

MINUTE
of
AUDIT AND SCRUTINY COMMITTEE

Minute of Meeting held at 2.30pm in the Council Chamber, Council Headquarters, Giffnock on 15 January 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:

Sharon Beattie, Human Resources Manager; Barbara Clark, Chief Accountant; Jackie Martin, Corporate Business Manager; Michelle Blair, Chief Auditor; Linda Hutchison, Clerk to the Committee; and Jennifer Graham, Committee Services Officer.

DECLARATIONS OF INTEREST

1355. There were no declarations of interest intimated.

CHAIR'S REPORT

1356. The following matters were discussed during the Chair's report:-

(l) Former Employees

Under reference to the Minute of the meeting of 21 August 2014 (Page 1124, Item 1172 refers), when it was agreed to seek Audit Scotland's views on anything further local authorities might be able to do to alert a new employer if an employee, facing a fraud allegation that was under investigation, resigned and pursued employment elsewhere, Councillor Wallace referred first to comments received from the Human Resources Manager on the difficulty of addressing such issues when an allegation existed rather than a proven finding of fraud. He highlighted that if a matter was referred to the Police, some related information may require to be disclosed to an employer. Councillor Wallace added that feedback from the External Auditor reflected that the most a previous employer could probably say in such circumstances, if asked by a future employer, was that the person who left had been suspended during an active, disciplinary investigation.

In response to questions, the Human Resources Manager commented on the nature of employee references provided by the Council and related issues.

(ii) Subsistence Rates

Under reference to the Minute of the meeting of 13 November 2014 (Page 1224, Item 1290 refers), when it had been agreed to seek further clarification on whether the Council's travel and subsistence scheme made provision for those who opted to stay with family or friends on business to claim a lower level of subsistence than normal, Councillor Wallace confirmed that provision was made for Members to claim £25 for such an overnight stay, but that HR Direct had explained that officers were not permitted to claim any allowance in such circumstances.

Having added that a member of the committee had expressed interest in knowing the extent to which Members had recently claimed the £25 allowance and how many overnight stays had been claimed by officers, Councillor Wallace commented that it was an option for the committee to suggest that the £25 rate option be extended to officers.

During discussion the Chief Auditor quantified the approximate amount claimed by officers for overnight stays during 2014/15 to date, excluding such expenditure that was inclusive in other fees such as for conferences. Discussion took place on the way forward the committee wished to pursue.

(iii) Housing Debt Management Issue

Under reference to the Minute of the meeting of 21 August 2014 (Page 1120, Item 1168(iii) refers), when it had been agreed to write to the Chief Executive about the committee's concerns on the non-implementation of an internal audit recommendation on downsizing payments, Councillor Wallace reported that he had recently received a lengthy response. He summarised the feedback provided, commenting on barriers that had been highlighted to implementing the recommendation when associated advantages and disadvantages were considered. He undertook to circulate the feedback to Members of the committee for their review.

The committee agreed:-

- (a) not to progress anything further on the general issue raised regarding potential alleged fraud involving former employees;
- (b) in relation to the issue raised regarding overnight subsistence rates for employees, that in the first instance the Chair discuss the matter further informally with the Human Resources Manager and provide feedback; and
- (c) to note that the Chief Executive's response on the housing debt management downsizing issue would be circulated to the other Members of the committee for their review.

TREASURY MANAGEMENT STRATEGY REPORT 2015/16

1357. The committee considered a report by the Chief Executive explaining 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 strategy and policy. In accordance with that requirement, a copy of the Treasury Strategy Statement Report for the financial year 2015/16 was attached to the report for consideration.

Whilst referring to the report, the Chief Accountant highlighted that it defined treasury management and commented on reporting requirements and treasury management issues that collectively formed the strategy for the forthcoming year. She also clarified that the strategy informed Members on various issues such as advisors' views on interest rates up to March 2018; the Council's policy on borrowing in advance of need; and debt rescheduling.

In response to questions, the Chief Accountant clarified how Capita Asset Services had been appointed as treasury advisor to the Council following an open tender exercise; adding that the company was regarded as a market leader and also advised various other local authorities. She also commented on the extent to which the Council lent resources.

Having heard Councillor Grant on what she considered to have been a helpful training session on capital and treasury management issues for elected Members in October 2014, the committee agreed:-

- (a) to **recommend to the Council** that the Treasury Strategy Statement Report 2015/16 be approved, including the amendment of treasury management practices in accordance with Appendix C to the report; and
- (b) otherwise, to note the report.

REVISED ANTI-FRAUD AND BRIBERY STRATEGY

1358. The committee considered a report by the Chief Executive regarding changes to the Anti-Fraud and Bribery Strategy which had last been updated and approved by the Cabinet in November 2012.

