

The Highland Council

Minutes of Meeting of the **Audit and Scrutiny Committee** held REMOTELY on Thursday, 17 June, 2021 at 10.30am.

Present:

Mr G Adam	Mr G MacKenzie
Mr R Balfour	Mr S Mackie
Mrs J Barclay	Mrs A MacLean
Mr B Boyd	Mr D Macpherson
Mr R Bremner	Mrs M Paterson
Dr I Cockburn	Mr P Saggars
Mrs M Davidson	Mr B Thompson

Non-Member also present:

Mr D MacKay

Officials in Attendance:

Ms K Lackie, Executive Chief Officer, Performance & Governance
Mr S Fraser, Head of Corporate Governance, Performance & Governance Service
Ms E Johnston, Corporate Audit & Performance Manager, Performance & Governance Service
Miss D Sutherland, Corporate Audit Manager, Performance & Governance Service
Mr S Carr, Corporate Performance Manager, Performance & Governance Service
Ms C Campbell, Head of Performance and Resources, Communities and Place
Mr M Watters, Freedom of Information and Data Protection Manager, Performance & Governance Service
Miss J MacLennan, Principal Administrator, Performance & Governance
Mr A MacInnes, Administrative Assistant, Performance & Governance

**An asterisk in the margin denotes a recommendation to the Council.
All decisions with no marking in the margin are delegated to Committee.**

Mr G MacKenzie in the Chair

1. Apologies for Absence Leisgeulan

There were no apologies for absence.

2. Declarations of Interest Foillseachaidhean Com-pàirt

The Committee **NOTED** the following declarations of interest:-

Item 4 & 7 – Mr B Thompson (financial and non financial)

3. Internal Audit Plan 2021/22 Plana In-Sgrùdaidh 2021/22

There had been circulated Report No. AS/5/21 dated 3 June 2021 by the Corporate Audit Manager.

During discussion, Members raised the following issues:-

- it was confirmed that within the Performance & Governance Service Plan there was a planned improvement to include a timeline of planned audits and the Responsible Officer;
- in relation to the Audit planned on the review of Governance of Arms Length External Organisations and Partnerships, the main emphasis of this was to look at the role of High Life Highland and not Third Sector organisations. However, within the new planned audits, Ward Schemes were being looked at and this would include some of the money given to Third Sector organisations. Also, the review of commissioned children's services would look at provision of services provided by the Third Sector. Reference was made to the potential for duplication of grants given to different organisations and there may be scope for making savings in this respect;
- the recruitment process was progressing in terms of the vacant audit post within the Corporate Audit and Performance team;
- an audit was being brought forward in the plan that would look at resilience, approach and lessons learned to how the Council dealt with the Covid pandemic. This would include the involvement of the Third Sector which had been very important in the response to the pandemic;
- the review of workforce planning was scheduled to take place towards the end of the financial year, as requested by the Executive Leadership Team, and this would be co-ordinated with the redesign of the Council;
- the review of Fleet management arrangements was welcomed. There was potential risk in supply of vehicles given the currently volatility in the vehicle industry and legislation changes to the required standard of vehicles. It was advised that the Council was moving towards adding more electric vehicles and energy efficient vehicles to its Fleet. Fleet Management would have an awareness of what changes in supply or legislation might be forthcoming in the vehicle industry; and
- it was essential that the Council's climate change ambitions were embedded in everything the Council did and each Service would take account of this in their Service planning.

The Committee **APPROVED** the 2021/22 Internal Audit Plan.

4. Internal Audit Reviews and Progress Report Ath-sgrùdaidhean In-sgrùdaidh agus Aithisg Adhartais

Declaration of Interest - Mr B Thompson declared a financial interest in terms of being a part owner of a business that had received business rates based grants but given the remoteness of the interest to the item under consideration and having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that his interest did not preclude his involvement in the discussion.

There was circulated Report No. AS/6/21 dated 7 June 2021 by the Corporate Audit Manager.

The Chairman highlighted that no internal audit review reports had been submitted to the Committee on this occasion and he recognised that this would be of concern to Members. The impact of Covid-19 on Officers' normal workload had been significant. This had resulted in challenges in engaging with the Internal Audit Team to ensure audits were started and completed in good time. However, the Covid situation had improved and it was now therefore critical that the Internal Audit Plan was delivered this year to avoid being in the position of reporting a limitation of scope in assurances again next year. It was important that the Internal Audit Team had Member support and reports on progress with the Plan would be submitted monthly to the Chair of the Committee leading up to the September meeting of the Committee. The Council's Executive Leadership team had given a commitment to support the important work of the Internal Audit team.

