

Scrutiny Committee
15 August 2011

IRVINE, 15 August 2011 - At a Meeting of the Scrutiny Committee of North Ayrshire Council at 1.00 p.m.

Present

John Hunter, Anthea Dickson, Andrew Chamberlain, Anthony Gurney, Jean Highgate, Pat McPhee and Alan Munro.

In Attendance

I. Mackay, Solicitor to the Council and E. Gunn-Stewart, Customer Services Manager (Corporate Services); C. Kirk, Corporate Director, M Armstrong, Head of Logistics and Infrastructure, M. Docherty, Head of Education, J. McHarg, Assistant Manager Community Development and R. Knox, Contract Compliance Officer (Education and Skills); A. Herbert, Corporate Director, P. Doak, Senior Manager Internal Audit and Risk Management and T. Reaney, Procurement Manager (Finance and Infrastructure); J. Montgomery, General Manager Policy and Service Reform, S. Bale, Policy and Performance Officer and A. Little, Committee Services Officer (Chief Executive's Service).

Also In Attendance

A. Haseeb and T. Yule, Audit Scotland.

Chair

Councillor Hunter in the Chair.

Apologies for Absence

Matthew Brown.

1. Declarations of Interest

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

2. Minutes

The Minutes of the previous meetings of the Committee held on 6 and 20 June 2011 were signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973, subject to the following amendment:-

1. Declarations of Interest

In terms of Standing Order 16, Councillor Dickson, **having indicated her views to the Corporate Director (Education and Skills) prior to the meeting**, declared an interest in Agenda Item 3 (Call In Request: Outcome of the Consultation on the Proposed Closure of Garnock Academy, Moorpark and Glengarnock Primary Schools), ~~and left the meeting for that item of business.~~

3. Internal Audit: Quarterly Update Report

Submitted report by the Corporate Director (Finance and Infrastructure) on the internal audit reports published since 1 May 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 May 2011, a number of 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:-

Financial Services - Authorisation of Creditor Payments

- the preparation of a new authorised signatories list and the submission of additions and deletions timeously;
- the introduction of a standard invoice stamp to ensure the required invoice checks have been carried out;
- the provision of Financial Regulations training from August until October 2011; and
- implementation of the management actions in relation to actions 1, 2 and 7.

Financial Services - Payment of Creditors

- early payments to creditors as a result of overwrites of the system generated due date and the Friday payment run;
- the introduction of a daily payment run to replace the historical Friday payment run;

- the provision of procedures for Creditor Invoice Entry to reinforce the limited use of over-writing the system generated due date and the need for evidence of early payment requests on the batch header; and
- investigations by Systems Development to ascertain improvements to Masterpiece.

Education and Skills - PPP Unitary Charge

- repeated requests for utility invoices from the contractor and regular informal meetings between Finance and Education and Skills to discuss this issue;
- the establishment of a formal reporting mechanism and regular PPP Budget meetings between the Compliance Team, Finance and Education and Skills;
- delays in the receipt of utility invoices by the contractor, who are responsible for settling the invoices and recharging the Council;
- the inclusion of malicious damage budgets into PPP schools' delegated budgets as a pilot project and the roll-out of this project if the pilot is successful;
- the provision of information to Elected Members on the malicious damage costs for all North Ayrshire schools;
- a proposed report to a future meeting of the Education Executive on the development of a policy in relation to dealing with malicious damage in schools; and
- the reporting of unitary charge underspends to the Executive and Scrutiny Committee;

Roads - Ordering, Receipt and Payment of Goods

- operational and staffing issues that can impact on invoices being processed timeously.

Noted.

4. Action Plan arising from Report to Members and the Controller of Audit on the 2009/10 External Audit

Submitted report by the Chief Executive on progress made regarding the Action Plan arising from the Report to Members and the Controller of Audit on the 2009/10 External Audit.

The Report to Members and the Controller of Audit on the 2009/10 External Audit was presented to the Scrutiny Committee on 8 November 2010. The Report raised a number of risks regarding governance and accountability and, following detailed scrutiny of these issues, the Scrutiny Committee noted a ten-point Action Plan that had been prepared to address these risks.

The Appendix to the report provided an update on progress, as at 1 August 2011, against each of the ten commitments in the Action Plan.

Noted.

5. Audit Scotland Report - Review of Purchasing and Procurement

Submitted report by the Corporate Director (Finance and Infrastructure) on the findings of the recent Audit Scotland review of purchasing and procurement within North Ayrshire Council.

