

Audit and Scrutiny Committee
14 November 2016

Irvine, 14 November 2016 - At a Meeting of the Audit and Scrutiny Committee of North Ayrshire Council at 10.00 a.m.

Present

John Hunter, John Easdale, Catherine McMillan and David O'Neill.

In Attendance

L. Friel, Executive Director, M. Hogg, Head of Finance, E. Currie, Principal Manager (Finance), P. Doak, Senior Manager (Internal Audit, Risk and Performance) and S. Humphries, Chief Benefits and Revenues Officer (Finance and Corporate Support); J. Butcher, Executive Director (Education and Youth Employment); J. Miller, Senior Manager Planning, C. Dempster, Team Manager (Network Management) and J. Barrett, Senior Manager (Homelessness and Community Safety) (Place); M. Davison, Senior Manager (Democratic Services), A. Todd, Senior Policy and Performance Officer and A. Little, Committee Services Officer (Chief Executive's).

Chair

Councillor Hunter in the Chair.

Apologies for Absence

Alan Hill and Tom Marshall.

1. Declarations of Interest

There were no declarations of interest by Members in terms of Standing Order 10 and Section 5 of the Code of Conduct for Councillors.

2. Minutes

The Minutes of the meeting of the Audit and Scrutiny Committee held on 23 September 2016 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

3. Appointment of Vice Chair

The Committee sought nominations for the position of Vice Chair of the Audit and Scrutiny Committee. Councillor McMillan nominated herself for the position.

The Committee unanimously agreed to appoint Councillor McMillan to the position of Vice Chair of the Committee.

4. Presentation: NAHSCP Annual Performance Report

The Committee received a presentation by the Director (Health & Social Care Partnership) on the North Ayrshire Health and Social Care Partnership's Annual Performance Report.

The presentation provided information on:-

- the national context, with guidance issued from the Scottish Government in June 2015 and the Annual Performance Report not legally required until July 2017;
- National Health and Wellbeing, Children's Outcomes and Criminal Justice and Mental Health delivery during 2015/16;
- details of the financial performance in 2015/16, which highlighted that 58% of the budget had been managed within the budget set and 42% had been spent above the budget set;
- a breakdown of the overspend within Children and Families, Physical Disability, Learning Disability and Mental Health and Community;
- a summary of the projected demand for 2020, 2025, 2030 and 2035;
- people living in more deprived areas in Scotland developing multiple conditions around 10 years before those living in the most affluent areas; and
- priorities for 2016/17.

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

- the reduction in funding set against the increased demand for services;
- the split between acute and primary care; and
- challenges for providers in recruiting and retaining home care staff for rural and isolated areas of North Ayrshire.

Noted.

5. Internal Audit and Corporate Fraud Action Plans: Quarter 4 Update

At its meeting on 22 August 2016, the Committee received a verbal update from the Executive Director (Education and Youth Employment) on progress in allocating time for teachers to attend the Corporate Acceptable Computer Use training. Members were advised that one third of staff have now completed training with the balance of staff being progressed through the training with an estimated completion of January 2017. The Committee agreed to receive a further update from the Executive Director (Education and Youth Employment) on training levels on Corporate Acceptable Computer Use to its next meeting.

The Committee was advised that 41% of teachers and 19.1% of support staff have either started or completed the training. Two national work to rule actions by the EIS and a lack of supply staff have impacted on the release of staff to undertake this training. A target of January 2017 has been set for all staff to have completed the training.

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

- 1,043 teachers and 999 support staff who have yet to complete the training; and
- the training course which takes approximately 20 - 45 minutes to complete.

The Committee agreed to receive a further update from the Executive Director (Education and Youth Employment) on the training levels on Corporate Acceptable Computer Use to the meeting in March 2017.

6. Corporate Fraud and Corruption Strategy

Submitted report by the Executive Director (Finance and Corporate Support) on the Council's Counter Fraud and Corruption Strategy, which was attached at Appendix 1 to the report. The Strategy highlighted the areas of the Council's operations at greatest risk of fraud and corruption and set out the five key steps in managing the Council's approach to tackling fraud and corruption

Members asked questions and were provided with further information in relation to civil action that can be undertaken in order to recover monies where the Procurator Fiscal takes no action and powers the Court has to order repayment when an individual is convicted of fraud.

Noted.

7. Internal Audit Reports Issued

Submitted report by the Executive Director (Finance and Corporate Support) on the findings of Internal Audit work completed between 1 August and 31 October 2016. Appendix 1 to the report provided information on the seven reviews completed together with any high priority actions from each one.

