

CORPORATE AND COMMUNITY PLANNING
STANDING SCRUTINY PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr,
on 26th August 2010 at 10.00 a.m.

- Present: Councillors Brian Connolly (Chair), Sandra Goldie, Bill Grant, Mairi Low, Helen Moonie, Alec Oattes and Mike Peddie.
- Apology: Councillor John Hampton.
- Attending: E. Howat, Executive Director – Corporate Services; V. Andrews, Head of Legal and Administration; D. Alexander, Head of Corporate Resources; A. Wilson, Head of HR and Organisational Development; C. Monaghan, Head of Policy, Performance and Communication; B. McInroy, Head of Service and School Management; J. McQuillan, Head of Property and Neighbourhood Services; H. McLaughlin, Audit Services / Programme Review Manager; A. McLeod, Business and Performance Manager; J. Bradley, Organisational Development Manager; G. Muir, ICT Strategy Officer; and E. Wyllie, Committee Administration Officer.
- Also Attending: Councillors John McDowall, Bill McIntosh and Robin Reid (Portfolio-holder for Resources and Performance); and Peter Tait, Assistant Director Audit (Local Government) and Asif Haseeb, Senior Audit Manager, Audit Scotland.

1. Item for Call-in – Efficiency Proposals for 2011/12.

Reference was made to the Minutes of the Leadership Panel of 17th August 2010 (Page 399, paragraph 8) when that Panel, having considered a report (issued) of 5th August 2010 by the Executive Director – Corporate Services, had decided to approve the efficiency proposals for the 2011/12 Revenue Budget as outlined in Appendix 1 of the report.

The Panel was advised that the report had been the subject of a call-in for the following reasons:-

- (1) whether or not proposed efficiencies assumed outcomes contained service reductions?
- (2) in relation to service reviews, is it the intention to implement review outcomes under delegated powers?
- (3) in what timescale is it envisaged that service reviews will be completed and available for implementation? and
- (4) why does the Panel not consider that public consultation is necessary?

The Chair invited Councillor McDowall to explain his reasons for the call-in and, thereafter, the Panel heard Councillor McDowall seek clarification on the points outlined at (1) to (4) above.

Councillor Moonie similarly expressed her concerns and her support for the Call-in.

Following a full discussion various questions and comments were raised by Councillor McDowall and Members of the Panel in relation to:- class sizes and school curriculums; looked after children and the two proposed residential units; various consultation processes; nursery teachers; procurement issues; the implementation process for service reviews and Member involvement; public consultation in respect of any reduction in services; portion control of school meals; and Parent Council consultation and the appropriate officers responded to the various issues raised.

The Chair invited Councillor Reid to comment on the question relating to public consultation as outlined at (4) above and he responded accordingly. Similarly, Councillor McIntosh commented that ways in which to effectively undertake consultation was currently being explored.

Councillor Moonie, seconded by Councillor Goldie, moved that the Panel should refer this report back to the Leadership Panel with the recommendation that the report be put out to public consultation.

By way of Amendment, Councillor Grant, seconded by Councillor Oattes, moved that the Panel agree with the decision of the Leadership Panel.

There was a request that the vote be taken by calling the roll.

The Head of Legal and Administration took the vote by calling the roll as follows:-

Brian Connolly	Amendment
Sandra Goldie	Motion
Bill Grant	Amendment
Mairi Low	Amendment
Helen Moonie	Motion
Alex Oattes	Amendment
Mike Peddie	Amendment

Five Members voted for the Amendment and two for the Motion. The Amendment was accordingly declared to be carried.

Decided: following review, that the decision of the Leadership Panel in respect of this matter be confirmed and implemented.

2. **Minutes of previous meeting.**

Decided: to note the Minutes of the previous meeting of 17th June 2010 (issued).

