

Scrutiny Committee  
14 June 2010

**IRVINE, 14 June 2010** - 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, Alex Gallagher, Anthony Gurney and Alan Munro.

**In Attendance**

E. Murray, Chief Executive; B. Docherty, Corporate Director, L. Raeside, Head of Service (Finance and Performance) and S. Gault, Head of Service (Community Care) (Social Services and Health); D. Nibloe, Head of Finance and I. Gibson, Chief Internal Auditor (Finance and Infrastructure); J.M. Macfarlane, Head of Human Resources, J. Montgomery, General Manager (Policy and Service Reform), C. McBreen, Health and Safety Manager, K. Dyson, Communications Officer and M. Anderson, Committee Services Officer (Chief Executive's Service).

**Chair**

Councillor Hunter in the Chair.

**Apologies for Absence**

Jean Highgate, Pat McPhee and David Munn.

**1. Declarations of Interest**

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

**2. Management of Sickness Absence and Analysis of Sickness Absence Data 2005/06 to 2009/10**

Submitted report by the Head of Human Resources on the actions and processes which the Council has in place to manage and reduce the level of sickness absence and to show employee absence trends from 2005/06 to 2009/10.

At its meeting on 22 March 2010, the Scrutiny Committee agreed to receive an in-depth report to a future meeting on the issue of absence management.

The appendix to the report provided information on employee absence for each financial year from 2005/06 to 2009/10, showing the average working days lost per employee per year both across the Council and by employee category.

In 2009/10, the overall absence rate for the Council was 5% (11.6 days lost per employee), the lowest within the 5-year period. The absence rates for Professional, Technical and Administrative staff, Manual and Craft Workers and Teachers were 4.5%, 6.6% and 4.5%, respectively. The duration of each period of absence was analysed, to show that long-term absence (defined as 40 days or more) has consistently accounted for around half of absences, while in 2009/10, short-term (1-9 days) and medium-term (10-39 days) absences accounted for 20.8% and 24.4%, respectively. The appendix to the report also examined absence by causal factor and identified musculo-skeletal conditions as the principal reason for absence, followed by psychological conditions, surgical procedures and viral conditions.

Details of the Council's Maximising Attendance Policy and Procedure were also provided in the appendix to the report, as was information on employee support mechanisms, such as health surveillance and physiotherapy, and preventative and supportive health initiatives. Improvement targets for 2010/11 were identified as 4.5% (or 10.4 days per employee) across the Council, with targets for different categories of employee ranging from 3.5% for the Chief Executive's Service, Corporate Services and Teachers to 8% (18.5 days per employee) within Social Services' Manual and Craft Workers.

In addition to the information contained within the report and its appendix, the Head of Human Resources undertook to circulate to Members of the Committee, supplementary data on Occupational Health interventions during the five-year period from 2005/06 to 2009/10.

Members asked questions and received information on:-

- statistical anomalies between the average number of days lost and the separate occurrences of sickness absence;
- how sickness absence translates into cost to the Council, such as that associated with replacement staff or overtime payments to cover the duties of absent staff;
- the role of individual line managers, service plans and the Council's senior management team in setting and ensuring the achievement of improvement targets for sickness absence;
- whether data might be available to allow a comparison between sickness absence levels within the private, public sector generally and the local government sector;
- the private sector's approach to managing sickness absence;
- self-certification arrangements for the first 7 days of sickness absence;
- the rationale for varying improvement targets for different employee categories within the Council;

- whether the causal factors for sickness absence within the Council reflected the wider national picture in relation to health;
- the apparent increase in work-related illness and injury within the Council and the role of the Corporate Health and Safety Group in examining the detail of such incidents; and
- the need for the robust management of sickness absence.

The Committee agreed (a) that the Head of Human Resources submit a further report on sickness absence, including, where available, comparative data with the private sector, to a future meeting of the Scrutiny Committee; and (b) otherwise to note the content of the report.

### **3. Golden Thread Healthcheck of Performance Management Arrangements**

Submitted report by the Chief Executive on the outcome and planned improvements arising from the Golden Thread Healthcheck of the Council's performance management arrangements.

