

EAST AYRSHIRE COUNCIL

COUNCIL MEETING - 23 SEPTEMBER 2010

Report by the Chair of Governance and Scrutiny Committee

1. INTRODUCTION

- 1.1 The Governance and Scrutiny Committee was established at the Statutory Council on 17 May 2007, as part of the Cabinet-based decision making structure.
- 1.2 As Members are aware, the Committee has overall responsibility for scrutiny and review within East Ayrshire Council, including holding Cabinet, Service Departments and other partners to account, important functions in areas of Standards of Conduct, Performance Review and Best Value, Audit and Risk and Scrutiny.
- 1.3 This is my second report to Council on the work of the Committee covering the period since June 2009, and I highlight the activities the Committee has carried out since June last year in pursuing its remit and responsibilities. During the last year or so, the Committee has continued to develop the various mechanisms and processes which are available to it to appropriately deal with business, building on previous experience.
- 1.4 While membership of the Governance and Scrutiny Committee has changed since its inception, my feeling is that Members are becoming more confident and familiar with the processes applied to the various aspects of the Committee's business, and I have a sense that Members are now more comfortable in making use of those processes. It is important, however, to recognise that membership of the Committee involves a continual learning process and that effective training will be key to ensuring the ongoing development of individual Members and the overall effectiveness of the Committee. This requirement is addressed in the Elected Member Learning and Development Strategy agreed by Council on 25 June 2009.

2. AREAS OF ACTIVITY

- 2.1 My report covers the following key areas of activity over the past year:-
 - Scrutiny
 - Topic Reviews
 - Performance/Best Value
 - Audit/Governance
 - Risk Management
 - Call-ins
 - Training

2.2 Scrutiny

2.2.1 The Committee has considered 41 reports under the business heading of Scrutiny, including periodic Finance and Service Strategy reports, contract awards, final measurements, property disposals and acquisitions and employee statistics, and these regular update reports provide a range of information for members of the Committee on important areas of the Council's activities. The Committee have also received annual reports on SQA exam results, school leavers' destinations and exclusions from schools, as well as a range of reports to enable scrutiny of various relevant issues, including annual and quarterly Employee Statistics featuring Staffing Watch and absence. I think it is particularly important to note that in April this year the Committee received a report by the Executive Director of Finance and Corporate Support on the Single Outcome Agreement Improvement Action Plan, which allowed the Committee to examine performance taking forward a range of key actions, in conjunction with Community Planning Partners as appropriate. The Committee agreed that further update reports on this be submitted on a six-monthly basis.

2.3 Topic Reviews

2.3.1 An important aspect of the Committee's work is in relation to topic reviews. During the period covered by my report, the Committee concluded reviews in relation to the Winter Emergency Response Policy, Contract Complaints and the Vehicle Tracker System.

2.3.2 With regard to the Winter Emergency Response Policy, Cabinet agreed the recommendations of this Committee in October 2009, together with an associated Action Plan. As a follow-up to the outcome report on this review, the Committee received a thorough and comprehensive report by the Depute Chief Executive/Executive Director of Neighbourhood Services at its meeting on 18 June 2010 which provided an analysis of the Council's response to the severe weather conditions experienced during December 2009/January 2010, across all service areas, A seminar for all Elected Members was held on 14 September 2010 on this matter, which also provided details on preparations for the future, and a further update report on implementation of the Improvement Plan associated with the Winter Response Arrangements will be submitted to the Governance and Scrutiny Committee in October this year.

2.3.3 With regard to the review to explore the background reasons for the level of complaints on contract upgrades to the Council's housing stock within the Capital Programme, Cabinet, at its meeting on 21 April 2010 agreed the recommendations of this Committee and the associated Action Plan; and with regard to the review of the Vehicle Tracker System, Cabinet, in August, agreed this Committee's recommendations.

2.3.4 The Governance and Scrutiny Committee Workshop 2010 was held on 28 January 2010 at which members of the Committee considered topics suggested for reviews during the coming year. Suggestions for reviews can be made by Elected Members, Officers or members of the public and this year

Members considered five suggestions and agreed to proceed with two reviews, ie Insurance Arrangements Provided by Contractors Carrying Out Work on Behalf of East Ayrshire Council and Anti-Social Behaviour Orders in East Ayrshire since their introduction. The first review to be undertaken this year will relate to Anti-Social Behaviour Orders with an amended title of “Anti-Social Behaviour Orders and Other Measures in East Ayrshire Since Their Introduction” which reflects further deliberation and refinement of the terms of reference of this topic by Members at Committee meetings. This review commenced with an awareness raising presentation by the Community Safety Manager in June of this year and is now currently progressing through its various stages with the intention being to complete the review process by November of this year and for the Committee’s recommendations to be considered by Cabinet in December. In terms of the review on “Insurance Arrangements Provided by Contractors Carrying Out Work on Behalf of East Ayrshire Council”, it is anticipated that this review process will commence early next month, proceeding through its various stages to completion in or around March 2011.

