

## **ANGUS COUNCIL**

MINUTE of MEETING of the **SCRUTINY AND AUDIT COMMITTEE** held remotely on Tuesday 23 August 2022 at 2.00pm.

**Present:** Councillors CRAIG FOTHERINGHAM, GAVIN NICOL, CHRIS BEATTIE, JULIE BELL, LYNNE DEVINE, HEATHER DORAN, IAIN GALL, ROSS GREIG, LOUISE NICOL, RONNIE PROCTOR MBE, MARTIN SHEPHERD, LOIS SPEED and DEREK WANN.

Councillor FOTHERINGHAM, Convener, in the Chair.

**1. APOLOGIES/SUBSTITUTES**

There were no apologies intimated.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

**3. MINUTE OF PREVIOUS MEETING**

The minute of meeting of this Committee of 23 June 2022 was approved as a correct record and signed by the Convener.

**4. SCOTTISH FIRE AND RESCUE SERVICE – QUARTERLY MONITORING REPORT FOR THE PERIOD 1 APRIL TO 30 JUNE 2022**

With reference to Article 6 of the minute of meeting of this Committee of 23 June 2022, there was submitted Report No 200/22 by Area Commander Scott Gibson, Local Senior Officer, Scottish Fire and Rescue Service, relating to quarter one (1 April to 30 June) of 2022 on the performance and activities in support of the priorities in the Local Fire and Rescue Plan for Angus 2020 and the wider community planning priorities.

Attached as an Appendix to the Report was the detailed breakdown and analysis of all data collected during the reporting period which also included an overview of a range of community safety engagement events and partnership working.

Scott Gibson, Area Commander provided a brief overview of the Report and highlighted the increased activity in relation to Unwanted Fire Alarm Signals (UFAS) and Deliberate Secondary Fires, and that following the recent consultation, confirmed that the new UFAS procedures would be implemented in April 2023.

Steven Low, Group Commander was heard in relation to the 12 key performance indicators and targets and the Community Safety Engagement Programme and Notable Events outlined in Appendices 1 and 2 of the Report. He also highlighted and commended the work undertaken by Angus fire and rescue staff in relation to the community based activities which in turn, had also contributed to priority areas of the Community Planning Partnership, in particular, around poverty amongst children and the wider Angus community.

Councillor Bell took the opportunity to commend the service for the support and assistance provided in relation to the ongoing issues at Backwater and Lintrathen reservoir areas. In referring to the recent multi agency event and clean up exercise, requested whether there was further feedback, at this time. In response, the Area Commander gave a brief overview and confirmed there would require to be further scrutiny, with an update to be brought forward in due course.

Councillors Doran, Devine, Proctor and Shepherd raised questions and comments related to potential risks arising from alternative heat and light sources including grant funding options for electric blankets; thematic audits; issues arising at Backwater and Lintrathen; and foodbank initiatives.

The Area Commander and Group Commander responded to members questions and in response to the point raised in terms of the cost of living crisis around alternative sources of heat and light, confirmed that this area had been identified as a tangible risk for the service and remained a priority area highlighted during the provision of community engagement events and home fire safety visits. He also agreed to follow up on Councillor Devine's comment related to potential grant funding for electric blankets.

Further to the concerns raised by Councillors Bell and Proctor in relation to ongoing issues around behaviours and activities at Backwater and Lintrathen reservoir areas, the Area Commander provided an update. Thereafter, Chief Superintendent Davison, Police Scotland confirmed that community officers were continuing to focus on rural hot spot areas and that both agencies including the local authority, in going forward, would continue to work in partnership to assist and support the local community.

The Committee agreed to note the performance of the Scottish Fire and Rescue Service as outlined in the quarterly monitoring Report for the period 1 June to 30 June 2022.

**5. POLICE SCOTLAND – ANGUS LOCAL POLICING AREA QUARTERLY REPORT FOR THE PERIOD 1 APRIL TO 30 JUNE 2022**

With reference to Article 7 of the minute of meeting of this Committee of 23 June 2022, there was submitted Report No 201/22 by Chief Superintendent Phil Davison, which updated the Committee on the performance results for the period 1 April 2022 to 30 June 2022.

