

MINUTES

B - Public

Audit and Standards Committee
Council Chamber, Town Hall, Lerwick
Thursday 20 February 2014 at 2pm

Present:

A Duncan	S Coutts
B Fox	A Manson
T Smith	M Stout
A Westlake	J Wills
V Wishart	

Apologies:

None

In attendance (Officers):

C Ferguson, Director of Corporate Services
M Sandison, Director of Infrastructure Services
J Gray, Executive Manager - Finance
C McIntyre, Executive Manager - Internal Audit
J Riise, Executive Manager – Governance and Law
R Sinclair, Executive Manager - Capital Programme
J Smith, Executive Manager - Improvement and Performance
J MacLeod, Performance and Improvement Adviser
M Mulla, Performance and Improvement Officer
C Black, Procurement Manager
C Anderson, Senior Communications Officer
L Gair, Committee Officer

Also Present

G Cleaver

Also in Attendance

C Hislop, Audit Scotland
K MacAulay, Audit Scotland
I Lochhead, Audit Scotland

Chairperson

Mr A Duncan, Chair of the Committee, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

Mr T Smith declared an interest in item 5, "Mareel Update Report", stating that he still holds a small financial interest in a firm involved in Mareel. He said that he would take no part in the item and leave the Chamber.

Mr Duncan, Ms Manson, Ms Westlake and Dr Wills declared an interest in item 5, "Mareel Update Report", as a Trustees of Shetland Charitable Trust. The Executive Manager –

Governance and Law advised that in terms of the content of the report, their declarations would be recorded, but the subject matter would not require their departure from the Chamber.

Mr Duncan declared an interest in item 3 “Audit Scotland Annual Audit Plans 2013/14” as his wife is a beneficiary of the Council’s pension scheme and he advised that he would leave the Chamber.

01/14 **Minutes**

The Minutes of Audit and Standards Committee held on 7 November 2013 were confirmed on the motion of Dr Wills, seconded by Mr Fox, with the exception of the following:

Min Ref. 30/13 “Statutory Performance Indicators – Indicator 22 Carriageway Condition”

Mr Stout said that a specific comment had been raised regarding roads maintenance, where he had highlighted that the A class roads, having been constructed within the same timeframe, had the potential for incurring significant maintenance and reconstruction costs to the Council in the future.

02/14 **Committee Work Programme Update**

A report by the Performance and Improvement Adviser (IP-01-14-F) provided an update on items from previous meetings, items raised by Members and any forthcoming or overdue “Work Programme” items.

The Performance and Improvement Adviser introduced the main terms of the report and in referring to the Community Care Staffing Levels he provided figures missing from table 10 of Appendix A, for November ’13 as 29.7, and for Dec ’13 as 29.4, and table 18 for November ’13 as 20.6, and for December as 19.3.

Public Access

In responding to questions, Officers advised Members that in terms of public access to ferry waiting rooms the crew do have arrangements for providing assisted access and the needs of individuals can be highlighted at the time of booking or as they arrive at the terminal. The Director of Infrastructure Services added that there has not been a great deal of need for assisted access as most passengers remain in their vehicles and don’t access the waiting rooms or other parts of the ferry, but the crew would do everything to accommodate an individual. At the request of Members, the Director of Infrastructure Services agreed that more could be done to promote this by including text on the timetables and information bulletins at the terminals.

Community Care Staffing Levels

The Performance and Improvement Adviser confirmed that a number of staff who left through voluntary redundancies have been taken back on the relief bank at a reduced cost. He confirmed that he would provide figures on the number of staff who are in such position.

A Member referred to the staffing levels noted in table 4 for Viewforth, which had reduced back to December 2006 levels. The Member questioned whether there was still sufficient staff available if required. The Member expressed his concern and stated that there is now no specialist centre. Assurance was sought therefore that the quality of service could be maintained and it was suggested that staff should be retained until an alternative venue is available. The Performance and

Improvement Adviser explained that he would ensure that the Director of Community Health and Social Care is made aware of the concerns raised and explained that Members would be updated directly through the Social Services Committee.

The Performance and Improvement Adviser responded to a query on the 300 FTE staff that are neither a Social Care Worker or a Senior Social Care Worker, and advised that he would provide information on how many staff have been reduced so far. However he expected the findings would be proportional to reductions in other areas.

