



MINUTE

A & B

Audit and Scrutiny Committee
Council Chamber, Town Hall, Lerwick
Monday 15 November 2010 at 10.00am

Present:

F Grains	L Baisley
A Duncan	R Henderson
C Miller	G Robinson
J Wills	

Apologies:

A Doull

In attendance (Officers):

A Buchan, Chief Executive
S Cooper, Head of Environment and Building Services
G Johnston, Head of Finance
J Riise, Head of Legal and Administration
J Smith, Head of Organisational Development
C McIntyre, Service Manager – Internal Audit
J MacLeod, Single Status Project Manager
M Gordon, Human Resources Adviser
E Perring, Policy Manager
P Peterson, Policy Manager
L Gall, Policy Officer
L Adamson, Committee Officer

Chairperson

Mrs F Grains, Chairperson of the Committee, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None.

Min. Ref.	Subject	Action / Info
48/10	<u>Minute</u> The minute of meeting held on 27 September 2010 was confirmed, on the motion of Mrs F Grains.	
49/10	<u>Matters Arising</u> The Committee noted the report "Audit and Scrutiny – Matters	

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	<p>Arising” by the Single Status Project Manager (Appendix 1).</p> <p>The Chairperson commented that she welcomed the update report on matters arising from previous meetings. In introducing Mr J MacLeod, the Council’s Single Status Project Manager, who had recently been tasked to provide support to the Audit and Scrutiny Committee, the Head of Organisational Development advised that the intention was that a “Matters Arising” report would be included on the agenda for future meetings of the Committee.</p> <p>Mr A Duncan moved that the “Matters Arising” report should be a standing item at future meetings. In seconding, Mrs C Miller said that she had found the report exceptionally helpful.</p> <p>Mr G Robinson commented that little progress had been made on the issues referred to in Section 3.3 - “Complaint Against Dr Wills – spending of money on lawyers”, and Section 3.15 “Cost of External Legal Advice”. Referring to Section 3.15, the Head of Legal and Administration explained that a review was currently being undertaken on the provision of legal advice to Councils, to possibly access information through a Scottish Government portal, with the aim to reduce costs. He added that an update report would be presented to a future meeting of the Committee.</p> <p>In response to questions from Mr A Duncan relating to the instances of “Claimant Error” reported in Appendix C, the Single Status Project Manager reported that the advice from the Revenue Support Manager was that the Fairer Scotland Funding for the Housing Adviser post will cease at the end of this financial year, and the work involved in assisting claimants will pass to the Housing Outreach Workers. The Single Status Project Manager advised that he would report on the training provided to the Housing Outreach Workers at the next meeting.</p> <p>As Chairperson of the Homelessness Sub-Committee, Mrs C Miller said there was a need for the complex welfare benefit system to be addressed and understood, and asked that a report be presented to Committee to provide Members with a better understanding of the issues.</p> <p>In referring to Chart 1 of Appendix E, Mr Duncan noted that the percentage of permanent accommodation cases being reassessed was much higher in Shetland, compared to other areas of Scotland. The Head of Organisational Development advised that he would follow this up with the relevant officer.</p> <p>In referring to Appendix F, Mr Duncan stated that the amount</p>	<p>Single Status Project Manager</p> <p>Head of Legal and Admin</p> <p>SS Project Manager</p> <p>Head of Org Dev</p>

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	<p>of overtime worked in the Council was horrendous. He said that although he was aware there were some exceptional circumstances when overtime had to be worked, this was an area where savings had to be made. In response to a question from Mr Duncan, the Chief Executive advised that he could not provide detail on the level of overtime that was non-statutory, compared to statutory, however he confirmed that all matters will feature in the detailed review of the budget strategy, and this would include overtime working. Mr Duncan commented that he would expect some savings to the Council's overtime budget following implementation of Single Status with most staff now working an additional 3 hours per week. The Chief Executive confirmed that the review would be addressing that issue, and he added that there was no doubt that efficiency savings and other measures that can be applied will form ways to make savings.</p> <p>Mr Duncan referred to recent information he had received on the amount of foreign travel undertaken by Council Members and officers, and reported that this was another area where significant savings could be made. During the discussion, Ms L Baisley suggested that a review should address all travel outwith Shetland. The Chief Executive confirmed that a report was being prepared to Council on a review of all travel, which would determine, in a considered manner, what travel is required to be undertaken in the future. Mr G Robinson expressed his disappointment that the information relating to foreign travel had not been distributed to all Members of the Committee. The Chairperson confirmed that a full report would be presented to Committee in January.</p>	
50/10	<p><u>Report to Members and Controller of Audit by the Auditor</u> The Committee considered a report by the Chief Executive and Head of Finance (Appendix 2).</p> <p>In introducing the report, the Head of Finance advised that the Action Plan at Appendix B, which had been agreed by Audit Scotland, outlines the actions necessary to address the issues raised in the report.</p> <p>Mr A Duncan said that having read the report thoroughly, this was a very damning report for the Council, and he found the language used to be very emotive and stronger than has been used in the past.</p> <p>In referring to Section 15, Mr Duncan outlined his concern relating to the unreconciled figure of £531,000. The Head of Finance advised that this matter arose from the audit is the subject of one of the actions in the Action Plan. He added that he was in discussions with the Chief Executive and the staff</p>	

