

CORPORATE AND COMMUNITY PLANNING
STANDING SCRUTINY PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr,
on 31st January 2013 at 10.00 a.m.

Present: Councillors Brian Connolly (Chair), Andy Campbell, Douglas Campbell, Alec. Clark, Ann Galbraith and John Hampton.

Apologies: Councillors Hywel Davies and Brian McGinley.

Attending: E. Howat, Executive Director – Corporate Services; V. Andrews, Head of Legal and Administration; C. Monaghan, Head of Policy, Performance and Communication; H. McLaughlin, Audit Services Programme Review Manager; P. Linton, Performance and Change Management Manager; T. Baulk, Chief Accounting Officer; D. McNeill, Treasury Manager; and E. Wyllie, Committee Services Officer.

Also Attending: David Richardson, Audit Manager and Sarah Lawton, Senior Auditor, Audit Scotland.

1. Declaration of Interest.

There were no declarations of interest by Members of the Panel in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

2. Item for Call-in.

The Panel noted that there had been no call-ins for this meeting.

3. Minutes of previous meeting.

Decided: to note the Minutes of the previous meeting of 13th December 2012 (issued).

AUDIT FUNCTION:-

4. Remit from South Ayrshire Council of 29th November 2012 – Report to Members and the Controller of Audit on the 2011/12 Audit.

Reference was made to the Minutes of South Ayrshire Council of 29th November 2012 (Page 13, paragraph 9) when the Council, having considered a report by the Executive Director – Corporate Services of 20th November 2012 (issued), had decided, inter alia, to refer the report to this meeting of the Standing Scrutiny Panel and thereafter, that regular updates on progress against the action plan be provided to the Panel.

The Panel gave detailed consideration to the terms of the Audit Report and the Action Plan. Particular issues were raised and discussed as follows.

In relation to the Housing Capital and General Services Programmes, there needed to be a real focus on keeping planned expenditure on line going forward. Planning for the delivery of projects would be supported by two new posts created as part of the 2013/14 General Services Capital Programme and timeous delivery of projects would be a key focus for the Executive Director – Corporate Services following transfer of responsibility as part of the recent restructure.

The financial impact of slippage within budgets was noted and that slippage was a common feature of other local authorities across Scotland, although individual performance across Councils varied.

There was some discussion on the reasons for slippage and the opportunity to re-profile projects between years. Members queried whether where slippage occurred it was possible to bring forward alternative projects at short notice and the Auditors confirmed that in their view this would be an option.

The auditors explained their comment about a need for a longer term investment strategy (10 years) to take account of Members' priorities, service demands and service delivery models. Members and Officers discussed possible methods for rationalising assets.

Panel Members discussed the need for the concerns relating to longer term asset management to be further considered by the Leadership Panel.

Panel Members went on to discuss the current progress with the roll out across the Council of the self-evaluation framework, 'How Good is Our Council' (HGIOC), having regard to forthcoming changes to the organisational framework and the Children and Community Annual Report 2011/12. It was noted that some services fit more easily than others into the 'HGIOC' model and that applicable inspection regimes varied across services. A further training programme in relation to self-evaluation was being rolled out between now and the summer which would also involve Members. The Children and Community Annual Report would be altered in future to reflect organisational changes and in time a similar approach could be taken across all services in the context of the Council's Business Plan.

Members sought and received confirmation that adequate provision had been made for the projected liability figure for equal pay claims.

The funding allocation for roads maintenance was raised and additional reporting on this requested.

In relation to the Action Plan, the implications of Welfare Reform and the impact on individuals and Council Services were discussed and noted, as were community engagement processes, reporting timescales for Statutory Performance Indicators and Members' access to Covalent reports on progress with Internal and External Audit recommendations.

The Executive Director – Corporate Services intimated that she would arrange for further information and updates in relation to slippage within the capital programmes, the roads maintenance budget and the implications of Welfare Reform and advised that she would arrange for Covalent reports to be circulated to Members of the Panel.

