

Audit and Scrutiny Committee
Council Chamber, Town Hall, Lerwick
Wednesday 6 May 2009 at 10.00am

Present:

F B Grains	A T Doull
A G L Duncan	R S Henderson
C H J Miller	G Robinson
J W G Wills	

Apologies:

L F Baisley

In attendance (Officers):

S Cooper, Head of Environment and Building Services
S Douglas, Building Standards Surveyor
G Greenhill, Executive Director - Infrastructure
I Halcrow, Head of Roads
D Hughson, Financial Accountant
A Jarden, Building Standards Manager
G Johnston, Head of Finance
I McDiarmid, Head of Planning
C McIntyre, Internal Audit Manager
J R Riise, Head of Legal and Administration
L Saunders, Policy and Development Assistant
J Simpson, Energy Manager
J Smith, Head of Organisational Development
D Williamson, Building Services Manager
L Geddes, Committee Officer

Chairperson

Mrs F B Grains, Chairperson of the Committee, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None

Minute

The minute of the meeting held on 11 March 2009, was confirmed on the motion of Mrs C H J Miller, seconded by Mrs F B Grains.

Finance Monitoring Member/Officer Working Group

In response to a query, the Head of Finance explained that the Group and recently met, and would be working through its agenda.

Study into the Efficient Use of Council Buildings

In response to a query relating to wind turbines, the Energy Manager confirmed that it was hoped to send out a conditional acceptance of the contract in relation to the Lunnasting School turbine within the next week. Once that turbine is operational, discussions will commence with the Urafirth community as to progressing the turbine for Urafirth School. Planning permission will be required for turbines that are to be re-sited outwith school grounds, as will be the case for the turbine at

Skeld School. The Urafirth turbine will depend on the outcome of discussions with the community. Existing turbine condition will be checked as part of the contracts, but they will all receive new heads and blades.

Statutory Performance Indicators – New Cost of Refuse Collection Per Premise

The Head of Environment and Building Service circulated a paper (attached as Appendix A), which responded to the queries previously raised in relation to the net cost of refuse collection per premise in comparison with the other island authorities.

Min. Ref.	Subject	Action/Info
07/09	<p><u>Strategic Audit Risk Analysis 2008-09</u></p> <p>The Committee considered a report by the Head of Organisational Development (Appendix 1).</p> <p>The Head of Organisational Development summarised the main terms of the report, advising that the Audit Manager, Mr Mark Ferris, had offered to attend the next meeting of the Audit and Scrutiny Committee if Members felt it would be helpful.</p> <p>In response to a query relating to ‘Planning and Implementing Priorities and Actions’, as referred to on page eight of the Appendix, the Head of Organisational Development confirmed that work is ongoing to ensure that there is a detailed action plan in place that clearly links the Single Outcome Agreement (SOA), the Corporate Plan, the Community Plan and Best Value recommendations. A substantial exercise had taken place in relation to the business continuity plan over the last few months, and he was confident that there would be more substantial evidence in place to demonstrate that the Council was taking this activity seriously by the time of the next audit. It was a requirement to report to the Scottish Government on the SOA later this year, and this would be a catalyst for bringing together the range of planning activity that had been carried out by the Council.</p> <p>The Head of Legal and Administration responded to a query relating to the Council’s risk management policy, as referred to on page 14 of the Appendix, advising that it had not been possible to bring the updated Risk Management Plan to today’s meeting. However the Risk Management Board would be meeting before the next Audit and Scrutiny Committee meeting, and all Heads of Service would have the opportunity to contribute at this meeting. The Risk Management Board had signed up to take on board Audit Scotland’s comments, and the new Plan would address these.</p> <p>Dr J W G Wills expressed concern at the Strategic Audit Risk Analysis, saying that he felt it was a deplorable report. He went on to outline a number of concerns that had been raised by the auditors, and that he had previously raised with Members, particularly in relation to the Capital Programme and the funding of projects.</p>	

