

SCOTTISH BORDERS COUNCIL AUDIT AND SCRUTINY COMMITTEE

MINUTES of Meeting of the AUDIT AND
SCRUTINY COMMITTEE held via Microsoft
Teams on Monday, 28 September 2020 at
10.15 am

Present:- Councillors S. Bell (Chairman), H. Anderson, J. A. Fullarton, J. Greenwell,
N. Richards, H. Scott, S. Scott, E. Thornton-Nicol; Ms H. Barnett and
Mr M. Middlemiss.

Apology:- Councillor E. Robson.

In Attendance:- Chief Financial Officer, Chief Officer Audit and Risk, Clerk to the Council,
Democratic Services Officer (F. Henderson); Mr A. Haseeb and Mr G.
Samson – Audit Scotland

CHAIRMAN

The Chairman opened the meeting and welcomed Members of the Audit and Scrutiny Committee and members of the public to the Scottish Borders Council's open on-line meeting. The meeting was being held remotely in order to adhere to guidance on public meetings and social distancing currently in place, due to the COVID-19 pandemic.

1. WELCOME AND INTRODUCTIONS

The Chairman welcomed Councillor Greenwell to his first meeting since being appointed to the Committee.

2. ORDER OF BUSINESS

The Chairman varied the order of business as shown on the agenda and the Minute reflects the order in which the items were considered at the meeting.

3. MINUTE.

There had been circulated copies of the Minute of 23 June 2020.

DECISION

APPROVED for signature by the Chairman.

4. ACTION TRACKER

There had been circulated copies of the Action Tracker for the Audit and Scrutiny Committee. The Chief Officer, Audit & Risk, advised that there were a number of completed Actions which were due to be removed from the tracker. There would be a presentation later in the Agenda on the Best Value Action Plan with further updates on progress made at the November meeting. Ms Stacey further advised that following today's meeting the action tracker would be updated.

DECISION

NOTED the Action Tracker.

AUDIT BUSINESS

5. RISK MANAGEMENT IN SERVICES

- 5.1 The Service Director, Customer and Communities, Mrs Jenni Craig, joined the meeting and gave a presentation to the Committee on the strategic risks facing the various services within Customer and Communities and also the corporate risks she managed on

behalf of the Council's Corporate Management Team. These corporate risks included short-term savings, the Community Planning Partnership, and Stakeholder Engagement, and Mrs Craig explained the internal controls and governance in place to manage and mitigate those risks. Details were then given of the Risk registers for each service within Customer & Communities, which were developed and were owned by Service Managers, within each service, with a note of their last review (backlog due to Covid-19 impact). Risks were regularly reviewed by the Services Management Team and when necessary, were escalated to Corporate Management Team (CMT).

- 5.2 Members then asked a number of questions with regard to risks and their mitigations. Business continuity plans were in place for all key services and some of these would be about disaster recovery around IT systems, with either alternative systems in place or manual, paper systems. These plans were regularly refreshed and were due for a further refresh around Covid. Reference was made to the Audit Scotland report on the Overview of Local Government in Scotland 2020, which was due to be considered later at the meeting, and the increasing role of planners who should be taking a more pro-active role in community planning for place-centred design. Mrs Craig undertook to bring that aspect for consideration as part of the FF24 review of the Community Engagement Team, Community Learning & Development, and community capacity development. With regard to resources, Mrs Craig explained that there had been concerns around the capacity of one of the teams but this was being addressed through development of staff and recruitment. When a risk was identified in one area, resource could be moved from another area, which was all part of corporate working. It was necessary to keep an eye on corporate skills or knowledge skills to ensure there was sufficient resource. In terms of succession planning, a great deal of work had gone into people planning over the last few years and that continued. The people plan aligned with the financial plan and the business plan, and managers worked on these alongside the HR and Finance Business Partners to identify trends e.g. aging workforce, change of skills, level of customer expectation, etc. and try to adapt and pre-empt where possible.
- 5.3 In response to a question about Citizen Space, Mrs Craig explained that Citizen Space was a digital tool used for consultation and feedback. It had been used following the fire in Peebles and also to get feedback from customers, parents, users of services, and users of Covid services. It was user friendly and could be used in a wide context. While there was capacity for wider use, care had to be taken around scheduling, as analysis of responses took some time. In terms of service management at the moment during Covid, Mrs Craig advised that the Council had stood up a Response & Recovery Board which met twice per week. Assessments had been made of every Council service including a RAG status update for emerging risks and these were considered regularly by the Board. In response to questions about how the Council was engaging with the 25-35% of people not connecting digitally, Mrs Craig explained that this was one area that needed further consideration as services changed and the digital offering also changed. There was a need to look at the future model and how to deliver to those people who could not or chose not to engage digitally. National work was also underway on that and the Council was supporting some people who did not have access to digital services. Mrs Stacey confirmed that an officer was currently reviewing corporate risks and these would be prioritised. Information was being captured throughout the Covid-19 emergency for future use and the Corporate Risk Officer post was also out for recruitment so it was hoped to have enhanced resources soon.

