

The Highland Council

Audit and Scrutiny Committee – 26th September 2013

Agenda Item	13
Report No	AS/29/13

Audit Scotland National Reports

Report by Head of Internal Audit & Risk Management

Summary

This report provides details of the most recent National Reports issued by Audit Scotland and the action taken within the Council to address the report findings.

1. Background

1.1 All National Reports issued by Audit Scotland are reported to the relevant strategic committee who should consider what action should be taken to address the report findings. Thereafter this is reported to the Audit and Scrutiny Committee who should satisfy themselves that the appropriate action is being taken by the strategic committee. In addition it should be noted that progress in addressing the National Reports by individual councils is monitored by Audit Scotland.

2. National Reports Issued

2.1 There are 4 recent reports which have been issued and which have been considered by the appropriate strategic committee:

- Major capital investment in Councils (*presented to the Finance, Housing and Resources Committee on 05/06/13*).
- Maintaining Scotland's roads – An audit update on councils' progress (*presented to the on Transport, Environmental and Community Services Committee on 15/08/13*).
- Housing in Scotland (*presented to the Finance, Housing and Resources Committee on 28/08/13*)
- Managing early departures from the Scottish public sector (*presented to the Finance, Housing and Resources Committee on 28/08/13*).

The Committee minutes are provided in Section 3 below, and these contain links to the agenda report and the respective National Report.

3. Minutes of Meetings

3.1 Major capital investment in Councils

There was circulated Report No. [FHR-75-13](#) by the Depute Chief Executive/Director of Housing and Property which informed Members of the findings and key messages contained within the Accounts Commission report entitled "Major Capital Investments in Councils", and sought approval of the recommended actions to be implemented in response to the recommendations.

Arising from the report Members welcomed the proposed recommendations set

out in the report suggesting that these would further develop the Council's capital planning and monitoring arrangements as the Council moved towards agreeing a ten year capital programme to meet its long term aims and objectives.

Further comments related to the opportunities for a different approach to be adopted by the Service to ensure that major investment projects were delivered on time and on budget, and for contingencies for future maintenance to be included when assessing options as part of the outline business case.

It was confirmed that to date budget constraints had resulted in a greater focus being placed on responsive maintenance rather than pre-empting future component failure, but there was an opportunity to facilitate a change of approach through the planning process for the new capital programme. In this regard it was confirmed that the Service was now carrying out lifecycle evaluations for all major projects with a view to achieving the best economic outcome for the Council over the life of the investment through, for example, careful selection of materials and work methods.

It was also reported that following a reassessment of priorities the Housing and Property Service's Property Section had identified as its top priority the need to ensure that capital projects were being delivered to programme, and that this point had been reinforced to all staff. The Service had also implemented additional monitoring measures in this regard.

Thereafter, the Committee:-

- i. **NOTED** the findings and recommendations of the Audit Scotland report on Major Capital Investments in councils;
- ii. **AGREED** that in-house training for Members relating to financial issues be developed to increase focus on capital investment;
- iii. **NOTED** that services would be required to report on delivery and outcomes of major capital projects to Strategic Committees, in line with the Financial Regulations;
- iv. **AGREED** that the findings of the report be considered as part of the Council procurement review currently underway, taking account of the outcome of the Scottish Government's national construction procurement review; and
- v. **APPROVED** the use of a completed check list (as presented in the Good Practice Guide accompanying the report) to aid analysis of the recommendations of the report and identify any actions which could be implemented where this would lead to improvements on current practice.

3.2 Maintaining Scotland's roads – An audit update on councils' progress

There had been circulated Report No [TEC 55-13](#) dated 2 August 2013 by the Director of Transport, Environmental and Community Services which updated Members on the audit work carried out by Audit Scotland in 2012 concerning how each council had responded to the recommendations contained in Audit Scotland's report "Maintaining Scotland's roads: a follow up report" (2011).

During a summary of the report, it was confirmed that Audit Scotland had undertaken a series of work over the past decade on maintaining Scotland's roads, the most recent of which had been published in May 2013. This report was based on the result of reviews undertaken in 2012, interviews with the Society of Chief Officers of Transportation in Scotland (SCOTS) and the

national road maintenance review. The recommendations from the 2013 report were detailed, together with the Highland Council's response to it.

Specific reference was made to the Council's response to the Audit Scotland findings which had led to the publishing of the Council's Road Asset Management Plan (RAMP). The Highland Council was the first local authority to have a RAMP in place and work was underway on revisions to the next version which would be brought before Members in the near future. The Council had made good progress in managing its assets, the key to which was that funding was now allocated to areas of greatest need. Road condition indicators were now available as a management tool which enabled road condition trends also to be managed for future years.

