

AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 7 September 2022 at 10.00 a.m.

Present in Councillors Peter Henderson (Chair), Chris Cullen, Brian McGinley,
County Hall: Cameron Ramsay, Gavin Scott and George Weir.

Present

Remotely: Councillors Kenneth Bell and Mary Kilpatrick.

Attending in E. Howat, Chief Executive; M. Newall, Assistant Director – People; C. Caves,
County Hall: Head of Legal, HR and Regulatory Services; W. Carlaw, Service Lead –
Democratic Governance; T. Simpson, Service Lead – Corporate Accounting;
C. Boyd, Service Lead – Risk & Safety; D. Yuille, Service Lead - Special Property
Projects; K. Dalrymple, Service Lead – Neighbourhood Services; T. Burns,
Service Lead – Asset Management and Community Asset Transfer;
K. Anderson, Service Lead – Performance and Community Planning;
C. McGhee, Chief Internal Auditor; J. McClure, Committee Services Lead
Officer; C. Buchanan, Committee Services Officer, and C. McCallum, Committee
Services Assistant.

Attending T. Eltringham, Director – Health and Social Care; W. Wesson, Service Lead -

Remotely: Human Resources and Payroll; L. Kerr, Co-ordinator (Destination, Promotion
and Inclusive Participation); L. Duncan, Chief Finance Officer (Health and Social
Care Partnership); and A. Yeo, Senior ICT Security Analyst.

Opening Remarks.

The Chair

- (1) welcomed everyone to the meeting; and
- (2) outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live.

1. Sederunt and Declarations of Interest.

The Chair called the Sederunt for the meeting and having called the roll, confirmed that Councillor Ramsay had declared an interest in item 2 of these Minutes as he was a signatory on the call-in form.

Having previously declared an interest in the following item, Councillor Ramsay left the meeting during consideration of this matter.

2. Call in from Cabinet – “Transfer of the Site of the John Pollock Centre to Housing Revenue Account”

Reference was made to the Minutes of the Cabinet of 30 August 2022 (Page 3, paragraph 7) when the Cabinet had decided

- (1) to note that the consultation carried out by the Director - Place with tenants and the public had been largely in favour of the proposed transfer of the site from the General Fund to the HRA for nil consideration; and
- (2) to grant authority to transfer the site of the John Pollock Centre from the General Fund to the HRA at nil value ahead of a proposed residential development in accordance with the explanation set out in the report and provided that the Council's Housing Revenue Account met the abnormal costs of £3,222,539.

The Panel was advised that the report had been the subject of a [call-in](#) (issued), details of which were outlined by Councillor Philip Saxton when he introduced and spoke to the call-in.

A full discussion took place in relation to the public consultation exercise which the Panel noted had been broadly supportive; the apparent discrepancy of costings for demolition works within the report, and the requirement to ensure that public money was spent responsibly.

Questions were raised by Panel Members in relation to:-

- (a) whether Officers had considered carrying out the consultation again once the demolition cost figure had been updated; and the Assistant Director – People advised that error was not considered a material change and tenants and residents had been given three weeks to respond to the consultation;
- (b) the transfer of the monies from General Services Capital Programme to Housing Revenue Account; and the Assistant Director – People advised that a decision on this matter had been taken at Leadership Panel of 26 November 2019 as outlined in the responses to the call-in (issued); and that the total abnormal costs had been included in the costs detailed in the report entitled “Affordable Housing – Mainholm Road, Ayr” which had been approved by Cabinet on 30 August 2022, however, the recommendations contained in this report could not be progressed until the transfer value was agreed; and
- (c) the impact of transferring the costs to HRA; and the Service Lead – Corporate Accounting advised that there was no impact as this was factored into projected calculations.

The Chief Executive referred to the previous decisions taken on this matter at Leadership Panel and Cabinet; advised that, in order for costs to be met from General Services, approval of a subsidy from General Services Capital Programme to Housing Revenue Account would be required from the Scottish Government; and outlined that the total abnormal costs of £3,222,539 had been included in total project costs outlined in a separate report Affordable Housing – Mainholm Road, Ayr approved by Cabinet on 30 August 2022.

The Chair then outlined the options open to the Panel when considering this call-in.

Councillor Bell, seconded by Councillor Weir moved that the Panel uphold the decision of the Cabinet.

By way of Amendment, Councillor McGinley, seconded by Councillor Scott moved that the matter be referred back to the Cabinet with the recommendations that the Cabinet consider if the consultation was materially flawed and required remedy; and to ascertain if the additional cost of demolition to be borne by the Housing Revenue Account met the Best Value criteria.

