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MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held in the COUNCIL CHAMBERS, KILMORY, LOCHGILPHEAD on TUESDAY, 17 MARCH 2020

Present: Martin Caldwell (Chair)

Councillor Jim Findlay
Councillor George Freeman
Councillor Sir Jamie McGrigor (by Skype)
Councillor Alan Reid (by Skype)

Councillor Sandy Taylor
Councillor Richard Trail
Councillor Andrew Vennard

Attending: Laurence Slavin, Chief Internal Auditor
Shona Barton, Committee Manager
Anne MacDougall, Finance Manager
Anne MacColl-Smith, Procurement and Commissioning Manager
Michael Nicol, Solicitor – Special Projects
Fiona Anderson, Special Projects Officer
John Cornett, Audit Scotland
David Meechan, Audit Scotland

The Chair ruled and the Committee agreed to vary the order of the business to facilitate the commitments of officers in attendance. This minute reflects the order in which discussions took place.

1. APOLOGIES FOR ABSENCE

The Chair welcomed everyone to the meeting.

There were no apologies for absence intimated.

2. DECLARATIONS OF INTEREST

Councillor Jim Findlay declared a non-financial interest to agenda item 11 (Scrutiny of Business Case Review (Rothesay Pavilion), by virtue of his Council appointment to the Board of Rothesay Pavilion. He claimed the benefit of the dispensation of the Standard's Commission's Guidance and Dispensation Note to enable him to speak and vote.

3. MINUTES

The minute of the previous meeting of the Audit and Scrutiny Committee held on Friday, 24 January 2020 was approved as an accurate record.

4. INTERNAL AUDIT SUMMARY OF ACTIVITIES

The Committee gave consideration to a report providing an update on Internal Audit activity during Quarter 4 against the following areas:

- 2019/20 Audit Plan progress
- Additional audit team activity
- Continuous monitoring

- Internal Audit development plan
- Performance indicators

Information was provided in respect of the progress made on the 2019/20 scrutiny plan, and a verbal update was provided by both the Chair and Vice Chair in relation to the progress of the Economic Strategy and Strategic Housing Fund scrutiny reviews. The Chief Internal Auditor highlighted the need to consider delaying the creation of the 2020/21 scrutiny plan to allow completion of the current plan.

Decision:

The Audit and Scrutiny Committee agreed:

1. to note and endorse the contents of the report; and
2. to approve the delay of the 2020/21 scrutiny plan until a future meeting.

(Ref: Report by Chief Internal Auditor, dated 17 March 2020, submitted.)

5. INTERNAL AND EXTERNAL AUDIT REPORT FOLLOW UP 2019-20

The Committee gave consideration to a report providing an update on all open actions as at 31 December 2019 including information on actions where the agreed implementation date has been rescheduled.

Decision:

The Audit and Scrutiny Committee agreed to endorse the contents of the report.

(Ref: Report by Chief Internal Auditor, dated 17 March 2020, submitted.)

6. INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2019/2020

The Audit and Scrutiny Committee gave consideration to a report containing the action plans in relation to the following 5 audits

- Grounds Maintenance
- Fleet Management
- Information Asset Register
- Pupil Equity Fund
- Live Argyll Performance Reporting

Discussion took place in respect of the Grounds Maintenance audit, specifically in relation to sampling from across the Council's four administrative areas and concerns that the data might not be representative of the current situation. The Chief Internal Auditor agreed to investigate the findings of the sampling to ensure that the data was representative of the situation across the Council.

Decision:

The Audit and Scrutiny Committee agreed to endorse the summary report and detail within each individual report, subject to completion of investigations by the Chief Internal Auditor in respect of the Grounds Maintenance report.

(Ref: Report by Chief Internal Auditor, dated 17 March 2020, submitted.)

7. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT MANUAL

A report providing an outline on the proposed changes to the Internal Audit Charter and Internal Audit Manual was considered.

Decision:

The Audit and Scrutiny Committee agreed:

1. to approve the amended Internal Audit Charter, as outlined at Appendix 1 of the report; and
2. to approve the amended Internal Audit Manual, as outlined at Appendix 2 of the report.

(Ref: Report by Chief Internal Auditor, dated 17 March 2020, submitted.)

8. 2020/21 INTERNAL AUDIT ANNUAL PLAN

The Audit and Scrutiny Committee gave consideration to a report introducing the 2020/21 Internal Audit Annual Plan.

