

Audit and Scrutiny Committee
29 September 2020

At a Meeting of the Audit and Scrutiny Committee of North Ayrshire Council at 10.00 a.m. involving participation by remote electronic means.

Present

Marie Burns, Joy Brahim, Alan Hill, Tom Marshall and John Sweeney.

In Attendance

Audrey Sutton, Interim Executive Director (Communities), M. Boyd, Head of Finance, D. Forbes, Senior Manager (Financial Services) and P. Doak, Senior Manager (Internal Audit, Risk and Fraud) (Finance and Corporate Support); Y. Baulk, Head of Service (Physical Environment) and J. Cameron, Senior Manager (Housing Strategy and Development) (Place); C. Cameron, Chief Finance and Transformation Officer (Health and Social Care Partnership); A. Fraser, Head of Democratic Services, F. Walker, Head of Service (People and ICT); B. Quigley, Senior Manager (ICT); and A. Little and D. McCaw and Committee Services Officers (Chief Executive's Service).

Also in Attendance

Karlyn Watt (Deloitte).

Chair

Councillor Burns in the Chair.

Apologies

Margaret George and Donald Reid.

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 Special Meeting of the Audit and Scrutiny Committee held on 24 August 2020 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

3. Annual Report on the 2019/20 Audit

Submitted report by the Head of Finance on the annual audit report for 2019/20 and received a verbal update by the External Auditor. The External Auditor's report on Audit Dimensions and Best Value, covering wider scope issues, was attached as Appendix 1 to the report. Appendix 2 detailed letters of representation to be signed by the Head of Finance as the responsible officer for North Ayrshire Council. The External Auditor's Annual Report was detailed at Appendix 3 and included the findings of the 2019/20 audit and agreed action plan.

Karlyn Watt of Deloitte provided a verbal report on the appendices to the report, including additional information on the impact of Covid-19 on the financial statements and audit process and highlighting the uncertainties and changes in ways of working during recent months and noting that consideration of these impacts has been included as part of the report where appropriate. The testing in relation to the Council's charitable trusts has also now been concluded.

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

- the significance of the transformation work and the priority which this now has;
- any anticipated impact and uncertainty on Council budget setting for next year given that there will be no UK Parliament Autumn budget;
- that the Scottish Government may require to consider setting a provisional budget;
- that the Council still faces a significant shortfall, with detailed plans not yet in place regarding transformation;
- 2021/2022 budget processes have commenced and will be presented to Members in the coming weeks and months with provisional budget setting in December;
- transformation and development plans will be shared with Members in alignment with the budget process; and
- new requirements in relation to the Islands Act.

The Committee agreed (a) to note (i) the audit findings contained in the External Auditor's report on Audit Dimensions and Best Value at Appendix 1; (ii) the findings of the 2019/20 audit of the financial statements as contained in the External Auditor's final report at Appendix 3; and (iii) the agreed Action Plan as outlined on page 25 of the final report; and (b) to approve the audited Annual Accounts for signature.

4. Health and Social Care Partnership: Budget Monitoring Report

Submitted report by the Director, Health and Social Care Partnership on the financial position for the partnership and outlining the projected year-end outturn position. The budget monitoring report and Appendices, which were presented to the IJB on 24 September 2020, were attached as an Appendix to the report and provided information on the financial overview of the partnership position, details of the savings plan, the movement in the overall budget position for the partnership and the mobilisation plan submission.

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

- any savings to general running costs as a result of the Covid-19 pandemic;
- that care home placements and occupancy levels for older people have generated significant underspends;
- the potential to revisit the need for a recovery plan depending on how the financial year progresses;

- the expectation of an announcement from the Scottish Government on Covid related funding for both NHS and HSCP; and
- that financial updates will continue to be submitted to Audit and Scrutiny Committee meetings.

The Committee agreed to note (i) the financial position with regard to the Health and Social Care Partnership; (ii) the estimated costs of the Covid mobilisation plan of £7.2m, including savings delays, and the associated funding to date; and (iii) the financial risks for 2020-21, including the impact of Covid-19 and that there is no recommendation at this time to implement a formal Financial Recovery Plan for the IJB.

5. UK Withdrawal from the European Union (Brexit) Update Report

Submitted report by the Head of Democratic Services on the current position regarding the UK's withdrawal from the European Union on 31 December 2020, including the current state of negotiations and how Council planning is progressing.

Alan Hill joined the meeting at this point.

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

- current information with regard to EU citizens applying for settled status;
- figures for the number of people who have applied for settled status in Ayrshire to be forwarded to Members for information when available; and
- the status of the EU Preparedness Group as an officer only group.

The Committee agreed to note (i) the current position in respect of the UK's withdrawal from the European Union; and (ii) proposals to step-up the Council's EU Preparedness Group.