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	<p>concerned to develop proposals to meet the future requirements. Mr Duncan advised that he had also been very disappointed to read the comments in Section 17 of the report. The Head of Finance explained that being mindful of overheads and resource allocation the Council has been running a lean financial accounting service, however in retrospect the resources have been too limited and with new financial regulations and practices there is a need for additional resources in the future.</p> <p>Mrs C Miller referred to the Income and Expenditure Account on Page 11, and requested further detail on the increase in expenditure relating to a number of the service areas, to the Council meeting in December. The Head of Finance explained that the £36m difference relates to a number of items, however the main elements were the transfer between capital and revenue, the accounting treatment of pension liabilities under FRS17, the activities of SDT being grouped in the accounts of the Council, and the full first year costs and some individual elements of back pay in regards to Single Status. The Head of Finance confirmed that a detailed report would be presented to Council in December.</p> <p>In referring to Points 6 and 7 in the Action Plan, Mrs Miller said that she was disappointed to note the issues relating to the Whole of Government Accounts (WGA) return and International Financial Reporting Standards (IFRS), however she noted the reassurance that resources will be in place to ensure that the concerns are not repeated. The Head of Finance explained that the Council's WGA submission had only been one week late, however he accepted that this was not a satisfactory outcome. He advised that implementation of IFRS would be a major challenge for the coming financial year, however he reassured Members that he would be working with the Chief Executive and officers in Finance and other areas of the Council to address the shortcoming manifested in the 2009/10 accounting exercise.</p> <p>Mrs Miller referred to Page 40 of the report, to the areas that had been identified within the Housing Service, and stated that there was a need to focus on a strategy to address the supply of temporary housing, and that the Committee should take account of this requirement as it will impinge on budgets in the future.</p> <p>In response to a question from Mrs Miller, the Head of Finance explained that the move towards IFRS is part of the ongoing trend to push public sector accounting towards more standards and conventions applying to private sector accounting. He advised that he would not expect the statements to include any</p>	<p>Head of Finance</p> <p>Head of Finance</p>

Min. Ref.	Subject	Action / Info
	<p>additional detail, however this was a trend that the Council has to follow and will require additional resources.</p> <p>In response to a question regarding pension liabilities, the Head of Finance provided an update on the reform of the Pension Scheme at national level and the Scottish wide Pension Pathfinder project. He added that the Council was opposed to any proposal to merge some or all Scottish Government Pension Schemes into a larger or possibly single scheme in Scotland.</p> <p>The Chief Executive said that at a time when there was a requirement for reductions in Council spending, he supported the need for additional resourcing of the finance function to meet additional pressures associated with new requirements. He added that he was acutely aware of the housing issue raised by Mrs Miller, and said that options were being explored through the CMT.</p> <p>Dr J Wills referred the group accounts audit qualification at Page 9 of the report. In highlighting a number of points raised by Audit Scotland, he stated that there was a need for Audit Scotland to accept the fact that SCT is a separate organisation from the Council. Dr Wills stated that his view was that the Trust should be independent of the Council and that Councillor Trustees should be a minority.</p> <p>Dr Wills then summarised Audit Scotland's comments relating to "financial relationships" at Section 28 of the report. Dr Wills advised that he had opposed the proposal for the SRT to subsidise Council use of its facilities, and he clarified that Shetland Recreational Trust, Shetland Arts and Shetland Amenity Trust were not subsidiaries of the Council or the Trust, but they were independent Trusts.</p> <p>The Head of Finance advised that there was commitment in the Action Plan for a full appraisal of the issues raised by Dr Wills for completion by September 2011.</p> <p>In referring to Page 29 of the report, Mr G Robinson reported that Audit Scotland had requested that the Council disclose to the public, through the abstract of accounts, details of the negotiated settlement paid to the former Chief Executive, and the Council had refused this request.</p> <p>(Mrs C Miller declared an interest).</p> <p>Mr Robinson advised that Members had been made aware that the information would be disclosed should Audit Scotland or the Accounts Commission request disclosure, and he was</p>	<p>Head of Finance</p>

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	<p>extremely annoyed that the information had not been reported to Council. Mr Robinson moved that the Committee approve the recommendations in the report, and ask that details on the negotiated settlement be brought to Council in January. Dr J Wills seconded.</p> <p>The Head of Legal and Administration clarified that the compromise agreement contained a confidentiality clause but made provision for either party to the agreement to respond to Audit Scotland or the Accounts Commission on matters relating to the agreement. The Council had responded to all questions put by both Audit Scotland and the Accounts Commission and had provided copies of the agreement on request. He said that representatives of Audit Scotland had been in attendance at the previous Committee when the advice had been given to Members, that the Council was bound by that contract not to make further disclosure of it and so could not put additional information into the public accounts. He said that the issue at the last Committee was not the question of reporting to Members but was about putting the information into the public domain. He said that the Council could not do that without breaching that agreement. If on the other hand Audit Scotland or the Accounts Commission were considering putting the matter into the public domain they will need to seek their own advice on the legality of that.</p> <p>Mrs Miller moved, as an amendment, that the Committee approve the recommendation in the report. Ms L Baisley seconded.</p> <p>During summing up, Mr G Robinson requested that a report be presented to full Council in January confirming the agreement with the former Chief Executive, as to this date it had still not been presented to Members. Voting took place by a show of hands, and the result was as follows:</p> <table><tr><td>Amendment (Mrs C Miller)</td><td>3</td></tr><tr><td>Motion (Mr G Robinson)</td><td>4</td></tr></table> <p><i>(Dr J Wills left the meeting).</i></p>	Amendment (Mrs C Miller)	3	Motion (Mr G Robinson)	4	
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51/10	<p><u>Single Outcome Agreement – 2009-10 Outturn Report</u></p> <p>The Committee noted a report by the Policy Manager (Appendix 3).</p> <p>After hearing the Head of Organisational Development introduce the report, Mrs Miller said that with the reduced funding in the public sector there was a need to try to encourage growth in the private sector to address the balance in the economy of Shetland, and she suggested that this issue</p>					

