

MINUTE

A & B

Audit and Scrutiny Committee
Council Chamber, Town Hall, Lerwick
Monday 27 September 2010 at 10.00am

Present:

F Grains	L Baisley
A Doull	A Duncan
G Robinson	J Wills

Apologies:

R Henderson	C Miller
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In attendance (Officers):

A Buchan, Chief Executive
C Ferguson, Head of Community Care
G Johnston, Head of Finance
J Riise, Head of Legal and Administration
J Smith, Head of Organisational Development
A Hall, Service Manager – Benefits Administration
D Hughson, Financial Accountant
C McIntyre, Service Manager – Internal Audit
S Pearson, Service Manager – Insurance, Safety and Risk
P Peterson, Policy Manager
W Shannon, Assistant Chief Executive
L Saunders, Community Health and Care Partnership - Projects Manager
A Cogle, Service Manager – Administration

Also:

C Hislop, Audit Scotland
L Brown, Audit Scotland

Observers:

A Cooper
B Fullerton
J Henry

Chairperson

Mrs F Grains, Chairperson of the Committee, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

Dr J Wills advised that he had a business loan from the Council and his wife worked as an Education officer.

Min. Ref.	Subject	Action / Info
39/10	<p><u>Minute</u> The minute of meeting held on 23 August 2010 was confirmed, on the motion of Mrs F B Grains.</p>	
40/10	<p><u>Matters Arising</u></p> <p><u>31/10 - Internal Audit Annual report</u> Mr A Duncan referred to issues relating to Disclosure checks and training, and asked for an update. The Head of Organisational Development advised that a programme of training was being rolled out, but that more details could be sent to Members after the meeting.</p> <p><u>31/10 – Update on Audit Qualification</u> Dr J Wills asked for an update of the list of services provided by the SCT. The Head of Organisational Development advised that he did not have an update available, but would arrange for that to be progressed for the next meeting. Dr J Wills asked that an update be reported to the next meeting of the Council, in order to avoid a further delay.</p> <p><u>31/10 – Internal Audit Annual Report</u> Mr G Robinson referred to the query regarding the spending of money on lawyers in connection with a complaint against Dr Wills to the Standards Commission, and asked what progress there had been in relation to the office bearers involved. The Head of Organisational Development advised that this was a matter the Chief Executive was to take on board, and that he would respond to Dr Wills in the first instance. Dr Wills said that the Chief Executive could only deal with matters relating to Council officers, but his query was now with regard to the office bearers, and he wanted to know what was happening. The Committee noted that the Chief Executive was not yet present to advise and therefore this matter would be referred to him to report to Members as necessary.</p> <p><u>38/10 – Role of Officers at Meetings</u> The Committee noted that the Chief Executive was also looking into this matter and would report to Members in due course.</p>	<p>HR Manager</p> <p>Head of Org Dev / Chief Executive</p> <p>Chief Executive</p> <p>Chief Executive</p>

41/10	<p><u>With You For You</u> The Committee considered a report by the Head of Community Care (Appendix 1).</p> <p>After hearing the Head of Community Care summarise the terms of the report, Dr J Wills said he was delighted to read this</p>	
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report, and congratulated all staff involved. He said the Committee had been given a presentation by the staff involved in the Building Maintenance LEAN project, and suggested that the staff involved with this particular project may also wish to bring a short presentation to the Committee. Dr Wills said he was particularly pleased to see the figures in paragraph 6.3, relating the number of assessments, and was glad to see that there remained no waiting list for Occupational Therapy assessments.

Mrs L Baisley agreed that staff should be congratulated on the outcome of this project. She suggested, however, that it may be more useful for the staff involved to give a presentation to other sectors and reflect on their experiences, so that others may also benefit from this approach.

In reply to a query from Mrs Baisley, the Head of Community Care confirmed that in accordance with the legislation carers had a right to assessment of their needs when providing regular and substantial care on a regular basis. However, the LEAN process had identified that 100% of carers should routinely be offered an assessment, not just those who had a statutory right, but it was up to carers whether or not they wished to take up the offer.

Mr A Duncan asked why the process had not been streamlined much earlier. The Head of Community Care advised that people in different professions sometimes were very focussed on their own part of the job, and that it had been important to work on this once all the right information was in place and partnership working was well established and that the success was possible because of the level of trust that had developed over recent years. She explained that the With You For You process involved not only the Council and the NHS, but also the voluntary sector, and the process had helped them develop their procedures and allow more partnership working. She went on to say that the organisations had known for some time that there were areas which could be developed and improved, but it was only now deemed appropriate to move forward given how legislation, procedures and practice had developed.