Four Members voted for the Amendment and three for the Motion. The Amendment was accordingly declared carried and the Panel

Decided: that the matter be referred back to the Cabinet with the recommendations that the Cabinet consider if the consultation was materially flawed and required remedy; and to ascertain if the additional cost of demolition to be borne by the Housing Revenue Account met the Best Value criteria.

Councillor Ramsay re-joined the meeting at this point.

3. Minutes of Previous Meeting.

The Minutes of the meetings of [22 June](#) and [28 June 2022 \(Special\)](#) (issued) were submitted and approved.

4. Action Log and Work Programme.

There was submitted an update of the [Action Log and Work Programme](#) for this Panel (issued).

The Service Lead – Corporate Accounting provided the Panel with an update on the status of the Action Log and Work Programme and advised that the Application Form for Corporate Lets and Note of Criteria for being awarded discretion had been issued to Members on 30 August and 2 September 2022.

A Panel Member advised that the Application Form supplied to Members had been out of date; and the Service Lead – Corporate Accounting advised that he would contact the Service Lead concerned and request that a revised Application Form be issued to Members.

The Panel

Decided: to note the current status of the Action Log and Work Programme.

External Audit Report

5. Best Value Action Plan 2021-22 – Update.

There was submitted a [report](#) (issued) of 26 August 2022 by the Assistant Director - People advising of the progress made in delivering the actions identified in the Best Value Assurance Report - Action Plan 2021-22.

Questions were raised by Panel Members in relation to:-

- (1) the action “Engage the Improvement Service on aspects of Best Value” only having made 10% progress with a due date of 31 December 2022; and the Service Lead – Performance and Community Planning advised that Members would have received a diary date of 11 October 2022 and a number of follow-up dates between now and the end of the year to develop the revised Council Plan and that, following 11 October 2022, matters would progress quickly; and
- (2) the action entitled “Develop a clear understanding of public needs, preferences, and priorities through a robust and recurring engagement process, aligned with the local government electoral cycle” which had 0% progress with a due date of 31 December 2022 and the note “An engagement strategy will be developed and delivered through Thriving Communities teams at the appropriate time” and a Member enquired when “the appropriate time” would be; and the Chief Executive advised that she would pick this up with the Thriving Communities Team, however, this reflected where the Council was in the electoral cycle; and that she would engage with the administration and determine the priorities going forward.

Comments were made by Members:

- (a) that, although progress was 100% in some areas, these tended to be where a report was required, however, actions such as engaging with the public and identifying priorities had slow progress and they would urge the administration to agree priorities and move the development of these important areas along;
- (b) that it was worrying that a number of targets had 0% or 10% progress and, although the explanations were understood, the Best Value report required these to be addressed within the timescales; and that they would suggest this matter be referred to Cabinet for the Portfolio Holders to ensure the appropriate actions were taken; and
- (c) in relation to the action entitled “Develop a clear understanding of public needs, preferences, and priorities through a robust and recurring engagement process, aligned with the local government electoral cycle” which had 0% progress; that this should be included in the Action Log of this Panel to ensure that it was progressed expediently.

The Panel, having scrutinised the content of the Best Value Action Plan 2021-22 update report,

Decided: to note the progress through the narrative set out within Appendix 1.

Internal Audit Report

6. Internal Audit - Progress Report (i) Progress of Annual Internal Audit Plan 2021/22 (ii) Progress of Annual Internal Audit Plan 2022/23 (iii) Implementation of Internal Audit Action Plans

There was submitted a [report](#) (issued) of 26 August 2022 by the Chief Internal Auditor advising of internal audit's progress regarding the 2021/22 internal audit plan, progress regarding the 2022/23 internal audit plan, and directorate progress in regard to the implementation of action plans.

The Chief Internal Auditor provided a summary of the report and updated Panel Members on the recruitment exercise as outlined at paragraph 4.4 of the report advising that two internal members of staff and one external candidate had been appointed, that the external member of staff would be commencing employment on 13 September 2022 and that Internal Audit now had a full complement of staff.