Appendix A to the Report outlined the performance in relation to the identified policing objectives and outcomes which were monitored and reviewed at the monthly Tasking and Delivery meeting. The data provided in the Report was for information purposes to allow members to conduct their scrutiny responsibilities under the Police and Fire Reform (Scotland) Act 2012.

Chief Superintendent Phil Davison, accompanied by Chief Inspector Leanne Blacklaw, Local Area Commander for Angus and Inspector Greg Burns, Road Policing Unit, provided a brief introduction to the Report.

Chief Inspector Blacklaw gave an informative summary of the main local policing priority areas of the Report, thereafter members also heard from Inspector Burns in reference to the road policing activities.

Chief Superintendent Davison, Chief Inspector Blacklaw and Inspector Burns acknowledged and noted the concerns raised by Councillors Bell, Devine and Proctor in terms of road safety concerns particularly around rural and zoned areas of Angus and emphasised the importance for community concerns to be reported directly to Police Scotland in order that these concerns could be assessed and responded to accordingly.

Thereafter CS Davison and CI Blacklaw responded to questions and concerns raised by Councillors Shepherd, Devine and Speed in relation to vandalism and potential impact arising from cost of living crisis; serious organised crime both drug supply and possession including court case delays and backlog; and the request for further breakdown and comparison figures related to vulnerable persons/missing persons.

The Committee agreed to note the Angus Local Policing Area Quarterly Report for the period 1 April 2022 to 30 June 2022.

*At this point, the Scottish Fire and Rescue Services and Police Scotland representatives left the meeting.*

## **6. INTERNAL AUDIT ACTIVITY UPDATE**

With reference to Article 9 of the minute of meeting of this Committee of 23 June 2022, there was submitted Report No 202/22 by the Service Leader - Internal Audit providing the Internal Audit Activity update on the main findings of the Internal Audit Reports issued since the date of the last meeting.

The Report provided an update in relation to the Internal Audit activity within the Council and provided an update on progress with the planned audit work, including new audits drawn from the audit pool; and the implementation of internal audit and counter fraud recommendations.

A summary of findings of Internal Audit reviews was outlined in the Report in relation to Procurement Exemptions and Data Analysis/Continuous Auditing – Creditors.

The Team Leader– Internal Audit provided a brief update on the findings of the internal audit reviews, the 2021/22 audits in progress, staffing position, outsourcing IT support contractor and implementation of internal audit and counter fraud recommendation.

The Director of Legal and Democratic Services provided background and context to the procurement exemption audit and process, highlighting that exemptions should be exceptional and not routine. She also confirmed that the Manager - Procurement and Commissioning having taken up the post in March 2022, was working collaboratively with the audit team to progress and address the areas identified for improvement. The reporting of exemptions would also be re-instated and incorporated into the Annual Procurement Report to be presented to the Policy and Resources Committee on 25 October 2022. Also highlighted that the wider procurement improvements would have greater oversight essential to increase efficiencies, generate savings, reduce duplication, and would further enhance service-led compliance.

Councillor Devine referred to a recent information session which had been facilitated by the Manager - Procurement and Commissioning on the procurement system, and intimated that she was reassured that the procurement service arrangements were now under control.

The Committee agreed:-

- (i) to note the update on progress with the planned Internal Audit work as outlined in Appendix 1 to the Report; and
- (ii) to note management's progress in implementing internal audit and counter fraud recommendations as outlined in Appendix 1 to the Report.

## **7. ANNUAL GOVERNANCE STATEMENT ASSURANCES**

With reference to Article 12 of the minute of meeting of this Committee of 23 June 2022, there was submitted Report No 203/22 by the Chief Executive advising members of governance assurances in respect of those organisations included in the Council's group accounts; also provided the wording to be included in draft letters of assurance from the Convener on behalf of the Scrutiny and Audit Committee to Angus Health and Social Care Integration Joint Board (IJB) and ANGUSAlive, for approval.

The Report indicated that the final Annual Governance Statement required to reflect the governance arrangements of the "Group" which, for the year to 31 March 2022, included Tayside Valuation Joint Board (TVJB), Tayside Contracts, ANGUSAlive and Angus Health and Social Care Partnership, noting that assurances had not been received at the time when Report 159/22 was written.

