

MINUTE
of
AUDIT & SCRUTINY COMMITTEE

Minute of meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 23 November 2023.

Present:

Councillor Andrew Morrison (Chair)*	Provost Mary Montague*
Councillor Tony Buchanan (Vice Chair)*	Councillor David Macdonald*
Councillor Paul Edlin	Councillor Gordon Wallace

Councillor Morrison in the Chair

(*) indicates remote attendance

Attending:

Mark Ratter, Director of Education; Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Janice Collins, Head of Education Services (Performance & Quality Improvement); Gillian McCarney, Head of Place; Barbara Clark, Chief Accountant; Michelle Blair, Chief Auditor; Michelle McGuckin, Principal Officer, Capital Projects; Linda Hutchison, Clerk to the Committee; and Lesleyann Burns, Assistant Committee Services Officer.

Also Attending:

Grace Scanlin, Ernst and Young.

Apology:

Councillor Annette Ireland.

DECLARATIONS OF INTEREST

664. There were no declarations of interest intimated.

CHAIR'S REPORT

665. Councillor Morrison reported that he had very recently attended helpful and important *Cyber Resilience and Risk Training for Public Sector Board Members* organised by The Scottish Government Cyber Resilience Unit at which the importance of creating an effective cyber security culture; safeguarding organisations; assessing cyber risk exposure; identifying

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critical data and systems; responding to cyber incidents; and action planning had been commented on.

The Committee noted the position.

CLARIFICATION RECEIVED ON QUERIES RAISED AT PREVIOUS MEETING

666. Under reference to the Minute of the meeting of 26 September 2023 (Page 639, Item 593 refers) when it had been agreed to seek comments from appropriate officers on various issues, the Committee considered a report by the Clerk summarising the clarification received and circulated on queries raised regarding the 2022/23 Annual Accounts. Specifically feedback had been provided on when unspent COVID grants would be spent, and why Council income, as shown in the Comprehensive Income and Expenditure Statement, had substantially reduced in relation to the Health and Social Care Partnership (HSCP).

The Committee noted the position.

INTERIM TREASURY MANAGEMENT REPORT 2023/24 – QUARTER 2

667. Under reference to the Minute of the meeting of 26 September 2023 (Page 642, Item 596 refers), when it had been agreed to note the Interim Treasury Management Report for Quarter 1 of 2023/24 and recommend to the Council that the organisations specified in the report for investment of surplus funds be approved, the Committee considered a report by the Head of Accountancy (Chief Financial Officer) on treasury management activities for the second Quarter of 2023/24.

The report explained that, in line with the CIPFA Code of Practice on Treasury Management, the Committee was responsible for ensuring effective inspection of the Council's treasury management activities. In accordance with that requirement, the interim Treasury Management Report for July to September 2023 was attached to the report for consideration.

Whilst highlighting key aspects of the report, the Chief Accountant confirmed that long term borrowing was static, with none having been taken due to the high levels of rates currently offered, resulting in an increase in internal borrowing. The Council continued to adopt a prudent approach to treasury management and, in particular, the percentage of loans held as of 30 September 2023 with variable interest rates was just over 7% which was well below the Council's approved upper limit of 15%.

Having commented on short term investments which had increased due to cash flows in both capital and revenue, the Chief Accountant highlighted the prudential indicators referred to in the report which helped confirm that capital investment plans and treasury management decisions remained affordable, prudent and sustainable. She highlighted that indicators 3 and 4 demonstrated that the Council was operating well within its limits.

Finally, the Chief Accountant commented on the Council's list of counterparties, confirming it had not changed from the one in the Treasury Management Report for Quarter 1. It was clarified that all investments were restricted to UK bodies with high credit ratings, with the maximum period of investment, in general, restricted to 6 months.

In response to Councillor Wallace, the Chief Accountant confirmed that the Council only pursued long term borrowing at fixed rates, such as from the Public Works Loan Board. In response to Councillor Morrison who referred to ethical issues relating to borrowing raised at the full Council meeting in October, the Head of Accountancy (Chief Financial Officer)

confirmed that the surplus funds referred to in the report were not targeted at a particular sector in terms of investment, but rather deposited securely with major financial institutions on a short term basis of up to 6 months, taking account of regularly updated advice provided by the Council's treasury management advisors. She added that keeping the investment decisions made by those institutions under ongoing review was not feasible, but that the approach taken was amended as required on the basis of the advice provided, this being why the Council was asked to approve the list of counterparties quarterly.

In response to an issue raised by Councillor Macdonald, it was highlighted by Councillor Morrison that the scrutiny of investment decisions made by Strathclyde Pension Fund (SPF) fell out with the remit of the Committee, but that he was free to request feedback from SPF on this.

The Committee agreed:-

- (a) to **recommend to the Council** that the organisations for investment of surplus funds be approved in accordance with Appendix 8 to the report; and
- (b) otherwise, to note the report and related comments made.

NATIONAL EXTERNAL AUDIT REPORT – EARLY LEARNING AND CHILDCARE - PROGRESS DELIVERING THE 1140 HOURS EXPANSION

668. The Committee considered a report by the Clerk on the publication in June 2023 of a report by Audit Scotland entitled *Early Learning and Childcare - Progress Delivering the 1140 Hours Expansion*. Under the Committee's specialisation arrangements, Councillor Wallace was leading the review of the report. The Director of Education had been asked to provide comments and a copy of the feedback provided was appended to the report.

Having referred to various Audit Scotland reports published over time on early learning and childcare (ELC), the report confirmed that the most recent one commented not only on progress delivering the ELC expansion to 1140 hours, but also planning for the assessment of the impact of the expansion. The ELC expansion had already been the subject of various reports submitted to the Education Committee.

The report itemised the key messages in the Audit Scotland report, commenting on their pertinence to local authorities in general and East Renfrewshire in particular. Reference was made to work progressed locally on the expansion despite the Scottish Government changing the timescale from August 2020 to August 2021 for placing a statutory duty on education authorities to make 1140 hours of ELC available to each eligible child. By August 2021, children in East Renfrewshire had been receiving the additional element of the 1140 hours for one year.

Details were provided on the take up of the provision and position in particular schools; satisfaction with the provision locally; the identification of those eligible to receive ELC and related issues; partnership working to promote the entitlement; and the allocation of places. The flexibility on offer to parents; rates of deferral applications; the evaluation of the provision and related consultation; and the Education Department's full adherence to the *Funding Follows the Child* policy and related issues were amongst others issues referred to.

Support for those delivering the provision was also commented on, including how investment in career long professional learning was mitigating against some of the challenges, and how support was provided to staff to develop the skills and knowledge they required to work in early years. Other issues commented on included the quality of the ELC provision; the positive findings of external inspections in East Renfrewshire by Education Scotland and the Care

Inspectorate; the extent to which the quality of ELC locally exceeded National Standard requirements; and performance relative to the Local Government Benchmarking Framework. Financial issues were also referred to, including continued uncertainty around future funding for ELC. The position was also summarised on the adoption locally, with effect from August 2023, of the national position regarding ELC entitlement from a child's third birthday; digital improvements to the application process; and the commissioning of places from funded providers.

Having commented on aims of research commissioned as part of the West Partnership (Glasgow Regional Education Improvement Collaborative) on the impact of the 1140 hours of ELC, evaluation to be done at a national level, and the tracking of children's development and attainment throughout their nursery experience, the report concluded that the Education Department was well placed to address recommendations made in the Audit Scotland report, which would be overtaken as the Department continued to strive to improve ELC and the implementation of 1140 hours for all eligible children.

Councillor Wallace welcomed the opportunity for the Committee to hear about the provision, highlighting the progress made before it required to be, the fragility of the sector in terms of staff recruitment and retention, and ongoing uncertainty regarding future funding.

The Head of Education Services (Performance & Quality Improvement) highlighted key aspects of the report, including how the expansion had contributed to helping children who had been isolated during the COVID lockdowns. Having referred to annual updates on progress submitted to the Education Committee, she referred to the level of take up of the provision, its evaluation, the benefit of being able to recruit staff at an early stage given the local timescales adopted to develop the provision, and the importance of ongoing continuing professional development for those working in the sector to build capacity and resilience. She welcomed the positive external evaluations of the provision in East Renfrewshire, the commitment of partners, and longitudinal work being done to assess the impact of the provision.

In response to Councillor Wallace, the Director of Education provided additional clarification on various issues including funding, such as the initial tapered funding model, the need for efficiency and Best Value, and importance of having sufficient ELC staff on an ongoing basis. He highlighted that funding remained an issue which required models of provision to be kept under review, clarity to be sought from the Scottish Government when needed, and discussions to be held locally in the context of the development of the Council's budget. The full impact of the position on deferrals needed to be considered, with it being expected that pressure on provision would increase from this.

Councillor Buchanan welcomed the timescale adopted locally for the 1140 hours expansion and high quality of the provision which gave children the best start in life, adding that the financial position remained difficult.

In response to Councillor Morrison who asked about the adequacy of ELC capacity locally, the Director of Education confirmed that models of provision were reviewed, citing examples of when this had been done. Capacity of the school and early year estate was also kept under review constantly, including in the context of demographic projections such as the birth rate which was expected to fall. This had started to be reflected in the number of children attending primary school.

The Committee noted the report and additional information and clarification provided at the meeting.

NATIONAL EXTERNAL AUDIT REPORT - SCOTLAND'S CITY REGION AND GROWTH DEALS – PROGRESS ON 2020 AUDIT REPORT

669. The Committee considered a report by the Clerk on the publication in June 2023 of a report by Audit Scotland entitled *Scotland's City Region and Growth Deals – Progress On 2020 Audit Report*. Under the Committee's specialisation arrangements, Councillor Ireland was leading the review of the report. The Director of Environment had been asked to provide comments and a copy of the feedback provided was appended to the report.

The report confirmed that the main governance body for the initiative locally was the Glasgow City Region – City Deal Cabinet, the Leader of the Council being the Council's representative on it. It was clarified that the Glasgow City Region Project Management Office had submitted information to Audit Scotland to inform the preparation of the national report, following which progress nationally on City Deal issues was referred to. A report on the Audit Scotland report submitted to the City Deal Cabinet in August had noted good progress made against the 2020 recommendations, and that governance, scrutiny and risk management arrangements had been strengthened locally and nationally. An update on the City Deal Programme in relation to East Renfrewshire had been presented to the Council's Cabinet in March 2023, information on which was provided.

Councillor Morrison commented that the report submitted to the Council's Cabinet was some months old. In response to a query from him regarding the new railway station at Barrhead, the Principal Officer, Capital Projects provided an update on the project, referring to discussions with Network Rail and Transport Scotland and confirming that it was anticipated that the final business case would be submitted to the Glasgow City Region Chief Executives' Group in May or June 2024 for approval. In response to a further request from him for an update on the Aurs Road realignment project, the Principal Officer, Capital Projects referred to issues raised by partners, reporting that final details regarding the contract were being tied up, and that it was anticipated that work on site would commence in January 2024.

Councillor Buchanan referred to frustrations regarding delays to the work on the railway station such as arising from issues partner organisations had raised, welcoming the progress reported despite the fact that the associated costs had now risen due to the delays and the pandemic. Regarding the Aurs Road realignment project, he acknowledged there would be short term travel issues while the work was done, but highlighted the longer term benefits of it.

The Committee, having also heard Councillor Morrison welcome the progress reported, noted the report and additional information and clarification provided at the meeting.

INTERNAL AUDIT PLAN 2023/24 – IMPLEMENTATION PROGRESS – JULY TO SEPTEMBER 2023

670. Under reference to the Minute of the meeting of 30 March 2023 (Page 459, Item 391 refers) when the Internal Audit Strategic Plan for 2023/24 to 2027/28 had been approved, the Committee considered a report by the Chief Auditor advising of progress on the Internal Audit Annual Plan 2023/24 from 1 July to 30 September 2023. It was confirmed that one audit report in relation to planned 2023/24 audit work had been completed in Quarter 2, information on which had been provided and regarding which a satisfactory management response had been received.

Reference was also made to the quarterly performance indicators (PIs) for the section, and one new request for assistance dealt with using contingency time which related to assisting another service in sourcing information. In addition, some assistance had been given to

another service to help automate some processes to reduce time taken to carry out a task and reduce the risk of human error.

The Chief Auditor referred to key aspects of the report. Regarding audit work done on Debtors Control, she highlighted the two main areas of concern, the first being the level of outstanding payroll debt, not only in relation to accounts being raised for leavers, but also existing employees. She confirmed that further details on this issue would be provided in a future progress report when the Payroll Audit report was finalised. Secondly she reported that lists of users on Integra were not being updated promptly for leavers. Common to both of these issues was that they were primarily caused by managers not taking the actions expected of them promptly, such as notifying payroll and system administrators of leavers.

Regarding the Debtors Control audit, having highlighted that the deadline for implementation of a number of the actions had passed and that the remaining ones were scheduled to be completed by the end of December, Councillor Morrison, supported by other Elected Members, proposed that updates on implementation of the actions be sought for submission to the Committee by the end of February 2024. Having heard Councillor Wallace express concern that procedures were not being adhered to, Councillor Morrison referred to the importance of identifying the root cause of this and highlighted the risk of leavers having potential access to accounts and systems when they should not. He added that this was an example of the type of issue raised at the training session he had attended on *Cyber Resilience and Risk for Public Sector Board Members*. In response to a further issue raised by him, the Chief Auditor stated that it was hard to confirm if any type of automation or Artificial Intelligence (AI) could deliver improvement, that it was not easy to identify the exact person to contact about access to various systems, and that there was a leavers checklist that should be completed by managers whenever an employee left. The Chief Auditor confirmed that follow-up work by Internal Audit on the implementation of the actions agreed in relation to the Debtors Control audit would be done in due course.

Councillor Morrison asked if working from home had resulted in it becoming less apparent when someone left the Council. Having heard the Chief Auditor confirm that this had not been a focus of the audit, the Head of Accountancy (Chief Financial Officer) expressed the view that this should not be a factor as employees only worked a proportion of their time from home. Councillor Wallace suggested that working from home could have led to cultural changes within the organisation, following which Provost Montague expressed the view that those working from home could be more industrious due to there being less interruptions for example. Having heard Councillor Macdonald agree with comments made by both Councillor Wallace and Provost Montague, it was proposed that a report be sought on the advantages and disadvantages of working from home, drawing on local experience and the findings of research on this issue at a more national level.

Further in response to Councillor Wallace who raised the vacancies within the Internal Audit section which had been ongoing for an extended period, and argued that the assistance she had had to provide to other services had been detrimental to the section, the Chief Auditor confirmed that the vacancies remained, and that an advert to recruit had set a deadline for applications of 7 January. She stated that she could provide an update in due course, expressing hope that the recruitment exercise would be successful.

The Committee agreed:-

- (a) to seek feedback from appropriate officers on the implementation of the recommendations within the Internal Audit Report on Debtor Control for submission to the Committee by the end of February at the latest;

- (b) that the Chief Auditor should provide an update at a future meeting on progress filling the vacancies within the Internal Audit section;
- (c) that the HR Manager should submit a report to a future meeting on the advantages and disadvantages of working from home, drawing on local experience and the findings of research on this issue at a more national level;
- (d) not to seek any of the reports issued during the quarter at this stage; and
- (e) otherwise, to note the report and related comments made.

CHAIR