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

- support that is directed and managed by Social Services and self directed support that is funded via direct payments to the individual;
- the indicator in relation to the number of properties at risk of flooding that was out of date and removed from the Council's performance indicators;
- work that has been done to improve the processing times of Discretionary Housing Payments (DHP) and Council Tax Reduction Scheme (CTR) applications;
- vouchers and cash payments that are available to some individuals to purchase clothing and discussions that will take place with the Procurement Team to explore all options for purchasing clothing vouchers;
- an instruction that will be issued to all Masterpiece users to retain supporting records and back up documentation for their service for invoices and credit notes;

- a database that is being developed by the Council's IT Team to replace the existing database used by the Records Management Team;
- an automated system that will be run every 6 months to periodically check that Payments and Receipts Income System (Paris) users are still in relevant roles

Noted.

8. Internal Audit and Corporate Fraud Action Plans: Quarter 2 Update

Submitted report by the Executive Director (Finance and Corporate Support) on the progress made by Council services in implementing the agreed actions from Internal Audit and Corporate Fraud reports as at 30 September 2016. Appendix 1 to the report provided details of the 15 actions that were not complete within the agreed timescales.

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

- issues that have been encountered with the annual software update for the HR/Payroll system and discussions with the software company in relation to the quality of the upgrades; and
- the establishment of an employee register of interests as part of the full review of the Council's Governance documents.

Noted.

9. Internal Audit Plan 2016/17: Mid-year Progress

Submitted report by the Executive Director (Finance and Corporate Support) on (a) progress as at 30 September 2016 in delivering the 2016/17 Internal Audit plan, as outlined in the Appendix to the report, (b) details of the 20 reports published during the first half of 2016/17, 16 of which were from the 2015/16 plan and the remaining 4 completed from the current plan and (c) the withdrawal of a number of audits from the plan, as agreed by the Audit Committee at its meeting on 22 August 2016.

Noted.

10. External Audit Action Plans: Quarter 2 update

Submitted report by the Executive Director (Finance and Corporate Support) on progress made in implementing the agreed action plans arising from the external audit of the Council's 2014/15 and 2015/16 accounts. Appendix 1 to the report provided information on the incomplete actions along with the latest management comments.

Noted.

11. Corporate Fraud Team: Mid-year Progress

Submitted report by the Executive Director (Finance and Corporate Support) which provided a mid-year progress update on the work of the Corporate Fraud team. The report provided details of (a) ten internal investigations and 359 external investigations that had taken place, (b) the expansion of the Corporate Fraud Team to cover the East Ayrshire area that will be operational early in 2017, (c) the National Fraud Initiative exercise that is underway and will investigate potential data matches, and (d) International Fraud Week that will take place from 14 - 18 November 2016 and will include a series of events that will be held throughout North and East Ayrshire.

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

- the recovery of Blue Badges by individuals not entitled to them; and
- the expansion of the Corporate Fraud Team to cover the East Ayrshire area and the costs that will be met by East Ayrshire for this service.

Noted.

12. Audit Scotland Benefits Performance Audit Annual Update 2015/16 and Housing Benefit Good Practice Guide

Submitted report by the Executive Director (Finance and Corporate Support) on (a) the findings of the Audit Scotland benefits performance audit annual update 2015/16 as set out at Appendix 1 to the report and (b) the Council's good practice contained in the Housing Benefit Good Practice Guide as set out at Appendix 2 to the report.

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

- the reduction of 5.8% of benefits administration funding from the Department for Work and Pensions (DWP); and
- a reduction in the Council's funding by 7.8% and a potential reduction in DWP funding in 2017/18 to reflect the reduction in Housing Benefit caseload due to the rollout of Universal Credit.

Noted.

13. Consolidation of School Funds

Submitted report by the Executive Director (Finance and Corporate Support) which provided information on (a) the recent Internal Audit recommendation that consideration be given to consolidating school funds into one manageable account and (b) the review undertaken which concluded the investment income, in the current financial climate, would not be sufficiently large to fund staffing support to manage this global fund at this time.

Noted.

14. Audit Scotland report - Maintaining Scotland's Roads

Submitted report by the Executive Director (Place) on (a) Audit Scotland's follow up report "Maintaining Scotland's Roads" published in August 2016, which was attached at Appendix 1 to the report, (b) a number of recommendations made by Audit Scotland for Local Authorities which have been developed by the Council into an Action Plan detailed at Appendix 2 to the report and (c) a fundamental review of the Roads Service that was undertaken by the Council in 2015, attached at Appendix 3 to the report.

Members asked questions and were provided with further information in relation to the follow up report published in August 2016 which reviewed key information and documents, conducted fieldwork at a sample of 11 roads authorities and interviewed senior officers and Elected Members at a sample of ten councils

Noted.