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	<p>should be included as an additional Performance Indicator to give it more focus. The Head of Organisational Development explained that developing and increasing jobs in the private sector was a strategic priority for the Council and the Community Planning Partnership and was actively being addressed through the Community Planning Delivery Group.</p> <p>In response to a question from Mr A Duncan relating to Section 4.4 of the report, the Head of Organisational Development advised that the non-reporting of some indicators did not relate to any particular areas of the Council. He advised that the intention is to move away from the indicators which prove difficult to report on, to find more straightforward means of reporting, to get a better balance of the important indicators to give a more indepth view.</p> <p>In response to a question from Mr Duncan relating to the Local Indicator “We will export more high quality products”, the Head of Organisational Development commented that Shetland’s principal high quality product was its people, however areas that could be developed would be adding value to ICT, knowledge based industries and there would be some scope in the agriculture and fishing industries, and in high quality energy.</p> <p>In referring to Page 12, Mr Duncan said that he welcomed the report that 500 welfare benefit checks had been carried out in Shetland during 2009-10, however he noted the comment regarding the numbers of benefit applications refused due to insufficient information. The Single Status Project Manager reported that the Revenue Services Manager had indicated that some instances related to individuals refusing to give any financial details, or when applicants realised they were not entitled to housing benefit and had not completed the process.</p> <p>In response to a question regarding Local Indicator 37, “To increase the number of young people from families experiencing poverty or disadvantage who are receiving free, discounted or supported services”, the Policy Manager (E Perring) reported that the latest figures indicate that income deprivation is stabilising, and the issues highlighted in the Shetland research are still relevant and work continues to address these. She advised that a desktop exercise is to be undertaken to determine the levels of income inequality in Shetland and the Head of Finance has agreed to assist in providing information relating to high/low earners and seasonal employment.</p> <p>In response to questions relating to the fuel poverty indicator, the Policy Manager (E Perring) reported that the Energy</p>	

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	<p>Assistance package has been in place since the latest statistics were reported, which may be having a positive impact, however there could be an increase in poverty generally with the outlook of less jobs and the impact of less services.</p> <p>Ms L Baisley reported on a recent article in the “Shetland Times” offering free monitors to record energy uses. She added that having contacted the service, she found the information to be very helpful.</p> <p>Ms Baisley commented that fuel poverty would continue to be on the increase in Shetland with the rise in fuel prices. The Policy Manager reported on the work that had been undertaken this year to improve some of the indicators.</p>	
52/10	<p><u>Corporate Plan 2010/12 – Progress Report</u></p> <p>The Committee noted a report by Head of Organisational Development (Appendix 4).</p> <p>In introducing the report, the Head of Organisational Development outlined the progress that had been made on each of the seven key priorities that had previously been agreed by the Council.</p> <p>In response to a question from Mrs C Miller, the Head of Organisational Development outlined the various challenges associated with rolling out broadband to other areas of Shetland. Mrs Miller commented that any financial issues have to be addressed as improved telecommunications links with a number of the Council’s priorities and is the way forward for Shetland.</p> <p>In response to a question, the Head of Environment and Building Services advised that details on the Smart Grid project would be presented to a future meeting of Infrastructure Committee.</p> <p>Mrs Miller said that she was delighted that the Council was once again progressing with house building, and suggested that there could be merit in drawing from the reserves to invest in Council housing stock, and to get a return on the investment through the rents. The Chief Executive commented that this appeared to be one area where there was a significant mismatch between the Council’s aspirations and delivery. He advised however that options for future provision were being discussed at CMT and with Members, and this would continue to be looked at in the budget process.</p> <p><i>(Mr G Robinson left the meeting).</i></p>	

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	<p>Ms L Baisley said that the considerable progress being made with community growing and allotments in Shetland, which would link to the healthier and greener objectives, should be acknowledged in the Corporate Plan. The Head of Organisational Development agreed that areas where progress has been made should be reported on.</p> <p>In response to a question from Ms Baisley, the Head of Organisational Development advised that the intention is that GIRFEC will be applied to all children.</p> <p>In noting that the majority of the targets had received a 'green' rating, and there were only 2 'reds', Mr A Duncan said that this was an excellent report and congratulated all the staff involved. In referring to Mrs Miller's earlier comments on the need to address future house provision, Mr Duncan advised that discussions were ongoing to address future house building, and progress was being made with a report on options being presented to the next Services Committee.</p>	
53/10	<p><u>Internal Audit – Six Monthly Internal Audit Progress Report 2010/11</u></p> <p>The Committee noted a report by the Head of Finance (Appendix 5).</p> <p>After hearing the Service Manager – Internal Audit introduce the report, Mr A Duncan outlined his concerns regarding the issues with Webroster. The Service Manager – Internal Audit advised that he would relay Mr Duncan's concerns to management in Education and Social Care.</p> <p>In referring to Section 5.2 of the report, the Chairperson congratulated the Service in being awarded continued accreditation.</p> <p>In referring to the issues identified relating to Members Allowances, Ms L Baisley enquired to the circumstances which would require travel to be booked less than 14 days prior to departure. The Service Manager – Internal Audit explained that there were instances when Members received relatively short notice to attend meetings, however he said there were instances when travel could be booked sooner when prices would be significantly lower.</p> <p>The Chief Executive commented that Members would have many concerns to raise, however he asked that some restraint is exercised to allow focus on the more important issues.</p>	Manager - Internal Audit
54/10	<u>Promoting Attendance Update</u>	

Min. Ref.	Subject	Action / Info
	<p>The Committee noted a report by the Human Resources Manager (Appendix 6).</p> <p>In introducing the report, the Human Resources Adviser referred Members to Section 7, which outlined the progress being made in relation to achieving an absence rate of below 4.5%.</p> <p>Ms L Baisley commented on the notable improvement in the Council's sickness absence levels, however she said that further improvements still had to be made. In response to questions from Ms Baisley, the Human Resources Adviser reported that the Council's position was that long-term absences were regarded as any period longer than 4 weeks. She added that each absence is managed as it progresses, and it is important that managers keep in regular contact with the absentee.</p> <p>Mr A Duncan said that he welcomed the report, which had involved a significant amount of research and contained interesting information.</p> <p>In response to a question from Mr Duncan, the Human Resources Adviser explained that return to work interviews would be held when an employee had been absent from work 3 or more times within a 6 month period, or absent for more than 10 days within that period. In response to a further question, she advised that there could be merit in managers conducting return to work interviews with staff following each period of absence, and currently this happened in practice in certain areas of the Council. She added that this proposal could be discussed further with managers and Union representative. She added that the Service Manager – Internal Audit had prepared options to improving absence management for presentation to CMT.</p> <p>In response to a further question, the Human Resources Adviser reported that from the summary information provided by Internal Audit there has been fairly poor compliance with the triggers outlined in the Council's Absence Management Policy. She explained that this could relate to the timing of the information received by Managers and the complexities of the triggers. The Human Resources Adviser confirmed that these were areas that would be addressed in association with Internal Audit and CMT.</p> <p>In referring to Appendix 1, the Chairperson asked that additional information be provided in future reports, to illustrate the proportion of absenteeism that is short and long-term.</p>	<p>H R Adviser</p>

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	The Chairperson thanked the Human Resources Adviser for the information provided.	
55/10	<p><u>Items for Future Discussion</u></p> <ul style="list-style-type: none"> • Single Status. • Risk Management. • Training update for Members. • The use of Smart Cards/collection of ferry fares. The Service Manager – Internal Audit advised that the project had commenced to look into a replacement system for ferry ticketing. • Reports to Committee on the Council's Improvement Plan, as a standing item. 	

