

Scrutiny Committee
13 February 2012

IRVINE, 13 February 2012 - At a Meeting of the Scrutiny Committee of North Ayrshire Council at 2.00 p.m.

Present

John Hunter, Anthea Dickson, Anthony Gurney, Jean Highgate, Margaret McDougall Pat McPhee and Alan Munro.

Also Present

John Ferguson, William Gibson and David O'Neill.

In Attendance

E. Murray, Chief Executive; I. Mackay, Solicitor to the Council and R. Forrest, Planning Services Manager (Corporate Services); M. Armstrong, Head of Service (Logistics and Infrastructure) (Education and Skills); Y. Baulk, Head of Finance and P. Doak, Senior Manager (Internal Audit and Risk Management) (Finance and Infrastructure); A. Anderson, Manager Economic Development; J. Montgomery, General Manager (Policy and Service Reform); L. McEwan, Communications Manager and A. Little, Committee Services Officer (Chief Executive's Service).

Chair

Councillor Hunter in the Chair.

Apologies for Absence

Matthew Brown, Andrew Chamberlain and Jim Montgomerie.

1. Declarations of Interest

There were no declarations by Elected Members in terms of Standing Order 16.

2. Minutes

The Minutes of the previous meeting of the Scrutiny Committee held on 12 December 2011 were signed in accordance with paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

3. Presentation: Economic Development

The Committee received a presentation on the Economic Development Service, which provided details of:-

- the role of Economic Development and Renegeration;
- the Key Outcomes;
- support for start ups and new start up initiatives;

- Business Gateway annual results 2010/11;
- business development support to businesses 2009 - present;
- the partnership approach to employability and the CPP employability continuum;
- Council support in terms of pre-employment training, job placements, wage subsidy, modern apprenticeships and in-work training;
- employability pipeline targets 2011/13 and progress to December 2011;
- new employability initiatives;
- North Ayrshire youth employment support programme (YES);
- town centre regeneration and the current position;
- EU Leader Programmes, Leader successes and Leader top 6 awards.

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

- the provision of information on the number of start up companies that continue beyond the first year;
- capacity building to encourage community groups secure funding;
- the provision of aftercare and mentoring for new companies;
- the match funding requirements of the Leader programme;
- the wide range of full-time, part-time and seasonal employment placements;
- work to stimulate company growth;
- a review of lease arrangements;
- wage subsidies of between 50 - 75%;
- the creation of approximately 500+ jobs in North Ayrshire and the provision of further information via the Service Performance reports and Community Planning Partnership;
- the North Ayrshire YES programme and the provision to Members of information on the number of modern apprentices and their placement within the Council.

Noted.

4. Revenue Budget 2011/12: Budgetary Control Statement to 30 November 2011

Submitted report by the Corporate Director (Finance and Infrastructure) on the revenue budgetary control position for the Council as at 30 November 2011.

The Committee was advised that the appendices to the report were for the period to 30 September 2011. Appendices 1-10 to 30 November 2011 were circulated.

An in-year underspend of £7.221m is forecast in terms of the General Services Revenue Budget of £335.5m. Sections 2.3-2.11 of the report commented on significant General Services variances and Appendices 1-8 provided further detail. Other adjustments and savings were set out at Sections 2.12-2.16 of the report.

A number of requests for budget transfer, or virements, have been identified since the previous report to the Executive. These were set out in Appendix 10 to the report. A summary of the year-end General Services revenue projections, based on variances at the end of November 2011, was shown in the table at Section 2.16 to the report.

Details of a projected underspend of £1.888m at 31 March 2012 on the Housing Revenue Account were contained in Appendix 9 to the report. In addition to the anticipated underspend shown, a further £0.128m has been identified as being available from the balance brought forward at 1 April 2011. Proposals for the total uncommitted balance of £2.016m were set out at Section 2.17 of the report.

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

- the under-recovery of £20,000 from planning applications income as a result of the current economic downturn;
- the provision of information to Members on income projections for future years and plans to address the under-recovery from planning applications;
- the provision to Members of details of the review of the planning service;
- the underspend in Town Centre Regeneration and efforts to maximise spending in this area in future years;
- underspend in Education and Skills as a result of the receipt of additional monies for the Teacher Induction Scheme, underspends in Teacher Pension costs and Teachers' salaries, savings in respect of Additional Support Needs placements and strike pay deductions;
- information that became available in the latter part of 2011 in respect of Saltcoats Town Hall, Largs RNLi Slipway and Irvine Leisure Centre and the prioritisation by the Capital Programme and Assets Group of these projects.