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	<p>The Head of Finance said that he felt it would be useful for the Committee to have a discussion with the Audit Manager, and went on to say that he felt that the Council was working to an agenda to address the problems identified. A report later in the agenda addressed capital project management, and the Finance Monitoring Member/Officer Working Group was also considering this.</p> <p>The Committee agreed that an invitation should be extended to the Audit Manager, Mr Ferris, to attend the next meeting. It was further suggested that he should meet with all Members. Some discussion took place regarding whether it would be possible to require Members to attend, given the importance of this item.</p> <p>In response to a query as to the precise wording of the Council's Standing Orders, the Head of Legal and Administration confirmed that the wording stated that officers or Members could be required to attend a meeting, and the Committee agreed that this should be the case.</p>	
08/09	<p><u>Scottish Government Audit of Shetland Islands Council's Building Standards Service on 23 and 24 February 2009</u></p> <p>The Committee noted a report by the Building Standards Manager (Appendix 2).</p> <p>The Building Standards Manager summarised the main terms of the report, outlining how the audit had been carried out and the outcomes. Although the audit had identified more weaknesses than strengths, the Audit Team had recognised that the Service had been hampered by the high turnover and shortage of staff. They had noted that staff had managed to maintain a level of service delivery that was commendable, given the circumstances. He went on to say that with a new manager and staff now in place, alongside a comprehensive Service Plan, he was confident that the Service would receive a better result when audited in 2010.</p> <p>In response to queries, he confirmed that the Service Plan followed closely the 'balanced scorecard', which Councils were now required to produce. With regard to staffing, the Service was almost up to full strength. It was hoped to convert a 0.5FTE post into a Monitoring and Liaison Officer post, and this would be the subject of a report to Council. This would leave a vacant full-time Building Standards Surveyor post which, given the current downturn in the building industry, he would not be recruiting to at the moment. With regard to timescales for completing applications, he confirmed that there was a statutory obligation to complete these within three months. Locally applications were currently being completed within 30</p>	

	<p>days, and work was in progress to reduce this to 20 days. One of the audit findings was that the Council had no procedures in place to demonstrate where targets were being exceeded. This was currently being addressed, following identification during the audit that all applications received since the start of the year had been dealt with within five days.</p> <p>Members complemented staff on the work being carried out to address the issues raised in the audit.</p>	
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09/09	<p><u>Overtime Expenditure 2008/09</u></p> <p>The Committee noted a report by the Head of Finance (Appendix 3).</p> <p>The Head of Finance summarised the main terms of the report, advising that overtime spending, as a proportion of the overall wages cost, was 2.8%, which was not that remarkable for an organisation of this size. In response to a query, he confirmed that he did not have figures as to how this compared with other similar authorities, but research could be carried out to ascertain this.</p> <p>Some concern was expressed at the levels of overtime for the Towage Service, and the Executive Director – Infrastructure Services confirmed that a review was currently being undertaken of the whole Ports and Harbours Service. The Council was also in discussions with the SVT partners to consider the service levels required, and how to deliver them, and this was against a background of a dramatic downturn in business. It would probably take about a year to undertake this work and carry out a redesign of the Service, and staff had been invited to participate in the discussions.</p> <p>It was pointed out that it had been Council policy for a number of years to have four tugs available for every tanker arriving or departing from Sullom Voe. Concern was expressed that there were may be moves to reduce this to three tugs, as it was felt that four tugs were necessary for safety and environmental protection reasons.</p> <p>Responding to comments relating to the high overtime figure for Ferry Services, the Executive Director – Infrastructure Services advised that this had been identified as part of the recent budget setting exercise, and a monitoring programme had been put in place. The overtime figures had now started to reduce, and the Head of Transport had been tasked with looking at ways the Service could be delivered alongside reducing the overtime figure. He went on to advise that overtime costs would rise as a result of the implementation of Single Status, and that it was therefore necessary to take action now in order to reduce overtime.</p> <p>It was questioned if there was any scope to reduce overtime in</p>	GJ
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	<p>relation to maintenance of school buildings, and the Executive Director advised that consideration was being given to altering working patterns, particularly in relation to weekend work.</p> <p>The Head of Environment and Building Services added that work within schools usually had to be carried out when the building was not occupied, with urgent work often being carried out at weekends. It was hoped to draw up criteria as to when overtime would be appropriate, and discussions would be taking place with staff and clients.</p> <p>He went on to say there was concern relating to overtime costs following implementation of the Single Status agreement, and consultations were taking place with Finance and Human Resources to assess the implications. However it was the aim of his Service to reduce the overtime figure, even when the Single Status agreement was taken into account.</p> <p>The Executive Director added that the implementation of the Single Status agreement would be an appropriate time to consider staff hours, and to consider if there could be more flexibility with contracts and working hours.</p> <p>It was noted that some of the overtime costs may be offset by the fact that APT&C staff would be working 37 hours following implementation of the Single Status agreement, although it was pointed out that APT&C staff often took overtime as time off in lieu rather than in payment.</p> <p>In response to a query relating to overtime for street cleansing and refuse collection, the Head of Environment and Building Services said that street cleansing was carried out at weekends. Refuse collection routes had been reviewed several years ago, and were quite tight, but additional houses had now been added to these routes. He went on to say that there was a balance in terms of taking on more staff and vehicles, against the costs of overtime. Sometimes it was actually cheaper to pay the overtime.</p> <p>The Executive Director added that with regard to street cleansing, that high levels of litter and dog fouling locally were unacceptable. There was therefore a need to have in place an educational and enforcement programme. Staff would be meeting to consider how to address this, and he would report back to the Committee.</p> <p>In response to a query relating to the high overtime figure for Taing House in comparison to similar establishments, the Head of Finance said that he would report back on this to the Committee.</p> <p>It was requested that a response on any queries not addressed at today's meeting be presented to the next meeting.</p>	GJ
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10/09	<p><u>Abstract of Accounts and International Financial Reporting Standards</u></p> <p>The Committee noted a report by the Head of Finance (Appendix 4).</p> <p>The Head of Finance summarised the main terms of the report, advising that the Council were now obligated to impose international financial reporting standards to local authority accounting frameworks. It was likely that this would cause a significant extra work burden on staff initially, and it would also impose extra work in other service areas. He was unsure as to whether the changes would actually improve the quality of accounting, but that it was something that the Council had to comply with.</p> <p>In response to a query, he confirmed that the Financial Accountant would be reviewing the requirements, and that it may be necessary to have extra staff initially. However it would probably be possible to carry out the work within existing resources after the accounts had been produced in line with the new standards for the first time. He went on to say that Audit Scotland were currently putting some pressure on the Council to apply the standards, but that he was happy that staff were tackling it at a sensible pace given the resources available.</p>	
11/09	<p><u>Audit Scotland Annual Audit Plan 2008-09</u></p> <p>The Committee considered a report by the Head of Organisational Development (Appendix 5).</p> <p>The Head of Organisational Development summarised the main terms of the report, advising that there would be an opportunity to question the Audit Manager at the next meeting.</p> <p>It was questioned if there was any scope for the Council to get a rebate for part of the local authority audit fee, as detailed on page 10 of the Appendix, as it was felt to be a large fee for a small local authority.</p> <p>The Head of Organisational Development said that there might be an opportunity to request a change in the fee regime, given that one of the objectives was that audit activity would be shifted to self-assessment, so the Council would be carrying out more of the work itself. This was an issue that could be raised with the Audit Manager when he attended the next meeting.</p> <p>In response to a query regarding investments, as referred to on page 14 of the Appendix, the Financial Accountant explained that this referred to a way of valuing Government bonds and spreading the premium or discount over the life of the bonds.</p>	

