

# MINUTES

## B - Public

**Audit and Standards Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Thursday 9 May 2013 at 10.00am**

### **Present:**

A Duncan	S Coutts
B Fox	A Manson
T Smith	V Wishart

### **Apologies:**

M Stout	A Westlake
J Wills	

### **In attendance (Officers):**

P Crossland, Director of Infrastructure Services  
C Ferguson, Director of Corporate Services  
C McIntyre, Executive Manager - Internal Audit  
J Gray, Executive Manager - Finance  
R Sinclair, Executive Manager - Capital Programme  
J Smith, Executive Manager - Improvement and Performance  
K Allan, Team Leader - Asset and Properties  
A Cogle, Team Leader - Administration  
M Gordon, Human Resources Adviser  
J MacLeod, Performance and Improvement Adviser  
B McDonald, Solicitor  
L Rosie, Communications Officer  
L Adamson, Committee Officer

### **Also Present**

G Cleaver

### **Chairperson**

Mr A Duncan, Chair of the Committee, presided.

### **Circular**

The circular calling the meeting was held as read.

### **Declarations of Interest**

None

#### 06/13 **Minutes**

The Minutes of Audit and Standards Committee held on 7 March 2013 were confirmed on the motion of Mr Smith, seconded by Ms Wishart.

#### 07/13 **Matters Arising**

A report by the Performance and Improvement Adviser (IP-10-13-F) provided an update on items from previous meetings, items raised by Members and any forthcoming or overdue "Work Programme" items.

In referring Members to the update on absence management within the Council, and to the graphs in Appendix A, the Performance and Improvement Adviser reported that the

significant increase in sickness absence during January 2012 related for the most part to the outbreak of norovirus infections. He said that compared to last February, the indication is that from February 2013 onwards there has been a reduction in sickness absence throughout the Council, and that with the introduction of the Maximising Attendance Policy from April 2013 a reduction in sickness absence should continue. He added that changes in procedures will also allow more up to date reporting on sickness absence statistics.

In response to questions, the Executive Manager – Internal Audit reported from the Absence Management Audit. He confirmed that all managers had been fully trained on the procedures to be followed and said that adherence of the new absence management policy and procedures should result in a reduction in staff sickness. The Director of Corporate Services confirmed that a comprehensive training programme had taken place to reinforce to all Line Managers the importance of adhering to the procedures, which will be continually monitored at a senior level.

Members noted that, in line with the Council's Infection Control Policy, staff working in care homes who have been absent from work with an infectious condition should stay off work for a period of 48 hours following their last symptom.

In response to questions, it was confirmed that the reports on 'Procurement' and 'Mareel', as previously requested by the Committee, would be presented at future meetings.

Following a brief discussion, it was agreed that Audit and Standards Committee Refresher Training would be arranged for Members on the Committee during early June, and it was suggested that an All Members Seminar should be arranged at an appropriate time.

Mr Coutts moved that the Committee approve the recommendation in the report. Mr Fox seconded.

### **Decision:**

The Committee noted the contents of the report, and highlighted issues that should be monitored or further addressed through this Committee, other Committees or Council management.

### **08/13 Audit Scotland Reports**

A report by the Performance and Improvement Adviser (IP-07-13-F) provided links to reports produced by Audit Scotland since the last meeting of the Audit and Standards Committee.

It was reported that Ms C Hislop, Audit Scotland, had been unable to attend the meeting, however any questions could be relayed to Ms Hislop, or Members could arrange to discuss any issues when she is in Shetland next week.

The Executive Manager – Improvement and Performance advised that the Audit Scotland Reports, "Major Capital Investment in Councils" and "Responding to Challenges and Change", would be presented at Executive Committee during this cycle of meetings. This would provide the opportunity for Members to discuss any issues in more detail.

In response to a question relating to the extract from the “Improving Community Planning in Scotland” report, the Executive Manager – Improvement and Performance said that the Single Outcome Agreement (SOA) is a key component of the Shetland Partnership, and he reported that new SOA was more targeted and precise to focus on the issues most important to Shetland. He added that the new SOA would be presented to Council in June.

**Decision:**

The Committee **NOTED** the contents of the report and the links to the reports produced by Audit Scotland.

**09/13 Assurance and Improvement Plan Update 2013-16**

A report by the Performance and Improvement Adviser (IP-08-13-F) enabled the Council’s External Auditors to present the “Shetland Islands Council – Assurance and Improvement Plan Update 2013-16”.

In the absence of Ms Hislop, Audit Scotland, the Executive Manager – Improvement and Performance advised that any issues requiring further clarification could be passed to Ms Hislop and reported back to Members.

In introducing the report, the Executive Manager – Improvement and Performance highlighted the inspection agencies’ summary from their scrutiny activity, that the Council has made continuous improvement and progress during a time of considerable change and challenges. He advised on the service and outcome areas which continue to remain as requiring no scrutiny, and outlined the areas that require further scrutiny and where the assessments of scrutiny risks have changed. He concluded by highlighting the timetable for proposed future audit and inspection activity and advised that the Council’s planning and performance activities should address the issues raised.