Decision:

The Audit and Scrutiny Committee agreed to approve the Internal Audit Annual Plan 2020/21.

(Ref: Report by Chief Internal Auditor, dated 17 March 2020, submitted.)

9. EXTERNAL AUDIT - ANNUAL AUDIT PLAN 2019/20

The Committee heard from John Cornett of Audit Scotland, who outlined the External Audit Annual Audit Plan 2019/20, which included an overview of the planned scope and timing of their audit. It was noted that while Audit Scotland were working to the timescales outlined within the Plan, their ability to meet deadlines could be compromised due to ongoing measures to stop the spread of the COVID-19 virus.

Decision:

The Audit and Scrutiny Committee agreed to note the contents of the Annual Audit Plan 2019/20.

(Ref: Annual Audit Plan 2019/20, submitted)

10. SCRUTINY - LESSONS LEARNED

The Audit and Scrutiny Committee gave consideration to a report providing a summary of the lessons learned from scrutiny activity since the roll out of the new scrutiny approach which commenced in the summer of 2018.

Decision:

The Audit and Scrutiny Committee:

1. agreed to endorse the report;
2. provided feedback on the 'process' learning points set out in paragraph 3.4 of the report;
3. agreed to note the administrative learning points in paragraph 3.5 of the report;
4. provided further feedback on the scrutiny process; and
5. agreed to note that the Chief Internal Auditor (CIA) will amend the Scrutiny Framework and Scrutiny Manual to reflect the changes set out in the report and bring it back to a future meeting of the Audit and Scrutiny Committee for approval.

(Ref: Report by Chief Internal Auditor, dated 17 March 2020, submitted.)

11. SCRUTINY OF BUSINESS CASE REVIEW (ROTHESAY PAVILION)

Following a request at the previous meeting, that the Chief Internal Auditor carry out an initial scoping for a possible scrutiny topic relating to Rothesay Pavilion, the Committee gave consideration to a report providing the background and presenting an outline of an indicative scope and setting out some further factors for consideration.

Decision:

The Audit and Scrutiny Committee:

1. considered the indicative scope and objectives of a scrutiny review of the process followed to assess the Rothesay Pavilion business case;
2. considered the factors highlighted which may reduce the capacity of the scrutiny process to be robust and well evidenced;
3. considered an alternative area of focus relating to guidance on the award of external funding and review of future business cases;
4. agreed that a review should be conducted on the pre-decision scrutiny of a business case with reference to the newly updated Following the Public Pound guidance and the work being carried out by the Asset Management Board, using as context the knowledge of what happened in Rothesay Pavilion; and
5. agreed that this be included within the scope of the 2020/21 Scrutiny Plan.

(Ref: Report by Chief Internal Auditor, dated 17 March 2020, submitted.)

12. LOCAL GOVERNMENT IN SCOTLAND - FINANCIAL OVERVIEW 2018/19

The Committee gave consideration to a report presenting the main issues raised in the recent Local Government Financial Overview 2018/19 report by the Accounts Commission and highlighting relevant matters to the Committee.

Discussion took place in respect of the questions for councillors to consider, specifically in relation to the Transformation Board. The Finance Manager agreed to amend the wording of the answers provided to the questions to reflect the information provided.

Decision:

The Audit and Scrutiny Committee agreed:

1. to note the contents of the Accounts Commission report; and
2. to approve the officer assessment of where the Council is placed against matters raised within Appendix 1 of the report, subject to the amendments required in relation to the Transformation Board.

(Ref: Report by Section 95 Officer, dated 17 March 2020, submitted.)

13. UNAUDITED ANNUAL ACCOUNTS 2019-20

A report advising of the plans in place for financial year end 31 March 2020 and the preparation of the Council's Unaudited Annual Accounts for 2019-20 was considered.

Decision:

The Audit and Scrutiny Committee agreed to note that plans are in place to prepare the Council's Annual Accounts consistent with the Accounting Code of Practice and submit them to Council prior to 30 June 2020 in line with the Scottish Government's requirements.

(Ref: Report by Section 95 Officer, dated 17 March 2020, submitted.)

14. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY

The Committee gave consideration to a report outlining the arrangements for managing the Council's treasury activities.