The meeting concluded at 11.55 a.m.

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F B Grains
Chairperson



REPORT

To: Audit and Scrutiny Committee

17 January 2011

From: Project Manager – Audit & Scrutiny Support

Audit and Scrutiny – Matters Arising
Report No: CE-002 F

1. Introduction

- 1.1. This report is now a standing item on the Audit & Scrutiny agenda. It provides Members with an update on outstanding items from previous Audit & Scrutiny meetings, other items raised by Members since that meeting and overdue “Work Programme” items.

2. Link to Corporate priorities

- 2.1. This report is in line with Section 4 of the Councils Corporate Plan, “Organising Ourselves Better” and section LV04 of the Improvement Plan “Establish dedicated support services for Members”.

3. Outstanding items from previous meetings

- 3.1. Net cost per property of refuse disposal (Min ref 43/10). The Service Manager - Waste has replied:
"Increase in disposal costs per premise is based on the net cost of Landfill and Energy Recovery Plant operation cost per tonne, the lower throughput of commercial waste (Drill Cuttings) gives rise to a higher costs per tonne associated with the Municipal solid waste (which is everything the Council collects - household and commercial)."
- 3.2. Condition of Roads Network (Min ref 43/10). The Head of Service – Roads will be in attendance to address this item.
- 3.3. Council House Property Damage – Reduction measures (Min ref 45/10). This item has been addressed by a separate report on this meeting’s agenda.
- 3.4. Strategic Risk Sharing Partnership (Min ref 46/10). This item has been addressed by a separate report on this meeting’s agenda.

- 3.5. Cost of external legal advice (Min ref 47/10). It is intended that a report on this will be presented at March's Audit & Scrutiny Committee meeting.
- 3.6. Housing Benefit - Claimant Errors (Min ref 49/10). At November's Audit & Scrutiny Committee meeting, a question was raised about the Housing Benefit training provided to Housing Outreach Workers. The Senior Housing Officer - Housing Outreach has replied:
- "The Housing Outreach Service is working to ensure all members of staff complete the Scottish National Standards for Information and Advice at the appropriate level. The training is provided by Shelter (Scotland) on behalf of the Information and Advice Standards Unit of the Scottish Government. The course includes a section on information & advice relating to Housing Benefit. 2 members of staff have completed the training, 5 are currently doing it. The remaining members of staff are due undertake the training in 2011. Staff are also in regular contact with Housing Benefits through their day to day work with customers."
- 3.7. Housing Indicator - permanent accommodation reassessed (Min ref 49/10). A response to this question is expected in time for the next Audit & Scrutiny Committee meeting.
- 3.8. Foreign Travel (Min ref 49/10). Foreign travel is not separately coded within the Council's financial system. It has taken longer than anticipated to collate foreign travel costs therefore this report will be presented at the next cycle.
- 3.9. Webroster Audit Report (Min ref 53/10). This report will be presented at a future Audit & Scrutiny Committee meeting.

4. Audit and Scrutiny - Overdue Work Programme Items

- 4.1. Scotland Excel (September). The Head of Service – Capital Projects will be in attendance at January's meeting to answer any questions that members have about Scotland Excel.
- 4.2. Fleet Management Project Update (September) and Diesel Usage Report (November). These reports will be presented at the next cycle.
- 4.3. ICT Email Security Study (January). This report will be presented at the next cycle.
- 4.4. Energy Usage - Update (January). This report will be presented at the next cycle.

5. Financial Implications

- 5.1. There are no financial implications arising from this report.

6. Policy and Delegated Authority

- 6.1. As outlined in Section 10 of the Council's Scheme of Delegations, the remit of the Audit and Scrutiny Committee includes reviewing Council performance information.

7. Conclusion

- 7.1. This report brings together a number of outstanding Audit & Scrutiny items and sets a format to ensure that outstanding items are dealt with as quickly as possible.

8. Recommendation

- 8.1. I recommend that the Audit & Scrutiny Committee consider the contents of this report.

Ref: JM

5 January 2011



REPORT

To: Audit and Scrutiny

17th January 2011

From: Emergency Planning & Resilience Officer

Business Continuity Management

Report No. LA-61-F

1.0 Introduction

- 1.1 This report provides information on Business Continuity Management (BCM) across the Council.

2.0 Background

- 2.1 The Civil Contingencies Act 2004 (Contingency Planning) (Scotland) Regulations 2005 place a statutory duty on Local Authorities to have BCM plans in place and to promote BCM advice and guidance to local businesses and voluntary organisations.
- 2.2 A Knowledge Transfer Partnership was agreed by the Risk Management Board as the best way forward. However, this approach failed when there were no suitable applicants identified during the recruitment process.
- 2.3 The Council then embarked on a BCM programme in 2008. This saw the tender for BCM services being awarded to Plan B Consulting Ltd. The intention was to create BCM plans for each Service across the Council in much the same way that Service Plans were created.
- 2.4 A Project Management Board was created for the programme and is still current.
- 2.5 A series of Workshops were undertaken and BCM plans were created by Business Continuity Co-ordinators, usually the Service Manager for most of the services across the Council. These plans were then quality controlled and validated through Exercise "Kunna" held in November 2009. There are a few BCM Plans for Services outstanding and these Service areas will be given priority in future events.

