EAST AYRSHIRE COUNCIL
GOVERNANCE AND SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON FRIDAY 14 SEPTEMBER 2012 AT 1000 HRS
IN THE COUNCIL CHAMBERS, COUNCIL HEADQUARTERS,
LONDON ROAD, KILMARNOCK

PRESENT: Councillors Barney Menzies, John McFadzean, John McGhee, Helen Coffey, Andrew Hershaw, Drew McIntyre, Hugh Ross, Jim Roberts, John Bell and Elaine Dinwoodie.

ATTENDING: Elizabeth Morton, Depute Chief Executive/Executive Director of Neighbourhood Services; Alex McPhee, Executive Director of Finance and Corporate Support; Graham Short, Executive Director of Educational and Social Services; Craig McArthur, Head of Finance; Martin Rose, Head of Human Resources; David Mitchell, Head of Legal, Procurement and Regulatory Services; David McDowall, Operations Manager - Building Standards and Development Management; Simon Bell, Capital Programme Manager; Joe McLachlan, Corporate Accounting Manager; Ian McArthur, Health and Safety Manager; Julie McGarry, Administration Manager; Julie Jamieson, Chief Accountant; Lee Nimmo, Procurement Transformation Programme; and Stuart Nelson, Administrative Officer.

ALSO ATTENDING: Fiona Mitchell-Knight, Assistant Director and Paul Craig, Senior Audit Manager, both Audit Scotland.

APOLOGY: Councillor Neil McGhee.

CHAIR: Councillor Barney Menzies, Chair.

CHAIR’S REMARKS

1. The Chair introduced and welcomed to the meeting Fiona Mitchell-Knight, Assistant Director and Paul Craig, Senior Audit Manager, with Audit Scotland and explained that Fiona would be presenting Item 6 on the Agenda “Communication of Audit Matters to those charged with Governance on the 2011/12 Audit”, and that Paul would be presenting Item 4 - “Application System Review - Implementation of the New Payroll System” and Item 5 - “Review of Internal Control Systems (2011/12 Audit)”.

PREVIOUS MINUTES

2. There were submitted and approved as a correct record, the Minutes of the meeting held on 24 August 2012 (circulated).

It was noted, as advised by the Chair:

(i) that he would be meeting with the Housing Asset Services Manager on Monday 17 September 2012 with a view to progressing arrangements for Members to undertake a site visit to the Risk Management Centre and Housing Asset Services’ depot at Burnside Street, Kilmarnock to observe arrangements in operation for receipt, handling and management of housing repairs reported by tenants, as referred to in item 3(v) of the previous Minutes;
(ii) that, as referred to in item 5(iii), arrangements were being made for the Depute Chief Executive/Executive Director of Neighbourhood Services and the Head of Legal, Procurement and Regulatory Services to meet with Councillor John McFadzean regarding the proposed "Name and Shame" initiative by a local Community Council in relation to dog fouling and that the outcome of that meeting would be made known to members of the Committee directly thereafter; and

(iii) that the further information arising from Item 6(i) had been provided to Members by the Head of Human Resources by e-mail on 6 September 2012.

It was also noted, as advised by the Head of Legal, Procurement and Regulatory Services, that, arising from Item 5(ii) (information to provide a comparison over time of the level of complaints received by the Council from members of the public in relation to dog fouling), the information available indicated that the number of complaints were as follows, viz:- 2009/10 - 262, 2010/11 - 444. 2011/12 - 497 and 2012/13 (thus far) - 183.

Councillor Drew McIntyre joined the meeting during discussion of this item.

PLANNING, ENFORCEMENT, LISTED BUILDING CONSENT APPEAL
DECISIONS AND LOCAL REVIEW BODY DECISIONS:
1 JANUARY-31 DECEMBER 2011 (SCRUTINY)

3. There was submitted a report dated 9 August 2012 (circulated) by the Depute Chief Executive/Executive Director of Neighbourhood Services which presented, for information, an analysis of Planning (including Enforcement Notice) and Listed Building appeal decisions received from the Scottish Government Directorate for Planning and Environmental Appeals (DPEA) for the period 1 January to 31 December 2011.

It was agreed:

(i) to note the Planning, Enforcement, Listed Building Consent appeal decisions and Local Review Body decisions for the period 1 January to 31 December 2011, as detailed in the report;

(ii) that future reports of this kind be submitted to Committee in March of each year to update on relevant activity during the preceding calendar year; and

(iii) otherwise, to note the terms of the report.

EAST AYRSHIRE PERFORMS - SUMMARY REPORT AS AT 29 JULY 2012
(PERIOD 4) (PERFORMANCE)

4. There was submitted a report dated 30 August 2012 (circulated) by the Executive Director of Finance and Corporate Support which advised of a number of important performance measures as at 29 July 2012 (Period 4), including the projected financial position for the year, expenditure reduction measures, progress of the Capital Programme, absence management, health and safety and risk management.

In the course of discussion, officers responded to issues raised by Members on the following matters, namely:-

- arrangements in place for the regular monitoring/inspection/clearing of water courses, culverts, bridges etc to, insofar as possible, anticipate potential weather
related flooding issues and to lessen the impact of same, and the related prioritisation of ongoing preventative action/measures and expenditure;

- operation of the Bellwin Scheme;
- technical issues regarding the nature of site investigations carried out prior to commencement of works for the provision of synthetic grass pitches at Loudoun Academy and Auchinleck Academy, and the budgetary arrangements in respect of the necessity to carry out additional unforeseen works on these projects at additional cost;
- progress in relation to consultations to take forward the proposed provision of a synthetic grass pitch at Doon Academy and the budgetary arrangements around this in light of the additional funding required for the similar projects at Loudoun Academy and Auchinleck Academy;
- the validity and integrity of the project evaluation and procurement and budgetary processes applied in respect of all projects undertaken under, and the relatively minor nature of the additional expenditure required on certain projects compared with the value of, the Council’s overall Capital Programme;
- phasing/scheduling of external render works within the Housing Investment Programme and the circumstances around the level of recharges made to owner/occupiers within the housing blocks included;
- ongoing negotiations with the contractor, and other action taking place, toward bringing the final cost of the Willowbank School project closer to the budget allocation, although it was anticipated that additional costs could be contained within the overall Schools Capital Programme;
- the range of measures and processes in place within the Council directed towards the prevention/avoidance of the causes of employee absence;
- arrangements in place for the management of longer term absence, taking account of information provided by GPs and the Occupational Health Service, with a focus on supporting the employee concerned to return to work, where possible;
- the ongoing and regular analysis of accidents/incidents/injuries from a health and safety perspective and the established protocols which are in place to ensure identification and implementation of appropriate action to revise operational practice with a view to minimising the potential for similar incidents occurring in the future;
- development of proposals in relation to utilisation of funds provided to the Council by the Scottish Government to target youth unemployment in the area, which would be the subject of a report to an early meeting of Cabinet, including progress and performance reporting arrangements.

It was agreed:

(i) to note, (a) as advised by the Head of Finance that a second application under the Bellwin Scheme in respect of flooding in Galston on 6 August 2012 had been approved by the Scottish Government; and (b) as advised by the Head of Human Resources that, with regard to the “People” section of the Summary Report, future information would include a breakdown by Department/Service of the “top five reasons for absence” and that in respect of the ongoing review of absence management policies, consultation was currently ongoing with the Trades Unions;
(ii) that the Capital Programme Manager would provide further information to Members outwith the meeting, on the current position with regard to dampness problems being experienced at Patna Community Centre;

(iii) to note that the Depute Chief Executive/Executive Director of Neighbourhood Services would arrange for the Housing Asset Services Manager to discuss with Councillor Drew McIntyre a suggestion that external render repairs to specific properties in Kilmarnock had remained outstanding and the brickwork left exposed for a period of approximately two years;

(iv) that the Depute Chief Executive/Executive Director of Neighbourhood Services would ensure that, in future, all “Safety Flashes” directed towards employees would also be copied to all Elected Members, for information; and

(v) otherwise, to note the terms of the report.

APPLICATION SYSTEM REVIEW - IMPLEMENTATION OF NEW PAYROLL SYSTEM - REPORT BY AUDIT SCOTLAND (AUDIT)

5. There was submitted a report dated 4 September 2012 (circulated) by the Executive Director of Finance and Corporate Support on the Application System Review carried out by Audit Scotland on the implementation on the new payroll system (CHRIS 21).

During discussion, the Head of Human Resources and Paul Craig, Senior Audit Manager, Audit Scotland, provided clarification in respect of the following, namely:-

- the further functions which would be added to the system later in the year including in relation to learning management and absence management;
- reasons for the approximately four month delay in completion of the data cleansing phase of the project; and
- the carrying out of user acceptance testing by HR/Payroll, rather than there being a requirement for an input from Internal Audit to this process.