In referring to Section 15 of the report, being the areas where scrutiny or further information is required, a request was made for Members of the Committee to be provided with additional information by e-mail on the ‘Housing’ update, and in particular to the report that, “There is uncertainty around the Council’s progress towards meeting the Scottish Housing Quality Standard in 2015. There is also uncertainty around the council’s reports on its high compliance rate given the small percentage of data it is based on”.

In response to a question, the Director of Corporate Services advised that the outstanding recommendation from the Care Inspectorate’s most recent scrutiny report is the development of a framework for self evaluation of social work services. It was agreed that the Chief Social Work Officer should be asked to provide the Committee with an update and proposed timeframe for completion of the framework.

In response to questions, the Executive Manager – Finance provided a summary of the impacts to date in Shetland from Welfare Reform. In regards to individuals accessing assistance with any issues ensuing from Welfare Reform, the Director of Corporate Service advised that individuals already in receipt of benefits and services would have been contacted to discuss their individual circumstances, and the Council has a dedicated telephone number for queries and advice regarding the changes. Members noted that a Welfare Reform update report would be presented to Social Service Committee after the summer recess.

In referring to the 'Healthier' outcome area, reference was made to the report that in Shetland "active travel to school and work is amongst the worst in Scotland". The Executive Manager – Improvement and Performance confirmed that the number of children walking or cycling to school in Shetland is very low compared to other urban areas. He advised that physical activity and obesity have been included as areas for specific focus in the SOA, and the need to get people more active and make better lifestyle choices are focused areas in the Community Health and Care Partnership priorities.

In response to a question where it was reported in the 'Greener' outcome area that the Council was among the poorest performing in Scotland for recycling/composting rates, the Director of Infrastructure Services explained how the waste used at the energy recovery plant is not recognised towards the recycling targets. He advised that discussions would be taking place with Zero Waste Scotland on more cost effective ways to increase recycling rates to improve the Council's performance, and the findings would be reported to a future meeting of the Environment and Transport Committee.

In response to a question, the Executive Manager – Capital Programme reported on the improvement in performance relating to procurement within the Council, with Shetland now having the highest score of the 3 island groups. He advised that significant savings had been achieved to date, and further work would be done in this area with monthly updates reported to CMT.

Ms Manson moved that the Committee approve the recommendation in the report. Mr Coutts seconded.

#### **Decision:**

The Committee **NOTED** the contents of the report.

#### **10/13     Review of Council Spending 2003-2013**

The Committee considered a report by the Executive Manager – Finance (F-028-F), which presented a review of income and expenditure levels over the past ten years to understand how the structural deficit came about and to learn from this so that a similar situation does not arise in the future.

The Executive Manager – Finance summarised the main findings from the review into the past ten years of Council spending, and outlined the actions required in the 8 learning points which will continue to be addressed through 2013/14.

During the discussion, Members made reference to the significant increase in the wage bill during the past 10 years, and to the massive recruitment drive that took place within Education and Social Care Services. The Director of Corporate Services acknowledged that during that time, there had been a lack of coherence around Council policies, with service priorities and targets at odds with any reduction in spending. There had also been fragmentation in decision making, and instances where, when faced with difficulties, the Council had made short-term decisions for the benefit of communities, rather than to follow long-term Council policies. She then referred the huge amount of work from the Improvement Plan and how Committee reports are now structured to ensure Members have a wider range of information on the corporate context and policies to assist in the decision making process, and with good governance and information the Council is well placed to mitigate against issues that are reflected in the report.

The Director of Corporate Services explained that in the main, the increase in staff within Social Care related to taking the Shetland Welfare Trust in-house and more recently to the opening of Montfield Support Services. There has also been an increase in the number of people with disabilities and complex needs who require care, and to the issues in dealing with an aging population. She advised on the focus to redesign services to provide them in a different way, and that this is a complex issue where it will be critical to get right through the Medium Term Financial Plan and commissioning strategies. Mr Fox referred to the difficulties facing the Council with the increased costs and pressures associated with providing community care in Shetland, and reported on the need for issues to be lobbied at national level.

In response to comments regarding the Council's governance arrangements during the past 10 years, the Executive Manager reported on how the Section 95 Officer during that time did not have independence of his role.

During the discussion, the Chair referred to the failings of the previous Council and to the warnings from Audit Scotland which had been ignored. In response to a question relating to Section 2.09 of the report, the Executive Manager – Finance explained that the financial information provided to Members had in no ways been inaccurate, however it had not been presented well, and did not bring the information together to report fully on the draw on reserves. He confirmed that the style of reporting has now been adjusted.