AUDIT FUNCTION:-

3. **Report to Management on Data Management.**

There was submitted a report (issued) of 12th August 2010 by the Head of Corporate Resources

- (1) outlining the findings from a review of data management within the Council carried out by Audit Scotland; and

(2) advising

- (a) that the main objectives of the audit had been to review the operational procedures and processes relating to aspects of data management, encompassing particular consideration of:
- knowledge of information assets;
 - risk management; and
 - legislative understanding;
- (b) that the Auditors recognised that the Council had made progress in implementing operational processes in order to improve and ensure effective data management including:-
- the planned implementation of an information asset register;
 - the use of information sharing arrangements; and
 - the ongoing development and implementation of an information security classification system;
- (c) that the report noted the requirement for the Council to continue to develop data management practices, with particular reference to data sharing arrangements, and that Officers would progress these further during 2010/11; and
- (d) that the Action Plan detailed the issues and risks together with the Council's response and target dates by which the issues would be addressed.

The Chair invited the Senior Audit Manager, Audit Scotland to outline the main findings from the report.

Questions were raised by Members of the Panel in relation to:- the use of memory sticks and staff awareness issues; and the various risks and actions identified and officers responded accordingly.

Decided:

- (i) to note the key issues raised by the Auditors;
- (ii) to agree the action plan proposed as outlined in Appendix 1 of the report; and
- (iii) to agree that progress in implementing the action plan would be reported to future meetings of this Panel.

4. Report to Management on Main Financial Systems.

There was submitted a report (issued) of 12th August 2010 by the Head of Corporate Resources

- (1) outlining the findings from a review of the Council's main financial systems carried out by Audit Scotland to evaluate whether the internal control system was adequate and to follow up issues raised in the 2008/09 audit; and

(2) advising

(a) that the review involved testing of key controls within the following financial systems:-

- | | |
|---------------------------------|-----------------------------------|
| • Main Accounting | • Debtors |
| • Budgetary Control | • Council Tax Income |
| • Capital Accounting | • Council Tax and Housing Benefit |
| • Borrowing, Loans and Deposits | • Non-Domestic Rates |
| • Cash, Income and Banking | • Housing Repairs |
| • Payroll | • Rent Accounting |
| • Creditors | |

(b) that the Auditors found that the internal control system was generally satisfactory, with the exception of some areas where existing procedures could be strengthened;

(c) that one of the areas of concern related to the timeliness of reconciliations and that Officers ensured that bank reconciliations were brought up to date prior to the finalisation of the unaudited financial statements; and

(d) that the action plan detailed the issues and risks together with the Council's response and target dates by which the issues would be addressed.

The Chair invited the Senior Audit Manager, Audit Scotland to outline the main findings from the report.

Questions were raised by Members of the Panel in relation to:- reconciliations; the use of and the review of Common Good Funds; and the links between the Ayr Common Good Fund, the Ayr Renaissance Strategy, the role of local Members and consulting with the public and officers responded accordingly.

Decided:

- (i) to note the key issues raised by the Auditors;
- (ii) to agree the Action Plan proposed as detailed in Appendix 1 of the report; and
- (iii) to agree that progress in implementing the Action Plan would be reported to future meetings of this Panel.

5. Variation in order of business.

In terms of Council Standing Order No. 10, the Panel agreed to vary the order of business as hereinafter minuted.

6. Shared Risk Assessment Assurance and Improvement Plan.

Reference was made to the meeting of South Ayrshire Council of 1st July 2010 (Page 367, paragraph 5) when the Council had considered a report of June 2010 by the Head of Policy, Performance and Communication in relation to the Best Value Progress Report and its Appendices.

The Assistant Director Audit (Local Government), Audit Scotland referred to Appendix 2 of that particular report entitled 'Shared Risk Assessment Assurance and Improvement Plan (AIP), South Ayrshire Council' which

- (1) outlined the planned scrutiny activity for the Council for the period 2010 to 2013 and explained the basis of the risk assessment of the Council and the scrutiny response;
- (2) highlighted that the scrutiny activity was proportionate based on the assessed risks; and
- (3) advised that the Plan was the product of a collaborative approach adopted by the following scrutiny bodies operating in South Ayrshire Council:-
 - Audit Scotland
 - Care Commission;
 - HM Inspectorate of Education;
 - Scottish Housing Regulator; and
 - Social Work Inspection Agency.

Mr. Tait referred to specific areas of the AIP and, in particular, the summary on Page 4 of the Plan and commented on the joint working arrangements and the timescales involved in producing this document.

A full discussion took place and points were raised by Members of the Panel in relation to the Council's priorities and sustainable employment issues and Mr. Tait commented on the various points made and on the availability of Independent Budget Review reports.