Mr A Duncan said there had been some concern regarding the use of care workers from outwith the local community, instead of using those who lived much closer, and that this could perhaps increase travel time and costs. The Head of Community Care said that this was an area that was being looked at closely with the staff, but Members had to be mindful that there were sometimes exceptions where individual needs could only be dealt with by someone from outwith the local area. She said that using someone who lived closer to the individual was not always the most appropriate solution, as the most important factor was meeting those individual needs. The Head of Community Care went on to say that staff in the various locations were looking at local models of service

	<p>provision, with the main objective being to ensure local solutions for local people.</p> <p>Mrs F B Grains thanked the Head of Community Care for her report and responses to questions, and asked that the Committee's congratulations be passed on to all those involved in the project. The Committee agreed, and noted the terms of the report.</p>	<p>Head of Comm Care</p>
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42/10	<p><u>National Fraud Initiative</u></p> <p>The Committee considered a report by the Revenue Services Manager (Appendix 2).</p> <p>The Revenue Services Manager briefly summarised the terms of the report and, in response to a query from Mr A Duncan, he confirmed that Audit Scotland produced a national report, and in 2006/07 it was stated that nationally there was a third less fraud discovered compared to previously, which was as a consequence of the fraud improvements that had been made in the systems. He said this improvement was not specific to Shetland, but the Revenues Service were always alert to any fraud being committed, and various working practices were put in place to help identify these, as detailed in the report.</p> <p>Regarding figures relating to overpayments, the Revenue Services Manager advised that these were also explained in the report, but it had to be noted that these were not necessarily cases of fraud, but errors made during the claims process. He confirmed that he could provide Members with more detailed figures relating to the last financial year.</p> <p>Ms C Hislop advised that Audit Scotland were very happy with the improvement plan for the next financial year, and reiterated the fact that the Service had very strong systems and internal controls in place. She added that Audit Scotland should be kept informed of what progress was being made in order to evidence a structured approach and put the national requirements into a local context, which could result in a change in the profile for this area.</p> <p>The Head of Finance said that throughout this process he had been in discussion with the Revenue Services Manager with regard to the priority being given to this area, and would support the judgement that this was a low priority for the Council, given the excellent work already being done in this area through local knowledge and an experienced team. However, the Head of Finance said it was accepted that there was a need to work more closely with Audit Scotland, and by so doing both organisations would reach a better understanding. The Committee noted the report.</p>	<p>Revenue Services Manager</p>
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	<i>[Mr G Robinson left the meeting.]</i>	
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43/10	<p><u>Statutory Performance Indicators 2009-10</u></p> <p>The Committee considered a report by Head of Organisational Development (Appendix 3).</p> <p>After hearing the Head of Organisational Development introduce the report, Mr A Duncan referred to paragraph 3.4, and asked whether there was any indication that the Shetland Recreational Trust's Leisure Centres would be closed over the Christmas and New Year period.</p> <p><i>[Mr G Robinson returned to the meeting.]</i></p> <p>Mr Robinson declared an interest in the Shetland Recreational Trust, but added that he was aware that the Centres would be closing down due to the extremely low figures at that time of year, but that some local exceptions had been agreed.</p> <p>With regard to figures for Benefit Administration, Mr A Duncan said he was disappointed that the performance in this area appeared to be dropping. However, the Revenue Services Manager explained that whilst the measurement showed a decrease in performance, the number of caseloads had increased, and it was a matter of interpretation as to whether that was seen as an improvement or a reduction in the service. He added that the figures showed the weighted caseload figure had not changed that much, and may be due to the effects of the national recession, and noted that the figures were not as bad as those reported for 2006/07.</p> <p>Mr A Duncan referred to the figures for Housing, and said that in general these were excellent figures. However, he asked for more information in relation to the figures for the percentage of Council dwellings that are energy efficient [15.1.iii] and the Head of Organisational Development agreed to find out more information. The Committee noted that the Housing Service had previously provided the Committee with a detailed report on managing voids, but that an updated position could also be provided.</p> <p>Mr A Duncan referred to the net cost property of refuse disposal [23.b.] and asked for an explanation as to the major increase from £56.63 to £64.39. The Head of Organisational Development advised that this query would be referred to the relevant service, and a reply given to Members for the next meeting. Mrs Grains asked that information relating to the decrease in the overall cleanliness index achieved also be</p>	<p>Head of Org Dev</p> <p>Head of Org Dev</p>
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	<p>reported.</p> <p>Mrs L Baisley said that good communications between the Shetland Recreational Trust and the local communities had resulted in a local solution to the issues surrounding the closure of the leisure centres and was an example of providing a service match to the communities. With regard to sickness absence rates [1.a. and 1.b.], Mrs Baisley said she was disappointed to see the increase in rates for Teachers, and asked if more information on the causes could be provided. The Head of Organisational Development advised that a detailed 6 month update on sickness absence was planned for the next meeting of the Committee, but that he would ask for that specific issue to be addressed, noting that some staff were on long term absence which would account for some of the figures.</p> <p>Referring to refuse recycling [24.] Dr J Wills said that this illustrated the inappropriateness of some of the national statistics and their application to the local situation. He said that for refuse recycling, the Council was actually one of the best Councils in Scotland because of the Waste to Energy Plant. Dr Wills also referred to the indicator relating to the suitability of operational public buildings for their current use [8.b.], homelessness [19.a.iii, iv and v] and the conditions of the roads network [22.] and asked that more information on these be provided, as he did not think that the statistics actually reflected the local circumstances.</p> <p>The Head of Organisational Development said that many of the figures were useful for drawing attention to trends or where efficiency measures were being applied or were required, but confirmed that a report would come to the next meeting drawing on all the points raised today. The Committee otherwise noted the report.</p>	<p>Head of Org Dev</p> <p>Head of Org Dev</p> <p>Head of Org Dev</p>
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44/10	<p><u>Report to Those Charged with Governance on the 2009/10 Audit</u></p> <p>The Committee considered a report by the Head of Finance (Appendix 4).</p> <p>The Head of Finance advised that he had prepared a brief covering report to the report from Audit Scotland, which mainly drew attention to the major issues relating to outstanding matters. With regard to the Statement of Total Recognised Gains and Losses (STRGL), the Head of Finance advised that substantial progress had been made on this since the report had been written, and the overall figure had been reduced to less than £0.6m, and Finance Services were working with Audit Scotland to resolve this issue as soon as possible.</p>	
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Ms C Hislop introduced her report to the Committee which highlighted the audit comments in relation to the grouping of the Shetland Charitable Trust accounts, and she indicated that this would give rise to a qualification on the accounts, either alone or with regard also to the matter concerning the STRGL. Ms Hislop expressed concern regarding the lateness in response to the issues raised in her report, which she said had been highlighted first in July, and hoped that this would not continue to be a feature in future years. Ms Hislop went on to summarise the remainder of her report in relation to the matters arising, and indicated that a number of issues had been addressed but again advised of her concern in relation to the amount of work required in a short timescale, and that adequate resources needed to be given to this area of work.