In response to questions, the Director of Corporate Services confirmed that Council policies and procedures were fully adhered throughout the recruitment of staff to Education and Social Care, and that staff reductions in these service areas will be reported to Members through the Social Services Committee.

In referring to Section 5.04 of the report, the Chair requested details on the larger losses suffered by the Council on the reserves. The Executive Manager – Finance undertook to e-mail the information to Members of the Committee.

During the discussion, Members of the Committee commended the Executive Manager – Finance on the excellent and well-written report, which provided understandable explanations and learning points to be adhered to in the future. It was agreed that the report would be circulated to all Members and to Community Councils.

Mr Fox moved that the Committee approve the recommendations in the report. Mr Coutts seconded.

#### **Decision:**

The Committee **RESOLVED** to:

- Note the contents of the "Review of Council Spending 2003 – 2013" report; and
- **RECOMMEND** that the Executive Committee comment on and endorse the actions taken and in hand to address the issues arising through the learning points.

The Committee considered a report by the Executive Manager – Internal Audit (IA-01-F), which presented an Annual Report of the activity of the Internal Audit Service for 2012/13, along with the Operational Plan for 2013/14.

The Executive Manager – Internal Audit introduced the report and appendices.

In response to a request for clarification regarding the Driver Development Training/Insurance investigation, the Executive Manager – Internal Audit advised that the review undertaken identified employees who were driving Council vehicles but had not been insured. He advised however, that there is a legal exemption for Local Authorities, and confirmed that all employees in the sample test who drive Council vehicles should now be insured.

During the discussion, the Executive Director – Internal Audit advised that in instances when he is not satisfied that the necessary actions have been committed to address the audit issues identified he would have further dialogue with Managers to ensure the relevant commitments are addressed. In regards to the Employee Performance Reviews and Absence Management, he confirmed that with the training and commitment on the new Policy and procedures undertaken at senior level improvements were anticipated in these areas.

The Chair congratulated Emma Cripps, the Internal Audit Assistant, on attaining the Association of Accounting Technicians qualification. On behalf of the Committee, the Chair commended the staff in Internal Audit for the hard work undertaken and the performance targets achieved during 2012/13. The Executive Manager paid tribute to the hard work of the staff within his team.

Ms Manson moved that the Committee approve the recommendations in the report. Mr Smith seconded.

**Decision:**

The Committee **RESOLVED** to:

- Note the contents of the annual report and comment accordingly; and
- Approve the planned coverage for 2013/14, as set out in the Operational Plan.

**In order to avoid the disclosure of exempt information, Mr Duncan moved, Ms Manson seconded, and the Committee agreed to exclude the public in terms of the relevant legislation during consideration of Appendix 1 to the following item of business.**

*(Representative of the media left the meeting).*

12/13     **Property Holdings and Leases**

The Committee considered a report by the Executive Manager – Capital Programme, which provided information requested in relation to properties owned by the Council and properties leased by the Council, either on a commercial basis or at a 'peppercorn' rent.

The Executive Manager – Capital Programme introduced the report, and responded to questions relating to the information presented in Appendix 1.

*(Representative of the media returned to the meeting).*

In response to a question, the Executive Manager – Capital Programme provided Members with an update on the Council stock disposed last year. He advised on the savings target for 2013/14 of £1m, and confirmed that the schedule of disposals thereafter would be identified in the next update to the Asset Strategy. In response to a request for information, the Executive Manager – Capital Programme undertook to e-mail Members of the Committee with information on the number, and the cost of upkeep, of empty Council buildings.

During the discussion that followed, and in response to questions from Members, updates were provided on a number of the properties as listed at Appendix B.

In response to questions regarding the Burra and Trondra Estate and Busta Estate, it was reported that rental arrangements for the individual crofts are very variable, and in terms of income generated would be approximately £70-80,000 annually from Busta rents, and under £5,000 from the Burra and Trondra Estate. It was advised that following a rent review of the Estates last year the next reviews would take place after a period of 7 years.

Mr Smith moved that the Committee approve the recommendations in the report. Mr Coutts seconded.

**Decision:**

The Committee **RESOLVED** to:

- consider the information provided, and provide comment to the Executive Committee with regard to the management of the Council's properties which are under lease;
- propose any further information or action required by the Executive Committee, to ensure value for money is being obtained, in accordance with Best Value requirements.
- That the Executive Committee consider the report and any comments from the Audit and Standards Committee and provide direction to the Council with regard to future requirements in terms of the Council's approved Asset Strategy.

13/13 **Items for Future Discussion**

The Committee agreed that further consideration be given to including the following items into a Work Plan:

- Report presented to a future meeting, on cash security within the Council, to include ferry fares and school meals.
- Report to be presented to a future meeting, on the £5m spent on the AHS project at the Knab site.
- Consideration to be given to changing the name of the Audit and Standards Committee, to the Audit and Performance Committee.

The meeting concluded at 12.20pm.

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Chair