DECISION

NOTED the presentation on Customer & Communities risk management and that further information on Citizen Space would be issued to Elected Members.

6. BEST VALUE AUDIT ACTION PLAN

- 6.1 With reference to paragraph 2.2(b) of the Minute of 9 March 2020, Jason McDonald (Senior Manager - Business Strategy and Resources), joined the meeting to give a presentation to the Committee on progress with the Best Value (BV) Audit Action Plan.

Mr McDonald explained the approach and steps that had been taken since the BV Implementation Plan had been agreed by Council on 19 December 2019. Mr McDonald went on to advise that there were 40 actions, with 9 actions already complete (23%); while many of the action had been delayed due to Covid19, 7 of them had been unable to progress as a direct impact of SBC's response to Covid-19. Details were then given of all 40 actions in terms of timescales, lead officer, % completion and update notes.

- 6.2 The Chairman commented that the detail of progress had been reassuring but it would be helpful to have such information in advance of the meeting to give Members the opportunity to understand and consider what questions they may wish to ask. It had been useful to see the total of actions but for the quarterly reviews going forward, the focus would be on exceptions rather than all actions. In response to a number of questions, the Executive Director, Finance & Regulatory, explained that the plan for Corporate Management Team (CMT) to move round the Borders meeting various staff groups had been agreed prior to Covid19 and that was being revised. It would not be practicable for the Chief Executive to meet every Councillor individually on a regular basis but meetings could always be put in the diary as necessary and meetings with political groups would continue. While there had been a previous suggestion to explore further closer working between IJB, SBC and NHS Borders that had not met with universal approval. However, management teams did meet on a regular basis to consider areas where organisations could work together. CMT continued to look at challenges and opportunities for participatory budgeting and empowering communities. Self-evaluation was a useful tool to allow the organisation to understand its strengths and weaknesses and the Council was involved in a range of benchmarking opportunities, including making extensive use of the information in the Local Government Benchmarking Framework.

DECISION

NOTED the update on progress with actions on the Best Value Audit Plan.

7.0 ANNUAL TREASURY MANAGEMENT REPORT 2019/20

- 7.1 With reference to paragraph 3 of the Minute of 23 September 2019, there had been circulated copies of a report by the Executive Director, Finance & Regulatory, presenting the Annual Report of treasury management activities undertaken during the 2019/2020 financial year. The report was presented to Audit and Scrutiny Committee for review as part of their scrutiny role in relation to treasury management activities in the Council. The CIPFA Code of Practice on Treasury Management in the Public Services (the Code) required an annual report on treasury management to be submitted to Council following the end of each financial year. The report highlighted the Council's treasury activity in the year ended 31 March 2020 and the performance of the Treasury function. Appendix 1 to the report comprised the Annual Report of treasury management activities for 2019/2020 and contained an analysis of performance against targets set in relation to Prudential and Treasury Management Indicators. All of the performance comparisons reported upon were based on the revised indicators agreed as part of the mid-year report approved on 25 November 2019.
- 7.2 The Appendix to the report also showed the Council's borrowing requirement to fund the capital investment undertaken during 2019/20; how much the Council actually borrowed against the sums budgeted; and the level of external debt carried on the Council's balance sheet within approved limits. The Council had, whenever possible, deferred borrowing and used surplus cash rather than undertaking new borrowing. However, the Council had undertaken long-term borrowing of £7.5m during the year, due to the cashflow of the capital programme. Treasury management activity had been undertaken in compliance with approved policy and the Code and the Council remained under-borrowed against its Capital Financing Requirement (CFR) as at 31 March 2020. The report was fully discussed and in response to questions, the Pensions and Investments Manager, Mrs Robb, confirmed that the Debt Management Office, which was part of HM Treasury, had recently introduced negative interest rates for short-term deposits and the Council was continuing to monitor the situation. A report would be brought to the next