At its meeting on 14 December 2009, the Committee noted arrangements for a Golden Thread Healthcheck by SOLACE Enterprises, to examine the Council's performance management arrangements. A "golden thread" should link the Council's strategic priorities, as set out in the Single Outcome Agreement) down through service plans to what Council staff do on the ground.

The healthcheck work was commissioned in the context of a Council-wide Public Service Improvement Framework (PSIF) self-assessment being conducted to prepare for a second audit of Best Value and Community Planning (BV2) and considered the 3 main questions set out below, as well as several sub-questions referred to in paragraph 1.3 of the report:-

- Will our service plans deliver the Single Outcome Agreement (SOA)?
- Does performance management in North Ayrshire Council help managers to deliver value for money?
- Does performance management in North Ayrshire Council help Councillors (via the Scrutiny Committee) provide effective scrutiny?

The SOLACE Enterprises' report, which was set out as an appendix to the report, confirmed a number of strengths, but also identified areas for improvement. Section 3 of the covering report outlined the actions which have been taken or are proposed to address the recommendations arising from the healthcheck.

Members asked questions and received information on:-

- the gaps and weaknesses identified by the healthcheck exercise;
- the need to ensure that proposed actions fully address all of the issues raised in the SOLACE Enterprises report;
- the identification by the Scrutiny Committee of issues surrounding performance reporting; and
- how necessary improvements in performance reporting will be driven forward by the Council.

The Committee agreed to (a) endorse the conclusions and recommendations arising from the Golden Thread Healthcheck, as set out in the appendix to the report; and (b) note the actions being taken to address the recommendations.

#### **4. Outcome of the Self-Evaluation Pilot in Social Services**

Submitted report by the Corporate Director (Social Services and Health) on the outcome of the self-evaluation pilot conducted in Social Services.

The Social Work Inspection Agency (SWIA) and the Improvement Service (IS) undertook a mapping exercise between the Public Service Improvement Framework (PSIF) and SWIA's own framework, the Performance Improvement Model (PIM). Following completion of the mapping exercise, the IS and SWIA agreed to support a pilot programme to test the applicability of PSIF in a social work environment. North Ayrshire Council was one of three authorities which volunteered for the pilot.

The pilot exercise was designed as a high level scan of Social Services. The full PSIF question set was used, with the addition of SWIA's modules on commissioning and risk. The self-evaluation was undertaken by a cross-service team supported by a Corporate Performance Officer, the SWIA link inspector and, on the consensus day, an EFQM assessor from the IS. Overall, the pilot was seen as having a mixed success, with a number of benefits and issues identified, as summarised in sections 2.1 and 2.2 of the report. As a result of the exercise, the IS has proposed the development of further subsidiary guidance to make PSIF more relevant to social work and social care. This guidance is, however, unlikely to be ready until the end of the year.

The outcome of the self-evaluation was a comprehensive improvement plan, as set out in the appendix to the report. The six highest priorities were outlined in section 3.4 of the report. It is proposed that these actions will be the priorities for delivery during the remainder of the financial year. The improvement plan will be reviewed with the new Corporate Director over the summer and amended to include improvement actions identified from other activities. This will then become the single plan to which the service is working and which SWIA will use in inspection activity.

The Social Services Senior Management Team is developing a programme of self-evaluation which will be driven through all parts of the service over the next 2 years. It is proposed that PSIF be used for support services but that the SWIA PIM be used in the self-evaluation of frontline services, as the format and language of the PIM is deemed to be more accessible to frontline staff and its use will reduce the cost in terms of time and personnel resources.

Members asked questions and received information on:-

- the elements of social work and social care around commissioning and risk, which do not appear to be fully covered by PSIF;
- the planned inclusion within a future implementation action plan of appropriate timescales, milestones and costings;
- SWIA's position in terms of participating in work to develop subsidiary guidance for PSIF as it is applied to social services, while declining to endorse any particular framework;
- the usefulness of PSIF as a comprehensive high-level framework; and
- the benefits to North Ayrshire Council of participation in the pilot.

The Committee agreed to endorse (a) the Social Services PSIF Improvement Plan 2010/11, as set out in the appendix to the report, and (b) the proposals for future self-evaluation in Social Services, as outlined within the report.

