/15 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 2015/16.

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 2014/15 actions, highlighting those which had been completed or carried forward. Of the five improvement activities listed in the 2014/15 code, four had been completed and one, relating to the review of the Scheme of Establishment for Community Councils, had been carried forward into the 2015/16 code.

The updated Code of Corporate Governance for 2015/16, setting out arrangements which fulfil the six governance principles outlined in national guidance, was included as an appendix to the report.

Self-assessment of the 2014/15 code against nationally prescribed criteria had found the Council to be fully compliant across five of the six governing principles and exceeding requirements in the area of risk management. In respect of the principle of ensuring that the authority made best use of resources and that tax payers and service users received excellent value for money, the Council was only partially compliant as some records and reconciliations relating to the Community Health and Care Partnership (CHCP) were not adequately maintained and corrective action to address this issue was already underway including the implementation of a new Care Finance system designed to eliminate outdated manual processes and ensure that payments were driven by the most up to date information and were subject to robust control checks.

Having commented on the Annual Governance Statement to be published in the 2014/15 Annual Report, the report concluded that the Council continued to be governed by sound management controls and to comply with the requirements of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. It was explained that progress on planned actions for 2014/15 had been posted on the Council's website, as would the 2015/16 code subject to its approval by the committee.

Responding to an enquiry from Councillor Grant regarding the arrangements in place for the provision of audit facilities to the new Health and Social Care Partnership (HSCP) the Democratic Services Manager reported that this issue had been raised at a recent meeting of the CHCP Committee when it had been explained that discussions were still ongoing between the Council and NHS Greater Glasgow and Clyde in this regard.

The committee:-

- (a) noted progress on the 2014/15 Code of Corporate Governance improvement actions; and
- (b) approved the Code of Corporate Governance updates and actions for 2015/15.

NATIONAL EXTERNAL AUDIT REPORT – OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND 2015

1571. 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 2015* which, under the committee's specialisation arrangements for dealing with internal and external audit reports, had been sent to Councillors Wallace and Grant for review. The Head of Customer and Business Change Services and the Head of Accountancy had been asked to provide comments and a copy of their 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 relating to financial planning and budgeting; changes to service delivery and dealing with reduced staff numbers; Community Planning Partnerships and arms-length organisations; Health and Social Care Partnerships; consulting with service users and getting communities involved; governance arrangements; and councillor training.

The Head of Customer and Business Change Services explained that as evidenced in the feedback, the Council appeared to be well placed with regards to the main issues raised in the Accounts Commission report.

Responding to an enquiry from Councillor Wallace who referred to discussions which had taken place at the previous meeting of the committee on 23 April regarding the potential impact of the retirement of the Head of Revenues and the importance of having a comprehensive workforce strategy to deal with staff reductions, the Head of Customer and Business Change Services explained that a number of measures had been put in place to mitigate the effects of this retirement including the redesign and realignment of a number of functions across a range of services including the establishment of a new post of Revenues and Business Support Manager within her service. The new manager had been in post since mid-March, well in advance of the forthcoming retirement of the Head of Revenues to allow a prolonged period of "job shadowing" to be undertaken. He had an in depth background knowledge of the work required as well as being appropriately qualified. It was anticipated

that these measures would enable the risk score associated with the retirement of the current Head of Revenues to be reduced to its former level in the near future.

More generally, she went on to outline a number of measures that were being taken to mitigate the planned reduction in staff numbers including the development of a new change programme for the forthcoming 3–5 years designed to create a modern, ambitious council and contribute towards necessary budget savings. Included in this programme is a fundamental redesign of services with more services being driven towards the digital platform, the combination of back-office functions to achieve economies of scale and efforts to reduce, and ultimately eliminate, potential single points of failure such as that outlined above in relation to the Head of Revenues. Referring to difficulties currently being experienced within the Registration Service she explained that registration work had been incorporated into Customer First with additional staff being trained to handle this work and expressed the view that this appeared to be working well. She went on to explain that current short term difficulties were being experienced as a result of new regulations with regard to the registration of deaths as well as annual and sick leave amongst staff and outlined measures being taken to mitigate these.

Having heard Councillor Wallace express concern that staffing across the Council was being stretched to an extent that could compromise its ability to react to sudden changes in circumstances or demand, the committee agreed to note the report and the comments made.

NATIONAL EXTERNAL AUDIT REPORT – BORROWING AND TREASURY MANAGEMENT IN COUNCILS

1572. The committee considered a report by the Clerk on the publication by the Accounts Commission of a report entitled *Borrowing and Treasury Management In Councils* which, under the committee's specialisation arrangements for dealing with internal and 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 her feedback was attached to the report.

The report explained that Audit Scotland had prepared a report on borrowing and treasury management in Scottish councils and that as part of this exercise, East Renfrewshire Council had been one of six councils examined in detail.

Feedback from the Head of Accountancy explained that although the Council was well placed in respect of the issues raised in the report and various areas of good practice had been confirmed, there were still some aspects where further improvements could be made.

An action plan to address those aspects highlighted for improvement had been prepared and a copy was appended to the report.

Following brief discussion the committee agreed to:-

- (a) note the areas of good practice in the Council's current arrangements; and
- (b) note the action plan listing Audit Scotland's recommendations and setting out areas where further action was proposed to improve current practices within the Council.