The Head of Finance said he acknowledged that there was considerable room for improvement to be made in this area for future years, and that discussions on this would continue with a view to ensuring that resources were adequate. The Chief Executive said he supported the comments made by the Head of Finance, and he said it was agreed that the necessary action would be taken to resolve matters, notwithstanding the additional strategic difficulties, problems and challenges which the Council was facing at this time, but that Members should be re-assured that he and his colleagues were committed to resolving these issues for the future.

Mr A Duncan said that this was another damning report from Audit Scotland, but he was very glad to hear what the Head of Finance had said with regard to the considerable work and resources which had been put in to these matters already. However, Mr Duncan asked why the necessary resources had not been put in place earlier, and why a number of deadlines had not been observed, and asked for assurance that the books would be balanced.

Mr Duncan also referred to section 21 of the Audit Scotland report with regard to payment to the former Chief Executive, and said that in this regard he said there should be complete transparency and the public had a right to know about the money paid out.

The Head of Finance gave an assurance that the Council's accounts had been balanced, and the outstanding issues related to the reconciliation of those figures within the accounts. He said that much progress had been made on getting those figures down to a materiality threshold, and although further time was needed on the remaining issues, the finalised set of statements, including the necessary adjustments, would be presented to Audit Scotland by the deadline.

With regard to payments made to the former Chief Executive, the Head of Finance said that he had nothing further to add to

what was already in the public domain.

Mrs L Baisley said that the Council's finances were clearly very complicated, and that whilst her confidence in the Head of Finance had been slightly knocked by this report, the issue was to do with a lack of resources and hoped that this would be addressed.

With regard to payment to the former Chief Executive, the Head of Legal and Administration advised that there had been extensive correspondence with Audit Scotland on this matter. He said the Council was bound by the compromise agreement, and that any breach of that contract would have consequences for the public purse and therefore that was the reason why the Council would not make any further statements as it would breach those contractual obligations. He added, however, that whilst the Council were entitled to make disclosures to the Audit Commission, Audit Scotland or the Inland Revenue, those organisations were not bound by the terms of the Compromise Agreement.

In relation to Finance resources, the Head of Finance said that he had always run a very lean staffing operation, which was in keeping with the priority which the Council wished to place on this activity in the past. However, he said that the challenges in financial accounting had become much bigger over the years and now was perhaps the right time to be reviewing that resource.

