

CORPORATE AND COMMUNITY PLANNING
STANDING SCRUTINY PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr,
on 28th February 2013 at 10.00 a.m.

- Present: Councillors Brian Connolly (Chair), Andy Campbell, Douglas Campbell, Alec. Clark, Ann Galbraith, John Hampton and Brian McGinley.
- Apology: Councillor Hywel Davies.
- Attending: E. Howat, Executive Director – Resources, Governance and Organisation; V. Andrews, Head of Legal and Democratic Services; M. Williamson, Head of Education; J. McQuillan, Head of Property and Facility Services; M. Newall, Head of Neighbourhood Services; H. McLaughlin, Audit Services Programme Review Manager; D. Strang, Schools and Service Support Manager; C. Cox, Planning Manager; R. Kingisepp, Team Leader (Capital Planning and Business Support); Z. Brownlie, Acting Corporate Procurement Manager; T. Baulk, Chief Accounting Officer; and E. Wyllie, Committee Services Officer.
- Also Attending: Councillors John McDowall, Bill McIntosh, Rita Miller, Phillip Saxton and Margaret Toner (Portfolio-holders); Councillors Allan Dorans and Nan McFarlane (for call-in) and Councillor Peter Convery; and Alan MacKenzie, 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. Exclusion of press and public.

The Panel resolved, in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, that the press and public be excluded during consideration of the following item of business on the agenda on the grounds that it involved the likely disclosure of exempt information in terms of paragraph 9 of Part 1 of Schedule 7A of the Act.

3. Item for Call-in – Schools Projects.

Reference was made to the Minutes of the Leadership Panel of 19th February 2013 (Page 185, paragraph 23) when that Panel, having considered a joint report (issued to Members only) of 12th February 2013 by the Executive Director – Care, Learning and Wellbeing and the Executive Director – Resources, Governance and Organisation, had decided

- (1) to agree to adopt the site of the former pitch and putt course on Craigie Estate as the preferred location for the new Ayr Academy;
- (2) to authorise the Executive Director - Care, Learning and Wellbeing to commence and expedite the necessary processes, including consultation, to progress delivery of the new school and report back to a future meeting of this Panel;

- (3) to agree that the Executive Director - Care, Learning and Wellbeing notified the University of the West of Scotland of this decision and report back any further proposals resulting from this;
- (4) to note the position in respect of negotiations with representatives of the Marr Trust in respect of the land and buildings and confirm delegated authority to the Executive Director – Care, Learning and Wellbeing to conclude the purchase from the Trust and the revised leasing arrangements for the Pavilion and Playing Fields on the basis of the Option selected by the Trust (as set out in paragraph 4.2 of the report) and such other reasonable and appropriate terms and conditions as the Executive Director shall agree; and
- (5) to request Officers to provide an update on the outcome of the negotiations in relation to Marr College to a future meeting of the Leadership Panel.

The Panel was advised that the report had been the subject of a call-in (issued to Members only) details of which, together with written responses were circulated in advance of the meeting (issued to Members only).

The Chair invited Councillor Douglas Campbell to explain his reasons for the call-in and, thereafter, the Panel also heard various Officers provide further information and clarification on the issues raised.

Arising from discussion, the Officers provided further information and clarification in response to matters raised by Members of the Panel in relation to proposals for the new Ayr Academy. At this point, it was noted that the Panel (Councillor Douglas Campbell dissenting) were minded that the decision of the Leadership Panel be confirmed and implemented in relation to Ayr Academy.

In relation to that part of the call-in referring to Marr College, Councillor Douglas Campbell sought clarification in relation to the ongoing negotiations and the Executive Director – Resources, Governance and Organisation provided reassurance in this regard.

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

4. Minutes of previous meeting.

Decided: to note the Minutes of the previous meeting of 31st January 2013 (issued).