Sections 4.2 to 4.5 of the Report summarised the assurances in respect of those organisations included in the Council's group accounts.

The Depute Chief Executive provided an overview of the Report.

The Committee agreed:-

- (i) to note the current position with assurances related to Angus Health and Social Care Integration Joint Board (IJB), Tayside Contracts, Tayside Valuation Joint Board (TVJB) and ANGUSALive, and determined no amendments were required to the Council's draft Annual Governance Statement (Report 159/22 Appendix 2);
- (ii) to note that assurances from ANGUSALive in relation to their Internal Audit Annual Report and the assurance letter from the Chair of their Finance and Audit Sub-Committee would not be authorised until after their meeting on 9 September 2022;
- (iii) to delegate authority, as a result of the timing of (ii) above, to the Director of Strategic Policy, Transformation and Public Sector Reform, following consultation with the Convener of the Scrutiny and Audit Committee, to update Angus Council's draft Annual Governance Statement if required, once the relevant information was available from ANGUSALive; and
- (iv) to authorise the Convener of the Scrutiny and Audit Committee on behalf of the Committee to write to Angus Health and Social Care Integration Joint Board (IJB) and ANGUSALive confirming the adequacy and effectiveness of the Council's governance arrangements.

## **8. LOCAL GOVERNMENT IN SCOTLAND – FINANCIAL OVERVIEW 2020/21 AND OVERVIEW 2022**

With reference to Article 9 of the minute of meeting of this Committee of 24 August 2021, there was submitted Joint Report No 204/22 by the Director of Finance and Director of Legal and Democratic Services presenting the Accounts Commission's Local Government in Scotland Overview Reports - Financial Overview 2020/21 and the 2022 Overview.

The Financial Overview provided a high-level independent analysis of the financial performance of Scotland's Councils during 2020/21 and their financial position at the end of that year. It also looked ahead and commented on the financial outlook for Councils in the medium and longer terms. The 2022 Overview Report was the second in the series of reports that reflected the evolving and long-term nature of the impact of Covid-19 and considered the second year of the pandemic from March 2021 to February 2022.

The reports were an important tool to highlight to councillors, officers and the public, the issues Councils were most concerned about and may require to address. Section 3 of the Report outlined the key messages of the Financial Overview 2020/21 and Overview 2022 Reports.

In reference to the Financial Overview Report 2020/21, the Director of Finance intimated that the Report had highlighted a number of key messages in terms of Local Government finances including the medium and long term outlook. He also provided an update of the Angus Council position in comparison to the national average as detailed in the Report, in respect of Council Tax collection rates; Council Budgets and Outturn 2020/21 – Change Programme; and Usable Reserves. He also highlighted workforce capacity challenges faced by the Council's payroll team during 2020/21; financial management and transparency and long-term financial planning.

The Director of Legal and Democratic Services referred to recommendation (iii) of the Report and thereafter provided a brief overview.

Councillors Doran, Devine and Bell raised questions in relation to the additional financial flexibilities granted to respond to Covid-19; long-term planning; and also concerns in regards to the volatile and escalating energy costs.

The Director of Finance in response provided an update on the Angus position related to the additional package of spending powers granted, and in terms of long-term planning, and reflecting the varying approaches taken by other local authorities, intimated that going forward

there were proposals to develop a longer term financial planning framework covering a 3 to 4 year period that would assist future planning and also inform the medium term budget strategy.

In acknowledging the significant concerns around the rising energy costs on both Council and also householders finances, he provided background to the national procurement arrangements, the impact on the current financial year and also in projecting forward, emphasised that rising energy prices would significantly impact next year's budget position.

Thereafter, Councillor Proctor took the opportunity to commend the Director of Finance and his team for their contributions and hard work during those difficult and challenging times.

The Committee agreed:-

- (i) having reviewed, to note the content of the Accounts Commission's 2020/21 Financial Overview Report for Local Government, appended as Appendix A to the Report;
- (ii) having reviewed, to note the content of the Accounts Commission's 2022 Overview Report for Local Government, appended as Appendix B to the Report;
- (iii) to note the supplement that accompanied the 2022 Overview Report, appended as Appendix C to the Report, which would be used to inform a full update report for Council in November 2022 on the Council's plans and priorities for recovery and renewal following the COVID-19 pandemic; and
- (iv) to note that the Reports were about Local Government in Scotland as a whole rather than Angus Council specifically.