The Chair asked whether, in future, the Auditor's Report could be presented to this Panel for consideration prior to being presented to the Council meeting for approval and the Executive Director – Corporate Services intimated that normally the report would come to this meeting in the first instance but on this occasion a timing issue had prevented this approach.

Having heard the Chair thank Audit Scotland's representatives for their attendance and input, the Panel

Decided:

- (1) to note the report by Audit Scotland and that regular updates on progress against the action plan would be provided to future meetings of this Panel; and

- (2) in recognition of the Panel's concerns relating to the lack of a longer term investment strategy and the need for asset rationalisation, and the Auditors' comments in this regard, to request the Executive Director – Corporate Services to report back to the Leadership Panel on behalf of this Panel as the Audit Committee with a recommendation that the Leadership Panel should consider ways in which to undertake a rationalisation process of the Council's assets to maximise long term service delivery, with the involvement of Elected Members.

WIDER SCRUTINY PANEL BUSINESS:-

5. Remit from the Leadership Panel of 22nd January 2013 – Raising our Ambitions: Progress Report 1.

Reference was made to the Minutes of the Leadership Panel of 22nd January 2013 (Page 113, paragraph 8) when that Panel, having considered a joint report by the Head of Policy, Performance and Communication and Head of Human Resources and Organisational Development of 15th January 2013 (issued), had decided, inter alia to note the first progress report on Raising our Ambitions and that this report be referred to this Standing Scrutiny Panel for its consideration.

Arising from discussion, the Head of Policy, Performance and Communication provided further information and clarification to Members of the Panel in relation to the two Look Forward events and the relationship between Raising Our Ambitions and the Council's Business Plan. Following discussion, the Panel

Decided: to note the first progress report on Raising our Ambitions.

6. Treasury and Investment Strategy Report 2013/14.

There was submitted a report (issued) of 22nd January 2013 by the Executive Director – Corporate Services seeking approval for the proposed strategy for treasury management activities within the Council for the financial year 2013/14, as attached at Appendix 1 of the report.

Arising from discussion, the Chief Accounting Officer and the Treasury Manager provided further information and clarification as follows in response to matters raised by Members of the Panel:-

- that the Council's Loans Fund pool rates were higher than the average when benchmarked against other local authorities largely due to the extent and expense of historical debt at fixed interest rates and how re-scheduling of debt would improve this in future;
- that the most advantageous timing for obtaining funding for Ayr Academy and Marr College projects would be considered in conjunction with consultants advice;
- consideration of treasury management limits on activity in terms of fixed and variable interest rates;
- that authorised limits allowed scope for debt rescheduling as required for operational purposes;
- how financing costs are constantly monitored and the potential impact of Welfare Reform in relation to the HRA Business Plan;
- that in determining permitted investments one consideration was liquidity risk;
- that confirmation could and would be provided to Members, as requested, of the total PPP schools payments in respect of debt compared to the original capital costs; and

- no additional borrowing was proposed beyond that stated in the HRA Business Plan in relation to new builds, and a reference to rent premiums for new build houses could be included in the Strategy document, and following discussion the Panel

Decided: to recommend approval of the Annual Treasury Management Strategy for 2013/14 to the next meeting of the Council based on the specific approvals contained within Appendix 1 of the report as follows:-

- (1) the capital expenditure forecasts as outlined within paragraph 1.1;
- (2) the capital financing requirement as outlined within paragraph 1.2;
- (3) the financing cost / net revenue stream ratio as outlined within paragraph 1.3;
- (4) gross debt compared to capital financing requirement as outlined within paragraph 2.1;
- (5) operational boundary limit as outlined within paragraph 2.2 (1);
- (6) authorised limit as outlined within paragraph 2.2 (2);
- (7) interest rate exposure as outlined within paragraph 2.4;
- (8) maturity structure of fixed interest rate borrowing as outlined within paragraph 2.4; and
- (9) principle sums invested for greater than 364 days as outlined within paragraph 3.5.

The meeting ended at 11.50 a.m.