The report explained that the strategy outlined measures taken by the Council to protect itself against malpractice through fraud or corrupt practices, referred to the Council's commitment to fighting fraud and corruption to protect public funds, and highlighted expectations that suppliers, contractors, employees, Members and service users acted with integrity and without intention to defraud or commit corruption against the Council. It was clarified that the main changes to the strategy included updating contact details for the fraud response plan; revising the Council's vision; and refreshing a list of Council policies within it.

Having commented on the Council's probity register and the register of interests maintained by the Deputy Chief Executive in her capacity as Monitoring Officer and on the promotion of various procedures to employees, the report summarised how the new strategy would be promoted to staff, Members, suppliers and residents.

Having heard the Corporate Business Manager regarding the report, Members commended the thoroughness of the strategy. In response to questions, she cited examples of communications to staff on various issues referred to within the strategy and related initiatives. For example, procedures on offers of gifts and hospitality had been promoted several times to employees during 2014. She confirmed that promotion of the new strategy was planned through the internet and intranet, cascading of documentation, use of posters, and issue of cards promoting action against fraud and bribery.

The committee agreed to **recommend to the Cabinet** that the revised Anti-Fraud and Bribery Strategy be approved.

MANAGING ABSENCE

1359. The committee considered a report by the Deputy Chief Executive providing the annual update on the Council's sickness absence levels and its approach to managing absence.

Having clarified that annual sickness absence statutory performance indicator data was awaited from the Improvement Service, the report referred to absence trends since 2009/10, commented on why absence levels had improved in 2010/11 and 2011/12, and explained that performance had subsequently declined to 10.3 days per full time equivalent (FTE) in 2013/14 against a related annual target of 8.5 days. Reference was also made to data from the Chartered Institute of Personnel and Development (CIPD) Annual Survey Report and further statistics on absence within the Council for 2014/15 which reflected that, mid-way through 2014/15, overall absence stood at 5.12 absence days per FTE against an annual target of 8.5 days which was poorer than the position at the same time during 2013/14. Teaching staff absence was under target, however that was also the case at the same point in 2013/14.

Reference was made to the most common causes of short and long-term absence and related issues, including that the latter had increased significantly in 2013/14. Factors that impacted on absence levels within the Council were summarised, such as those linked to the types of services provided by the Council and its employee age profile. It was emphasised that addressing the current, unacceptable absence levels across the Council remained a priority for the Corporate Management Team (CMT) which had initiated and supported implementation of various actions to address this, such as the introduction of a capability policy and further training.

Reference was made to sections regarded as absence hot spots and those where absence was improving due to focussed work; recent internal audit work on implementation of the Maximising Attendance policy; practices trialled within some departments; and a forthcoming workshop for the Leadership Group at which best practice would be shared. Having clarified that additional, temporary HR resources had been approved as a basis to further coach and mentor managers on tackling absence, the report commented on a range of further issues including the impact of the capability policy introduced in December 2013; a decrease in ill health retirements and associated issues such as the approach of the Council's occupational health provider; and initiatives and services available to support employees and managers. It was clarified that managers were encouraged to use the performance review and development (PRD) scheme to ensure employees were clear on objectives and discuss development opportunities.

The Human Resources Manager highlighted various issues within the report. Thereafter, during in-depth discussion and in reply to questions, and whilst making reference to information available to managers and employees on the intranet, she provided an overview of and clarified requirements placed on managers to comply with the Maximising Attendance policy, making reference to forms to be completed, procedures to be complied with and alerts provided at various absence trigger points. Regarding the responsibility of managers to manage absence, she confirmed that during the past six months a more robust approach had been taken which would take time to be reflected in absence statistics. Various factors which impacted on increased absence levels were amongst issues discussed. In response to questions regarding support available to managers, reference was made to a range of matters, including advice provided by and assistance available from Human Resources.

Clarification was provided on forthcoming discussions to be held with the Council's occupational health provider and related issues, including further support to be requested by the Council. Although the current contract for this service had not expired, discussions had

already begun on the next tendering exercise in respect of which more specific requirements of the Council would be highlighted to potential providers.

In response to further questions and views expressed by Members, the Human Resources Manager commented on how it was ensured that managers had the required training, including through PRD related discussions, and adopted an appropriate approach to addressing absence. Discussion took place on sections in which absence was currently more prevalent and factors currently impacting on absence levels, some of which were quite complex. The Human Resources Manager also made reference to the development of an occupational development strategy on recruitment through which a greater emphasis would be placed on leadership competencies; and the value of work to improve employee/manager relationships to encourage employees to discuss issues that could impact on work attendance with their line manager.

Reference was made to the Internal Audit report on implementation of the Maximising Attendance policy (which was to be discussed later in the meeting) and related findings which had revealed the need for some additional action to be taken. It was confirmed that overtime levels were amongst issues being considered where appropriate to determine if work was being resourced in the best way or if alternative solutions needed to be explored such as employing additional staff. Members of the committee supported this approach.