In particular, it was welcomed that performance against indicator targets had improved since the last meeting.

It was highlighted that the focus of the Council was changing into key priority areas such as transformation and climate change. In preparing for next year's audit plan there was a need to ensure this included areas of service delivery that were most important to the Council so there would be an assurance that they were working well. It was confirmed that if there was anything arising from changes within the Council, that there was flexibility in the Internal Audit Plan.

The Committee **NOTED** the current work of the Internal Audit Section and the final position of progress against the 2020/21 audit plan.

5. Action Tracking Report **Aithisg a' Leantainn Gnìomhachd**

There was circulated Report No. AS/7/21 dated 3 June 2021 by the Corporate Audit Manager which highlighted that there was a requirement to establish a follow-up process to monitor and ensure that management actions had been effectively implemented or that senior management had accepted the risk of not taking action. Details of this process, called action tracking, was provided.

As was reported in the previous Action Tracking update, there were a greater number of revisions than normal due to a lack of action due to Officers dealing with the response to the Covid-19 pandemic. However, this had improved since the last update report.

In particular, of the 83 audit recommendations, 64 had been satisfactorily implemented and 16 actions across 5 different audits where the actions had not been implemented and revised target dates agreed and 3 actions had been made redundant.

The Committee **NOTED** the action tracking information provided including the revised target dates for the completion of outstanding actions.

6. Internal Audit Annual Report 2020/2021 Aithisg Bhliadhnaidh In-Sgrùdaidh 2020/2021

There was circulated Report No. AS/8/21 dated 4 June 2021 by the Corporate Audit Manager which included an assessment of the Council's framework of governance, risk management and control and the associated opinion which provided information for the Council's Annual Governance Statement.

In particular, the audit opinion was different this year as there was a limitation in scope of the audit. The Chartered Institute of Public Finance and Accountancy guidance had recognised the impact Covid-19 had on the Internal Audit teams. There was an opinion of reasonable assurance on the Council's framework of governance and risk management. However, no assurance could be given in terms of internal control because the internal audit activity had been affected by the impact of Covid-19. A number of actions had been set out in the report to avoid such limitation in scope occurring again this year.

The Committee **NOTED** the content of the report and the audit opinion provided.

7. Review of Corporate Risks Ath-Sgrùdaidh air Cunnartan Corporra

Declaration of Interest - Mr B Thompson declared a non-financial interest in terms of being a Director of High Life Highland but he applied the exemption as a Council appointee and having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that his interest did not preclude his involvement in the discussion.

There was circulated Report No. AS/9/21 dated 26 May 2021 by the Corporate Audit and Performance Manager relation to the Corporate Risk Register which identified the Council's key strategic risks and the actions being taken to mitigate these. It was reviewed by the Executive Leadership Team quarterly and presented to every Audit and Scrutiny Committee.

During discussion, Members raised the following points:-

- in relation to discussion at the last meeting regarding any potential financial consequences of Scottish Independence being included in the Corporate Risk Register, it was advised that this matter had been considered by the Executive Leadership Team and it had been agreed to monitor the situation and escalate it to the Risk Register when the time was appropriate. The Risk Register set out mitigating actions that the Council could take and there were too many unknowns regarding the possibility of Scottish Independence to take any action at present;
- the condition of roads and residual waste projects were two large risks to the Council and the relevant Strategic Committees had to address these;
- having seen the effects of cyber attacks on the Scottish Environment Protection Agency, this was an ongoing risk for the Council and it was welcomed that there was an Internal Audit review on cyber security. Cyber security was a main feature of all Services' business continuity plans and plans were being made for a resilience exercise on a cyber security incident. Therefore, the Council was as prepared as it could be against any cyber attacks;