A Member sought assurances that staff reductions over the last three years had not impacted on clients and that the same level of care and attention was available. The Performance and Improvement Adviser read a response provided by the Director of Community Health and Social Care: "We have worked closely with the unions and particularly the Care Inspectorate around staff numbers and shift times. The Care Inspectorate was satisfied that the numbers of staff we put forward to be on each shift for each care centre were satisfactory and complied with their requirements. The work we did with the unions was to ensure that we had staff signed up to the new rotas which were designed to comply with the Care Inspectorate requirements for adequate staffing levels. We also continue to work, as part of the integration agenda, with community health services and there is good support into the care centres from community nursing, with pharmacy also increasing their input."

In referring to graph 10, Eric Gray Centre, it was confirmed to Members that the increase in staff was due to the educational input required.

In referring to paragraph 4.1 and 4.2, Members noted that Committee Chairs and Vice-Chairs had been invited to attend the Audit and Standards Committee meeting over the last year but it was acknowledged that there had been no uptake. It was noted that attendance of Chairs and Vice Chairs is to be considered as part of the review of governance arrangements, however following further discussion it was agreed that the Leader be invited to the next Audit and Standards Committee meeting, where the end of year position will be reported.

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.

03/14

Audit Scotland Reports

A report by the Performance and Improvement Adviser (IP-02-14-F) provided links to reports produced by Audit Scotland since the last meeting of the Audit and Standards Committee.

The Performance and Improvement Adviser introduced the report.

Charging of Services:

In respect of charges on transport, the Performance and Improvement Adviser confirmed that there is set training focussed on being clear and consistent and it suggests that concessions should be a flat rate across the board. He said that there are exceptions but there is also a good toolkit available. The Executive Manager –

Finance explained that the charging policy is to be reviewed in the near future and this document will be taken into the review findings. He added that Officers would look at other Councils to see how they address the issues. The Executive Manager – Finance informed Members that charging had evolved in a historic way but from the review he hoped there would be a set of ground rules that will challenge how we charge.

The Executive Manager – Governance and Law explained that the review would be considered by the Executive Committee and the Executive Manager - Finance as Lead Officer, would reference this document in his report. Members noted that there is a clear sense of responsibility on Members to be involved.

Argyll and Bute Council Statutory Report:

A Member commented on the lack of leadership reported in this document and in referring to the Council's own involvement with the Accounts Commission in the previous Council term, Officers were asked what lessons had been learned and if there were comparisons that could be made with Argyll and Bute in terms of progress this Council has made. The Executive Manager – Performance and Improvement advised that the Council's annual report from Audit Scotland provides an annual report on red, amber and green measures. The annual report gives a rolling progress and shows that the Council is moving in the right direction and poses as a reminder of where the Council has been.

The Chair recalled his experience during the time of the Accounts Commission with this Council and said he hoped the Council would never to be in that position again. He said that he had looked at this Council's progress and that Members take their work seriously and ask more questions and realise the serious situation the Council was in. The Chair spoke of the hard decisions made by Members to date and the recent success in attracting £20m from the Government on the outstanding housing debt that dates back to the 1970s. He referred to the new standing orders and governance arrangements which assisted Members in their decision making and commented on the Medium Term Financial Plan which he said was a credit to the Executive Manager – Finance and his section. The Chair said that Audit Scotland made it clear where the Council was heading and he read from the minute of the Council dated 11 December, Min. ref., 105/13 "SIC Annual Report on the Audit 2012/13". He said that the reports from Audit Scotland and the Accounts Commission mentioned the strained relationships and from that the Council worked on its Protocol for Councillor/Officer Relations and said that he believed that this had been taken seriously therefore the decisions taken, and yet to be taken, by the Council could not be achieved without staff and Members working together.

Members agreed that significant progress had been made however there should be no complacency as there was a lot of work yet to be done.

Decision:

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

(Mr Duncan left the Chamber, Dr Wills took the Chair)

04/14 **Audit Scotland Annual Audit Plans 2013/14**

The Committee noted a report by the Executive Manager – Finance (F-009-F) that enabled the consideration of the external auditor's Annual Audit Plans for the

2013/14 accounts for both the Shetland Islands Council and the Shetland Islands Council's Pension Fund.

Ms Hislop, Audit Scotland, introduced the report and highlighted the work planned to allow the 2013/14 accounts to be signed off, by the end of September.

