

Scrutiny Committee  
5 December 2011

**IRVINE, 5 December 2011** - At a Meeting of the Scrutiny Committee of North Ayrshire Council at 2.00 p.m.

**Present**

John Hunter, Anthea Dickson, Matthew Brown, Andrew Chamberlain, Anthony Gurney, Jean Highgate, and Alan Munro.

**In Attendance**

C. Kirk, Corporate Director (Education and Skills); I. MacKay, Solicitor to the Council (Corporate Services); Y. Baulk, Head of Finance, A. Bodie, Head of Infrastructure and Design, P. Doak, Senior Manager (Internal Audit and Risk Management) (Finance and Infrastructure); Jim Montgomery, General Manager, C. Naismith, Team Leader (Economic Development), M. McKeown, Committee Services Manager and A. Little, Committee Services Officer (Chief Executive's Service).

**Chair**

Councillor Hunter in the Chair.

**Apologies for Absence**

Margaret McDougall, Pat McPhee and Jim Montgomerie.

**1. Declarations of Interest**

In terms of Standing Order 16, Councillors Munro and Highgate declared an interest in Agenda Item 5 (Internal Audit Update Report) and left the meeting for that item of business. Councillor Gurney also declared an interest in Agenda Item 5 and remained in the meeting.

**2. Minutes**

The Minutes of the previous meeting of the Committee held on 21 November 2011 were signed in accordance with paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

**3. Revenue Budget 2010/11: Budgetary Control Statement to 30 September 2011**

Submitted report by the Corporate Director (Finance and Infrastructure) on the revenue budgetary control position for the Council at the end of September 2011.

In terms of General Services, the unaudited accounts for 2010/11 reflected an uncommitted balance of £5.133m, which was consistent with the Council's policy of maintaining a balance equivalent to 1.5% of its net revenue budget (£5.111m for 2012/13). The report to the Executive on 13 September and the Scrutiny Committee on 10 October 2011, detailed adjustments totalling £0.104m, resulting in a revised uncommitted balance of £5.237m. Since that time, further issues have been identified, the net effect of which is a decrease in the 2010/11 surplus of £0.271m, bringing the final uncommitted balance at the closure of the audit on 30 September 2011 to £4.966m. This balance falls £0.145m short of the policy target of retaining 1.5% of estimated net expenditure (£5.111m for 2012/13) as an uncommitted balance. Current indications suggest a net in-year surplus of £3.260m in relation to the projected outturn for 2011/12.

Sections 2.5-2.13 of the report commented on significant General Services variances and Appendices 1-6 provided further detail in respect of each of the Services of the Council, as well as Major Revenue Works. Other adjustments and savings were set out at Sections 2.14-2.15 of the report.

The Council has budgeted for income from Council Tax of £57.783m in 2011-12, based on a 96.5% rate of collection, and income from Non Domestic Rates (NDR) of £32.908m. Collection levels for Council Tax show that in-year collection of 56.4% to the end of September is 0.6% higher than the previous year. In respect of NDR, the collection level of 59.69% is 3.55% above the level achieved for the same period in 2010/11.

A summary of the year end General Services revenue projections, based on variances at the end of September 2011, was shown in the table at Appendix 2.17 to the report.

Details of the projected underspend of £2.053m at 31 March 2012 on the Housing Revenue Account were contained in Appendix 9 to the report. It is mainly due to the anticipated refund from Building Services of £1.216m plus savings in loan charges of £0.419m. There is also an anticipated overspend on housing repairs of £0.276m. A further £0.510m underspend is attributable to reductions in Infrastructure & Design fees (£0.210m) and savings in Central Support costs (£0.300m).

The position on the Housing Revenue Account at the end of September 2011 was shown in the table at Section 2.19 of the report.

Members asked questions and were provided with information in relation to the following areas:-

- savings in Nursery Education as a result of a reduced uptake in the private and voluntary sector;
- savings in Additional Support Needs due to a reduction in the need for day and residential placements;

- under recovery of income from major works within Infrastructure and Design which will be offset by underspends across a range of time limited programmes; and
- changes to the future reporting format to provide more detail of the budgetary information.

Noted.

#### **4. Capital Monitoring to 30 September 2011**

Submitted report by the Corporate Director (Finance and Infrastructure) on the financial position of the Council's capital budgets as at 30 September 2011.

The report advised of actual capital expenditure in respect of General Services and the Housing Revenue Account (HRA) to 30 September 2011 and forecast expenditure to 31 March 2012. Appendix 1 to the report contained a statement by the Capital Programme and Assets Group (CPAG) on each of the General Services capital projects and Appendix 2 gave details of actual spend by project against the revised HRA budget for 2011/12, together with anticipated spend to 31 March 2012.

Actual expenditure to 30 September 2011 (Period 6) amounted to £5.011m or 21.2% of the revised annual budget for 2011/12 of £23.569m, compared with 23.7% for the same period in 2010/11.

The CPAG has reviewed the current programme to identify any projects which could be advanced in 2011-12 to utilise a projected in-year General Services underspend of £1.019m, together with the sum of £0.157m uncommitted from 2010-11. Section 2.6 highlighted a number of projects which might be advanced, namely Stevenston Cemetery, the Human Resources Absence Management System, the procurement of a Democratic Management System, the extension of St Luke's Primary School, re-provisioning of the Currie Court Sheltered Housing Complex in Ardrossan and meeting the cost of some minor year-end overspends, including those in relation to the Perceton House Basement, Arran Slipway, Kilmory Primary Schools.