Questions were raised by Panel Members in relation to:

- (1) the "controls around fuel systems" and whether the Chief Internal Auditor was confident that those controls would remedy the situation and whether there was an intention to further monitor this particular action; and the Chief Internal Auditor advised that, during the clearance process of reports, work had been carried out with the service to ensure the actions were realistic, achievable and would resolve the issue, therefore she was confident that the actions would rectify the situation; that all red audit reports would be followed up which was included within the 2022/23 Internal Audit plan, with a follow-up being carried out in January 2023 to ensure actions had been implemented; and that a follow up report would be provided to all Members on this;
- (2) the number of outstanding actions for the "controls around fuel systems" item and whether consideration had been given to creating an action on the corporate Risk Register to monitor it; and the Chief Internal Auditor advised that she would expect the risks to be reviewed as part of an ongoing risk monitoring process and only added to the Risk Register if necessary; and the Service Lead - Risk & Safety further advised that she would expect most of these types of issue to be included in operational risk registers at directorate level, however, she would take this forward with the Chief Internal Auditor;
- (3) anonymous whistle blowing complaints as outlined in paragraph 4.3.5 of the report and whether these were recorded; and the Chief Internal Auditor advised that records of these complaints were retained and patterns were looked for to establish if various complaints on a similar area required to be added to the annual Internal Audit Plan a full internal audit review, however, some complaints would not be investigated by Internal Audit may be passed to the service for investigation or to HR. Internal Audit would still retain a record of the complaint;
- (4) Overdue Actions in Appendix 3 of the report and the further extensions granted and, whilst the explanation was understood, were more realistic target dates requiring to be set or were procedures requiring to be reviewed; and the Chief Internal Auditor advised that it was attempted to set realistic dates, however, matters arose such as staff vacancies and one extension had been agreed due to the implementation of a new system which could not be foreseen; and that everything that could be reasonably foreseen was taken into account when setting the target dates.

Comments were made by Panel Members

- (a) that they were delighted at the recruitment of staff and that Internal Audit now had a full complement of staff;
- (b) that it was imperative that the Council had tight controls over the fuel systems and that progress reports on this were welcomed;
- (c) that there should be a link between audit reports and the corporate risk register whereby, if a risk met a certain threshold, there should be a recommendation within the report that it was entered in the corporate Risk Register; and the audit process should be part of that;
- (d) regarding the importance of staff utilising Pentana correctly as the quality of information was compromised if the information was not entered correctly and not updated regularly; and the Chief Executive advised that she regularly reinforced the need for staff to update Pentana regularly;
- (e) that Members would benefit from training in the use of Pentana; and the Chief Executive advised that she would arrange this training for Members;
- (f) that updates on any “red reports” should be submitted to this Panel; and
- (g) regarding those actions officers were seeking a third extension for and the requirement for the Panel to know why; and the Chief Executive advised that it was appropriate for officers to attend Panel and explain why a third extension was being sought to allow Members to understand the reasons for requesting a further extension.

The Panel

Decided: to note the contents of the report.

Other Governance Reports

7. Internal Audit Annual Update Report - Integration Joint Board (IJB) Performance and Audit Committee (PAC)

There was submitted a [report](#) (issued) of 26 August 2022 by the Chief Internal Auditor providing an annual report for information to the Panel on internal audit work carried out for the Integration Joint Board (IJB) by the South Ayrshire Council and NHS Ayrshire and Arran (NHSAAA) internal auditors.

The Panel

Decided: to note the contents of the report.

8. **Strategic Risk Management**

There was submitted a [report](#) (issued) of 26 August 2022 by the Head of Legal, HR and Regulatory Services updating the Panel on the reviewed Strategic Risk Register (Appendix 1 of the report) in line with the agreed reporting framework.

Questions were raised by Panel Members:-

- (1) in relation to the progress made on Workforce Planning; and the Service Lead – Risk & Safety advised that a Working Group had been established in June 2022 and that all Service Leads had been contacted to undergo training to enable a Workforce Planning toolkit to be rolled out and that good progress was being made with this; and the Chief Executive further advised that a report would be submitted to the next meeting of the Service and Performance Panel updating Members on the position with Workforce Planning;
- (2) in relation to Sustainable Development and Climate Change and whether the Council was working towards zero carbon in an integrated and strategic way; and the Service Lead – Corporate Accounting advised that the Council's Carbon Budget had been linked to the financial budget which was an important step in making budget decisions; and the Service Lead – Neighbourhood Services further advised that the Council was currently undertaking a mid-term refresh of the strategy, meetings had recently been held with the Improvement Service which had been very successful as it highlighted the matters to be concentrated on and highlighted that climate change must be focussed on; and that good progress had been made in the last few years; and
- (3) on when the Future Operating Model would be implemented; and the Service Lead – Risk & Safety advised that the progress in the report did not show a true reflection as a significant amount of work had been carried out since the report had been written; that more services had been returning on a hybrid or office based model recently; and that a report would be submitted to Cabinet to its meeting of 27 September 2022 on the position with the Future Operating Model.