- 2.6 The effectiveness of the BCM plans in reality were tested when Charlotte House suffered flooding in April 2010. The Finance Section immediately invoked their BCM Recovery Plan, decanted staff to 20 Commercial Road and Montfield and were operational within 1.5 hours.
- 2.7 The value of the BCM plans were recognised following the collapse of the linkspan at Toft. The plans provide a checklist of priorities valuable in the initial stages and it was felt that had the BCM plan been invoked for that incident, it would have made it easier for the staff responding.
- 2.8 A further example of the necessity of BCM plans is the continuation of services when faced with, for example, severe weather. In developing BCM plans each service has identified what can affect their service, what can interrupt it and their dependence on supplies. They have then created strategies to cope with incidents which can threaten the delivery of that service.
- 2.9 In relation to the promotion of BCM to local businesses and voluntary organisations, a website has been created with a short video introduction and narrated powerpoint presentations on how to download and complete a BCM plan.
- <http://www.shetlandcontinuity.co.uk/>
- 2.10 The website was launched in November 2010 and feedback so far indicates that the site is user friendly and the presentations easy to follow.

3.0 Links to Corporate Priorities

- 3.1 Business Continuity underpins every area of the Council's Corporate Plan, it builds in resilience in all the services provided by the Council.

4.0 Risk

- 4.1 The BCM Programme identified a comprehensive list of internal and external risks across Council Departments which could have a significant negative impact on both the Council and the community if the BCM Programme is not effectively delivered and monitored, for example:
- An internal risk could be the loss of a Council building resulting in the requirement to find accommodation for a large number of staff while still trying to deliver that service, which could produce a range of risks within categories such as financial, physical, technological, and reputational.

- An external risk might be supply chain, i.e., salt delivery to Shetland during the winter season. This can result in major disruption to the public and could have, in some cases, possibly severe consequential effects and could produce a range of risks within the financial, physical, reputational, legislative and political categories.

5.0 Progress Report

- 5.1 Two short workshops have been arranged for 18th and 19th January 2010 to check plans are up to date; take the learning forward from Exercise “Kunna”; plan what is needed in future; and lay the groundwork for the next exercise.
- 5.2 The BCM Project Management Board is due to meet following the workshop on 19th January to look at the outcomes of the workshops; start planning for the next Council wide BCM exercise; and discuss BCM promotion.

6.0 Financial Implications

- 6.1 For commercial reasons the cost of the BCM project is not detailed here. However, details were discussed with the then Chief Executive and the Risk Management Board on 15th January 2008 and was fully approved at the time.
- 6.2 The BCM project was funded from Safety and Risk budgets. Following discussions with Safety and Risk a joint budget has been agreed for 2011/12 with Emergency Planning and Resilience, which will be funded from existing budgets.
- 6.3 Whilst there are no dedicated Business Continuity budgets within either Safety & Risk or Emergency Planning & Resilience, funding for 2010/11 and 2011/12 has been identified from within the Risk Management budget and approved by the Risk Management Board.
- 6.4 Partial funding for the programme from Emergency Planning & Resilience Service for 2011/12 has been identified from the Annual Emergency Planning & Resilience Seminar budget. It was agreed at the Shetland Emergency Planning & Resilience Forum on 1st December 2010 that the annual seminar would not be held in 2011 as there is a limited pool of people available to participate in exercise activity and, with the addition of a major oil spill (National Contingency Plan) and pre Tall Ships Races contingency exercises to be held this year, it was felt that an annual seminar would be poorly attended.

7.0 Policy and Delegated Authority

- 7.1 The role of Audit and Scrutiny Committee is to carry out a corporate scrutiny role to evaluate the effectiveness of the Council as an organisation and ensure that effectiveness is actively monitored and measured, as detailed in Section 10 of the Scheme of Delegation.

8.0 Conclusions

- 8.1 Business Continuity is an essential part of day to day business which can be illustrated by the recent disruption to businesses as a consequence of severe winter weather.

9.0 Recommendations

- 9.1 I recommend that the Audit and Scrutiny Committee note the progress of the BCM programme.

Our Ref. E40 ISG

10th January 2011



REPORT

To: Audit and Scrutiny Committee

17 January 2010

From: Head of Transport
Infrastructure Services Department

TRANSPORT AUDIT FOLLOW UP – PROGRESS REPORT

1. Introduction

- 1.1. On 7 June 2010 the Audit and Scrutiny Committee considered the Internal Audit Annual Report 2009/10 (min. ref. 24/10).
- 1.2. In that report it was drawn to the attention of the Committee that, amongst other things, the Transport Service had not addressed a number of the audit issues in the Transport Service Audit Action Plan prepared in 2009 and reported to the Committee 17 June 2009 (min. ref. 19/09).
- 1.3. The Committee asked that the Head of Transport report back in six months on progress against the issues to be addressed. This report fulfils that request.

2. Links to Council Priorities

- 2.1. This report is consistent with the Council's general obligation to ensure that services are being delivered consistently with Standing Orders and established policies, procedures and legislation.

3. Risk Management

- 3.1. Although there are no risks arising directly from this report it is acknowledged that sustained failure to comply with Council Standing Orders and wider policies, procedures and legislation will expose the Council to legal, financial and reputational risks.

4. Background

- 4.1. The follow up to the 2009 Transport Audit reported to the Committee on 7 June 2010 identified that although progress had been made in some areas, a significant number of required actions either had not been started or were not complete.
- 4.2. The Committee acknowledged that a lack of staff was a significant factor in the failure to address the issues in the action plan but it was made clear, and accepted by the Head of Transport, that there was an

urgency to complete the Action Plan quickly to avoid risks to the service and to the Council.

- 4.3. To give the Committee confidence that progress is being made it was felt that a 6 month progress report was necessary.

5. Progress

- 5.1. Appendix 1 to this report details the matters reported to the committee in June 2010 and the progress against each of the identified issues.
- 5.2. Although not all issues have been completed, substantial progress has been made and all matters will be closed out by the end of the current financial year as stated at the meeting of the Committee on 7 June 2010.