The Committee agreed to continue consideration of the report to a future meeting to allow further consideration of Appendices 1-10 to 30 November 2011.

5. Call In Request: Revenue Budget

Submitted report by the Chief Executive on a Call In Request in relation to a decision taken by the Executive at its meeting held on 31 January 2012 on the above matter.

At its meeting on 31 January 2012, the Executive received a report by the Corporate Director (Finance and Infrastructure) on the revenue budgetary control position for the Council as at 30 November 2011.

The Executive agreed to (a) note the financial position outlined in the report; (b) approve the budget virements referred to in Section 2.15 of the report; (c) approve the plans to reinvest a further £0.086m of the projected saving within Education and Skills in order to build capacity to support the raising of attainment; (d) approve the plans to reinvest £0.870m of the projected savings within Education and Skills to support the capital programme; (e) note the proposals outlined in Section 2.18 for the utilisation of the HRA balance of £2.016m; and (f) refer the report to the Scrutiny Committee for information.

Subsequently, the undernoted call in request was received from Councillors Gibson, Ferguson and Sturgeon in terms of Standing Order 23:-

"Revenue Budget 2011/12: Budgetary Control Statement to 30 November 2011 (Section 2.6 - Education and Skills - Largs RNLI Slipway and Irvine Leisure Centre)

It is inappropriate to use or invest education revenue for capital projects particularly when capital funds are available and the fund for major repairs is in surplus (nearly £2 million)".

Councillors Gibson and Ferguson addressed the Committee in support of the call in request.

Councillor Gibson expressed concern at a number of issues, namely funding from the Scottish Government for the Teacher Induction Scheme being used for non-educational purposes, the process used to reinvest funds in capital projects and the process used to allocate funding to Largs RNLI Slipway and the proposed new Irvine Leisure Centre. Councillor Gibson asked the Committee to investigate the matter. As a signatory to the call in request, Councillor Ferguson expressed his support for the call in.

Councillor O'Neill was also present as Chair of the Executive. He advised that funds had already been set aside from existing budgets for the Teacher Induction Scheme and the Executive had been satisfied that the £0.905m funding from the Scottish Government for the Teacher Induction Scheme was not ring-fenced and could be used for the projects detailed in the report.

After discussion, Councillor Gurney, seconded by Councillor Dickson, moved that the Committee agree to call in the Executive's decision in relation to the investment of education revenue for capital projects such as Largs RNLI Slipway and Irvine Leisure Centre.

As an amendment, Councillor Munro, seconded by Councillor McDougall, moved that the Committee agree not to scrutinise the matter.

On a division, there voted for the amendment 3 and for the motion 4, and the motion was declared carried.

Accordingly, the Committee agreed to scrutinise the decision of the Executive in relation to the reinvestment of funds in capital projects and the process used to allocate funding to Largs RNLI Slipway and the proposed new Irvine Leisure Centre.

Councillors Ferguson, Gibson and O'Neill left the meeting.

6. Capital Monitoring to 30 November 2011

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

The table at Section 2.2 of the report summarised the movements in the General Services budget since the previous report to the Executive. Actual expenditure to 30 November 2011 (Period 8) amounted to £8.843m or 37.6% of the revised annual budget for 2011/12 of £25.543m, compared with 39.3% for the same period in 2010/11. Details of actual expenditure by project against the revised budget for 2011/12 alongside further anticipated expenditure to 31 March 2012 were set out at Appendix 1 to the report.

Section 2.5 of the report detailed a number of projects considered by the Capital Programme and Assets Group (CPAG) to be met from uncommitted funds totalling £0.252m at 30 November 2011. These related to the Kilmory Primary School toilet conversion, Pennyburn Primary School roof replacement, Montgomerie Park Multi-Use Games Area and the Transport Depot at Lamlash. The table at Section 2.7 of the report summarised the total adjustments of £0.323m recommended by the CPAG.

Section 2.6 of the report set out projects which might be funded from an underspend of £0.870m in connection with revenue funding for the Teacher Induction Scheme. The projects in question related to Saltcoats Town Hall, Largs RNLI slipway and Irvine Leisure Centre.

Actual expenditure on the HRA capital budget to 30 November 2011 (Period 8) amounted to £12.232m or 48.2% of the revised budget of £25.366m. This compares with an actual spend of 46.3% for the same period in 2010/11. Details of actual expenditure by project against the revised budget for 2011/12 were set out at Appendix 2 to the report, together with projected expenditure to 31 March 2012.