In referring to risks identified, a Member noted the three significant Trusts that are admitted members to the Council's Pension Fund, and asked whether Audit Scotland had identified if these Trusts have guarantors. Ms Hislop advised that she was not aware of any work being carried out in that area, however she would include it within the work plan this year.

In response to comments in respect of the Risk Register, the Executive Manager – Governance and Law explained that the risk management element is scrutinised by how Directorates deal with the risk strategy and the risk registers are picked up through the Corporate Risk Register. He said that there are regular departmental meetings and update reports will be brought to the Committee.

Decision:

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

(Mr Duncan returned to the Chamber and resumed the Chair)

In order to avoid the disclosure of exempt information, Mr Duncan moved, Dr Wills seconded, and the Committee agreed to exclude the public in terms of the relevant legislation during consideration of Appendix 2 of item 4, and of item 5 in its entirety.

In response to a comment regarding the need to meet in Private for consideration of Appendix 2, advice was given by the Executive Manager – Governance and Law and the Committee agreed to consider the report and the other appendices before moving into private.

05/14 Internal Audit – Additional Internal Audit Progress Report 2013/14

The Committee considered a report by the Executive Manager – Internal Audit (IA-01-14-F), which presented details of key issues identified during Internal Audit assignments undertaken since the six-monthly progress report in November 2013. In addition, approval was sought for a revised Audit Charter.

The Executive Manager – Internal Audit introduced the report and in responding to comments on Appendix 1 advised that feedback on the Procurement audit would be included in the annual report which was currently being prepared. He also advised that he understood the Travel policy was under review and would soon be presented to CMT.

The public were advised that the meeting would move into private session to discuss agenda item 2.

(Representative of the media left the meeting).

During discussions relating to Appendix 2, Officers responded to Members questions.

Member noted the report and unanimously approved the revised Audit Charter.

Decision:

The Committee **RESOLVED** to note the contents of the report and approved the revised Audit Charter.

(Mr T Smith left the meeting)

The meeting adjourned at 3.55pm

The meeting reconvened at 4.05pm

Present:

A Duncan	S Coutts
B Fox	A Manson
M Stout	A Westlake
J Wills	V Wishart

Apologies:

T Smith

In attendance (Officers):

C Ferguson, Director of Corporate Services
J Gray, Executive Manager - Finance
C McIntyre, Executive Manager - Internal Audit
J Riise, Executive Manager – Governance and Law
R Sinclair, Executive Manager - Capital Programme
C Anderson, Senior Communications Officer
L Gair, Committee Officer

Also in Attendance

C Hislop, Audit Scotland
K MacAulay, Audit Scotland
I Lochhead, Audit Scotland

(During this item Ms A Manson, Dr Wills and Mr Wishart left the Chamber)

06/14 **Mareel Update Report**

The Committee considered a report by the Director of Corporate Services, which presented an update on the Mareel project.

The Director of Corporate Services introduced the report and during discussions, Officers responded to Members questions.

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

Decision:

The Committee **RESOLVED** to:

- CONSIDER the information presented in this report;

- NOTED that heritable rights in Mareel were acquired by the Council thereby securing the considerable investment of public funds in Mareel;
- NOTED that the Council has worked closely with external funding partners SCT, Creative Scotland and HIE to ensure the future viability of SADA and Mareel;
- NOTED the lessons learnt from the Mareel project as set out in paragraphs 3.19 - 3.24 below and;

The Committee **RECOMMENDED** that the Executive Committee resolve to approve the measures proposed in paragraphs 3.25 – 3.27 of the report, namely:

- It is recommended that Prince 2 methodologies and project governance frameworks are implemented consistently for all major projects in which the Council is involved. Standard documentation has been developed by the Performance and Improvement Team in Corporate Services and it is proposed that the governance arrangements are reflected in a revised scheme of delegation for the Council.
- It is recommended that it becomes standard practice for security to be taken for all capital grants to safeguard investments made by the Council. Any exceptions should be reported to the Executive Committee for approval.
- Any partnering arrangements with other organisations should be covered by a formal agreement drawn up in consultation with staff in Corporate Services. Specifically, in this case, a Memorandum of Understanding or other agreement should be agreed with all partners including SADA setting out the roles, responsibilities and commitments of each organisation and the reporting and performance monitoring arrangements

07/14 **Items for Future Discussion**

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

- Report on Sumburgh Airport project.

The meeting concluded at 5.10 pm.

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Chair