6. Council Plan Progress Update – Year End 2019-20

Submitted report by the Head of Democratic Services on the progress of performance against the Council Plan 2019-24 as at Year End 2019-20. The year end progress update, providing details of progress for each of the priorities, was set out at Appendix 1 to the report. Appendices 2 and 3 detailed the performance indicators from the Council Plan Performance Framework and the full set of actions aligned to the Council Plan 2019-24.

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

- experiences and learning from the Council's response to the Covid-19 pandemic being incorporated into our transformation programme and fed into recovery and renewal planning, including new ways of working going forward;
- further development of existing transformation themes with a view to a fresh look at developing projects and delivering services;
- work in terms of preparedness around schools over the next few months;
- local phasing delivery plans for continuation of education throughout the pandemic focussing on health and well-being and safety;

- Insight data reflecting the Scottish Qualifications results not being published in September this year;
- how educational progress and attainment will be reported to Members; and
- clear direction and guidance being provided to schools around ongoing assessment of pupils and a consistent approach adopted.

The Committee agreed to note the performance of the Council Plan as at 31 March 2020.

7. 2019/20 Complaint Report

Submitted report by the Head of Democratic Services on the Council's complaint performance and the volumes and trends of complaints received in financial year 2019/20. The report detailed the volume of complaints received and closed, complaints closed at each stage, complaint outcomes, the average time in working days for a full response at each stage, complaints closed within timescale, complaint timescale extensions, trends identified from upheld/partially upheld complaints and changes or improvements made as a result of complaints. The Complaint Report 2019/20 was attached as an Appendix to the report.

The Committee agreed to note the information contained within the report.

8. Annual Assurance Statement to the Scottish Housing Regulator 2019/20

Submitted report by the Executive Director (Place) on the Council's Annual Return on the Charter 2019-20 submission and endorsement of the Annual Assurance Statement for submission to the Scottish Housing Regulator. The Annual Assurance Statement was detailed at Appendix 1 to the report.

The Committee agreed (a) that the Committee Chair sign the Annual Assurance Statement detailed at Appendix 1 to the report; and (b) to note (i) the Annual Return on the Charter submission 2019-20; and (ii) the supporting evidence provided to demonstrate compliance with the regulatory framework and relevant legislation.

9. Audit Scotland Report on Affordable Housing

Submitted report by the Executive Director (Place) on the key findings of, and recommendations from, Audit Scotland's review of Scottish Government's affordable housing supply target published in April 2020. The report also noted North Ayrshire's position in relation to each of the areas under consideration and contribution to achieving the national housing supply target to date.

Members asked a question and were provided with further information in relation to any slippage in the Council programme and ensuring this would not affect the amount of grant subsidy able to be claimed.

The Committee agreed to note (i) the key findings and recommendations from Audit Scotland's review of Affordable Housing; and (ii) North Ayrshire's position in relation to these areas and contribution to achieving the supply target to date.

10. Internal Audit Charter 2020-2022

Submitted report by the Head of Finance seeking approval of the updated Internal Audit Charter which has been revised to ensure it continues to reflect the organisational structure of the Council and the requirements of the Public Sector Internal Audit Standards (PSIAS). The revised Charter was detailed in full at Appendix 1 to the report.

The Committee agreed to approve the Internal Audit Charter detailed at Appendix 1 to the report.

11. Internal Audit and Corporate Fraud Action Plans: Q1 Update

Submitted report by the Head of Finance on the progress made by Council Services in implementing the agreed actions from Internal Audit and Corporate Fraud reports as at 30 June 2020. Appendix 1 to the report provided full details of 16 Internal Audit actions which were not completed within the agreed timescales, together with 2 actions which were considerably overdue.

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

- data protection awareness training for existing and new school staff;
- how staff working from home are informed of Government guidance and changes to working practices through the workforce FAQs; and
- complaints not being an area audited in past, although this could be included in the audit planning process for next year.

The Committee agreed to note (i) the current position with the implementation of the Internal Audit and Corporate Fraud actions; and (ii) challenges which were faced by those services which have not implemented actions within the previously agreed timescales.

12. Internal Audit Reports Issued

Submitted report by the Head of Finance on the findings of Internal Audit work completed since the last meeting in January 2020. The findings from 5 separate audit assignments were detailed at Appendix 1 to the report, together with their respective executive summary and action plans.

The Committee agreed to note the outcomes from the Internal Audit work completed as set out in the report.

13. Exclusion of the Public – Para 1

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 item of business on the grounds indicated in terms of Paragraph 1 of Part 1 of Schedule 7A of the Act.

14. Corporate Fraud Reports Issued

Submitted report by the Head of Finance on the findings of the corporate fraud investigation reports finalised since the last meeting in January 2020 and the latest update on previously agreed actions which remain outstanding

Noted.

The meeting ended at 11.55 a.m.