It was agreed:

(i) to note the terms of the Audit Scotland report and, in particular, progress set out in the Risk Identification and Action Plan contained within Appendix A to the report;

(ii) otherwise, to note the terms of the Director’s report.

REVIEW OF INTERNAL CONTROL SYSTEMS (2011/12 AUDIT) (AUDIT)

6. There was submitted a report dated 30 August 2012 (circulated) by the Executive Director of Finance and Corporate Support which introduced the 2011/12 Review of Internal Control Systems report submitted by Audit Scotland.

During discussion, the Head of Finance responded to issues raised by Members relating to the following, namely:-

- the setting of proportionate authorisation levels in relation to the Trade Payables system;
- amendment to the staffing structure within the Treasury Management Section to reflect the organisational hierarchy set out in the Treasury Management Policy in order to ensure that there is sufficient management capacity to operate the required procedures effectively as set out in the Policy;
• amendment to arrangements for authorisation of BACS Payroll payments to ensure that the periodic payrun is consistent with the BACS input.

It was agreed:

(i) to note the terms of the Audit Scotland report and, in particular, progress set out in the Risk Areas and Planned Management Action as set out in Appendix I to the report; and

(ii) otherwise, to note the terms of the Director's report.

COMMUNICATION OF AUDIT MATTERS TO THOSE CHARGED WITH GOVERNANCE OF THE 2011/12 AUDIT (GOVERNANCE)

7. There was submitted a report dated September 2012 (circulated) by Audit Scotland which set out relevant matters arising from the Audit of East Ayrshire Council’s Financial Statements for 2011/12.

Fiona Mitchell-Knight highlighted the main findings, outcomes and outlook for the year ahead and confirmed that the proposed independent Auditor’s report was unqualified, that there were no unadjusted misstatements to be brought to attention and that no material weaknesses had been identified in the accounting and internal control systems of the Council.

On the matter having been raised, Paul Craig, Senior Audit Manager, Audit Scotland, provided clarification with regard to the arrangements around the depreciation of central heating, kitchens, roofs and bathrooms at Council dwellings.

It was agreed to note the terms of the report.

ANNUAL TREASURY MANAGEMENT REPORT 2011/12 (SCRUTINY)

8. There was submitted a report dated 22 August 2012 (circulated) by the Executive Director of Finance and Corporate Support which provided a summary of treasury activity for the financial year ended 31 March 2012, along with an update of treasury activity and performance against the agreed strategy in 2012/13, for the period to 31 July 2012.

On the matter having been raised, the Head of Finance confirmed the source of information and the factors applied in determining which banks should feature within the Council’s counterparty investment list.

It was agreed to note the terms of the report.

Councillor Elaine Dinwoodie left the meeting at this point.

CONCLUDED PROPERTY TRANSACTIONS (SCRUTINY)

9. There was submitted a report dated 30 August 2012 (circulated) by the Executive Director of Finance and Corporate Support which provided, for information, details of disposals and acquisitions by the Council of land or buildings which had been concluded in the 12 month period from 1 April 2011 to 31 March 2012, with the exception of Council houses sold in terms of the Right to Buy legislation.

Arising from the report, the Head of Legal, Procurement and Regulatory Services provided further information in relation to the reported disposal of land at Skernieland
Road, Fenwick to Mansell Construction Services Ltd, which matter would be the subject of a report to an early meeting of Cabinet.

It was agreed to note the terms of the report and the further information provided by the Head of Legal, Procurement and Regulatory Services.

**AWARDING OF CONTRACTS (SCRUTINY)**

10. There was submitted a report dated 27 August 2012 (circulated) by the Executive Director of Finance and Corporate Support which provided, for information, details of tenders which had been accepted on behalf of the Council for the period 8 June to 30 August 2012.

On the matter having been raised, the Executive Director of Finance and Corporate Support provided further details on that element of the project for the heating upgrade at Muirkirk Primary School which was funded on a spend to save basis.

It was agreed to note the terms of the report and the further information provided at the meeting.

**UPDATE OF CORPORATE PROCUREMENT STRATEGY AND PROCUREMENT CAPABILITY ASSESSMENT (Item 5, Page 1660, 07/12) (SCRUTINY)**

11. There was submitted a report dated 20 August 2012 (circulated) by the Executive Director of Finance and Corporate Support which apprised of the Council’s progress in respect of activities in relation to improving Procurement Capability throughout the organisation in support of the previously agreed Procurement Capability Action Plan and the Corporate Procurement Strategy 2011/13.

It was agreed to note the terms of the report.

The meeting terminated at 1227 hrs.