Decision:

The Audit and Scrutiny Committee agreed:

1. to endorse the proposed Treasury Management Strategy Statement and Annual Investment Strategy and the indicators contained within;
2. to note the use of the statutory method for the repayment of loan fund advances prior to 1 April 2019 in respect of existing capital expenditure using a 5.1% annuity interest rate over an average period of 32 years. For those loans fund advances outstanding at 1 April 2004 a repayment period of 14 years will be used;
3. to note the use of the asset life method for the repayment of loan fund advances after 1 April 2019 using a 5.1% annuity interest rate, with the exception of spend to save schemes where the funding/income profile method could be used;

4. to note the proposed asset repayment periods as detailed within section 2.6 of the Treasury Management Strategy Statement; and
5. to note the ability to continue to use countries with a sovereign rating of AA- and above, as recommended by Link Asset Services.

(Ref: Report by Section 95 Officer, dated 17 March 2020, submitted,)

15. CORPORATE COMPLAINTS - COMPARISON OF COMPLAINTS RECEIVED DURING THE PERIOD 2018/19 AND 2019/20 TO DATE

The Committee gave consideration to a report presenting the findings of a review of the common themes and areas of complaint from 2018/19 and 2019/20 to date.

Decision:

The Audit and Scrutiny Committee agreed to note the content of the report.

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support, dated 17 March 2020, submitted.)

16. TRAFFIC REGULATION ORDERS/COMMUNITY ENGAGEMENT REVIEW (Pages 9 - 12)

Consideration was given to a report presenting the findings of a Traffic Regulation Order (TRO) and Community Engagement Review which had been progressed following the revocation of the Argyll and Bute Council (Off-Street Parking Places and Charges) (Isle of Mull) Order 2019 by the Oban, Lorn and the Isles Area Committee in September 2019. The revocation arising from a potential legal challenge to the Order relating to the statutory compliance of the Council's process in the establishment of, and process for, determining the Order. The Procurement and Commissioning Manager circulated a summary of recommendations for ease of reference, which is appended to this Minute.

Discussion took place in respect of the development of best practice in TROs, with Members expressing concern in relation to the suggestion that a similar approach be taken to the decision making process for planning applications and that consideration be given to utilising the Planning Protective Services and Licensing Committee to make decisions on TROs, with reports going to the relevant Area Committee for information. Members advised that while they could see the benefit of dealing with TROs centrally, they felt that it is ultimately a local issue and the decision making power should remain with the Area Committee.

Decision:

The Audit and Scrutiny Committee:

1. agreed to the findings and recommendations set out in the report and summarised at Appendix 2 with the exception of the officer recommendation that the delegation to Area Committees should remain in terms of decision making on TROs and should not be passed to the PPSL Committee; and
2. requested that the points raised during discussion are taken on board by officers and fed into the process to ensure that the concerns of the Committee are addressed.

(Ref: Report by Executive Director with responsibility for Legal and Regulatory Support, dated 17 March 2020, submitted.)

17. DRAFT AUDIT AND SCRUTINY COMMITTEE WORKPLAN

In order to facilitate forward planning of reports to the Audit and Scrutiny Committee, Members considered the outline Audit and Scrutiny Committee workplan.

Decision:

The Audit and Scrutiny Committee agreed to note the outline workplan.

(Ref: Audit and Scrutiny Committee Workplan, dated 17 March 2020, submitted.)

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SUMMARY OF RECOMMENDATIONS

1. Proposed changes to the Council's current operational Traffic Regulation Order Process (Terms of Reference: 1, 2, 3, 5, 7 and 9)

- The list of consultees at Consultation 1 is amended to ensure that the only parties consulted at this stage are Police Scotland (as required by law) and selected internal council consultees
- The statutory consultees required by Regulation 4(1) of LATORS that are currently consulted during Consultation 1 should be moved to Consultation 2 to ensure that all relevant statutory consultees are consulted at the same time during the process.
- Following completion of Consultation 1, officers shall circulate a draft Consultation 2 (statutory consultation) list to the Council's Community Development Officer for consideration. Thereafter, the Community Development Officer should respond with additional groups or organisations that they consider should be consulted with in relation to the TRO. This additional step will assist the Council to ensure that it identifies and engages with any relevant stakeholders and provides additional quality assurance to the process.
- Following completion of the consultee draft list, the Assistant Network & Standards Manager (Traffic & Development) shall carry out a further check to ensure that all relevant consultees are captured. This step will build additional quality assurance into the process and ensure that the Council identifies and engages with any relevant stakeholders.
- In cases where Consultation 1 & 2 are combined, the draft consultee lists will also be sent to the Community Development Officer prior to consultation commencing.
- That consultees for each TRO process shall include *relevant* instead of local community councils, which will include all local community councils served and/or affected by any TRO and contiguous community councils as a minimum.