Comments were made by Panel Members:-

- (a) commending the Service Lead – Corporate Accounting on the relationship between the financial budget and the carbon budget; outlining that with strategic thinking there were opportunities for savings to be made; if changes were made to ways of working to help climate change, the Council would become a better employer and better organisation; and that where decisions required to be made, these should be co-ordinated by champions and advocates for climate change;
- (b) in relation to concerns regarding the public consultation on Council services as accurate data may not be acquired due to it not being advertised widely that certain Council buildings had now re-opened;
- (c) in relation to climate change and if there was reduced activity in certain Council buildings, for efficiency savings they should not be opened two days per week and heated seven days per week;
- (d) in relation to concerns about the date for the conclusion of the review of Customer Services; and the Chief Executive advised that she would discuss this with the relevant officers; and

- (e) in relation to the difficulties in carrying out public consultations and engaging the public, however, it was noted that this authority was constantly improving in carrying out these consultations.

The Panel, having considered the reviewed Strategic Risk Register (Appendix 1 of the report) updated by Chief Officers,

Decided: to note the twelve key risks and endorse the work currently being undertaken or proposed by risk owners to mitigate these risks.

9. **Equalities**

There was submitted a [report](#) (issued) of 26 August 2022 by the Chief Executive requesting that the Panel consider a proposal for the way forward when dealing with equalities matters.

Comments were made by Members:-

- (1) in relation to the importance of equalities matters; the usefulness of the Council's Equality Impact Assessments; the requirement to know the impact of decisions made by the Council; the duty on Members to understand how Council decisions affected the residents of South Ayrshire; and that Members required to be satisfied that they were doing everything possible to improve the quality of life of the residents of South Ayrshire;
- (2) regarding the need to improve on training as the mandatory course on COAST involved memorising information and answering questions on the information provided; training required to be more robust to enable Members and staff to demonstrate their understanding of equalities matters; and that Members' briefings on important issues such as equalities should involve a full day event and the sharing of opinions to achieve a better understanding of these issues;
- (3) on the importance of this matter staying current; and the Service Lead – Performance and Community Planning advised that the matter of equalities was everyone's responsibility, that he would urge Members to scrutinise the equality impact assessments at meetings; that he was working with officers to improve the quality of the equality impact reports; and that he was working with the Improvement Service to produce an online version of the equality impact assessment which could be updated throughout the process of producing this report and, when presented to Cabinet, showed a log of the updates; and
- (4) on the importance of taking cognisance of the Council's external agencies and networks to ensure that the Council was liaising with people from different religions, needs, languages, abilities, orientations, etc and engaging with them in a meaningful way to understand their needs; and the Service Lead - Performance and Community Planning advised that, although the Council engaged with as many forums as possible, it was important not to over burden them with every consultation; that it was a key role for the Equalities Officer to be the link between these Forums; and that the Council was part of the Ayrshire Equality Network.

A question was raised by a Member in relation to whether there was scope to look at an external accreditation or external assurance for this type of work; and the Service Lead – Performance and Community Planning advised that he currently worked with the Improvement Service who benchmarked across Scotland, however, he would investigate this matter to ascertain what was available.

Following a recommendation from the Chief Executive that the Equality and Diversity Forum be requested to investigate training for Elected Members and employees and the format that this should take, the Panel agreed to this recommendation.

Following a request from a Member that, in terms of recommendation 2.1.2 of the report, these proposals be brought to this Panel for scrutiny prior to being considered by Cabinet, the Chief Executive advised that this was acceptable.

In terms of Standing Order No. 19.9, there was no general agreement to the unopposed motion, therefore, the Panel moved to a vote for or against the Motion and, by a majority, the Panel, having noted the contents of the report,

Decided:

- (1) to request that the Equality and Diversity Forum bring forward proposed improvements for the scrutiny of this Panel prior to being referred to Cabinet;
- (2) to request that the role and remit of the Equality and Diversity Forum be updated to reflect the Council's obligations under the Fairer Scotland Duty; and
- (3) to request that the Equality and Diversity Forum investigate training methods for Elected Members and employees.

The meeting ended at 12.30 p.m.