AUDIT FUNCTION:-

5. Audit Scotland - South Ayrshire Council 2012/13 Audit – Review of Internal Audit.

There was submitted a report (issued) of February 2013 by the Audit Services Programme Review Manager

- (1) reporting on the findings of the Audit Scotland review of Internal Audit in relation to their 2012/13 Audit and that the report raised no improvement issue to be addressed by Internal Audit; and
- (2) advising that Audit Scotland had concluded that they would place formal reliance on specified areas of internal audit work, both in relation to their work on financial statements and in relation to the wider scope of their audit responsibilities, as outlined within the report.

Decided: to note the contents of the Audit Scotland report, attached as Appendix 1 of the report and the fact that Audit Scotland would place reliance on internal audit work for 2012/13.

6. Internal Audit Service - Annual Audit Plan 2012/13 – Progress Report.

There was submitted a report (issued) of February 2013 by the Audit Services Programme Review Manager advising

- (1) of the progress and current position of the Annual Audit Plan from 1st June 2012 to 31st January 2013 and outlining the productivity of the section;
- (2) that a summary progress report showing actual activity, on a line by line basis against the original Audit Plan, was attached as an Appendix to the report;
- (3) that Internal Audit staff continued to be involved in investigations/unplanned work; and
- (4) that, at this stage, it was envisaged that sufficient work would be carried out on the main core systems section of the Audit Plan to ensure that an annual assurance statement could be provided.

In respect to the Appendix to the report, it was noted that some areas of work had not yet commenced as Internal Audit were focussing on the main core systems in the first instance and the Panel

Decided:

- (a) to note the progress being made with the Annual Audit Plan; and
- (b) to request the Audit Services Programme Review Manager to provide similar reports to future meetings of this Panel.

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

There was submitted a report (issued) of February 2013 by the Audit Services Programme Review Manager advising of the current status of Directorate progress in regard to the implementation of Action Plans contained within Internal Audit reports and, that since the previous Panel meeting, two reports had been issued in respect of the following summaries, also appended to the report:-

- (1) Housing Rents – rent calculation and credit balances; and
- (2) Members' expenses.

A discussion took place in relation to the reporting system and processes and it was noted that robust procedures were in place to ensure the effective operation of the system, including setting of realistic timescales for completion of actions and follow up through Directorate Management Teams and Covalent reporting and the Executive Director – Resources, Governance and Organisation also commented on the level of detail contained within Covalent which had been circulated to Members of the Panel. After discussion, the Panel

Decided:

- (a) to note the progress of Directorates in the implementation of agreed Action Plan findings as outlined within paragraph 4.2 of the report; and
- (b) otherwise, to request the Audit Services Programme Review Manager to submit agreed reports to future meetings of this Panel.

8. Belmont Academy's School Fund and the Administration of School Funds in General.

Reference was made to the Minutes of 13th December 2012 (Page 54, paragraph 4) and there was submitted a report (issued) of 14th February 2013 by the Executive Director – Care, Learning and Wellbeing

- (1) providing an update on the progress being made with the action points contained in the Internal Audit report on the audit of the Belmont Academy School Fund as outlined within the Appendix to the report;
- (2) informing that a Working Group had been established to undertake a review of the present School Fund guidelines and that these new guidelines had now been issued to all schools with training being arranged at a future date;
- (3) advising that the majority of school fund accounts for 2012 had been audited and that the remaining accounts would be audited by the end of March 2013; and
- (4) indicating that all Head Teachers had been reminded of the Council's guidelines for the management of school funds and the need for the annual statement of accounts to be audited on an annual basis.

A full discussion took place in relation to the various funds held by schools and how these were managed and the Head of Education clarified the operational differences between Parent Council funds, school funds and school budgets. She also highlighted the role and responsibilities of the Head Teacher in respect of the management of school funds as distinct from the management of school budgets and intimated that Parent Councils were responsible for the management of their own funds. She commented that changes to the Scheme of Delegation for Schools to take account of Devolved School Management would be reported to a future meeting of the Leadership Panel. After discussion, the Panel

Decided: to note the progress which had been made by the Care, Learning and Wellbeing Directorate in responding to the action points highlighted in the Internal Audit report on the Belmont Academy School Fund.