In conclusion, Members of the committee highlighted to the Human Resources Manager their full support to address concerns held on absence, which they shared, and that they welcomed the sharing of best practice such as on the types of initiatives to be discussed at the forthcoming Leadership Group workshop. The Human Resources Manager confirmed that she would relay comments made back, including at the Leadership Group session.

The committee:-

- (a) noted the report and supported the range of approaches being taken to improve absence levels across the Council;
- (b) noted that, on receipt, the Human Resources Manager would forward the local government benchmarking framework data on absence to the Clerk to allow it to be shared with members of the committee;
- (c) agreed that the Human Resources Manager relay to the Leadership Group and others as appropriate the views expressed by the committee during discussion; and
- (d) agreed that the Deputy Chief Executive submit a further report in six months time on progress being made to address absence issues and on implementation of the recommendations accepted within the Internal Audit report on the Maximising Attendance policy.

INTERNAL AUDIT REPORT

1360. Under reference to the Minute of the meeting of 21 August 2014 (Page 1125, Item 1174 refers) when it had been agreed that the Chief Auditor submit her report on maximising attendance at the same time as the 2013/14 annual report on absence issues was submitted, the committee considered the report dated November 2014.

The report summarised the scope of the audit, explaining that HR had simplified forms and the Maximising Attendance policy to make the process of maximising attendance easier for line managers but that, based on sampling undertaken, some managers were not adhering to it fully or always using the current forms, with absence not being managed effectively in some sections. Management discretion was sometimes being exercised in deciding whether to carry out absence reviews and escalate an employee through the different stages of absence monitoring. The report made various recommendations, including on the completion of forms; action when absence triggers were activated; the compilation of absence statistics and accuracy of departmental records; attendance at HR courses; and quarterly absence reports.

Having referred to discussions on the previous item, Councillor Wallace supported by other members of the committee, supported a robust approach being taken on the issues identified, seeking clarification that the recommendations were being taken forward. The Human Resources Manager commented on their implementation, confirming that the CMT supported addressing the issues raised. The Chief Auditor confirmed that progress against the recommendations would be monitored following which the Human Resources Manager acknowledged the need to ensure information on procedures was sufficiently cascaded throughout the authority. Members of the committee requested that the Human Resources Manager highlight to the CMT their view that it was important that the CMT had confidence that absence related procedures were known throughout their departments.

The committee noted:-

- (a) the report, the related recommendations within it and that the Human Resources Manager would ensure that the CMT was made aware of the comments made; and
- (b) that it had already been agreed that the update on absence issues by the Deputy Chief Executive to be submitted in six months time should include an update on implementation of the recommendations in the internal audit report.

COMMUNITY GRANTS INVESTIGATION

1361. Under reference to the Minute of the meeting of 13 November 2014 (Page 1220, Item 1285(ii) refers), when it had been agreed that Members would provide feedback to the Clerk on draft questions compiled on community grants as part of the committee's investigation on this to allow a questionnaire to be finalised and issued to the Head of Democratic and Partnership Services, it was clarified that the questions had been finalised and issued. A reply from the Head of Democratic and Partnership Services was awaited.

The committee agreed that on receipt of the feedback, which was anticipated within the next few weeks, the responses be circulated to members of the committee for their review and to allow the most appropriate way forward thereafter to be determined.

Resolution to Exclude Press and Public

At this point in the meeting, on the motion of the Chair, the committee unanimously resolved that in accordance with the provisions of Section 50A(4) of the Local Government (Scotland) Act 1973, as amended, the press and public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 1 of Part I of Schedule 7A to the Act.

SUMMARY OF EARLY RETIREMENT/REDUNDANCY COSTS TO 30 SEPTEMBER 2014

1362. The committee considered a report by the Deputy Chief Executive summarising the position on early retirement costs for the period 30 October 2013 to 30 September 2014 and related issues, including the strain on the pension fund. A breakdown of early retirement/redundancy cases processed within each department and identifying the total costs incurred and projected savings was provided. It was explained that the Council had continued to undertake targeted restructuring resulting in various voluntary redundancies and early retirements to support budget reductions from April 2013.

It was clarified that Strathclyde Pension Fund was changing its invoice method as a result of which, from 1 October 2014 onwards, the Council would be invoiced for costs as they were incurred. This presented an opportunity to realign associated reporting with the statutory financial accounts and report from April to March each year.

The committee, following a brief discussion, noted that:-

- (a) the Deputy Chief Executive would submit the next report on this issue to the committee after March 2015 covering the period October 2014 to March 2015;
- (b) reports would be produced to cover the period April to March thereafter in respect of which it was not yet known how soon after the period end invoices would be received; and
- (c) otherwise, to note the report and comments made.

CHAIR