The meeting adjourned for a period of 10 minutes and reconvened with the same Members present and with the Head of Finance, Chief Internal Auditor, Communications Officer and Committee Services Officer in attendance.

## **5. Internal Audit Update Report and Annual Assurance Statement**

Submitted report by the Corporate Director (Finance and Infrastructure) on the internal audit work carried out since 1 March 2010 and on the annual assurance statement resulting from the internal audit work carried out throughout the year.

At its meeting on 6 April 2010, the Scrutiny Committee received an update report highlighting the outcomes from Internal Audit work for the period up to 28 February 2010.

Since 1 March 2010, internal control reviews have been completed in relation to the areas detailed in Appendix 1 to the report. Appendix 2 provided an executive summary and action plan agreed by management for each of these reviews, the aim of which is to provide assurance to management that the internal control framework within the areas examined in appropriate and operating effectively.

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.

In addition to internal control reviews, the Internal Audit service coordinates the Council's response to the National Fraud Initiative (NFI). The NFI is Audit Scotland's data matching exercise which runs every 2 years and is designed to identify possible cases of fraud across the public sector and correct any under- or over-payments from the public purse. To date, the Council's benefit fraud team has identified 31 frauds totalling £117,328 as a result of the 2008 NFI exercise. 11 of the cases have been passed to the Procurator Fiscal, 16 have received an administration penalty and 4 have received a caution.

Appendix 3 to the report set out the Internal Audit Annual Assurance Statement prepared by the Chief Internal Auditor. Overall, the statement reflects the Chief Internal Auditor's opinion that the objectives of internal controls have been substantially met during the year ended 31 March 2010 and the adequacy and effectiveness of the Council's internal control system continues to provide reasonable assurance against loss. 3 issues highlighted for further action related to the administration of non-Council funds by Council establishments, procurement and the secure disposal of IT equipment and media.

Members asked questions and received information on:-

- costs associated with operating the benefit fraud team;
- whether new Department of Work and Pensions software might be available to identify potential benefit fraud;
- the need to ensure that the Council's Treasury Management Policy document is readily available; and
- responsibility for ensuring the all IT software on Council computer equipment is properly licensed

The Chief Internal Auditor undertook to provide Members with further information on the cost of operating the benefit fraud team.

Noted.

## **6. Internal Audit Plan 2010/11**

Submitted report by the Corporate Director (Finance and Infrastructure) on the Internal Audit work plan for 2010/11.

The assessment of audit need is updated on the basis of information obtained from a number of sources, including the strategic and operational risk assessments, strategic service statements, the Council Plan, consultations with Services, financial plans, consultation with external audit and reviews by other agencies. From this, an annual plan is prepared each year, identifying the audit assignments to be carried out. The Internal Audit Plan for 2010/11 was set out in the Appendix to the report.

The 2010/11 Internal Audit Plan provides for:-

- Reviews of internal controls within financial systems;
- Reviews of IT system controls;
- Reviews of performance measures;
- Compliance visits to Council establishments;
- Data interrogation;
- Data matching and special investigations; and
- Contingency for unplanned work.

The plan continues to be more heavily weighted towards financial risk and the prevention and detection of fraud, which reflects the current economic climate.

Noted.

## **7. Urgent Item**

The Chair agreed that the following item of business be considered as a matter of urgency to allow updated information to be provided to Members.

### **7.1 Flood Risk Management**

On behalf of the Chief Executive, the Committee Services Officer referred to information provided to the Scrutiny Committee at its meeting on 17 May 2010 on the Scottish Government allocation of £61k additional revenue funding for each council to assist with new flood risk management duties arising from the Flood Risk Management (Scotland) Act 2009.

The Committee Services Officer reported on clarification from the Scottish Government that the £61k allocation to each council for 2010/11 had not yet been identified by the Scottish Government. Subject to Ministerial approval/direction, the allocation is expected to be found from projected end-of-year underspends and is not expected to be paid until the end of March 2011. Early indications from the Cabinet Minister for Finance and Sustainable Growth, however, were that no such end of year underspends are now anticipated.

Noted.

The Meeting ended at 4.20 p.m.