6. Financial Implications

- 6.1. There are no financial implications arising from this report.

7. Policy and Delegated Authority

- 7.1. As described in Section 10.0 of the Council's Scheme of Delegation, the Audit & Scrutiny Committee remit includes consideration of audit matters and one of its roles is to serve as the Council's Audit Committee.

8. Recommendation

- 8.1. I recommend that the Committee note this report.

Report Number: TR-03-11-F

Issue Identified in the Transport Audit Follow Up	Progress
<p>Council Standing Orders are still not always observed. In one case the purchase of two buses was undertaken without a proper tender process. Due to the amounts involved (£195,900) this was also in breach of EU Regulations.</p> <p>Three second hand gritters were purchased totalling £155,211. Standing Orders permit the purchase of second hand items provided the Chair of the relevant committee authorises the purchase. If the sum is greater than five times the de minimis a report also requires to be submitted to Committee. In this case the total was £155,211. No authorisation or subsequent report was evidenced.</p>	<p>Since the appointment of the Service Manager in the area in which these occurred the Service Manager has established a routine dialogue with the Council's Contract Compliance Section (now known as the Procurement Section of the Council's Capital Programme Service) and the Council's Legal and Administration Service on every purchase or tender exercise that takes place.</p> <p>Furthermore, process maps are being drawn up which detail each of the steps in a procurement process which includes the relevant contacts and the relevant Council Standing Orders, procurement legislation, etc. that applies to the process.</p>
<p>Whilst there has been some improvement in relation to disclosures for internal staff it is apparent that not all disclosure checks required have been undertaken. This applies to both internal staff and also to drivers for external contractors. Details are not held by Transport of all external contractor drivers.</p> <p>However, it would appear the Transport service has been working with the Staffing Section at Hayfield House who have made concerted efforts to try and ensure all drivers are disclosed but it is still far from certain that all contractor drivers are disclosure checked. Clear responsibilities in relation to disclosure for contractors require to be established.</p>	<p>All directly employed SIC drivers have enhanced disclosure checks in place and all contracted drivers have appropriate disclosure checks in place.</p> <p>Contract documentation places a responsibility in operators to keep the Transport Service informed of changes to drivers and that disclosures are carried out and submitted before any new driver is permitted to operate education or ASN services.</p>
<p>An accurate hourly charge out rate at the garage has still to be established.</p>	<p>This has been completed.</p>
<p>Service Level Agreements with third parties have not been developed although the Service Manager Air, Bus and Fleet has recently completed training to enable this now to be undertaken.</p>	<p>Training is complete and the relevant officers in each of the Council Services have been identified to enter into discussions to develop the detail of the Service Level Agreements where they are necessary.</p>
<p>A review of the budgets for 2009/10 identified that a number of anomalies still existed in the budgeted figures as opposed to actuals.</p>	<p>This was addressed in financial year 2009/10</p>
<p>It was apparent from conversation there is a greater awareness of Council policy and procedure. However Corporate Induction Training was not attended by a member of staff new to the Council.</p>	<p>The most recent staff appointment has gone through the induction process but due to timetabling of Corporate Induction Training and a trip off island for the new employee the first training opportunity</p>

	could not be taken up. The employee is booked on to the next training event.
Procedural documentation for the service has been developed in some but not all areas.	All areas are at an advanced stage of having full procedural documentation in place and this will be fully complete by the end of the financial year.
Contracts are still not in place for the majority of bus services. However all routes and contractors have now been identified and a project set up to address the matter over the next 2 years. There was also evidence of contracts awarded since the original audit being tendered appropriately. However certificates of vehicle fitness and evidence of adequate insurance cover is not in place for a substantial number of contractors.	The project to have contracts in place for all services continues and is on track to be complete within the two year timeframe. All contracts that have been awarded since November 2008 have full documentation in place. All contractors were written to by the Council's Insurance and Risk section and instructed to submit copies of certificates of vehicle fitness and insurance details. This is now complete.
In addition a revised select contractor list for ASN Transport was not evident. These issues will require addressed as part of the aforementioned project.	Being undertaken as part of the project outlined under the previous item.
Contracts held are now appropriately stored however criteria for award and retention and destruction issues require documented.	Award criteria are included in all tender documents and retention and destruction criteria are being detailed in the process mapping of procedures.
In addition a significant number of other issues identified during the original audit had not been resolved.	All other issues in the audit are now either fully addressed or on line to be fully addressed by the end of the financial year.



REPORT

To: Audit and Scrutiny Committee

17 January 2011

**From: Service Manager – Safety & Risk
Executive Services**

Update on Council House Damage & Strategic Risk Sharing Partnership
REPORT NO: LA-01-F

1 Introduction and Background

- 1.1 Members will recall two reports previously presented to the Audit and Scrutiny Committee on 27 September 2010 on Council House Damage (Min. Ref. 45/10) and the Strategic Risk Sharing Partnership (Min. Ref: 46/10). (Audit and Scrutiny Committee minutes were approved at Council on 27 October 2010 (Min. Ref. 144/10)) This short report seeks to respond to Councillor Duncan's requests for further information.

2 Links to Corporate Priorities and Risk

- 2.1 This report supports Corporate Priorities in relation to the following sections of the Corporate Plan 2010-2012:

- *Section 4 – Organising Ourselves Better: Use of Resources*

With the public sector facing unprecedented cuts over the coming years, the Council must act to ensure it can sustain its levels of service delivery with the money available. Reviewing all our activities, and then taking decisions to eliminate waste, will be key to this.

- 2.2 Whilst there are no risks associated with this particular report, there are obviously a range of significant risk relating to the subject matter, however, those risks were highlighted in the earlier reports.

3 Current Position

3.1 Damage to Council Houses

With regard to the damage to Council Houses, Councillor Duncan enquired whether, in addition to the remedies put forward in the earlier report, it would be possible for staff to carry out an inspection system of Council Houses in order that wilful or reckless damage can be identified early, before there is an opportunity for habitual disregard for the property and/or significant financial damage to be inflicted.