NATIONAL EXTERNAL AUDIT REPORT – SUPERFAST BROADBAND FOR SCOTLAND – A PROGRESS REPORT

1573. The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Superfast Broadband for Scotland – A Progress Report* which, under the committee's specialisation arrangements for dealing with internal and external audit reports, had been sent to Councillors Wallace and Robertson for review. The Head of ITC had been asked to provide comments and a copy of his feedback was attached to the report.

The Audit Scotland report set out the key objectives of the audit including the determination of the targets, aims and objectives of the Scottish Government's investment programme in superfast broadband; issues relating to the procurement and subsequent contract management of the project; and a measure of what had been delivered to date and what else was still needed to realise the Scottish Government's world class vision by 2020.

The feedback from the Head of ICT explained that the audit indicated that 96% of premises within East Renfrewshire were expected to have access to superfast broadband by December 2017 and concluded that the Council should support the main recommendation of the report that the Scottish Government should provide clear and regular updates on what coverage and speeds the broadband network for Scotland would actually deliver as the installation progressed.

Councillor Robertson noted that the provision process covered most areas of East Renfrewshire but that some rural areas might not benefit under the current contract due to the high cost of provision. Councillor Grant advised that she had raised this particular issue at a recent meeting of the Commission for Social Policy, Education, Employment, Research and Culture (SEDEC) in Brussels. She went on to ask if it was possible for the Council to specify to developers that the provision of broadband infrastructure would be a condition of planning consent in future. In response, the Democratic Services Manager explained that the Planning service could apply a condition regarding broadband infrastructure to a planning consent provided it had the power to do so under current planning legislation.

The committee noted the report and comments made.

NATIONAL EXTERNAL AUDIT REPORT – COMMONWEALTH GAMES 2014 – LEGACY ISSUES

1574. The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Commonwealth Games 2014 (Third Report)* which, under the committee's specialisation arrangements for dealing with internal and external audit reports, had been sent to Councillors Gilbert and McCaskill for review. The Director of Education had been asked to provide comments on it in terms of Commonwealth Games legacy issues and a copy of her feedback was attached to the report.

The feedback outlined a number of examples of evidence of the Games' impact including, amongst others, an 8.2% increase in Community Sports participation in 2014/15; 531 volunteers undertaking coach education in 2014/15; 14 Sports Ambassadors trained and supported within secondary schools; and more than 600 volunteers undertaking Positive Coaching Scotland training to embed child development principles within local sports clubs. The report went on to explain that a key part of the legacy aims of the Games was the development of Community Sports Hubs to bring together local clubs and people to create a stronger sports infrastructure, provide mutual support and to work to increase local participation in sport. Through the work of a Community Sports Hub Development Officer,

part-funded by *sportscotland*, 4 sports hubs had been developed within East Renfrewshire containing 21 individual sports clubs with a combined membership in excess of 5000 and a further 2 hubs were in the process of being established. The hubs are currently being supported in their development but the aim is to establish them as self-sustaining organisations and key partners in growing sport and physical activity within East Renfrewshire.

Having heard a number of Members commend individual examples of increased physical activity possibly linked to the Games including the establishment of East Renfrewshire Cricket Club and the increase in the number of children cycling to school, the committee agreed to note the report.

COMMUNITY HEALTH AND CARE PARTNERSHIP PAYMENT ISSUES

1575. Under reference to the Minute of the meeting of 23 April 2015 (Page 1452, Item 1541 refers), when it had been agreed that the Chief Auditor would update the committee on the preparation and finalisation of the internal audit report on CHCP payment issues, the Chief Auditor reported that she anticipated that her report would be completed by the date of the next meeting of the committee and that the External Auditor was also undertaking some work in this regard.

Having heard Councillor Wallace report that the issue had been discussed at length by the Cabinet earlier in the day, the committee agreed to note the position.

COMMUNITY GRANTS REVIEW

1576. Under reference to the Minute of the meeting of 23 April 2015 (Page 1455, Item 1545 refers), when it was noted that the Clerk would advise Members of the dates of a number of meetings which had been agreed to progress matters relating to the review, Councillor Wallace reported that a meeting had taken place with the Head of Democratic and Partnership Services on 26 May to discuss some of the issues raised by the committee. Arising from that meeting it had been agreed that the Head of Democratic and Partnership Services would provide further information on a number of issues including some funding issues, some specific grant applications, and other documentation used as part of the process of dealing with grant applications.

He went on to explain that following the Clerk's return from holiday and in advance of the next meeting of the committee on 20 August, a number of further meetings would be arranged including to discuss grant applications in respect of Whitelee Windfarm and Neilston Windfarm funds. He concluded by expressing the view that it would be useful to aim to conclude the committee's work on the review by late September/early October with a view to bringing a final report to the committee for consideration shortly thereafter.

The committee agreed to note that:-

- (a) further information on a number of issues would be provided by the Head of Democratic and Partnership Services;
- (b) a number of further meetings would be arranged to discuss grant applications in respect of Whitelee Windfarm and Neilston Windfarm funds; and

- (c) it was proposed to conclude the committee's work on the review by late September/early October with a view to bringing a report to the committee for consideration shortly thereafter.

CHAIR