2.3.5 With regard to the review undertaken by the Governance and Scrutiny Committee on the Waste Recycling Policy/Technical Evaluation of the Kerbside Recycling Scheme in 2007/08, I confirm that an update report on progress relative to the recommendations by Committee is scheduled to be submitted to Committee prior to the end of the current calendar year.

2.3.6 I think that it is fair to say that the work undertaken on topic reviews over the last year has been carried out in a thorough, consistent and focused way within an overall open-minded approach by all parties involved, and I would wish to thank Elected Members and Officers for their contributions in this respect. I think the approach taken and the processes followed has ensured that the outcomes reached can be shown to have been fully and properly considered, measured and reasonable. I am pleased that all of the Committee’s recommendations arising from all three reviews were agreed by Cabinet.

2.3.7 For the coming year, invitation to submit suggested topics for review during 2011/12 will be issued in November, and I would encourage all Elected Members to identify possible topics for review and submit suggestions for consideration by members of the Governance and Scrutiny Committee at the Workshop to be held in January.

2.4 Performance/Best Value

2.4.1 The outcome of the second Council-wide Strategic Self-Assessment process was considered by Cabinet on 20 May 2009 and the Improvement Agenda arising from the Self-Assessment exercise was agreed. Governance and Scrutiny Committee received the second Council-wide Strategic Self-Assessment of Performance on 28 August 2009, and the first Annual Review of Performance on 21 May 2010. It should be noted that a key outcome of the recent BV2 Audit was recognition of the Council’s embedded culture of continuous improvement and the well established and comprehensive

approach to self-evaluation and review. The Improvement Action Plan arising from the second Council-wide Strategic Self-Assessment of Performance is a key document in ensuring the identification and delivery of required improvements recognised by Audit Scotland, and I was pleased to note the good progress made in implementing the identified improvement action. This will ensure that wider improvements in important areas such as performance, resource and asset management are secured by the Council.

2.4.2 The Committee has a central role to play in scrutinising the Council's performance in relation to Statutory Performance Indicators (SPIs). In line with previous years, the Committee received two reports in the year, in December and March. The December report contained the Council's SPI performance for 2008/09, with comparative performance information for previous years, and contextual information on performance trends. The March 2010 report contained the results of all indicators for all 32 Scottish local authorities. Detailed analysis was provided under a wide variety of headings, and improvement actions, where appropriate, were provided by Executive Directors. I was delighted to note the improving performance of the Council against a range of SPIs.

2.4.3 The Local Government in Scotland Act, 2003 provides a statutory requirement for all councils to review services over a three year rolling programme. Following the move to a Cabinet style structure, it was agreed that both progress against the programme, and the results of individual reviews, should fall within the remit of the Governance and Scrutiny Committee, with major changes to the service also reported to Cabinet. In January 2010 the Committee discussed a report on progress against the programme that included updates on individual reviews and 'headline' outcomes on those that had been completed. The review programme, the cornerstone of the Council's approach to Best Value, is currently subject to a detailed review in relation to its potential contribution to the Council's Efficiencies Strategy. The Committee look forward to receiving the results of this reassessment in due course.

2.4.4 In January 2010, the Committee received a report on the Council's programme of European Foundation for Quality Management (EFQM) assessments. The report highlighted the fact that all assessments scheduled for the previous year had been completed. This is a significant achievement for the Council, and all aspects of the services provided to our communities continue to be assessed against the rigours of the EFQM Model to ensure continuous improvement. The report also indicated that a new scoring system will be employed for the coming year. It is considered that the new scoring system will further improve the consistency and reliability of EFQM assessment scores across all services and, following the training of key staff, the improved procedures will be cascaded to all Departments.

2.5 Audit/Governance

2.5.1 In order to ensure the proper conduct of business, the Council has a responsibility to develop, implement and maintain systems of internal control. A sound control system will help safeguard assets, ensure records are

reliable, promote operational efficiency and ensure adherence to policy and procedures.