## **9. 2021/22 UNAUDITED ANNUAL ACCOUNTS**

With reference to Article 13 of the minute of meeting of Angus Council of 30 June 2022, there was submitted Report No 205/22 by the Director of Finance presenting the Council's 2021/22 unaudited Accounts, which as required by law had been submitted to the Controller of Audit for audit purposes.

The Report indicated that the findings from the audit work and ISA 260 Report for Angus Council would be incorporated into the Annual Report to Members and would be submitted to this Committee on 27 October 2022.

The Usable Reserves total of £67.625 million and the Uncommitted General Fund Reserve of £6.486 million as outlined in Report 179/22 remained the same, noting that this may not be the final position and may change on completion of the audit process.

Appendix 1 to the Report provided a summary of the 2021/22 Financial Performance.

The Service Leader – Finance provided a detailed commentary in respect of a number of key areas of the Report including reserves, income and expenditure, balance sheet and cash flow statements as at 31 March 2022. In summary, overall the Council's finances had been managed particularly well, given the continual budget pressures; and also highlighted that whilst there was some slippage with regard to the general fund confirmed that a significant capital programme had been delivered. He also emphasised that the significant funding gaps would require to be addressed going forward.

Councillor Bell raised a question related to cost benefit analysis, and in response, the Service Leader – Finance and Director of Finance provided an update.

Thereafter the Committee agreed having reviewed, to note the Angus Council 2021/22 Unaudited Annual Accounts.

## **10. CORPORATE RISKS AND RISK MANAGEMENT**

With reference to Article 8 of the minute of meeting of this Committee of 25 January 2022, there was submitted Report No 206/22 by the Chief Executive providing an update on progress and the work being undertaken on the Council's Risk Management Framework, including an updated corporate risk register.

The Report indicated that the Council's Risk Management Strategy had been reviewed and was reflective of current practice and that the Corporate Leadership Team (CLT) had also recently considered a report related to the undernoted emerging risk as detailed:-

- Decarbonisation of fleet would be included with the climate change risk;
- Workforce fit for the future would be included with the existing transformation for the future risk;
- The National Care Service also identified as an emerging risk, a full risk assessment would be developed and reported to a future committee meeting.

Section 4 of the Report outlined some significant changes to the Risk Register and indicated that work was planned to consider the outcomes and recommendations from the recent Best Value Report.

The Depute Chief Executive highlighted the key areas of the Report, and responded to Councillor Bell's question related to the new emerging risk in respect of National Care Service.

Councillor Devine requested further information in respect of action AC-COR-000650 regarding carbon insetting; and raised concern to the change in timeline to 31 March 2024 in respect of action AC-COR-00068 – Mandatory e-Learning for staff. Thereafter, Councillor Doran questioned whether future reports could be reviewed to include original due date and also detail reasons for actions being prioritised/deprioritised.

In response to Councillor Doran's question, the Depute Chief Executive confirmed that the Council's Pentana system would be reviewed to consider the additional request for information and also agreed to follow up and arrange for a response to be provided to members in respect of Councillor Devine's questions related to actions AC-COR-000650 and AC-COR-00068.

The Committee agreed:-

- (i) to note the continued work being undertaken to promote and embed Risk Management; and
- (ii) having scrutinised, to note the Corporate Risk Register and all risks contained therein.

## **11. DETAILED RISK REPORTING TO SCRUTINY AND AUDIT COMMITTEE**

With reference to Article 16 of the minute of meeting of this Committee of 23 June 2022, there was submitted Report No 207/22 by the Service Leader - Internal Audit presenting detailed risk information to members in line with the programme agreed by the Committee in June (Report 163/22) and requested members to confirm or amend the programme for the remainder of 2022/23.

The Report detailed the timetable for individual risk presentations, based on the Corporate Risk Register at 17 May 2022.