Section 7.6 of the Tenant's Handbook (which reflects the terms of Schedule 4 to the Housing (Scotland) Act 2001) deals with rights of access on the part of the Council and allows for such inspections, stating "We have the right to enter your house by giving 24 hours notice in writing, for the purpose of viewing the state/condition of your house or to carry out any work necessary." It is therefore already a right that the Council holds and such spot checks as Councillor Duncan suggested can be carried out without any change to tenancy agreements.

3.2 Strategic Risk Sharing Partnership

Membership of the Strategic Risk Sharing Partnership included SIC, NHS, Northern Constabulary, Charitable Trust and Voluntary Action Shetland. Councillor Duncan requested that the Fire and Rescue Services, and Scottish Water also be invited to attend. It is expected that these agencies will be represented as permanent members of the Partnership at its next meeting, early in 2011.

4 Financial Implications

4.1 There are no direct financial implications relating to this report.

5 Policy and Delegated Authority

5.1 The role of Audit and Scrutiny Committee is to carry out a corporate scrutiny role to evaluate the effectiveness of the Council as an organisation and ensure that effectiveness is actively monitored and measured, as detailed in Section 11 of the Scheme of Delegation.

6 Recommendations

6.1 I recommend that the Audit and Scrutiny Committee note the content of this report.



REPORT

To: Audit and Scrutiny Committee
Shetland Islands Council

17 January 2011
16 February 2011

From: Chief Executive

REPORT NO: CE-004-F

Improvement Plan – Progress Report

1. Introduction

- 1.1 This report provides an update on progress made on achieving the outcomes set out in the Council's Improvement Plan, as approved at the meeting on 10 November 2010.

2. Links to Corporate Priorities

- 2.1 The Council's Improvement Plan builds on Section 4 of the Council's Corporate Plan, "Organising Ourselves Better". All three strands of this section, namely, Vision and Strategic Direction, Governance and Accountability, and Best Value use of Resources are relevant. These three key areas underpin our ability to support service delivery and to achieve best value for the community.
- 2.2 Specifically, the Corporate Plan commits to, "Agree and then deliver a comprehensive improvement plan for the Council".

3. Risks

- 3.1 The Council, as a corporate body, has agreed to accept the recommendations of the Accounts Commission and has sent the Improvement Plan to the Accounts Commission in response to those recommendations.

4. Background

- 4.1 Following the public hearing at the end of June 2010, the Council received the Accounts Commission report on 16 August 2010. The Council resolved at its meeting on 15 September 2010, that the development and implementation of an Improvement Plan was essential for the Council for the next 12 months. The Council also agreed to the setting up of a Corporate Improvement Sounding Board, comprising Members from all seven Ward areas to oversee the various work-streams. The final draft of the Improvement Plan was agreed by the Council at its meeting on 10 November 2010.

Agreed as part of that, was the requirement to regularly report progress against the Plan to the Audit and Scrutiny Committee and also to the Council. This report is the first of those updates.

5. Progress against the Improvement Plan

- 5.1 Appendix 1 monitors progress against each of the individual work-streams. It is proposed that this format is used for the purposes of updating Members each cycle however, all progress will be fully documented on the Council's Internet and Intranet sites.
- 5.2 The main areas of activity since the Plan was approved in November have been the review of the governance arrangements and the ongoing work in respect of the budget setting process for 2011/2012, and future years.
- 5.3 In respect of the review of the governance arrangements, a series of meetings were held between all Members and Mr Nigel Stewart, those being followed by a Members' seminar for all Members to have sight of, and to discuss, his proposals. Those discussions are ongoing and will be the subject of a special meeting of the Shetland Islands Council in early course.
- 5.4 Members will be aware of the ongoing work in respect of the budget setting process, there having been 6 seminars on this subject and Members being presented with a range of choices for savings. The Chief Executive and the Head of Finance will use the discussion points from those seminars to inform their budget setting report, which will be presented to Council at its special meeting on 10 February 2011.

6. Financial Implications

- 6.1 A provisional budget of £1 million was established in the current financial year by Report ESCD-23-F, presented to the Council on 30 June 2010 (Min. Ref. 106/10), to which all costs attributed to the development and delivery of the Improvement Plan will be charged.

7. Policy and Delegated Authority

- 7.1 All principal policy documents require approval by the Council. This report sets out the Council's progress on delivering against the Improvement Plan.
- 7.2 The role of the Audit and Scrutiny Committee is to monitor and comment on progress being made, making recommendations to the Council, if required.

8. Conclusions

- 8.1 This report provides an update of progress against the Council's Improvement Plan. It shows substantial progress being made in

some key areas and good progress being made in a number of others.

9. Recommendations

9.1 I recommend that Audit and Scrutiny Committee comment on progress being made by the Council against the Improvement Plan and make any recommendations to the Council that are required; and

9.2 I recommend that the Council discuss progress being made and, as a result of that discussion, decide whether any amendments are required or priorities changed.