- 2.5.2** The Internal Audit section has an important role to play in assisting the Council to discharge its governance responsibilities. The annual assurance programme of work was set out in the 2009/10 Internal Audit Plan. The audit plan was revised in light of the changed priorities, and Governance and Scrutiny Committee agreed the revisions in the mid year progress report presented to Committee on 18 December 2009.
- 2.5.3** The Internal Audit annual report was presented to Governance and Scrutiny on 18 June 2010. The overall opinion of the Chief Auditor is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control systems in the year to 31 March 2010.
- 2.5.4** In August 2009, a report on an audit of Glaisnock Trust was presented to Governance and Scrutiny. The purpose of the report was to provide Members with information on the outcome of the audit investigation into payments to the Trust and setting out an Action Plan to address issues identified. Further reports on this matter and on progress in implementation of the Action Plan will be brought back to Governance and Scrutiny Committee in due course.
- 2.5.5** Audit assignments were carried out in Building and Works in 2009/10, including support for the Improvement Plan, and assignments on bonus, overtime and contractor payments. In June 2010, the Chief Executive presented a report to Committee on the outcomes of all of the work undertaken in Building and Works. It was reported that all of the work around the Building and Works improvement agenda was substantially completed.
- 2.5.6** Copies of audit assignment reports are available to Elected Members on the Members Portal. This enables Committee members to effectively scrutinise and oversee the audit work. The Chief Auditor attends Committee meetings, as required, to provide explanation and clarification on relevant matters.
- 2.5.7** The Committee also received reports from the External Auditor, Audit Scotland, including main findings from the Annual Audit for 2008/09, and the outcome report on the Audit of Housing and Council Tax Benefit Risk Assessment. It is pleasing to note, in particular, that the Audit Scotland report on the 2008/09 Audit showed very positive outcomes over a range of areas, and I would express my gratitude to Peter Tait, Assistant Director of Audit (Local Government) with Audit Scotland and his colleagues, who take time to attend Committee meetings to present their reports and respond to issues raised by Members, all in an open and frank manner.
- 2.5.8** CIPFA/SOLACE first published a framework for Corporate Governance in Local Government in 2001, and the Council's first Local Code of Corporate Governance was agreed by Council in June 2002. Since the adoption of the Local Code, an annual process of review has been conducted. This results in the Council each year adopting a new updated Local Code of Corporate Governance, along with an action plan, which together ensures that the ethos

of excellent Corporate Governance is embedded in all decisions made by the Council. In 2007, CIPFA/SOLACE published a new framework for Corporate Governance: "Delivering Good Governance in Local Government Framework", and the East Ayrshire Local Code of Corporate Governance for 2010/11 follows this guidance. In June of 2010, in common with previous years, the Committee reviewed the progress against the Action Plan produced for 2009/10, agreed the new Local Code of Corporate Governance for 2010/11, and approved the new Action Plan for 2010/11. This annual process gives comfort to Members that Council business is being conducted to the highest levels of transparency and probity.

2.6 Risk Management

2.6.1 The Council's Risk Management Strategy identifies the key risks facing the Council and an Action Plan for containing these within an acceptable level of tolerance. The Strategy defines risk management, outlining roles and responsibilities, the reporting framework in place and upcoming challenges. It is now part of the culture within East Ayrshire Council that the importance of the principles of risk management are integrated into the day-to-day business of the Council thereby minimising risks and maximising opportunities.

2.7 Call-Ins

2.7.1 During the period of my report, the Committee has considered three called-in decisions of Cabinet in respect of:

- Asset Management Strategy (December 2009);
- Playpark Investment Programme (December 2009);
- Termination of Incentive Bonus Scheme for Craft Operatives in Building and Works (April 2010).

2.7.2 The outcome of the called-in items were that two were referred back to Cabinet, with recommendations for consideration; and one being to accept the decision of Cabinet. All Members involved participated fully in the call-in process.

2.8 Training

2.8.1 A comprehensive, and intensive, structured training programme was delivered to Members of the Committee during 2007/08 to prepare Members for their role. That training programme was comprehensive and, consequently, there has been no role specific training during the period of my report. However, as I have noted elsewhere, it is important to ensure that Members, and therefore the Committee, are effective, and therefore any training issues which might be identified in future will be addressed not only by request of the Committee as a whole but also individually through the Elected Members Learning and Development Strategy.

3. CONCLUSION

- 3.1** During the last year, the Committee has continued to play a key role within the Council's decision making structure, and this has been demonstrated by the volume and range of business which the Committee has dealt with over the period.
- 3.2** My feeling is that as members of the Committee have gained experience and become more comfortable with the Committee processes, this has had positive results in terms of the role and effectiveness of the Committee.
- 3.3** The arrangements which are in place continue to conform with Audit Scotland guidance and confirm that the Committee is fully compliant with Audit Committee principles.
- 3.4** Finally, Committee members have worked hard over the last year and I would, therefore, like to thank all Members, current and previous, for their efforts and contributions. I would also like to thank Officers for their ongoing support.

Tom Cook
Chair of Governance and Scrutiny Committee

16 September 2010

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