9. Follow-up of External Audit Reports – Progress to 31st December 2012.

There was submitted a report (issued) of 21st February 2013 by the Executive Director – Resources, Governance and Organisation

- (1) providing an update on the progress being made by the Council in overtaking its external audit improvement actions from 1st October to 31st December 2012;
- (2) advising that, during the reporting period, eleven actions had been completed and twenty five actions were continuing to progress in line with their original targets; and

- (3) indicating that four of the actions were 'not on target' and that all were the subject of 'some concerns' as detailed within Appendix 1 of the report.

A discussion took place in relation to the complexities surrounding Shared Services and it was noted that a report would be submitted to a future meeting of the Council. It was proposed by Members that the Executive Director – Economy, Neighbourhood and Environment be asked to provide an update on the current position with Shared Services for Roads.

In response to a query regarding current timelines for the various actions outlined within the Appendix to the report, the Executive Director – Resources, Governance and Organisation intimated that she would provide further information in relation to the current position of these action points.

Decided: to note the progress being made against the Council's external audit improvement actions as detailed in Appendix 1 of the report and to request that the Executive Director – Economy, Neighbourhood and Environment provide an update report on the current position with Shared Services for Roads.

WIDER SCRUTINY PANEL BUSINESS:-

10. Procurement Improvement Programme.

There was submitted a report (issued) of 21st February 2013 by the Head of Legal and Democratic Services

- (1) providing an update in relation to the Council's Procurement Improvement Programme and seeking endorsement for continuing improvements to procurement processes, approaches and outcomes across the Council;
- (2) recommending that the Panel continue to support the progression of a Procurement Improvement Plan aligned with the thirteen key objectives of the Council's Procurement Strategy in order to achieve the required procurement outcomes, as outlined within Appendix 2 of the report;
- (3) informing that, as agreed by the Council at its meeting of 14th February 2013 (Page 10, paragraph 14), the Panel would be undertaking a further Scrutiny Review of procurement by concentrating on required improvements in contract and supplier management processes across the Council; and
- (4) seeking endorsement of the formation of a Procurement Sub-Group of the Corporate Management Team to support the Procurement Improvement Plan and the activities of the Corporate Procurement Forum with the proposal that the Forum would involve individuals with direct and current purchasing experience through online forums and small focussed meetings to ensure that all appropriate colleagues had an opportunity to participate whilst ensuring Members of the Forum were not over burdened.

In relation to the Council's 2012 scoring of 53%, the calculation process of the Procurement Capability Assessment was explained by the Acting Corporate Procurement Manager and it was noted that this was an improved position and that the national target was 'over 50%'.

A number of questions were raised in relation to the key objectives contained within the Procurement Improvement Plan appended to the report and the Acting Corporate Procurement Manager provided clarification as follows:-

- in terms of the continued implementation of electronic procurement systems, that a number of factors needed to be taken into account with regard to the increase in the average invoice value, such as the Covalent self service roll-out, which would be monitored;
- the nature of Supported Businesses;
- the preparatory and benchmarking work undertaken to anticipate procurement savings prior to procurement activity so to achieve efficiency savings and of the difficulties of making comparisons with the private sector when undertaking this preparatory work; and
- the availability of business opportunities to small and medium enterprises and that the decrease in the percentage spend would be closely monitored along with colleagues in the Council's Enterprise section.

A discussion took place in relation to the new post of contract and supplier management and the role of the Corporate Procurement Team in terms of contract arrangements across the Council. The Head of Legal and Democratic Services clarified this role and advised that this team worked closely with colleagues in the other Directorates in terms of contracts commissioned for social work and roads services and, after discussion, the Panel

Decided:

- (a) to note the progress being made in relation to the Council's Procurement Improvement Programme; and
- (b) to endorse the ongoing activity to further develop procurement capability across the Council.

Councillor Galbraith left and then rejoined the meeting during consideration of the above item.

11. Remits from the Leadership Panel of 19th February 2013:-

The Panel agreed that both referred items be considered together.

General Services Capital Programme 2012/13: Monitoring Report as at Period 9: 31st December 2012.

Capital Programme Management.