Actual expenditure on the HRA capital budget to 30 September 2011 (Period 6) amounted to £9.098m or 32.5% of the revised annual budget of £27.963m. This compares with an actual spend of 30.6% for the same period in 2010/11. Significant savings of £0.500m have been achieved on the tender for the new-build at Winton Avenue, Kilwinning and slippage of £1.722m is anticipated on other programmes, in particular the Window Replacement programme which is as a result of a delay in the tendering process. Officers will consider the potential for the acceleration of projects from 2012/13 to utilise this underspend and present options in the Period 8 monitoring report.

Members asked questions, and received clarification, on the following:-

- the anticipated effectiveness of new monitoring arrangements being implemented by the CPAG;
- procurement savings on the Caley Court conversion;
- the provision of information to Members on private section housing grants;
- standard preparatory surveys and works undertaken to inform the tendering process for the new cemetery at Stevenston;
- the requirement for further works at the new cemetery at Stevenston in relation to the access road, diversion of the gas mains and revision to the foundations as a result of peat and rock;
- exploration of options to increase the Prudential Borrowing towards the original anticipated levels;
- planned borrowing in respect of the HRA and the use of cash balances for this purpose; and
- the provision to Members of further information in relation to the deferment of expenditure on the new build at Winton Avenue, Kilwinning.

Noted.

## **5. Internal Audit Update Report**

Submitted report by the Corporate Director (Finance and Infrastructure) on the findings of an Internal Audit report on Elected Members' expenses.

The audit highlighted a small number of claims made by Elected Members that were paid in respect of meetings which, according to the official minute, the Members did not attend. The value of these claims amounted to £186.80. It was also found that a small number of claims were underpaid in error by Payroll over a 2 year period against a budget of £25,940.27. The value of these underpayments to Elected Members amounted to £128.77.

A number of recommendations have been made by Internal Audit and include:-

- claim forms should be submitted on a monthly basis as required by the Codes of Financial Practice and Guidance on Elected Members Expenses;
- comprehensive checks should be carried out by Committee Services on all claims to confirm attendance against the approved minutes of meetings;
- claim forms must be completed with sufficient detail, in all instances, to enable this checking to take place; and
- all data input relating to Members' expenses should be double-checked by Payroll.

It was noted that many of the actions contained in the Action Plan had already been implemented.

Members asked questions and were provided with information in relation to:-

- the provision of further information in relation to claim forms submitted without signature, calculations and fuel receipts;
- the practice of submitting claim forms by email that has now been discontinued;
- the provision within the Code of Financial Practice and Guidance on Elected Members Expenses for the use of taxis;
- the requirement for mileage claims to be accompanied by VAT fuel receipts to allow the Council to reclaim an element of VAT;
- the enforcement of existing regulations to ensure compliance with the Code of Financial Practice;
- changes to procedure to record within the Minute the attendance of those Members observing Committees of the Council; and
- Future alerts on agendas that full Internal Audit reports are available on the Members' section of Navigate.

Noted.

## **6. 2010/11 Statutory Performance Indicators - Scottish Rankings**

Submitted report by the Chief Executive on the performance of the Council in relation to other Councils.

On 22 November 2011, the Executive considered a report on the performance of the Council in relation to other Councils and agreed (a) to note the Council's position in relation to other Councils; (b) to recognise the progress being made in terms of the Council's overall performance; (c) that the Corporate Director (Finance and Infrastructure) submit a report to a future meeting of the Executive presenting further information on the condition of roads on the mainland and on Arran; and (d) refer the report to the Scrutiny Committee for its consideration.

As the final stage of the Statutory Performance Indicator process for 2010/11, Audit Scotland have published the SPIs for all 32 Councils on their website. The table at Section 2.2 of the report summarised the Council's position in relation to the other 31 Councils and the Council's performance for 2010/11 compared to the Scottish average. The Council's position in relation to other Councils for all SPIs was set out at Appendix 1 to the report.

North Ayrshire Council is the highest performing Council for 2010/11 in relation to the indicator *Days lost per employee for other Local Government employees*. The Council has also moved from a position in the lower quartile in 2008/09 and 2009/10 to a position in the highest quartile in 2010/11 for the indicators *Days lost per employee for other Local Government employees* and *Days lost per employee for teachers*.

The Council is the highest performing Council in relation to a number of planning application indicators and has maintained its position of top performing Council for indicators relating to Council house repairs and management of voids. The Council has moved out of the upper quartile into the inter quartile for 4 indicators linked to the percentage of high earning female employees, the energy efficiency of Council dwellings and the proportion of tenants in rent arrears. The Appendix to the report also showed slippage to the lower quartile for indicators relating to visits to museums and the condition of roads.

Members asked questions and received further information in respect of:-

- the disappointing results for indicators in relation to roads and the challenges faced in improving the Arran road network;
- the provision of further information on whether the definition of "part-funded museums" in respect of SPI 11 includes museums that receive grant funding from the Council; and
- the use of the Scottish Quality Housing Standards to measure the percentages achieved for SPI 15 - Percentage of council dwellings brought up to a tolerable standard, and SPI 15 - Percentage of council dwellings free from serious disrepair.

Noted.

## **7. Economic Development, Business Development Approvals Committee**

Submitted report by the Chief Executive on the Business Development Approvals (BDA) Committee held on 31 October 2011.

Members asked questions and were provided with information in relation to:-

- the monitoring process undertaken for business development grants that ensures the accuracy of information in respect of jobs created; and
- the marketing of Business Development Grants via Business Gateway and the Council's website.

The Committee noted (a) the minutes of the BDA Committee; and (b) that the Chair of Scrutiny would attend future meetings of the BDA Committee

The meeting ended at 3.15 p.m.