15. Superfast broadband for Scotland: A Progress Update

Submitted report by the Executive Director (Economy and Communities) on the key messages from Audit Scotland's update on the Scottish Government's Programme to roll-out superfast broadband in Scotland. Audit Scotland's update was attached as Appendix 1 to the report and provided information on targets that have been achieved in Scotland. Information was also provided on significant engineering works that have been undertaken in North Ayrshire to deliver the programme which is on course to reach 95% coverage in North Ayrshire by December 2017.

Noted.

16. Audit Scotland Report: Social Work in Scotland

Submitted report by the Executive Director (Finance and Corporate Support) on the recent Audit Scotland report which examined how effectively Councils and Integration Joint Boards are planning to address the financial and demographic pressures facing social work. An Action Plan detailing the key areas of work underway within the Health and Social Care Partnership to address the key messages within the report was appended at Appendix 1 to the report. Appendix 2 provided an Elected Member's self-assessment checklist which set out some issues that Elected Members may wish to consider in relation to social work.

The Committee agreed to (a) circulate to all Members the Elected Member Checklist which sets out some issues that Members may wish to consider in relation to social work in their Council for their information and interest; and (b) otherwise note the report.

17. Local Government Benchmarking Framework (LGBF) 2014/15

Submitted report by the Chief Executive which set out (a) the Directorates' priorities identified through work undertaken following the publication of the latest LGBF report; and (b) highlighted the Improvement Service's areas for development that will enable the Council to make further use of the Framework. Appendix 1 to the report provided an explanation and details of improvement activity in terms of the LGBF measures, focusing in particular on the priority measures.

Members asked questions and were provided with further information in relation to targets that are not set for the costs per primary and secondary school pupil and pre-school education place, as it is considered they provide limited value in determining progress against the key priorities.

Noted.

18. Public Performance Reporting 2015/16

Submitted report by the Chief Executive on the public performance reporting and the Annual Performance Report 2015/16. The report detailed the performance of the range of Performance Indicators that will be used to inform the Council's public performance reporting for 2015/16. Appendix 1 to the report provided details of the full set of indicators to be publicly reported. The 29 Red/Amber indicators along with management commentary from the relevant Directorate were set out at Appendix 2 to the report and the Council Annual Performance Report 2015/16 was attached as Appendix 3 to the report.

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

- work that is being done with services to set targets; and
- narrative that has been provided to explain indicators with a downward trend.

Noted.

19. North Ayrshire CCTV Ltd: Monitoring Report

Submitted report by the Executive Director (Place) which provided information on (a) the performance of North Ayrshire CCTV Ltd during 2015/16; (b) the allocation of funding from the Council and other sources; (c) a financial review that was undertaken in 2016; and (d) statistical information on both the Monitoring Station and the Mobile CCTV Unit.

The Senior Manager (Homelessness and Community Safety) provided further information on a report to Cabinet on 8 November 2016 on the options for the future operation of public space CCTV systems currently managed by North Ayrshire CCTV Ltd. The Cabinet agreed (a) to approve Option 3 - transfer operation of the public space CCTV systems managed by North Ayrshire CCTV Ltd, subject to the allocation of capital funding as part of the Council's budget setting exercise in February 2017; (b) that the required capital funding be considered by Cabinet at a future meeting; (c) subject to the securing of capital funding, that North Ayrshire CCTV Ltd be supported to ensure a managed wind down by March 2018; and (d) that a review of the Council's wider security and emergency/out of hours provisions be undertaken.

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

- the mobile CCTV unit which has experienced a number of mechanical issues resulting in it not being roadworthy for some periods; and
- the requirements to update some of the equipment that has become obsolete.

Noted.

20. Interim Equality Mainstreaming Report and Equality Outcomes

Submitted report by the Chief Executive on the Interim Equality Mainstreaming Report 2014 - 2015, which provided an overview of work going on across the Council to meet the requirements of the Equality Act 2010 and was attached at Appendix 1 to the report.

Noted.

21. Ayrshire Valuation Joint Board Minutes

Submitted the Minutes of the meetings of the Ayrshire Valuation Joint Board (AVJB) held on 12 January 2016, 29 March 2016 and 24 May 2016.

Noted.

22. Exclusion of the Public

The Committee resolved in terms of Section 50(A)4 of the Local Government (Scotland) Act 1973, to exclude from the Meeting the press and the public for the following items of business on the grounds indicated in terms of Paragraph 9 of Part 1 of Schedule 7A of the Act.

23. Corporate Fraud Reports Issued

Submitted report by the Executive Director (Finance and Corporate Support) on the findings of Corporate Fraud investigations finalised between 1 August and 31 October 2016. Appendix 1 to the report provided details of the investigations completed and included an executive summary and action plan from each of the investigations.

Noted.

The meeting ended at 11.50 a.m.