12/09	<p><u>Capital Project Management: Best Practice Methodology</u></p> <p>The Committee considered a report by the Head of Finance (Appendix 6).</p> <p>The Head of Finance summarised the main terms of the report, advising that the proposals were an attempt to set out a prescriptive method of how projects should be managed by the Council in future. It was a distillation of material that was already available, and a summary of best practice. There was still some more work to be carried out in terms of development of the methodology, and this would fit well with the work that had already been started by Capital Projects management.</p> <p>Members commented favourably on the proposals, and approved the recommendations in the report on the motion of Mr A G L Duncan, seconded by Dr J W G Wills.</p> <p>It was suggested that the Council should ultimately make this approach to capital project management mandatory best practice, and the mover and seconder of the motion agreed to include this.</p> <p>Some discussion took place in relation to the use of consultants, as referred to in paragraph 3.2.3 of the report, and it was felt that this should be looked at in some detail. It was pointed out that there was a shortage of in-house expertise in some areas, and that this meant that consultants often had to be employed at a greater cost to the Council than the cost of attracting in-house staff. It was suggested that there should be a better integration of technical staff across the Council and investigation into increasing the use of in-house staff, and that this may require a redesign of Council services. It was felt that this would be an issue for exploration by the new Chief Executive, and it was agreed that the new Chief Executive should be requested to present a report to a future meeting of the Committee.</p> <p>The Head of Organisational Development advised that he was happy to do some background work and investigations into this matter. The Head of Finance added that the Finance Monitoring Member/Officer Working Group would address the issue, and that the way ahead may therefore become clearer.</p>	JS
13/09	<p><u>Discussion Paper on “Governance” and Shetland Islands</u></p> <p>The Committee considered a report by the Head of Organisational Development (Appendix 7).</p> <p>The Head of Organisational Development summarised the main terms of the report, and some discussion took place regarding the discussion points in the Appendix of the report.</p> <p>Dr J W G Wills summarised some of the points he had raised in</p>	

the Appendix, advising that they were points that he felt should be discussed by the Council, and he referred specifically to the following points:

- Use of Arial typeface in Council reports
- Failure to follow rules and procedures
- Methods of assessing Council priorities
- Structural change should be considered if there is evidence something is not working
- The vast remit and responsibilities of the two Executive Directors, and whether it would be more appropriate to have separate Directors for some Services
- The need to seek suggestions from staff on how the governance of the Council could be improved
- The need for a structure where both Members and officials could 'specialise' in certain areas and where issues relating to certain Services, such as Education, could be considered in a separate Committee
- Consideration should be given to separating the roles of civic head and political leader, as is the norm in other Councils
- Office bearers should be subject to annual re-election, as is the case in many political societies

