

AUDIT AND GOVERNANCE PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr
on 23 January 2019 at 10.00 a.m.

Present: Councillors Peter Convery (Chair), Alec Clark, Brian Connolly, Martin Dowey, Helen Moonie and Arthur Spurling.

Apologies: Councillors Chris Cullen and Hugh Hunter.

Attending: T. Baulk, Head of Finance and ICT; W. Carlaw, Service Lead – Democratic Governance; T. Eltringham, Director of Health and Social Care Partnership; N. Gemmell, Service Lead – Revenues and Benefits; L. Miller, Chief Internal Auditor; and J. McClure, Committee Services Lead Officer.

1. Declarations of Interest.

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

2. Minutes of Previous Meetings.

The Minutes of the meetings of 7 November and 6 December 2018 (issued) were submitted and approved.

3. Action Log and Work Programme.

There was submitted an update of the Action Log and Work Programme for this Panel (issued).

The Head of Finance and ICT

- (1) advised that all outstanding actions in the Action Plan had now been completed with the exception of item (1) on Delivering Good Governance which was being submitted to the Leadership Panel of 12 February 2019 for approval;
- (2) outlined the position with the items on the Work Programme; and
- (3) sought approval for item 11 on the Work Programme entitled "Health and Social Care Integration – Update on Progress" which had previously been considered at the Integration Joint Board, to be considered at the meeting of this Panel scheduled to be held on 20 March 2019.

The Panel

Decided:

- (a) to note that item 1 on the Work Programme had previously been reported to this Panel;
- (b) to note that item 2 on the Work Programme would not be considered at this Panel and would, therefore, be removed from the Work Programme;
- (c) to note that items 3 and 4 on the Work Programme would be removed from the Work Programme as no Audit Scotland reports were due on these matters;
- (d) that items 5 to 10 on the Work Programme be considered by Panel when appropriate;
- (e) to agree to consider Item 11 on the Work Programme at the meeting of this Panel scheduled to be held on 20 March 2019; and
- (f) otherwise, to note the current status of the Action Log and Work Programme.

External Audit Reports.

4. Audit Scotland : Local Government in Scotland – Financial Overview 2017/18.

There was submitted a report (issued) of 15 January 2019 by the Head of Finance and ICT updating the Panel on the findings from the Audit Scotland report “Local Government in Scotland – Financial Overview 2017/18”.

A question was raised regarding the relationship between funding received by Councils, population size and deprivation levels and how this affected this authority; and the Head of Finance and ICT advised that that this Council had seen reductions in Grant-aided Expenditure (GAE) funding due to changes in particular within Education factors; and that, due to there not being a high level of deprivation in South Ayrshire, this Council was not eligible for some funding.

Following concerns from Members that South Ayrshire had the highest level of rural poverty in Scotland and that those in the most deprived areas were being affected in the budget setting, the Head of Finance and ICT advised that work had been carried out in the last few months examining statistics and trends in relation to GAE and rurality had been taken into account when undertaking this.

A question was raised by a Member regarding the Scottish Parliament Information Centre (SPICe) briefing paper which had identified that the Scottish Government’s Budget priority choices inevitably meant that other non-protected areas of spend must take up more of the slack from any future spending reduction and what this meant for this Authority; and the Head of Finance and ICT outlined the Scottish Government’s spending priorities, advised that by focussing on these areas, other areas would suffer like Local Government; and that this was going to be a very challenging year, with the Audit Scotland report highlighting the main issues affecting the Council.

A full discussion took place in relation to the low level of reserves held by the South Ayrshire Integration Joint Board (IJB) compared to other IJBs and the diminishing number of IJBs holding a surplus in 2017/18 compared to 2016/17; the challenges faced by the IJB; and the cutting of services to the most vulnerable in the community; and the Director – Health and Social Care advised that he was currently liaising with Members and Officers of the IJB in order to achieve best value and best practice.

Following a question from a Member on what the IJB had been doing to improve its financial position, the Head of Finance and ICT advised of the reasons for building up reserves, outlined the resources set aside by the IJB in 2017/18; and explained the reason behind “negative reserves” which some IJBs held; and the Director of Health and Social Care further advised that the IJBs were all differing sizes and that the South Ayrshire IJB was in the middle in terms of the total reserves held; that it was one of only three partnerships which broke even last year; and that the other two Ayrshire local authority areas were larger, however, South Ayrshire had more residents over the age of 85, hence the increased demand for older people’s services.