As part of their 2010/11 audit plan, the Council's external auditors, Audit Scotland, undertook a high level review of the purchasing and procurement activities within the Council. The purpose of the review was to evaluate whether the current arrangements are adequate. Part of the audit process involved a review of the results of the work carried out by Scotland Excel through its Procurement Capability Assessment. The Audit Scotland report was published in June 2011 and was attached as an appendix to the report.

Using the Procurement Capability Assessment (PCA) tool, Scotland Excel reviews and assesses all Scottish local authorities. The Council was first assessed in 2009 and achieved a score of 17%, with the national average being 23% at that time. North Ayrshire was ranked 25th out of the 32 authorities. A reassessment in 2011 saw an improved position for North Ayrshire - 19th out of the 32 authorities - with a score of 27% against a national average of 32%. The Council had shown improvements in all areas except performance measurement, which reduced from 22% to 20%. The report detailed Audit Scotland's findings and the responding actions undertaken by the Council.

Audit Scotland concluded that North Ayrshire Council had made improvements in procurement performance since the initial PCA in 2009, although the scoring remains below the national average. The main weaknesses identified, related to an inconsistent approach to procurement across the organisation. Audit Scotland recommended that the role of the Corporate Procurement Unit should be extended across all services, covering all procurement activity, with the support of senior management across the organisation. Doing so should result in a further improvement in procurement performance.

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

- work undertaken by the Council and iMpower to identify best procurement practice amongst other local authorities;
- the provision of procedures and training to ensure the standard of service delivery is unchanged as a result of changes in procurement;
- the submission of a report to future meetings of the Executive and Scrutiny Committee in relation to strengthening the role of the Procurement Team
- support provided to assist local companies in meeting the tendering and procurement requirements; and
- total overall savings of £160m (£120m excluding savings from Social Services) and potential savings of £1.6m per 1%.

Noted.

6. Audit Scotland Report - Review of Main Financial Systems 2010-11

Submitted report by the Corporate Director (Finance and Infrastructure) on the findings of the recent Audit Scotland review of the Council's main financial systems.

As part of their 2010/11 audit activity, the Council's external auditors, Audit Scotland, undertook a review of the Council's main financial systems. The purpose of the review was to evaluate whether the internal control system within the Council is adequate and also to follow up issues raised in the report to management from the 2009/10 audit.

The Audit Scotland report was published in August 2011 and was attached as an appendix to the report.

The review identified and undertook testing on the key controls of the financial systems. Where appropriate some reliance was placed on the work carried out by the Council's Internal Audit function. The key financial systems covered by the review were detailed in the report.

Audit Scotland concluded that there are adequate controls operating within North Ayrshire Council's main financial systems. Areas where improvements could be made to enhance existing controls were highlighted and an action plan to address these weaknesses has been agreed between the Head of Finance and Audit Scotland. The action plan was also included within the appendix to the report.

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

- the Council's process for evidencing second officer checks on bank reconciliations and the introduction of a formal written procedure to ensure that all staff are aware of the process to be followed for preparing and authorising electronic reconciliations;
- the provision of further information to Members in relation to the issues raised on the raising of invoices in the 2009/10 audit report and the action timescale;
- regular reports to the Executive on sundry debtors;
- future training for Members on the Council's Standing Orders relating to Contracts; and
- the ongoing work in ensuring compliance with the Sundry Debtor policy and quality assurance arrangements and the provision to Members of an outline programme, including milestones, on the process for implementation.

Noted.

7. Performance Management Strategy 2011-14

Submitted report by the Chief Executive on the Performance Management Strategy 2011-14 as approved by the Executive at its meeting on 21 June 2011.

Audit Scotland has for a number of years promoted the need for councils to improve their performance management arrangements. At its meeting on 21 June 2011, the Executive considered the draft Performance Management Strategy 2011-14 and agreed to (a) approve the Performance Management Strategy 2011-14 as set out in the report (b) endorse in particular the ambitious vision that, by 2014, the Council will have sector-leading performance management systems and a supporting culture in place; (c) instruct the Chief Executive to work with Elected Members and Officers to ensure achievement of the vision; and (d) refer the report to the Scrutiny Committee for its consideration.

The key features of the Performance Management Strategy were outlined in the report and the full document appended.

Members sought and received assurances that as part of the clarity of roles principle, Members set and approve strategies of the Council.

Noted.

8. 'Roles and Working Relationships' Activity Programme

Submitted report by the Chief Executive on the proposed programme of activity in response to Audit Scotland's report, Roles and Working Relationships: Are you Getting it Right? (Audit Scotland: August 2010).

The Scrutiny Committee on 28 February 2011, considered the key issues raised in Audit Scotland's report Roles and Working Relationships: Are You Getting It Right? (Audit Scotland: August 2010). The report had previously been considered by the Executive on 18 January 2011 when the Chief Executive was instructed to prepare a programme of activity in response to the issues raised in the report, for consideration at a future meeting.