In response to questions from Mr A Duncan, Ms Hislop explained that any request for additional information relating to payment to the former Chief Executive as referred to in Audit Scotland's report would have to be directed to the Controller of Audit. Mr G Robinson said that he understood that things could not be made public by the Council or Members, but his concern was that Members had not been told what the settlement cost, and said that once the final end of year accounts were available, some final figure should be put to this. Dr J Wills said that the Council had not actually approved formally all the clauses in the Compromise Agreement.

Referring to the matter of grouping of the Shetland Charitable Trust accounts, Dr J Wills said that the Council had presented detailed arguments as to why it was not necessary or possible to group those accounts, and the Shetland Charitable Trust could also not agree to it.

Dr Wills referred to the lack of resources, and moved that the Committee ask the Council, as a matter of urgency, to consider increasing the resources to this vital section of the Council. The Chief Executive said that the matter of resourcing had already been discussed in detail with the Head of Finance and in terms of the Council's Improvement Plan and the action plan agreed by the Council, he had delegated authority to bring in

	<p>resources, or redeploy staff, as required. In this regard, the Chief Executive advised that he was not sure if further authority or decision from the Council was necessary. Dr Wills confirmed that it was a request to the Council that this matter be dealt with as a matter of urgency.</p> <p>With regard to the Grouping of Accounts, the Chief Executive advised that the decision of the Council and the Shetland Charitable Trust was to get further information and undertake a full analysis of the options. He said that he was committed, along with the General Manager of the Trust, to addressing the issue as a matter of urgency.</p> <p>Regarding payment to the former Chief Executive, the Chief Executive said that he was not in a position to comment on that. The Head of Legal and Administration advised that with regard to availability of information in the Agreement, all Members were welcome to visit his office to look in detail at the Agreement.</p> <p>Mr A Duncan said it was quite clear that the Chief Executive was committed to putting in place more resources for Finance Services, and sought assurance that it would be done as soon as possible, and a guarantee that any resources brought in would be internal and not external to the Council. However, the Chief Executive said he could not give that guarantee. He said that the Council was under serious pressure and all issues would have to be established first to ascertain the sources of the problems before any decisions were made to resolving them. He said the Council was still at an early stage in that process, and no guarantees could be given at this time.</p> <p>Mr Robinson clarified that his question with regard to the Compromise Agreement had been not about the Agreement itself, but how much it had cost the Council.</p>	
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45/10	<p><u>Council Housing Property Damage – Reduction Measures</u> The Committee considered a report by the Service Manager – Safety and Risk (Appendix 5).</p> <p>After hearing the Service Manager summarise the terms of the report, Mr A Duncan said that he welcomed the report and the information contained therein. He referred in particular to paragraph 6.1 and to the cost of damages to the community, which he said could be used for other things such as new houses. Mr Duncan said that environmental inspections were routinely carried out in relation to the gardens and communal areas of Council housing, and asked if this could be combined with inspections of housing or if anything could be added to the tenancy agreement. The Service Manager advised that a</p>	Service
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	<p>number of aspects relating to such proposals would have to be checked out,, including any legal implications for the Council or its tenants, but that she would report back to a future meeting of the Committee as to what may be possible.</p> <p>Dr J Wills said that the vast majority of Council tenants were taking good care of their houses, and there were some examples of beautiful gardens being created in some areas. He said that management were also very good with regard to inspections and repairs to the external fabric and he was impressed with all these aspects when he accompanied staff on their inspections.</p> <p>The Service Manager Safety and Risk advised that the main issue was to try and reduce unnecessary expenditure and that work would continue on raising awareness of the responsibility of the community to prevent damages and understand the long term benefits to the community.</p> <p>Mrs L Baisley said that she also welcomed this report, and particularly welcomed the participation of the Police in the initiatives, and that areas of concern for the Council were being positively addressed and solutions being sought.</p> <p>The Committee noted the report.</p>	<p>Manager – Safety & Risk</p>
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46/10	<p><u>Strategic Risk Sharing Partnership</u></p> <p>The Committee considered a report by the Service Manager – Safety and Risk (Appendix 6).</p> <p>The Service Manager summarised the terms of the report, and Mr A Duncan suggested that the Partnership consider expanding the core membership, referred to in paragraph 3.2 of the report, to include the Fire and Rescue Service and Scottish Water.</p> <p>Dr Wills said his concern was that some other organisations may have different systems in place for dealing with staff and Unions relationships, and suggested that consideration be given by the Partnership to all partners being asked to follow the same staffing and personnel policies as the Council, as a means of ensuring best practice across all partners.</p> <p>The Committee otherwise noted the report.</p>	<p>Service Manager – Safety & Risk</p>
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47/10	<u>Items for Future Discussion</u>	
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