Audit & Scrutiny Committee with an interim update on treasury management activities in the first 6 months of the current financial year.

DECISION

NOTED that treasury management activity in the year to 31 March 2020 had been carried out in compliance with the approved Treasury Management Strategy and Policy as detailed in the report and in Appendix 1 to the report.

8. **EXTERNAL AUDIT ANNUAL REPORT 2019/20 FOR SCOTTISH BORDERS COUNCIL PENSION FUND**

The report in respect of this item was deferred until the next meeting.

DECISION

NOTED.

9. **EXTERNAL AUDIT ANNUAL REPORT 2019/20 AND THE AUDITED REPORT AND ACCOUNTS 2019/20 FOR SCOTTISH BORDERS COUNCIL PENSION FUND**

The report in respect of this item was deferred until the next meeting.

DECISION

NOTED.

10. **INTERNAL AUDIT WORK TO AUGUST 2020**

With reference to paragraph 2 of the Minute of 23 June 2020, there had been circulated copies of a report by the Chief Officer Audit and Risk which provided details of the recent work carried out by Internal Audit and the recommended audit actions agreed by Management to improve internal controls and governance arrangements. The work Internal Audit had carried out during the period 1 April to 31 August 2020 associated with the delivery of the approved Internal Audit Annual Plan 2020/21 was detailed in the report. Two final Internal Audit reports had been issued, with 0 recommendations made associated with either of these reports. An Executive Summary of the final Internal Audit reports issued, including audit objective, findings, good practice, recommendations (where appropriate) and the Chief Officer Audit and Risk's independent and objective opinion on the adequacy of the control environment and governance arrangements within each audit area, was included in Appendix 1 to the report. Ms Stacey summarised the findings in the report relating to the two final reports. The Internal Audit Assurance work in progress to complete the delivery of the Internal Audit Annual Plan 2020/21 was highlighted and included additional work in respect of Business Support Grants and planned work on Benefits Assessment – Scottish Welfare Fund. Mrs Stacey referred to Appendix 2 to the report, that outlined the work of the Chief Auditors' national forum SLACIAG and, in response, the Committee agreed to a further recommendation to acknowledge the benefits.

DECISION:

(a) NOTED:-

- (i) the final assurance reports issued in the period from 1 April to 31 August 2020 associated with the delivery of the approved Internal Audit Annual Plan 2020/21; and**
- (ii) the Internal Audit Assurance Work in Progress and Internal Audit Consultancy and Other Work carried out in accordance with the approved Internal Audit Charter.**

(b) ACKNOWLEDGED:-

- (i) **the assurance provided on internal controls and governance arrangements in place for the areas covered by this Internal Audit work; and**
- (ii) **the benefits to the Scottish Borders Council Internal Audit function arising from its participation in the Chief Auditors' national forum (SLACIAG).**

11. **LOCAL GOVERNMENT IN SCOTLAND OVERVIEW 2020**

There had been circulated copies of the Local Government in Scotland Overview 2020 prepared by Audit Scotland. The Chief Officer Audit & Risk presented the report which had been prepared prior to Covid19. There was a supplement to the report on Audit Scotland's website that contained a checklist for Councillors to use. The report detailed the challenging and complex landscape in which local government and its partners were operating and the need to plan for and implement changes to allow them to meet the needs and improve the outcomes of communities in an increasingly challenging context. The Chairman commented on the Council's relationships with its Community Planning Partners and whether the structure in the Borders compared to those in other local authority areas was the best one to have, including the nature of participation. Mrs Craig confirmed that a number of reviews were underway around the support resources in Community Planning and the Communities & Participation Manager met with other local authority Community Planning lead officers and would be looking to see what worked elsewhere and if that could be replicated in the Borders. Mr Robertson confirmed that the report would be brought to the attention of CMT to consider key messages and actions.