Concerns were raised by Members that the Council did not manage the IJB budget, however, there were consequences for the Council; and regarding the role of the IJB’s Performance and Audit Committee; and the Director of Health and Social Care advised that there were four Council Elected Members on the IJB representing the Council and that the three statutory partners were represented on the IJB’s Performance and Audit Committee.

Following a further concern on the governance arrangements of the IJB as it was felt that the IJB Members should not also be on the Performance and Audit Committee, the Service Lead – Democratic Governance advised that the Head of Regulatory Services was currently reviewing the governance arrangements of the IJB.

Following a question from a Member on which fees and charges would be increased to bridge the funding gap in the Council’s budget, the Head of Finance and ICT advised that this was for the Budget Working Group to consider; and that Directors and Service Leads would provide the appropriate information to Members on the current fees and charges within their service to enable them to make budgetary decisions.

A question was raised in relation to the reduction in net pension liability and the Head of Finance and ICT outlined the effects of this reduction and advised that the pension liability was reduced due to the success of the pension fund investment portfolio.

The Panel, having noted the findings outlined in the Audit Scotland report ‘Local Government in Scotland – Financial Overview 2017/18’ (attached as Appendix 1 to the report) and having considered the supplement “Scrutiny Tools for Councillors”,

Decided: to note the contents of the report.

5. Audit Scotland : Housing Benefit Performance Audit Annual Audit 2017/18.

There was submitted a report (issued) of 15 January 2019 by the Head of Finance and ICT outlining the outcome of Audit Scotland's Housing Benefits performance audit work in 2017/18.

Following a question on the changes to the way Universal Credit was paid and payment of the rent of Universal Credit recipients, the Service Lead – Revenues and Benefits outlined that staff were encouraging the recipients of Universal Credit to have their rent paid direct to their landlord, however, uptake on this had been low.

Questions were then asked in relation to:- (1) the rise in rent arrears and it being linked to Universal Credit and the Service Lead – Revenues and Benefits advised that Council staff were supporting those in arrears which was proving very resource intensive, however this was the position throughout Scotland; (2) the rise in demand for Scottish Welfare Fund assistance and the Service Lead – Revenues and Benefits confirmed that this was South Ayrshire wide, both Council tenants and private landlord tenants; and (3) whether staff intervened at an early stage to assist those people who were in rent arrears and the Service Lead – Revenues and Benefits outlined that seven new posts had been approved and funded by the Council and those staff were assisting those in arrears and going beyond what the DWP had required the Council to do

A Member asked a question in relation to how data could be benchmarked when the Audit Scotland Housing Benefit Performance Audit Annual Update 2017/18 report was a national report with no content relating to South Ayrshire and the Service Lead – Revenues and Benefits advised that this report was on Housing Benefit performance and it's contextual information and the Head of Finance and ICT further advised that, should the report highlight an area of good practice, the Service Lead – Revenues and Benefits would consider this with a view to using this practice.

In answer to a question on whether the DWP introducing two new services for Councils to improve processing performance and debt recovery had been helpful, the Service Lead – Revenues and Benefits advised that the Council fully participated in these areas and would continue to do so going forward.

The Panel, having considered the Benefit Performance Audit Annual Update Report 2017/18,

Decided: to note the actions being taken to mitigate wider Welfare Reform issues for our customers.

Internal Audit Reports.**6. Internal Audit – Progress Report (i) Progress of Annual Internal Audit Plans 2017/18 and 2018/19; (ii) Implementation of Internal Audit Action Plans.**

There was submitted a report (issued) of 15 January 2019 by the Chief Internal Auditor outlining Internal Audit's progress regarding the 2017/18 and 2018/19 internal audit annual plans and directorate progress in regard to the implementation of action plans.

Following Panel Members' concerns on the estimate of six years to create a full museum inventory within the "Follow-up – Museums and Galleries" Appendix and what safeguards were in place meantime to ensure that no artworks or artefacts were mislaid, the Head of Finance and ICT advised that he would write to the Service Lead – Community Services and Facilities seeking her views on this matter.

A Panel Member asked if the ad-hoc requests received were manageable; and the Chief Internal Auditor advised that she currently had the capacity to cover these requests with the assistance of the Internal Audit staff, however, should an investigation prove time consuming, she would submit a further report to this Panel with a revised Plan for approval.

The Chair congratulated the Chief Internal Auditor on the Performance Indicators and thanked her for her very concise report.

The Panel, having considered the content of the report regarding assignment progress and implementation of issued action plans,

Decided: to note the contents of the report.

The meeting ended at 11.25 a.m.