The report prepared by Audit Scotland for the Accounts Commission, forms part of the new "how councils work" series of reports which aims to stimulate change and improve performance. The report examined how well councillors and officers work together and included information from Audit Scotland's Best Value audit work in all 32 councils, as well as interviews with a sample of 60 councillors from across 6 councils of varying size, geography, and political control.

The key messages arising from the report were detailed in the report and the Audit Scotland Report, A Tool for Checking Progress, was attached as Appendix 1 to the report.

Appendix 2 to the report outlined a programme of activity in response to the issues raised in the Audit Scotland report "Roles and Working Relationships: Have You Got It Right?" guidance and recommendations. A Lead Officer/Owner is identified for each activity and will be responsible for project planning and implementation within the proposed timescale.

Members asked questions and received clarification in respect of the following areas:-

- the examination of other political management systems and preparation of options and proposals for consideration by the new Council; and
- the provision to Members of information on the range of political management systems examined.

The Committee agreed to (a) note the programme of activity in Appendix 2 approved by the Executive on 2 August 2011; and (b) receive a further end year report on its implementation.

9. Education & Skills Service Performance Report as at 31 March 2011

Submitted report by the Chief Executive on an update on the performance of Education & Skills as at 31 March 2011.

At its meeting on 20 June 2011, the Committee noted a suite of Service Performance Reports, as at 31 March 2011, for all Council Services with the exception of Education & Skills. The Scrutiny Committee agreed to receive the Education & Skills Service Performance Report at a future meeting.

The appendix to the report provided an executive summary of the performance of Education & Skills to 31 March 2011. In line with the principle that the Council's performance management systems should be founded on self-assessment, the summary provided an assessment by the Corporate Director (Education & Skills) of the overall performance of the Service, including financial performance ("Good"), and of the overall capacity for improvement within the Service ("Very Good"). The appendix also provided a report on financial performance and provided a narrative on progress made in relation to the identified priorities.

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

- the consultancy fee of £57k to Grant Thornton;
- the delay in filling of vacant posts, justification for filling vacant posts and the deletion of vacant posts from the establishment at the end of the financial year;
- the approval of the location of community sport hubs in Auchenhavie, Arran, Ardrossan and Largs by the Executive;
- challenges in progressing pupil attainment from general to credit level; and
- the provision of information to Members on the management charges, annual unitary charges and utility management fees in relation to PPP projects backdated utility bills, and whether there has been a similar overspend due to backdated bills in other schools.

Noted.

10. Following the Public Pound: Monitoring Reports

Submitted reports by the Corporate Director (Education and Skills) and Solicitor to the Council on the monitoring of the grants awarded to Fullarton Community Association, Vineburgh Community Centre Management Committee, Redburn and Vineburgh Community Association and West Kilbride Public Hall and North Ayrshire CCTV.

10.1 Fullarton Community Association

In 2010/11, Fullarton Community Association was awarded a grant of £28,120 from the Education and Skills revenue account. The appendices to the report outlined the programme of lets and activities available within the Community Centre, details of the memorandum of association and financial statements for the year ended 31 March 2011.

Fullarton Community Centre is owned and managed by Fullarton Committee Association. The volunteers meet monthly to discuss a range of business including income and expenditure, the usage of the premises and the future development of the facility. The Association have recently gone through the process of becoming a company limited by guarantee and are now in the process of registering the company with the Office of the Scottish Charity Register (OSCR) to achieve charitable status.

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

- the requirement for a replacement centre, difficulties in securing funding for a replacement centre as a result of the land being owned by the Council;
- the pursuit of the transfer of the land asset and the identification of resources to build a replacement centre; and
- a number of projects undertaken in 2010/11 including the upgrade of the kitchen and the sub-division of an area to create a room for young people.

10.2 Vineburgh Community Centre Management Committee

In 2011/2012 the Vineburgh Community Association was awarded a grant of £36,543 from within the Education and Skills revenue account to help meet running costs. The appendix to the report outlined the programme of lets and activities available within the Centre and provided details of the annual report and financial statements for the year ended 31 January 2011.

Vineburgh Community Centre is managed by Vineburgh Community Association. The Association meets monthly to discuss a range of business, including income and expenditure, the usage of the premises and the future development of the facility. There is a small group of managing office bearers. The Association is undertaking a review of the Centre's operations in an effort to identify where efficiencies can be achieved without loss of quality or service.