**DECISION
NOTED.**

12. **AUDIT SCOTLAND COUNTER FRAUD REPORTS**

There had been circulated copies of a report by the Chief Officer Audit and Risk which was presented to make the Committee aware of recently published Counter Fraud reports by Audit Scotland and Management Actions required in response for improvement and assurance purposes. The report explained that having robust fraud prevention and investigation arrangements in place contributed to safeguarding the Council's financial resources, for delivery of services, as part of protecting the public purse. A focus on prevention and detection and promotion of anti-fraud culture across the Council, taking account of reducing resources, was associated with the Counter Fraud Strategy endorsed by the Committee and approved by the Council in 2018. The Corporate Fraud Steering Group (Integrity Group) was a forum which had representatives from across the Council's Services to support Management to fulfil their responsibilities in tackling fraud. Its purpose was to improve the Council's resilience to fraud, corruption, theft and crime. One way it could achieve that was by assessing the Council's arrangements against best practice and agreeing any appropriate actions to continuously improve the arrangements in place. Part of the Audit and Scrutiny Committee's role was to oversee the framework of internal financial control including the assessment of fraud risks and to monitor counter fraud strategy, actions and resources. In response to a question about the influx of counterfeit goods, Ms Stacey explained that Trading Standards was represented on the Organised Crime Group. In response to a question about timescales, Ms Stacey advised that the Integrity Group was due to meet on 20 October 2020 when actions would be assigned to individual members of the Group, and a provisional report could come back either in November or by February 2021 at the latest.

**DECISION
AGREED to:-**

- (a) **acknowledge the Audit Scotland counter fraud reports published in recent months;**

- (b) request that the Corporate Fraud Steering Group (Integrity Group) of officers consider all three reports as part of their counter fraud role and responsibilities; and
- (c) request that the Corporate Fraud Steering Group (Integrity Group) carry out an assessment of counter fraud controls associated with the covid-19-emerging-fraud-risks and report back to the Committee on findings and necessary actions at the earliest opportunity.

SCRUTINY BUSINESS

13. **SCRUTINY WORK PROGRAMME**

With reference to paragraph 10 of the Minute of 23 June 2020, there had been circulated copies of the items on the Scrutiny Work Programme. The Committee considered the list of reviews and confirmed that a Scrutiny hearing on the Welfare Fund would be held at their October 2020 meeting. The Chairman proposed that Child Poverty; Balance between 20mph speed limits and street architecture; and Grass Cutting Regime & the Effectiveness of Biodiversity plans be taken forward at early meetings. The Committee was content with the Chairman's suggestion and Councillor H. Scott requested that the Common Ridings and Festivals In-kind support information briefing be scheduled into the programme prior to April 2021. Councillor Anderson requested that the Child Poverty hearing be scheduled in November 2020. The Clerk to the Council agreed to check Officer availability and report back to the next meeting.

DECISION

AGREED that the Clerk to the Council would report back to the next meeting with dates for Scrutiny hearings.