It is anticipated that the HRA capital programme will be underspent by £1.261m at 31 March 2012. Section 2.14 summarised proposals for the use of the projected underspend.

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

- the threshold of £10,000 for revenue projects; and
- the provision of further information in relation to the costs of the Kilmory Primary School toilet conversation.

The Committee agreed to continue consideration of the report to a future meeting, pending the outcome of the Call In of the Revenue Budget report.

7. Internal Audit Interim Quarterly Report

Submitted report by the Corporate Director (Finance and Infrastructure) on the internal audit reports published since 1 November 2011.

The Council's local Code of Corporate Governance requires effective arrangements to be in place for the objective review of risk management and internal control. The Internal Audit Section reviews internal controls and provides an objective and independent appraisal of how effectively resources are being managed.

Since August 2011, eight internal control reviews have been completed. The results of each Internal Audit assignment have been notified in writing to the relevant Corporate Directors and service managers and, where appropriate, action plans detailing recommendations for improving internal control have been produced. Executive Summaries and Action Plans for each of the areas reviewed were appended to the report.

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

Key Performance Indicators 2010/11

- the selection of a new set of KPIs by the Corporate Management Team to meet the duties of public performance reporting and best value;
- progress in implementation of the Internal Audit Action Plan.

Review of Capital Contracts

- the provision of clear procurement procedures; and
- the creation of a Community Benefit Officer post and assistance provided to local companies in the tendering process.

Cash shortage at a local office

- the planned introduction of a financial systems self-assessment to assist services in identifying weaknesses in financial practices.

Corporate Arrears Recovery System (CARS)

- work underway to fully utilise CARS; and
- the provision to Members of further information in relation to the integration of the previous system and CARS.

Data Matching - Council Tax Arrears/Payroll

- the variety of repayment plans put in place to recover council tax arrears.

The Committee agreed (a) to note the information presented; and (b) that the audit report in respect of the purchase of an absence management reporting tool be continued to a future meeting.

8. Audit Scotland Report on Modernising the Planning System

Submitted report by the Solicitor to the Council on the findings and recommendations of Audit Scotland.

On 15 September 2011, Audit Scotland published a report entitled "Modernising the Planning System", which was a culmination of a performance audit following changes to the planning system in Scotland introduced in 2009. The performance audit aimed to assess whether recent reform and modernisation of the planning system was resulting in increased efficiency and effectiveness. Progress made by the public bodies in Scotland who engage with the planning system, including the Scottish Government, local authorities, SEPA, Historic Scotland and Scottish Natural Heritage, was also evaluated.

The performance of North Ayrshire Council in determining planning applications was the subject of a report to the Planning Committee on 9 August 2011. The report indicated that North Ayrshire Council has consistently improved its performance over recent years in terms of the time taken to determine planning applications. Within North Ayrshire, 40% of all applications submitted so far in 2011 were made using ePlanning.

Notwithstanding this enhanced efficiency in decision making, Audit Scotland has expressed concern that the Scottish Government has not established a framework for evaluating how well all parts of the planning system are working together. The increased costs created by the changes to the system, was highlighted by Audit Scotland, as was the reduced fee income, reductions in staff levels and the economic downturn.

Furthermore the Scottish Government has published amendments to the permitted development rights for householder developments which will come into force in 2012 and may result in a further decrease to the total number of applications being handled by Councils, with a consequent reduction in fee income but with a continuing need for adequate monitoring of new development by officers.

The Audit Scotland report highlighted key issues arising from the modernisation of the planning system, and provided a number of key messages and recommendations. In terms of recommendations, the report indicated that these related mainly to concerns over evaluation, new forms of performance management, and the cost of the system - including the possible need to set appropriate fee levels against a background of falling income and fewer staff resources.

Noted.

9. Standards Commission: Guidance on the New Code of Conduct for Councillors

Submitted report by the Solicitor to the Council on the recently published Guidance on the Councillors' Code of Conduct.

Under Section 1 of the Ethical Standards in Public Life etc. (Scotland) Act 2000, a Code of Conduct has been prepared, setting out the rules by which Councillors are expected to behave. The code was updated in December 2010 reflecting changes in local government legislation and clarifying areas of uncertainty previously identified. The Standards Commission issued the new document to all elected members on 11 November 2011

The new document highlights a number of areas where clarification has been requested on the application of the Code to the actions of elected members. These areas include:-

- Key Principles
- General Conduct
- Registration of Interests
- Declaration of Interests
- Taking Decisions and Quasi Judicial or Regulatory Applications

Noted.

The meeting ended at 4.35 p.m.