The Vineburgh Centre has been extremely successful at engaging with their local community and use feedback from community consultation to inform their activity programme. The programme covers a wide range of educational, social and recreational activities and the centre is running at peak capacity. The centre is now the base for Irvine Beat FM whose volunteers are preparing for their next community broadcast in August 2011.

Members asked questions and were provided with information in relation to work that will be undertaken to assist with accountancy practices.

10.3 Redburn and Vineburgh Community Association

Redburn and Vineburgh Community Association was awarded a grant of £54,263 from within the Educational Services revenue account in 2010/11. The appendix to the report outlined the programme of lets and activities available within the Centre and provided details of the constitution and the financial statement for the year ended 31 January 2011.

The Centre is managed by the Redburn and Vineburgh Community Association who meet monthly to discuss a range of business, including income and expenditure, the usage of the premises and the future development of the facility.

A recent review of working practices resulting in efficiencies without loss of quality of service. The savings achieved will be reinvested in improving programming.

10.4 West Kilbride Public Hall

West Kilbride Village Hall Committee was awarded a sum of £10,100 from the Education and Skills revenue account to help meet running costs. The appendix to the report outlined the programme of lets and activities available within the Hall and the financial statement for the year ended 31 December 2010.

The Hall is managed by West Kilbride Management Committee, who meet on a regular basis to discuss a range of business, including income and expenditure, the usage of the premises and the future development of the facility. The Management Committee are currently part of the umbrella group, West Kilbride Initiative for the purposes of efficiency of procurement. Membership of this group has become a barrier to accessing funding opportunities and the Management Committee intend to investigate the possibility of becoming an independent charity.

Members asked questions and received further information on a range of contingency costs for unforeseen works that included building works and rewiring.

10.5 North Ayrshire CCTV

North Ayrshire CCTV provides a monitoring facility for 37 CCTV cameras located in public areas throughout North Ayrshire. During the current year 3 new cameras were brought on-line within Dalry Town Centre and a further 2 in Kilbirnie, all funded by the Council through the Economic Development Town Centre Regeneration fund. Cameras in Largs were recently installed and will be assessed during the forthcoming year. The Company also operates a mobile unit and has access to 3 redeployable cameras, the locations of which are determined by demand.

The Company currently has a workforce of 9 of which 8 are full time and 1 part time. The Company has a turnover of £234,583. Of this 71.5% relates to payroll and 12% for on-line rental for the transmission of images with the remainder on running costs for the equipment. The Company has maintained a small surplus in its operating balance during the current years. A range of performance statistical information was provided in the report.

The monitoring report concluded that the company contributes to the improvement of the environment and North Ayrshire assisting the Police in deterring and detecting crime.

Members asked questions and received information on the undernoted:-

- the provision of cameras in Beith as part of the Town Heritage Scheme and an examination of the quality of the images captured by these cameras;
- the prompt relay of criminal activity viewed by CCTV staff to the Police, the use of CCTV recordings to assist in Police investigations and the deterrent value of cameras;
- the increase in incidents logged as a result of vigilant and experienced staff;
- future funding arrangements and the review of funding from the Fairer North Ayrshire Fund;

Noted.

11. Annual Report on Listening & Learning Scheme

Submitted report by the Solicitor to the Council on the complaints, compliments and suggestions received through the Customer Comments Scheme in 2010/11 and of the improvement actions taken.

Comments received by the Council can be received in a variety of forms, through Contact Us on the Council website, by e-mail, telephone, letter, or on the pre-printed Listening and Learning Customer Comments forms. Most contacts with the Council are made through the Customer Contact Centre.

The Council received 1,125 comments within the last year, of which 430 were complaints. This compares to 1,092 comments in 2009/10 and 1,382 comments in 2008/09. Most comments were dealt with at the informal stage of the procedure and were not reflected within the statistical analysis of the report.

On 1 April 2011 the "Contact Us" database moved across to the Council's corporate Customer Relationship Management (CRM) tool, Lagan, for logging and tracking enquiries. It is expected that more meaningful and timely reports will be available to Members and Customer Services will work with services across the Council to implement the recording of informal feedback.

The report provided information on the number of comments received by each service and geographical area, the response times achieved at each stage of the procedures, and complaints made to Scottish Public Services Ombudsman (SPSO).

Additional information was circulated in relation to Social Services complaints and actions that had been undertaken.

Members asked questions and received further information in relation to:-

- the establishment of a cross-Council working group to prepare a "Complaints Handling Model" for local authorities following a new approach for handling complaints agreed by the SPSO;
- the use of the CRM tool, Lagan, for logging and tracking enquiries, the transfer of information to Covalent and the future provision of information in a variety of formats.

Noted.

The meeting ended at 4.25 p.m.