- it was queried if there was an audit process to check if the Council had received all the European Economic Development Fund money promised. An undertaking was given to raise this issue with the Economy and Regeneration Manager;
- it was also queried if the risk of demographic change within Highland was being captured, given the financial risks associated with demographic shifts of people moving from rural to urban areas. It was confirmed that demographic change had been considered as part of the review, but the pace of change over a period of decades made it difficult to react to. The risks related to the potential costs of demographic change particularly in relation to an ageing population and one with more complex needs. The Executive Leadership team would be asked for their views on the point raised regarding demographic change, but Members were reassured that there was work ongoing on this issue and every Service had to adapt to changing needs such as in health and social care. There were additional resources for Communities and Place Service to do analysis relating to a poverty strategy and the Council would work with its Community Planning Partners to address inequalities. Any changes in policy to address the issues with demographic change would be submitted to Strategic Committees.
- The Scottish Government had a major project proposed through the Convention of the Highlands and Islands on depopulation. While depopulation was a gradual process, suddenly there would be impacts such as you could not set up businesses as there were no staff for them.
- It was queried to what extent this Committee were effective in directing allocation of resources, such as in Road maintenance. It was advised that the allocation of resources was not a role of the Audit and Scrutiny Committee. Continuing, it was felt the Corporate Risk Register did inform the budget process and Members/Officers were encouraged to think about Corporate Risks when making decisions. Also, Corporate Risk had been built into Service planning process that went to every Strategic Committee. Whether this could be made clearer in the budget papers would be discussed with the Finance team.
- Adult Care was a significant risk given the big ageing population in Highland. Although the responsibility for this was with the NHS, the Council may have to make some preparations. It was advised that the Health and Social Care Service had recently reviewed their Service Risk Register and as part of the process it would be checked if adult care required to be escalated to the Corporate Risk Register.

The Committee **NOTED** the Corporate Risk Register provided at Appendix 1 and the risk profile at Appendix 2 of the report.

8. Highland Council Whistleblowing Policy – Update on Engagement and Review Poileasaidh Innsireachd Chomhairle na Gàidhealtachd – Fios às Ùr mu Chom- pàirteachadh is Ath-sgrùdadh

There was circulated Report No. AS/10/21 dated 2 June 2021 by the Corporate Audit & Performance Manager.

Having been assured that all possible opportunities were being taken to communicate this Policy to all staff, the Committee **NOTED**:-

- i. that no changes were being recommended to the policy following engagement with Trade Unions and Staff;

- ii. the Staff Whistleblowing Policy was now managed by the Corporate Audit Team and annually reports would be made on the policy's use; and
- iii. that the first annual monitoring report was provided to this Audit & Scrutiny Committee in a separate report.

9. Code of Corporate Governance Còd Riaghladh Corporra

There was circulated Report No. AS/11/21 dated 2 June 2021 by the Head of Corporate Governance.

During discussion, Members raised the following points:-

- a number of Members had been interviewed by the Chartered Institute of Public Finance and Accountancy (CIPFA) in late 2019 as part of their study of Council performance and an update as to when a report would be produced was sought;
- it would be beneficial if the actions set out in the Code also included a timeline and a responsible officer;
- the public rightly held Elected Members to account in terms of its decision making process. Every Member had their own expertise and knowledge but it was important that, when serving on Committees, they were as well informed as possible to be an effective part of the governance of the Council. It was important training continued to be recorded and logged to demonstrate this accumulation of knowledge. Members' training had been stalled due to the pandemic and a lack of resources but, looking forward, it was hoped to bring forward a blended approach to deliver training both online and in person. With Council elections due to take place in May 2022, this was now an opportune time to consider what had worked well and what could be improved;
- newly elected Members were bombarded with information and this could be overwhelming. There were some areas such as Civic Licensing and Planning where, to sit on the relevant Committee, training was compulsory prior to sitting a test to establish competency but it was not the intention to roll out this form of testing further. It was important to recognise that if training was too onerous it might deter prospective candidates from standing;
- disappointment was expressed at the low number of Members who turned up for training sessions provided; and
- an index of acronyms used would allow greater understanding of subject matter to both Elected Members and the public.

The Committee:-

- i. **NOTED** the progress on delivering the 2020/21 Code of Corporate Governance;
- ii. **APPROVED** the 2012/22 Code of Corporate Governance; and
- iii. **AGREED** that Members be informed as to progress of the CIPFA report on Council Performance.

10. Commissioner For Ethical Standards in Public Life/Standard Commission: Councillors' Code of Conduct – Investigation into Complaints Coimiseanair airson Inbhean Beusail ann am Beatha Phoblaich/Coimisean nan Inbhean: Còd Giùlain nan Comhairlichean – Sgrùdadh Ghearanan

There was circulated Report No. AS/12/21 dated 2 June 2021 by the Head of Corporate Governance.