Our Ref: SLT/LM

Date: 11 January 2011

CE-004-F

REF	IMPROVEMENT ACTION	LEAD	KEY DATES	LATEST UPDATE
LV01A	Create understanding of effective political leadership, role and purpose.	Chief Executive		- Underway as part of review of governance arrangements
LV01B	Develop core competencies and a training programme for Members.	Project Manager – Executive Support	Programme developed and implemented by September 2011.	- A number of informal Members' Seminars have been held in the areas of Financial Management and Governance. - Project Team meeting scheduled for late January.
LV02	Create circumstances to support effective political leadership. Body to be established at political level, responsible for effective leadership and strategic direction of the Council as an organisation and to work with CE and CMT.	Chief Executive	Proposals formally considered Feb/March 2011 Proposals Implemented by May / June 2011. Effective succession planning implemented from March 2011 to May 2012.	- In hand. Members' Seminar held 15 December 2010 for presentation of proposals. Special SIC to be held early in the New Year.
LV03	Fully embed Planning and Performance Management Framework (PPMF).	Executive Director – Education and Social Care	Reformed PPMF established June 2011. SMART Integrated Strategic and Service plans and budgets by Sep 2011 for 2012/13 budget process.	- Underway as part of review of governance arrangements. Project Initiation Documents completed and first Project Team meetings scheduled for mid January 2011.
LV04A	Establish a communications office within the Chief Executive's Office, in order to support the elected Members, the Council's corporate message and Shetlands reputation. Refresh the Communications Strategy.	Assistant Chief Executive	March 2011 for refreshed strategy and proposals on staffing. Implemented by September 2011.	- Project Manager for Communications seconded and Communications function being established. External advice was sourced and is in place until end March 2011. Work has started on the Communications Strategy – input from all Service Managers to be sought at a seminar in the next few weeks.
LV04B	Establish dedicated support services for Members.	Project Manager – Executive Support	Proposals for design of services and staffing developed by March 2011. Implemented by June 2011.	- Support function for Members – work has started on this but a series of meetings require to be re-arranged to ascertain requirements.
LV05A	Create new community engagement strategy based on principles of structured community engagement.	Assistant Chief Executive	Updated strategy designed by June 2011	- Project Initiation Document completed, project manager in place and first meeting scheduled for January 2011
LV05B	Co-ordinated response to complaints with lessons being learned and disseminated throughout the organisation	Head of Legal and Administration		- No progress as yet
LV06	Develop Management Training	Head of Organisational Development	Programme designed by March 2011	- E-Learning options being explored with Clyde Valley Consortium. Options also being explored with other agencies, such as the Improvement Service and Solace.
LV07	Deliver Management Training	Head of Organisational Development	Implemented from June 2011	- A shared leadership programme will be launched alongside new governance arrangements.
LV08	Performance Appraisal	Executive Director – Education & Social Care	Design complete for Chief Executive and Chief Officers by December 2010 Full Implementation by December 2011	- In hand, as part of Planning and Performance Management Framework. Project Initiation Document completed and first Project Team meetings scheduled for mid January 2011.

REF	IMPROVEMENT ACTION	LEAD	KEY DATES	LATEST UPDATE
LV09	Reinvigorate the Council's policy of jobs dispersal.	Head of Economic Development	Implementation from June 2011	- Project initiation document completed and first Project Team meeting held on 5 January 2011.
LV10	Share Best Practice	Executive Director - Infrastructure	1 st session December 2010	- Working Group established
LV11	Benchmarking	Executive Director - Infrastructure	Aligned to PPFM timescales. June 2011 for agreement of structure implemented to support strategic and budgeting in September 2011	- Working Group established
LV12	External Engagement	Executive Director - Infrastructure	Full review of current activity with proposals for improvement by March 2011	- Working Group established.
LV13	Review current chief officer structure.	Chief Executive	Proposals developed for June 2011	- Will be brought forward from June 2011 to March 2011.
LV14A	Update Recruitment and Selection Policy for protocols governing the process for Chief Officer appointments.	Head of Organisational Development	December 2010	- In hand – report to Council on 16 February 2011.
LV14B	Robust and transparent procedures for creation and filling of posts	Executive Director - Infrastructure	December 2010	- Fortnightly Vacancy Management Panel established to deal with all vacancies – established posts, temporary posts and extensions to contracts. First meeting on 13/1/11.
G01	Develop understanding of good governance standards.	Head of Legal and Administration	March 2011	- Underway as part of review of governance arrangements.
G02	Revise governance structures.	Head of Legal and Administration	Report proposals and options in December 2010. Formal decision making February / March 2011 Implementation May / June 2011.	- Underway as part of review of governance arrangements.
G03	Revise local codes of conduct for Members and officers.	Head of Legal and Administration	Report to Council with proposals in December 2010.	- Underway as part of review of governance arrangements.
	Protocol on Member officer relations to be developed.	Chief Executive	Formal approval of any changes February / March 2011.	- Underway as part of review of governance arrangements.
CP1	Revise governance structures for community planning.	Executive Director – Education and Social Care	September 2011	- Underway as part of review of governance arrangements. Project Initiation Document completed and first Project Team meeting scheduled for mid January 2011.
CP2	Bring community planning within PPMF framework.	Executive Director – Education and Social Care	September 2011	- Underway as part of review of governance arrangements. Project Initiation Document completed and first Project Team meeting scheduled for mid January 2011.
FM1	The council will establish rigorous processes to ensure that its use of resources is on a footing consistent with implementing and sustaining its financial strategy, and demonstrate that it delivers services in a way which achieves Best Value.	Head of Finance	September 2011	- Links to FM2 below.

REF	IMPROVEMENT ACTION	LEAD	KEY DATES	LATEST UPDATE
FM2	The budget setting process will be developed with a shared commitment by members and management, to focus on efficiency and strategic priorities conducted in line with all good governance principles.	Head of Finance	February 2011	<ul style="list-style-type: none"> - 4 Members' Seminars held 25/11/10 – 2/12/10, with another two planned for 11 & 12/1/11, to progress a programme of savings comprising – efficiency, increases in income and reductions in service. This will also inform the budget setting report to be put before Members on 10/2/2011. Budget strategy and long term financial planning reports will follow on thereafter.
FM3	The long running qualification of the Councils accounts by Audit Scotland will be resolved.	Assistant Chief Executive	August 2011	<ul style="list-style-type: none"> - The lawyers for both the Shetland Islands Council and the Shetland Charitable Trust met with the QC, with another meeting planned for w/c 31/1/11. Early indications are that change is on the cards.
FM4	Adequate resourcing of the Financial Accounting function.	Head of Finance	March 2011	<ul style="list-style-type: none"> - The Head of Finance will present a report to the Chief Executive early in the new year.
FM5	Review of the Council's Financial Regulations.	Head of Finance	March 2011	<ul style="list-style-type: none"> - Mr B Lawrie is undertaking some drafting of these on behalf of the Head of Finance.
AS1	Create a new strategy.	Head of Capital Programming	December 2011	<ul style="list-style-type: none"> - Asset Strategy Manager to be recruited in early course. Project Initiation Document completed. Sharing of property data with other agencies is underway. Other preparatory work is also underway.