Reference was made to the Minutes of the Leadership Panel of 19th February 2013 (Pages 179 to 181, paragraphs 13 and 14) when that Panel, having considered a report by the Executive Director – Resources, Governance and Organisation of 12th February 2013 on the General Services Capital Programme, had decided, inter alia, that in light of concerns about the level of slippage, potential for increased costs and the impact on service delivery, to refer this report and the joint report on Capital Programme Management by the Executive Director – Economy, Neighbourhood and Environment and the Executive Director - Resources, Governance and Organisation of 15th February 2013 (referred to at 4.2(f) on the Leadership Panel agenda) to this meeting to allow the Panel to examine the reasons for the slippage and to identify actions which would assist in minimising slippage in the future with the findings to be reported back to the Leadership Panel.

A full discussion took place around project development and programme management and whether, where slippage occurred, alternative projects were ready for implementation and the Head of Property and Facility Services clarified the role of the two new staff members in this regard and confirmed that slippage could not ever be completely ruled out due to the potential for unforeseen circumstances to arise, but that he would seek to have alternative projects to bring forward in these circumstances.

Members raised concerns as to whether monitoring of work on site could be undertaken to check contractor performance to combat delays and poor performance such as that experienced in phase 1 of the Forehill School project; whether adequate systems were in place to effectively deliver the Programme, including adequate preparatory work and was there enough staff for this purpose; how would the back log of projects be managed and delivered and underspends minimised; and what efforts were being made to work with good local contractors as well as ensuring value for money and customer satisfaction. The Head of Property and Facility Services confirmed the importance of project management in addition to the Clerk of Works role to ensure proper management across all stages of a project and that the Council, until now, had had very limited project management resource.

In response to a specific query as to whether the tendering system had recently changed to an extent which eliminated some local contractors from the bidding framework, the Head of Property and Facility Services confirmed that he would look into this matter further and, otherwise, he commented on the various steps being taken to mitigate the issues raised above such as the Five Year Capital Programme Plan approved by the Council at its meeting of 18th December 2012 and the additional staff resources.

The Executive Director – Resources, Governance and Organisation suggested that in conjunction with the Head of Property and Facility Services, the various issues raised would be taken on board with proposals developed and submitted to an early meeting of this Panel.

Having heard the Chair request that the quarterly updates provided to the Leadership Panel also be provided to this Panel, the Panel

Decided: to note

- (1) that the Executive Director – Resources, Governance and Organisation and the Head of Property and Facility Services would review the various issues raised and report their findings to a meeting of this Panel as soon as possible to allow the Panel to report back timeously to the Leadership Panel thereafter; and
- (2) that the Leadership Panel would be asked to agree that the Head of Property and Facility Services would provide quarterly updates to this Panel following on from Leadership Panel quarterly updates in future.

12. Remit from the Leadership Panel of 19th February 2013 – Capital Programme Management.

This item was considered in conjunction with the previous item on the Agenda.

13. Scoping Papers.

Reference was made to the Minutes of South Ayrshire Council of 14th February 2013 (Page 160, paragraph 14) when it was agreed that this Panel would undertake Reviews of the following areas:-

- (1) Budget Monitoring; and
- (2) Procurement – Contract and Supplier Management, and

there was submitted a report (issued) of 21st February 2013 by the Executive Director – Resources, Governance and Organisation providing scoping papers on both reviews as outlined within the appendix of the report.

The Chair suggested that two Sub-Groups be formed from Panel Members bearing in mind that Members would be welcome to attend both Sub-Group meetings if they so wished and the Executive Director – Resources, Governance and Organisation advised that Lead Officers would be allocated to these Sub-groups.

Decided: to commence work on the reviews with Panel Members forming two Sub-Groups as follows:-

- (a) Budget Monitoring Sub-Group led by Councillor Brian Connolly with Councillors Andy Campbell, Hywel Davies and Ann Galbraith; and
- (b) Procurement – Contract and Supplier Management Sub-Group led by Councillor Alex Clark with Councillors Douglas Campbell, John Hampton and Brian McGinley.

The meeting ended at 12.10 p.m.