The Committee otherwise **NOTED** that, in respect of any complaints of Highland Council Members up until 31 May 2021, the Ethical Standards in Public Life/Standard Commission had found there to have been no breaches of the Code of Conduct.

11. Annual Report on Corporate Complaints Performance Aithisg Pròiseas Ghearanan Corporra

There was circulated Report No. AS/13/21 dated 17 June 2021 by the ECO Communities & Place.

During discussion, Members raised the following points:-

- in response to a Members' question, it was explained that the nature of complaints was wide and varied;
- Council Housing had remained in the top 2 reasons for complaints over the past five years and it took longer for these complaints to be resolved, a picture mirrored elsewhere in Scottish Local Authorities. However, the number of Council tenants, the length of waiting lists and the complex nature of housing complaints had to be borne in mind so it was unfair to draw comparisons with other Services. Reports on Complaints Performance would be considered at Strategic Committees and this would provide an opportunity for more detailed consideration of the factors involved;
- Members welcomed the resolution and improvement approach. Complaints were also an opportunity to improve services;
- compliments should also be reported;
- it was important to differentiate what was a complaint and what was a query;
- not all complaints were made directly to the Council, examples of unfounded criticism of the Council on social media being provided. In such circumstances, through no fault of the Council, there was a danger of reputational damage;
- often frustration was caused when information and advice was sought from officers who failed to respond from queries from individuals and community groups. This was not captured in the data before Members but it was important to also track these trends; and
- details were sought, and provided as to how the Members' Portal would operate in the new CRM system as opposed to the previous system which, at times, caused frustration and resulted in Members bypassing the system and going directly to the officers concerned. Furthermore, clarification was sought that if many complained about the same matter, if this was recorded as one complaint or many complaints. Whichever approach was adopted it was important that it was as efficient as possible. To assist with this a short briefing on the new CRM system explaining its functionality and the benefits for Members would be provided.

The Committee **NOTED**:-

- i. the Council's performance for front line resolution (+4.56%) and complex investigation complaints (+14.5%) complaints;
- ii. the early indications of an increase in the Councils ability to manage complaints at the first point of contact through the Customer Resolution & Improvement Team (53% resolved at Frontline in Q4);
- iii. the timely implementation of the revised Model Complaint Handling Procedure as per SPSO requirement during the pandemic period;

- iv. officers' continued participation in the Local Authority Complaint Handlers Network;
- v. the action plan to drive improved performance through a quality and customer centric focussed approach;
- vi. support encouraging constituents to use the correct channels available to ensure their complaint could be assessed and resolved in a timely manner;
- vii. that a more comprehensive Corporate Complaints Process Annual Report, covering a broader set of indicators, would be taken to this Committee in August before submission to the SPSO;

and **AGREED**:-

- viii. to provide a briefing to Members explaining the new CRM system and how complaints were recorded and categorised.

12. Scottish Public Service Ombudsman Cases Received by the Council – Update Report
Cùisean Ombudsman Sheirbheisean Poblach na h-Alba a Fhuairleadh leis a' Chomhairle – Aithisg às Ùr

There was circulated Report No. AS/14/21 dated 28 May, 2021 by the ECO Performance & Governance.

Reflecting on the findings of the Ombudsman, it was important that a proactive approach was adopted to avoid reoccurrences and this was achieved through complying with the recommendations made by the Ombudsman in each case.

The Committee **NOTED** the outcomes of the SPSO cases and that the SPSO's recommendations have now been carried out.

13. Review of The Internal Audit Charter
Ath-sgrùdadh air Cairt an In-sgrùdaidh

There had been circulated Report No AS/15/21 dated 1 June 2021 by the Corporate Audit and Performance Manager.

During discussion, Members raised the following points:-

- confirmation was sought, and provided, as to when the purpose, authority and responsibility of the internal audit activity, as defined in the Internal Audit Charter, was reviewed; and
- clarification was sought, and provided, as to the nature of the Internal Audit work undertaken on behalf of High Life Highland, as provided for within the Service Level Agreement between High Life Highland and the Highland Council.

The Committee **APPROVED** the amendments to the Internal Audit Charter outlined in the report and contained in the revised Charter in Appendix 1 of the report.

The meeting ended at 12.40 pm.