The Head of Policy, Performance and Communication reported on the Council's Performance Management Framework and advised that the next stage of the Improvement Programme was currently being developed with this document being submitted to the Council meeting on 7th October 2010. She also indicated that she would circulate web links to Independent Budget Review reports for Members' interest.

Decided: having thanked Mr. Tait and Mr. Haseeb for their attendance and input, to note the current position in relation to the Shared Risk Assessment Assurance and Improvement Plan relating to South Ayrshire Council.

7. Follow-up of External Audit Reports – Progress to 30th June 2010.

There was submitted a report (issued) of 13th August 2010 by the Executive Director – Corporate Services

- (1) providing an update on the progress being made by the Council in overtaking its external audit improvement actions;
- (2) highlighting that, in terms of the thirty two actions remaining, eight had been completed, ten had been continued to be progressed in line with their original targets, thirteen had a revised target and one had not started;
- (3) indicating that analysing the on 'revised target' actions as they currently stood, showed that all but one of these should be completed by December 2010 which mirrored the pattern of the completion of the 'on target' actions, such that in total, just two actions were scheduled to continue past the year end;

- (4) suggesting that this target should be kept within the sight of the Panel in future reports, and hence the recommendation that future reporting should differentiate between the completion of the actions relating to the existing set of audit reports and the actions that were currently starting to be addressed in relation to the new audit reports;
- (5) advising that Members would be aware that a substantive workload was associated with addressing the risks identified through audit reports, and that this situation was unlikely to change, as evidenced from the further internal and external audit reports coming before this Panel and that in responding to these reports, Officers had the opportunity to decide how to respond to any risks that were identified, both in terms of whether / how they dealt with them and over what period of time; and
- (6) reporting that the CMT had suggested that these commitments should be increasingly viewed as part of the way that risk was managed as a Council, as opposed to treating it as a separate workload that had to be attended to and should more pressing risks require to be managed, this should be demonstrated and prioritised accordingly.

Questions were raised by Members of the Panel in relation to:- the processing of card transactions; and the Common Good Fund and links with local Members and the Executive Director – Corporate Services responded accordingly.

Decided:

- (a) to note the progress being made as outlined in Appendix 1 of the report; and
- (b) to agree that reports submitted to future meetings of this Panel should differentiate between the progress against these initial reports and that achieved against the newly published external audit reports.

8. Internal Audit Service – Annual Report to Council 2009/10.

There was submitted a report (issued) of August 2010 by the Audit Services / Programme Review Manager advising

- (1) that he was required to submit an Annual Report to this Scrutiny Panel, acting in its role as the Council's Audit Committee as per the Scheme of Delegation approved by the Council on 21st May 2007, summarising the work which had been undertaken by the Internal Audit Service; and
- (2) of the work being undertaken by the Internal Audit Service during 2009/10 as detailed in Appendix 1 of the report.

Questions were raised by Members of the Panel in relation to:- costs relating to investigations; Dundonald Activity Centre; and the District Court and the Audit Services / Programme Review Manager responded accordingly.

Decided: having congratulated the Audit Services / Programme Review Manager and his team for their work,

- (a) to note the contents of the Internal Audit service during 2009/10 as detailed in Appendix 1 of the report; and
- (b) that the Audit Services / Programme Review Manager would ensure that Internal Audit reported on matters arising from work on the 2010/2011 Annual Audit Plan.

9. Internal Audit Service – Follow-up of Internal Audit Reports – Progress Report.

There was submitted a report (issued) of August 2010 by the Audit Services / Programme Review Manager

- (1) advising of the current status of Directorate progress regarding the implementation of Action Plans contained within internal audit reports;
- (2) referring to the meeting of 26th March 2009 when it had been agreed that Directorates should submit written reports to future meetings of this Panel explaining the reason for requesting second or subsequent extensions of time to complete outstanding action plan points;
- (3) informing that, as at the cut-off date of 13th August 2010, CPMS was showing no action plan points outstanding, due to be implemented by 30th June 2010, and that internal audit had agreed five first time extension requests during that period; and
- (4) intimating that since the previous meeting of this Panel, fourteen reports had been issued and that a summary of these reports, excluding those for the Community Councils, which related to the certification of their accounts, had been included as Appendices to the report.