Some discussion took place on the points raised in the report and appendix, and the following points were raised:

- The 'Arial' typeface was used on Council correspondence on advice from disability organisations, as it was recognised that it was a font that could easily be read by those with vision problems.
- Discussions on governance was something that it would be appropriate for the new Chief Executive to take up when in post
- Some Members were of the view that the current Committee structure was unwieldy and that there was less communication
- There was general agreement that suggestions should be sought from staff, Community Councils and the wider public as to how the governance of the Council could be improved
- Some Members had concerns that information was not

	<p>being relayed from smaller Council working groups back to the Committees and Council</p> <p>It was suggested that the most appropriate way forward would be for a consultation exercise to be carried out with staff, Community Councils and the public, in order to get suggestions as to how the governance of the Council could be improved.</p> <p>The Head of Legal and Administration referred Members to the role and remit of the Audit and Scrutiny Committee, advising that it would be appropriate for the Committee to ascertain, in the first instance, whether or not there was evidence of a need for change before it made such a recommendation to the Council. He went on to say that some of the issues raised could be dealt with through existing structures and procedures. For example, if it was felt that Services Committee agendas were too large and unwieldy, it was possible to hold special meetings that could focus on particular issues, such as education.</p> <p>Dr J W G Wills moved that the Committee recommend to the Council that a consultation exercise on governance should be carried out with staff, Community Councils and the wider public, and Mr A G L Duncan seconded.</p> <p>Some discussion took place as to whether it would be appropriate to commence work on this consultation exercise only when the new Chief Executive was in post.</p> <p>Mrs C H J Miller moved, as an amendment, that work on the consultation exercise should not commence until the new Chief Executive was appointed, and Mr R S Henderson seconded.</p> <p>After hearing that the mover and the seconder of the motion were willing to incorporate this into the motion, Mrs C H J Miller withdrew her amendment, with the consent of her seconder.</p> <p>Mrs F B Grains moved, as an amendment, that work on the consultation exercise should commence immediately. However her motion did not receive a seconder.</p> <p>The Chairperson thanked Dr Wills for preparing the discussion paper.</p>	
14/09	<p><u>Corporate Plan Progress Report 2008/09</u></p> <p>The Committee considered a report by the Head of Organisational Development (Appendix 8).</p> <p>In response to queries relating to the progress referred to in Appendix 1, the Head of Organisational Development said that answers relating to detailed progress would have to be referred back to the Service concerned. However he would be happy to highlight to them the specific queries in relation to whether the</p>	JS

	<p>targets in respect of supporting crews and replacing vessels in the whitefish sector were realistic, how many actual jobs had been created in fishing infrastructure, and whether it would be possible to reallocate resources to specific problem areas. He went on to say that Members would have an opportunity to focus on these issues at the Economic Development Performance Review.</p>	
15/09	<p><u>Shetland's Single Outcome Agreement – 2009</u></p> <p>The Committee considered a report by the Head of Organisational Development (Appendix 9).</p> <p>The Head of Organisational Development summarised the main terms of the report, advising that the Single Outcome Agreement (SOA) had now been signed up to by the NHS, Police and Fire Services and Highlands and Islands Enterprise, and he understood that it would extend further in future.</p> <p>It was requested that a detailed Action Plan was put in place so that the SOA could be linked with the Corporate Plan, Community Plan and Best Value. Disappointment was also expressed that the document had not been written in 'plain English'.</p>	
16/09	<p><u>The Impact of the Race Equality Duty on Councils</u></p> <p>The Committee considered a report by the Head of Organisational Development (Appendix 10).</p> <p>The Head of Organisational Development summarised the main terms of the report, advising that the Council was obliged to demonstrate that it was taking its race equality duties seriously.</p> <p>In response to a query regarding the sourcing of information from 'minority' communities in Shetland to help identify gaps in provision, the Head of Organisational Development advised that as the numbers in Shetland were small, there tended to be no organised communities. Therefore it was a case of talking to individuals and families about their experiences, and the Adult Education Service also had a valuable role to play in this, as did Housing Support Workers, Social Workers and teachers. Members also had a role to play in talking to their constituents.</p> <p>He went on to say that Audit Scotland required statistical evidence to measure impacts, and that this was difficult locally due to the small numbers involved. However he was confident that the Council was currently doing a reasonable job, but that there was room for improvement. Workforce development was a big issue, and training would be done so that people would understand their duties and responsibilities. Human Resources would also have a role to play in this.</p>	

17/09	<u>Items of Future Discussion</u> <ul style="list-style-type: none"> • Invitation to Mark Ferris, Audit Manager to meet with Members with regard to the Strategic Audit Risk Analysis • Housing voids update 	

The meeting concluded at 12.35pm.