During discussion, reference was made to the reporting of the maintenance backlog and a request was made for this to be made available to Members. It was confirmed that this was reported annually to the Committee and that figures were reported generally rather than at ward level. It was confirmed that structural maintenance programmes would also be reported through Area Committees and that Members would be made aware of road maintenance issues and be involved in determining the programme.

Reference was also made to the Accounts Commission comment that safe, well-maintained transport links were vital to Scotland's economic prosperity and wellbeing and that Transport Scotland and Councils should work together to consider all opportunities for achieving more with the resources currently available. In this context, a suggestion was made that the Council make a policy of clearing vegetation overgrowth at laybys along routes such as the A82. Vistas obscured by overgrown vegetation had contributed to road safety concerns and caused frustration on roads frequently used by tourists. This would be a low-cost means of increasing road safety and improving tourist experiences and it was hoped that the Committee would promote this idea to Transport Scotland and the Scottish Government.

The Committee:-

- i. **NOTED** the recommendations set out in Audit Scotland's report "Maintaining Scotland's roads: an audit update on council's progress" (May 2013);
- ii. **NOTED** the progress that Highland has made in relation to asset management planning, performance management and collaborative working; and
- iii. **AGREED** that the removal of vegetation and the cutting back of trees along the A82 to open up approaches to laybys for tourists be raised with Transport Scotland.

3.3 Housing in Scotland

There was circulated Report No. [FHR-98-13](#) by the Depute Chief Executive/Director of Housing and Property which provided a summary of an Audit Scotland report titled "Housing in Scotland" which was published on 11 July 2013. The Audit Scotland report provided an overview of how the housing system in Scotland operated and assessed how the Scottish Government and Councils were responding to meet Scotland's housing needs. There were a number of recommendations aimed separately at the Scottish Government and Councils. The report also provided a commentary and self-assessment on the Highland Council's position in relation to Audit Scotland's recommendations.

In discussion it was suggested that the Audit Scotland report demonstrated the need for the Scottish Government to significantly increase its investment in housing to meet demand. A point was also raised in regard to that part of the Report relating to the problems created by a lack of consistent definition of 'affordable housing', and whether the Council had made representations to the Scottish Government in this regard. A further comment related to the need to address the link between housing, and health and inequalities within communities.

The Head of Housing Partnerships advised that there was no clear single definition at a national level of 'affordable housing', and explained that the lack consistency in this regard had been an issue for both the Council and developers in taking forward housing developments.

The Chair suggested that a workshop be arranged to allow Members to consider in more detail the issues surrounding the definition of 'affordable housing', and requested that an appropriate official from the Scottish Government be invited to attend.

Thereafter and in response to a question the Head of Housing confirmed that he would circulate Members with further information on the current review of the Tenant Participation Strategy.

Following further discussion the Committee:-

- i. **NOTED** the report and recommendations from the Audit Scotland Report;
- ii. **AGREED** the self-assessment contained in Appendix 1 to the report;
- iii. **AGREED** to refer the report and self-assessment for consideration by the Audit and Scrutiny Committee on 25 September 2013; and,
- iv. **AGREED** that a workshop be arranged to allow Members to consider in more detail the issues surrounding the definition of 'affordable housing', and that an appropriate official from the Scottish Government be invited to attend.

3.4 Managing early departures from the Scottish public sector

There was circulated Report No. [FHR-103-13](#) by the Assistant Chief Executive advised of the recent Audit Scotland report (Managing Early Departures From The Scottish Public Sector) and setting out how the Highland Council complied with the principles of best practice.

The Chair welcomed the report and the fact that the Council was complying

with best practice in regard to early departures.

In terms of future reporting it was confirmed that information on early departures would be included in the Director of Finance's annual report to the Committee on early and normal retirements.

The Committee **NOTED** the Audit Scotland report and that the Council complied with the suggested principles of best practice and **AGREED** that that information on early departures would be included in the Director of Finance's annual report to the Audit and Scrutiny Committee on 'The Highland Council Pension Fund – Monitoring of Retirements'.

4. Implications

- 4.1 There are no Resource, Legal, Equalities, Climate Change and Risk implications arising from this report.

Recommendation

Members are invited to consider the action being taken by the respective Committees to address Audit Scotland's National Reports and whether this provides sufficient assurance that appropriate action has been taken to address the report findings.

Designation: Head of Internal Audit & Risk Management

Date: 4th September 2013

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Background Papers: