

MINUTE
of
CABINET

Minute of meeting held at 10.00 am in the Council Chamber, Council Headquarters, Giffnock on 1 September 2022.

Present:

Councillor Owen O'Donnell (Leader)
Councillor Andrew Anderson

Councillor Danny Devlin
Councillor Katie Pragnell

Councillor O'Donnell, Leader, in the Chair

Attending:

Lorraine McMillan, Chief Executive; Louise Pringle, Director of Business Operations and Partnerships(*); Mark Ratter, Director of Education(*); Andy Cahill, Director of Environment(*); Murray Husband, Head of Digital and Community Safety(*); Joe McCaig, Head of Education Services (Performance and Provision)(*); Phil Daws, Head of Environment (Strategic Services); Barbara Clark, Chief Accountant; Mark Waugh, Principal Accountant (Capital); Craig Geddes, Senior Information and Improvement Officer(*); Eamonn Daly, Democratic Services Manager; and Liona Allison, Assistant Committee Services Officer.

(*) indicates remote attendance.

DECLARATIONS OF INTEREST

97. There were no declarations of interest intimated.

GENERAL FUND CAPITAL PROGRAMME 2022-23

98. The Cabinet considered a report by the Head of Accountancy (Chief Financial Officer), recommending adjustments to project phasing across the 10 year capital programme and the 2022/23 General Fund Capital Programme resulting from finalisation of the previous year's programme and in light of subsequent information.

The report explained that the movements on the 2021/22 programme approved earlier in the year had included a number of changes not reflected in the 10 year programme. At that point, expenditure on the 2021/22 programme had not been finalised and this report now adjusted 2022/23 project budgets to allow for outstanding works at year end to be completed in the current year.

The report also updated project costs and phasing to reflect impacts of the COVID pandemic, rising inflation, and ongoing labour and material shortages. It was explained that in general, construction costs were rising faster than general inflation due to shortages of materials and labour, and to bidders factoring in additional risk in their pricing. Across Scotland, many authorities were reporting cost increases of 20% to 50% on some projects.

Project phasing had been revised to reflect delays already experienced due to COVID and project expenditure constantly monitored so that additional cost pressures on key projects could be covered by deferring or reducing other projects to compensate.

It was reported that against total anticipated expenditure of £54.396m there were total anticipated resources of £53.953m indicating a shortfall in resource of £0.443m. This represented 0.82% of resources available and was within manageable limits.

In addition to the impact of COVID-19, the report referred to other factors impacting on the programme. These included increased energy and fuel prices and the emerging impact of the Ukraine crisis.

These factors continued to have a significant impact on the market with shortages of material and labour along with associated cost pressures. This was anticipated to continue for some time with longer lead times and price increases being experienced across construction projects. Backlogs were also delaying tender processes and site start dates.

Some inflationary costs for new and not yet tendered projects were built into the 10 year programme however some tender returns were significantly over original estimates. Officers would seek to minimise that through value engineering and design changes, however where approved, additional costs would be managed within existing resources wherever possible with transfers of funding made from other projects identified for deferment or assessed as lower priority.

It was explained that the finalisation of the 2021/22 Capital Programme had cash flow implications for the 2022/23 Programme in that any unfinished works would now be completed during 2022/23.

Details of the effect of this cash flow adjustment on expenditure were outlined in the appendix to the report and it was noted that this was not new or additional expenditure but simply an adjustment to reflect the later timing of expenditure. The majority of this adjustment reflected movement between the 10 year capital programme for 2022-2032 and the position reported to Cabinet on 10 March 2022.

A further £4.762m adjustment had now been added, reflecting the net underspend at year end. The majority of this movement was on the Neilston Learning & Leisure project (£0.894m) which now had a revised timeline; schools major maintenance (£0.639m) where work was focused on certain priority works; and ICT general provision (£0.810m) where funds were held in the expectation of bids coming forward, and bids received subject to resource availability to deliver.

Main income and expenditure movements were then summarised.

Commenting on the report, the Chief Accountant explained that over £17m of expenditure scheduled for 2021/22 was not incurred by 31 March and so the 2022/23 programme had been increased by that amount to allow those works to be completed in the current year, resulting in a total programme value of £85.814m. However further rephasing had resulted in £31m of capital spend being deferred to future years reducing the 2022/23 programme to £54.396m.

Commenting on the programme, Councillor O'Donnell highlighted that only £2m of actual spend had occurred to 30 June, suggesting it was unlikely that the full £54.396m would be spent in the current year. Whilst recognising that officers were keen to push ahead with projects, they needed to be pragmatic and realistic about when projects could be delivered. He also highlighted that any delay on capital spend would have revenue implications and

asked that officers be mindful of this when the next series of revenue budget monitoring reports were being prepared.

In reply, the Chief Accountant confirmed that officers would look at loan charges and other revenue implications of any delays in capital projects as part of the preparation of the next set of revenue budget monitoring reports.

The Cabinet:-

- (a) noted the shortfall of £0.443m
- (b) noted that income and expenditure on the programme would be managed and reported on a regular basis
- (c) agreed **to recommend to the Council** that the movements in project phasing across the 10 year capital programme be approved;
- (d) agreed **to recommend to the Council** that the movements within the 2022/23 programme be approved.

HOUSING CAPITAL PROGRAMME 2022-23

99. The Cabinet considered a joint report by the Head of Accountancy (Chief Financial Officer) and Director of Environment, recommending adjustments to the 2022/23 Housing Capital Programme resulting from finalisation of the previous year's programme and in light of subsequent information.

It was explained that when the 2022/23 Programme had been approved, expenditure on the 2021/22 programme had not been finalised. However this report now adjusted 2022/23 project budgets to allow for outstanding works at year end to be completed in the current year.

The report also updated project costs and phasing to reflect impacts of the COVID pandemic, rising inflation, and ongoing labour and material shortages. It was explained that in general, construction costs were rising faster than general inflation due to shortages of materials and labour and to bidders factoring in additional risk in their pricing. Across Scotland, many authorities were reporting cost increases of 20% to 50% on some projects.

Project phasing had been revised to reflect delays already experienced due to COVID and project expenditure constantly monitored so that additional cost pressures on key projects could be covered by deferring or reducing other projects to compensate.

It was reported that against total anticipated expenditure of £19.268 million, there was a shortfall of £0.159m.

It was explained that the finalisation of the 2021/22 Capital Programme had cash flow implications for the 2022/23 Programme in that any unfinished works would now be completed during 2022/23.

Details of the effect of this cash flow adjustment on expenditure were outlined in the appendix to the report and it was noted that this was not new or additional expenditure but simply an adjustment to reflect revised timing of expenditure.

Main income and expenditure movements were then summarised.

Commenting on the report the Chief Accountant explained that almost £2.5m of expenditure scheduled for 2021/22 was not incurred by 31 March and so the 2022/23 programme had been increased by that amount to allow those works to be completed in the current year, resulting in a total programme value of £19.268m.

In response to questions from Councillor Anderson, the Head of Environment (Strategic Services) explained that no additional funding had been provided to local authorities by the Scottish Government to make sure that all Council houses were fitted with linked smoke alarms. He could not confirm the total cost for completing the works but undertook to obtain the information and share it with members of the Cabinet.

In addition, responding to Councillor O'Donnell on the possibility of accelerating energy efficiency projects, the Head of Environment (Strategic Services) explained that discussions in this regard were already underway. It may be possible to delay some other projects, but affordability and deliverability needed to be taken into account.

Having heard Councillor O'Donnell emphasise the importance of recognising the inflationary environment in which projects were being delivered, the Cabinet:-

- (a) noted the shortfall of £0.159m;
- (b) noted that income and expenditure on the programme would be managed and reported on a regular basis; and
- (c) agreed **to recommend to the Council** that the current movements within the programme be approved.

CHIEF EXECUTIVE'S OFFICE – END YEAR PERFORMANCE REPORT 2021/22

100. The Cabinet considered a report by the Chief Executive presenting a summary of performance.

By way of background the report set out those governance functions sitting within the Chief Executive's Office, with a summary for each service accompanying the report.

The impact of COVID 19 on the services within the Chief Executive's Office having been referred to, changes to working practices, most notably new hybrid working, were noted.

In relation to Accountancy Services it was reported that the annual accounts were produced within the statutory timescale, despite staff working from home due to COVID-19. The accounts were still subject to external audit but at year end (2021/22) the draft accounts confirmed that net expenditure was kept within budget as departments were asked to avoid all non-essential spend towards year end and that COVID pressures were fully covered by management action and Government grants. The overall General Fund surplus was slightly lower than the previous year, at £46.189m (2020/21 £47.264m), however this included £14.085m (2020/21 £12.815m) of COVID grant funding to be carried forward to meet COVID pressures in 2022/23 and beyond.

In respect of Internal Audit it was highlighted that External Audit (Audit Scotland) were able to use the work of the service in specific areas to avoid unnecessary duplication of effort. A report submitted to the Audit and Scrutiny Committee in September 2021 indicated that internal audit's work was well documented and supported by appropriate evidence.

It was noted that Legal Services continued to experience high workload demands and despite the long term absence of a member of staff within the team, concluded c£950,000 worth of

legal work during the reporting period, based on comparable private sector charging rates. Pressure of work remained high given the reactive nature of much of the team's business. The service again saw a consistent workload arising from older people legislation including the Adults with Incapacity (Scotland) Act. In addition, a number of other areas of court work increased as a result of the lifting of COVID related restrictions. The service also assisted client services across the Council in the review of various policies and procedures including Housing Allocations, Gaelic Education provision, adult protection and information handling.

Procurement continued to experience high workload demands whilst delivering a strategic service across the Council making well informed, evidence based decisions about the most appropriate options for change, and then supporting the effective implementing of that change to ensure the required benefits were achieved. Procurement continued to closely monitor the impact of Covid-19, Brexit and other global events on economic recovery, market pricing and availability.

Reference was also made to the Council's Strategic Risk Register and Records Management Plan and to the number of Freedom of Information requests dealt with both Council-wide and by the Chief Executive's Office. Details of sickness absence for and complaints received by the Chief Executive's Office were also provided.

Responding to questions from Councillor Pragnell on the vacancies in the Internal Audit service, the Chief Executive explained that these did have an impact on the ability of the service to deliver the Internal Audit Plan and that the matter had been discussed at a recent meeting of the Audit & Scrutiny Committee. She explained that there was a limited supply of qualified audit staff in both the public and private sector marketplace and that to mitigate the impact of the vacancies the Chief Auditor had been focussing on those audits required to allow the Council's annual accounts to be signed off. The Chief Executive assured the Cabinet that the Chief Auditor was investigating all options to address the vacancies.

Councillor Anderson having referred to the cost savings for the Council of the in-house legal services that had been provided, Councillor O'Donnell asked the Chief Executive for her thoughts on the services delivered during the period of the report.

In reply the Chief Executive explained that she was proud of the fact that services had been able to meet their commitments, and it had to be remembered that the period covered by the report was a time when the full impact of the COVID-19 pandemic was being felt by the Council.

Her biggest concerns during this time had been the impact on the workforce. Staff had worked incredibly hard, taken on new additional duties, and in many cases given up holidays in order to continue to deliver services. This was not sustainable in the long-term. Whilst the situation had stabilised somewhat since then, there were still workforce challenges to be faced.

Councillor O'Donnell on behalf of the Cabinet having commended staff for their efforts during a particularly challenging time, the Cabinet noted the report.

FREEDOM OF INFORMATION – COUNCIL PERFORMANCE 2021-22

101. The Cabinet considered a report by the Chief Executive presenting the annual statistical report on the Council's performance relative to the handling of Freedom of Information (Fol) requests, a copy of which accompanied the report.

The report explained that during the reporting period, 1,140 requests had been received, 807 under the Freedom of Information (Scotland) Act and 333 under the related Environmental Information Regulations.

It was noted that there had been a 13% increase in the number of requests compared to 2020/21.

It was further reported that in November 2021 the Council was notified of a “level one” intervention from the Scottish Information Commissioner in relation to deteriorating levels of performance in terms of meeting statutory timescales. The Corporate Management Team had addressed this issue with a “Freedom of Information Improvement Plan” which had resulted in a significant improvement in response times.

The report provided performance information at both Council-wide and departmental level with 85% of responses being dealt with in accordance with timescales. It was noted that Q4 of the year had seen performance improve to 93%

Information relating to exemptions, fees, reviews and appeals, was also provided

Presenting the report the Senior Information and Improvement Officer referred to an alteration to the total number of “Failed to respond” requests for 2021-22, explaining that the correct number was 28 and not 50. This would be corrected prior to publication of the report.

Councillor Anderson enquired if the level one intervention by the Commission was still in effect. He also highlighted that of the 27 review requests received 9 of the subsequent reviews overturned the department’s original decision. He questioned why the figure was so proportionately high and asked for clarification of the review procedure.

In reply the Senior Information and Improvement Officer referred to the legislative basis of the review procedure which was carried out internally by the Chief Officer – Legal and Procurement. Furthermore the number of departmental decisions overturned demonstrated the robustness and independence of the review process. He also confirmed that confirmation that the Information Commissioner was satisfied with the progress that had been made was expected.

Thereafter the Chief Executive and Senior Information and Improvement Officer provided information on some of the training in relation to dealing with Fol requests. In addition, responding to Councillor O’Donnell the Senior Information and Improvement Officer clarified the definition of “failed to respond”.

Discussion then took place in relation to fees and charges relative to Fol requests. Councillor O’Donnell highlighted the total number of requests received and the difficult financial position of the Council, indicating that it would be useful to know the total cost to the Council of complying with requests.

In response the Senior Information and Improvement Officer explained that a number of authorities had attempted to quantify the total cost to their organisation but because of the number of variables related to gathering and processing information across the whole organisation the total cost had never been properly quantified.

In addition, also responding to Councillor O’Donnell, the Chief Executive explained that there was a charging regime in place and that staff were encouraged to charge for the information provided where possible. However she further explained that the whole charging process in relation to Fol was challenging. Details on the charging process would be circulated to members of the Cabinet for information.

Councillor Devlin questioned whether the Council received a disproportionately high number of requests from any groups or individuals. In response the Senior Information and Improvement Officer explained that the Council could refuse requests that were considered to

be vexatious. However the standard for determining a request as vexatious was high. Additionally, the source of requests was not a matter that could be taken into account in deciding whether to deal with it.

The Senior Information and Improvement Officer also commented on comments made by Councillor Anderson in relation to publishing as much information as possible. He agreed that proactive disclosure was a useful tool and explained that departments were encouraged to publish as much information as possible.

The Chief Executive also gave some further explanation of some of the work that needed to be undertaken in processing Fol requests which had an impact on the time it took to deal with them. This included the need for documents to be reviewed to ensure non-related information was not released, and also for decisions on the information to be released to be taken by senior staff.

In addition, in response to Councillor Devlin, the Chief Executive highlighted the impact of the review process on the workload of the Chief Officer – Legal and Procurement.

The Cabinet noted the report.

CHAIR