A question was raised by a Member of the Panel in relation to cash income and postal remittances and the Audit Services / Programme Review Manager responded accordingly.

Decided:

- (a) to note the progress of Directorates in the implementation of agreed action plan findings; and
- (b) to request that the Audit Services / Programme Review Manager submit reports to future meetings of this Panel.

WIDER SCRUTINY PANEL BUSINESS:-

10. Scrutiny Review: Strategic Review of Absence Management.

There was submitted a report (issued) of 13th August 2010 by the Head of HR and Organisational Development advising

- (1) of the progress to date with the strategic review of absence including the absence statistics for the Council for the period from 1st April to 30th June 2010 and for the year 2009/10;
- (2) of the current position in respect of the progress being made with the Strategic Action Plan and the Framework for Maximising Attendance at Work – an holistic approach to supporting and improving employee attendance at work, as outlined in Appendix 1 of the report,
- (3) of the progress being made with learning and development and informing that, in developing this new framework, a complete review of the traditional corporate training course for absence had been undertaken and pilot sessions had commenced; and

- (4) that, based on the total number of days lost through absence for this quarter, the estimated annual average number of days lost per employee would be 10.41 days with the top two main reasons for employee absence for this period being gastrointestinal and musculoskeletal and informing that the main reasons for occupational health referrals from April to June 2010 remained psychological and musculoskeletal with the top four reasons for absence during the year 2009/10 being gastrointestinal (22.4%), musculoskeletal (15.6%), respiratory (15.4%), and psychological (13.4%).

Questions were raised by Members of the Panel in relation to:- private sector sickness absence statistics; training and recognition initiatives; and the flexible working enhancements and the Head of HR and Organisational Development responded accordingly.

Decided: to approve the contents of the report and its appendices.

Councillor Low left the meeting at this point.

11. Improvement Agenda Strand 12 – Information and Training for Elected Members.

There was submitted a report (issued) of 18th August 2010 by the Head of HR and Organisational Development

- (1) providing information on the progress being made in relation to Improvement Strand 12 which related to Information and Training for Elected Members;
- (2) advising
 - (a) that in relation to Elected Member Training, the framework for the Council's leadership programme set out the direction for leadership development for Officers and Elected Members and that associated development activities related to the agreed standards in terms of competencies, behaviours and skills;
 - (b) that the framework provided a flexible but structured strategic approach to leadership development under which a range of activities were developed and delivered, with leadership development for Elected Members comprising various strands:-
 - Portfolio Holders and Chairs of Scrutiny Panels;
 - Elected Members' Training Needs Analysis;
 - Lunch and Learn and Breakfast Briefings for Elected Members;
 - National CPD Project; and
 - Masterclass Series for Elected Members; and
- (3) indicating
 - (a) that in relation to information for Elected Members, the Scrutiny and Governance Management Panel at its meeting on 27th April 2010 (Page 253, paragraph 3) received a report on the Scrutiny workshop that aimed to explore what was meant by scrutiny within the South Ayrshire context and how current arrangements might be refined and developed;
 - (b) that Members had identified a wide range of issues for improvement;

- (c) that Members had agreed to consider the output of the seminar alongside their observing work on scrutiny and develop recommendations thereafter and that this work was being developed further through the Scrutiny and Governance Management Panel;
- (d) that it had been recognised that one means by which Elected Members could be provided with better information in relation to decision making, and therefore supporting good governance processes, was by way of improved reporting and that the opportunity had been taken over the summer recess period to review and update the report template used for reports to Council and Panels (other than the Regulatory Panel and Appeals Panel); and
- (e) that this would incorporate a number of additional headings to reflect the areas of particular interest and concern to Members and to provide links to the Improvement Agenda and Council/ Directorate Plans and that a revised draft was currently with members of the extended Corporate Management Team for final comment and that it was anticipated that the revised template would be in use by the autumn.

Questions were raised by Members of the Panel in relation to:- the background to the statement in respect of 'ensuring that call-ins were depoliticised'; and the scrutiny process and the Head of Policy, Performance and Communication responded accordingly.

Decided: to note progress in relation to Improvement Strand 12.

The meeting ended at 12.15 p.m.