14. **COUNCIL FUNDED POLICE COMMUNITY ACTION TEAM**

- 14.1 There had been circulated copies of a report by the Chief Social Work and Public Protection Officer which provided an overview and summary of activity undertaken by the Police Scotland Community Action Team (CAT) since its formation in 2018/19. Chief Inspector Stuart Reid of Police Scotland joined the meeting. The report explained that in the financial year 2018/19 a sergeant and six constables came together to form the initial CAT. These officers funded by SBC were in addition to the Scottish Borders authorised policing establishment. For the purposes of oversight and scrutiny, a Member/Officer Oversight Group was established; this was cross party and representative of localities. Meetings were held monthly, CAT activity in the previous month was scrutinised and tasks for the upcoming month were agreed. In 2019/20 a second CAT was established taking the complement to two sergeants and twelve constables. This increase in police officers was incremental over several months. The initial commitment with Police Scotland for both teams was for three years up to the end of 2020/21.
- 14.2 Mr Jones, Safer Communities & Community Justice Manager, explained that the CAT was now part way through the third year of the 3yr funded programme. Each month the Oversight Group considered information which had been put forward by the partnership analyst, Elected Members, and Police Scotland that constituted identified or emerging problems/risks in the Scottish Borders and specifically those that could benefit from focused Police attention to address the issues raised. Following detailed consideration of each proposal, if deemed appropriate, it became a specific tasking activity for the CAT with any proposals not accepted directed towards an alternative policing or Council response. To ensure the CAT activity was effectively monitored there were a number of mechanisms in place to ensure the work of the CAT was visible not only to Elected Members and Council officers but also to the wider community within Scottish Borders. All tasking proposed for the CAT, regardless of the source of the report, was logged and any action agreed to address the proposed problem was documented. Not all tasks were

appropriate for the CAT so where tasking was directed away from the CAT a record was maintained. The logging of all proposed tasking and clarity where the responsibility lay for addressing issues allowed for effective tracking of the CAT and other disposal options when dealing with community issues. The report detailed the background to the formation of the CAT, the key successes in terms of drug searches and seizures, youth issue resolution, parking tickets and initiatives.

- 14.3 Councillor Harry Scott thanked Mr Jones for his presentation and suggested it would be helpful for the CAT quarterly reports to coincide with meetings of the Police, Fire & Rescue and Safer Communities Board. Councillor Scott then raised concerns that Police Officers no longer attended Community Council meetings and requested that CAT Officers attend in order to strengthen their links within communities. In response, Chief Inspector Reid advised that he was happy for CAT officers to attend but Police Scotland was unable to use Zoom for remote meetings due to security issues, although officers could use Microsoft Teams. Mr Robertson added that the Council was looking at how to allow access to Zoom for Elected Members to attend remote Community Council meetings. Councillor Anderson referred to very good results on youth resolution and also whether the figures on drug seizures related purely to work by the CATs or included wider Police Scotland activity. Chief Inspector Reid confirmed that the figures in the report related to the work of the CATs. Since the inception of the CAT, drug recovery was touching on almost £2m.
- 14.4 Councillor Harry Scott went onto to request that the Member/Officer CAT Oversight Group be included in the Scheme of Administration as a formal committee of Council, as in his opinion there was no adequate means of scrutinising the work undertaken and openness and accountability was required and that terms of reference be drawn up for the CAT. Ms Wilkinson, the Clerk to the Council, explained the implications of adding the Oversight Group to the Scheme of Administration in terms of public reporting and confidentiality and discussions with Police Scotland were required. Members of the Committee discussed the merits and issues of bringing the Oversight Group into the Scheme of Administration and requested further details from the Clerk to the Council for the next meeting before reaching a decision.

DECISION

AGREED to receive a report from the Clerk to the Council at the next meeting on the options and implications of including the Member/Officer Strategic Oversight Group into the Scheme of Administration to allow for discussions with Police Scotland.

15. DIGITAL TRANSFORMATION SAVINGS

With reference to paragraph 5 of the Minute of 18 April 2019, there had been circulated copies of a report by the Executive Director, Finance & Regulatory, which updated the Committee on the delivery of planned digital transformation savings included within the Council's Financial Plan from 2016/17. The key message on 18 April 2019 was that savings of £1.514m had been delivered between 2016/17 and 2018/19 against a target of £3.304m. Projected digital transformation savings in 2019/20 were highlighted as a further contribution towards the target with the commitment that savings would be delivered in full but over a longer time-frame. Following finalisation of the 2019/20 outturn position and the first quarter's monitoring position for 2020/21, it was reported that savings of £3.313m were forecast to be delivered against the targeted savings of £3.304m by the end of 2020/21.

DECISION

NOTED:-

- (a) the digital transformation savings delivered from 2016/17 to date; and**

- (b) the Corporate Management Team's (CMT) intention to deliver further financial plan savings through the Fit for 2024 programme, enabled by digital transformation.**

The meeting concluded at 1.45 p.m.