2. Proposed Improvements to the Council's current operational TRO process against the National Standards for community engagement (Terms of Reference: 2, 6, 7, 9 and Appendices 3 and 4)

The following recommendations have been arrived at with significant input from Community Development and will have wider application.

- That Community Development Officers to be included in the process of validating consultees to ensure that all relevant stakeholders are included and to facilitate a fair and transparent process;
- That improvements to be made to consultation letter to encourage more participation (as detailed at appendix 5 of the report)
- That Roads and Infrastructure Services in consultation with Community Development will meet with community groups as appropriate;
- That improvements are made to letters and early engagement (including non-statutory engagement where appropriate) to facilitate a fair and transparent process;
- That more informative/less technical language be used during TRO consultations;
- That a plain English check on consultation letters be carried out;
- That the Council's guidance on consulting, which is available on the Council's intranet, is based on the National Standards for Community Engagement. These should also be included in the Council's Community Engagement Strategy which is currently being developed. This should be made available on the Council's intranet, so that officers can refer to the standards and use them as a guide when planning any community engagement activities and not solely those related to the

TRO process. This in turn facilitates more meaningful community engagement and consultation that is fair, open and transparent.

- That a Guide for Consultation on Traffic Regulation Orders (TROs) for Community Organisations be produced and made available for the public on the Council's webpages.

3. Proposed Improvements to Traffic Regulation Order Consultation Letters (Terms of Reference: 2 and 6 and Appendix 5)

- Removal of the objections sentence '*when you will have an opportunity to lodge ... Procedures*' to see if this encourages a greater response at this stage of consultation.
- Inclusion of a paragraph making it clearer that comments received at this stage may contribute to the further development of the proposals prior to the draft TRO being finalised.
- Additional text to be incorporated within the consultation letter to better inform the consultees on the reasons for the proposals.

4. Respond to stakeholders who participated in the consultation as detailed at appendix 3 - Terms of Reference 2

5. Proposed Improvements in budget process in relation TROs (Terms of Reference 3)

- Where there is a proposed variation of charges relating to car parking places which are the subject of an existing TRO, the Council utilises the provisions contained within S35C and/or S46A of the RTRA84 which enable the charges to be raised via notification to the public.
- The legal basis and purpose for every TRO is stated at an initial stage and that any decision in relation to making a TRO should be separate from the budget setting process.

6. Proposed change of Committee which considers all TRO's (Terms of Reference 5)

- Consideration should be given to utilising the Planning Protective Services and Licensing Committee to make decisions on TROs, with reports going to the relevant Area Committee for information.

7. TRO's to be Multiple or Geographical (Terms of Reference 4)

- TRO process should actively require officers to consider and justify how TRO's should be sought on a case by case basis.

8. Proposed Improvements to the Council's EqSEIA process (Terms of Reference 3, 8 and 9 and Appendix 6)

- That the Council will carry out an EqSEIA assessment in relation to TRO's when required which will be determined by the professional judgement of officers.
- Proposed revisions be made to the current EqSEIA guidance to improve clarity and provide a greater understanding of when the process is required and in relation to consultation
- That adequate training be provided by Customer Support Services to relevant staff in how to complete and EqSEIA.

- That a Q and A resource be provided by Customer Support Services setting out further support in relation to the completing EqSEIAs.
- That a statement about the purpose of an EqSEIA and circumstances under which they may or may not be undertaken be placed on the website for reference by the public and be incorporated as part of officer training.
- That consideration be given to the provision a LEON online learning module course on how to complete EqSEIA.
- That the Council's current EqSEIA guidance and template be reviewed following the publication of the Scottish Government Island Impact Assessment Guidance.

9. Community Participation Request and Minutes (Terms of Reference 9)

The Head of Legal and Regulatory Services reviews how meetings are currently recorded and considers:

- Whether there is scope to improve how such meetings are recorded;
- Whether guidance should be issued to relevant officers in relation to the permanent recording of such meetings when carrying out community engagement with stakeholder parties; and
- How the CPR process should be utilised in considering any future TRO's and any other community engagement activity.

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