Thereafter, the Director of Finance gave a presentation on the Financial Sustainability Risk outlining the several key aspects to this particular risk some of which included the Council being unable to achieve the required level of savings to balance the books; and that funding streams available to the Council were insufficient to deliver the Council's statutory duties which therefore may lead to unsustainable services, service failure and widespread dissatisfaction.

He provided further context around the financial pressures faced not just by Angus but all Councils related to Council funding, taxes including government grant allocations which had been constrained for a considerable number of years, and also emphasised that cost and demand pressures had required to be largely funded by the Council through compensating savings and council tax increases.

In reflecting to Report 178/22 where the projected funding gaps for financial years 2023/24 and 2024/25 had estimated a total funding gap of £12.1 million, he stressed the importance of noting that these figures were now significantly underestimated and were not reflective of rising inflation and the latest 2022/23 pay offer. He advised an update Report on the Medium Term Budget Strategy would be brought forward to Angus Council in November 2022.

In regards to the risk likelihood score of 5, risk impact score of 4 and the overall risk score of 20, he outlined a number of reasons for the high risk likelihood score of 5; and also provided an informative overview of the existing controls including additional controls and actions that were in place to mitigate and manage existing risk scores.

In summary, and in referring to the “Perfect Storm” of factors coming together, he emphasised that £78m (32%) had already been saved from the budget in previous years; and that the vast majority of Council’s budgets were in high profile services areas and also included some fixed costs; the impact of high inflation; cost of living impact; and in terms of the Scottish Government Resources Spending Review projects stressed that there was no growth in funding over the next three financial years therefore the Council would require to fund additional costs due to inflation from cuts in budget and services; and council tax increases.

The Director of Finance also provided a detailed response to Councillor Wann’s questions regarding the pending staff pay increase and impact that additional costs pressures may have on the budget going forward.

The Committee agreed:-

- (i) to note the information presented in relation to the Financial Sustainability Risk; and
- (ii) to confirm the programme for the remainder of 2022/23 as outlined in Section 3 of the Report.

## **12. REGULATION OF INVESTIGATORY POWERS (SCOTLAND) ACT 2000- QUARTERLY REPORT**

With reference to Article 18 of the minute of meeting of this Committee of 23 June 2022, there was submitted Report No 208/22 by the Director of Legal and Democratic Services advising members of the use of surveillance powers by the Council in terms of the Regulation of Investigatory Powers (Scotland) Act 2000 in the period 1 April 2022 to 30 June 2022.

The Report indicated that Angus Council was a public authority for the purpose of the Regulation of Investigatory Powers (Scotland) Act 2000 (“RIP(S)A”) and had the power to authorise directed covert surveillance and the use of covert human intelligence sources. Covert activities covered by RIP(S)A would be lawful if the activities were authorised and if they were conducted in accordance with the authorisation.

In the period 1 April 2022 to 30 June 2022, no covert surveillance activities were authorised and there were no authorisations in respect of the use of a Covert Human Intelligence Source.

The Director of Legal and Democratic Services provided a brief overview of the Report.

The Committee agreed to note that no authorisations were granted for surveillance and other investigatory activities regulated by the Regulation of Investigatory Powers (Scotland) Act 2000 in the period 1 April 2022 to 30 June 2022.

**13. QUARTERLY 1 COMPLAINTS REPORT – 1 APRIL TO 30 JUNE 2022**

With reference to Article 19 of the minute of meeting of this Committee of 23 June 2022, there was submitted Report No 209/22 by the Director of Legal and Democratic Services highlighting the complaints received in Quarter 1 of 2022/23 and to provide assurance to members that work was ongoing to learn from complaints received by Angus Council.

The Report provided the complaint statistics for the first quarter of 2022. Appendices to the Report provided a breakdown of complaints received by directorate and service area.

During 1 April to 30 June 2022, Angus Council had received 63 complaints. Sections 4 and 5 of the Report provided further detail regarding the summary of complaints, performance indicators and also outlined examples of compliments received and a sample of changes made as a result of a complaint being received.

The Director of Legal and Democratic Services provided an overview of the key areas of the Report and also responded to Councillor Bell's question related to the system process around closing off complaints.

The Committee agreed:-

- (i) to note the complaints statistics for the period 1 April to 30 June 2022; and
- (ii) to note the number of records received via the online system as detailed in the Appendices to the Report.