

The Highland Council

Minutes of Special Meeting of the **Audit and Scrutiny Committee** held **REMOTELY** on Thursday, 28 January 2021 at 11.00am.

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-Members also present:

Mr D Mackay	Mrs H Carmichael
Mr R MacWilliam	Mr D Louden
Mr A Henderson	Ms L Munro
Mr B Lobban	Mr A MacKinnon
Mr M Finlayson	Mr A Baxter
Mr A Jarvie	

Officials in Attendance:

Ms D Manson, Chief Executive
Ms L Denovan, Executive Chief Officer - Resources & Finance
Ms K Lackie, Executive Chief Officer - Performance & Governance
Mr S Fraser, Head of Corporate Governance
Ms E Johnston, Corporate Audit & Performance Manager
Miss D Sutherland, Corporate Audit Manager
Miss J MacLennan, Democratic Services Manager
Miss M Zavarella, Committee Officer

Also in attendance:

Ms J Brown, Director (Engagement Leader), Grant Thornton
Mr J Boyd, Audit Director, Grant Thornton

**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 3 – Mr A Jarvie (Non-Financial)

Item 4 - Mr G MacKenzie, Dr I Cockburn, Mr A Jarvie and Mrs M Davidson (All Non-Financial)

3. **External Audit Report** **Aithisgean Sgrùdaidh bhon Taobh A-muigh**

Declaration of Interest - Mr A Jarvie declared a non-financial interest in this item on the basis of being a Director of High Life Highland but, 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 had been circulated Report from the Council's External Auditors (Grant Thornton) as follows – Annual Report 2019/20 to Elected Members and the Controller of Audit.

Following a summary of the report, and during discussion, Members raised the following issues:-

- thanks were conveyed to all those involved in the compilation of the report;
- in relation to the significant risks in regard to financial management, and specifically the overspend around the Care & Learning Service due to a failure to deliver in year corporate savings targets, it was stressed that it was imperative that this issue was addressed so that it did not continue to appear in future budget reports;
- it was also suggested that as risks continued to be identified, monitored and managed across the Council, additional governance should be included through regular reports/updates to meetings of this Committee;
- in relation to capital expenditure and investment strategies, it was expected that a 'root and branch' review of the Capital Plan would be instigated prior to the Summer Recess;
- in terms of governance and transparency, it was vital that in future Committee reports were presented/summarised by Chairs and/or Vice Chairs at meetings (as opposed to Officers) on the basis that they could deal with any issues/questions arising thereafter;
- in respect of the Corporate Workforce Plan, it would be beneficial if this could be reviewed by External Auditors in addition to current reviews being undertaken through the Redesign Board;
- an update on the re-profiling of the Capital Plan would be welcomed, along with the presentation of opportunities for future work on development of the Council's capital strategy to be undertaken by Members across the Council;
- there had been reference within the External Report to situations where Members had raised what were considered to be operational issues at public meetings (and specifically Strategic Committee meetings). However, it was contended that some Members felt that (having tried other avenues) this was

the only opportunity available to them to raise such issues in terms of scrutiny and at the same time to allow public transparency in this regard;

- with specific reference to the issue which was contained in Item 4 on the agenda, it was highlighted that some Members had felt themselves to be reprimanded and prevented from raising questions on this matter at public meetings on the grounds of confidentiality. However, the issue was contained within the External Audit Report and was now a matter of public record and it was therefore queried as to whether questions previously raised would be answered when the report came to the full Council for formal approval;
- there had to be a close and detailed focus on all budgets across the Council and specifically those which were considered to be under most pressure;
- it had generally been felt that discussion on both operational and policy issues by Members at meetings had been appropriate, but further detail was now required if it was considered that this had not been the case;
- it had been highlighted that, in terms of financial management and governance, the Council had performed well in comparison with other Local Authorities and this was welcomed;
- the issue of slippage in the medium to long term had to be given a strong focus in relation to any discussion of future capital investment;
- it had been highlighted within the External Audit Report that meetings, and specifically Strategic Committee/Full Council meetings, often over-ran significantly due to prolonged debate and this should be reviewed/improved as the Council moved forward;
- further information was requested on the Council's Asset Register and specifically the potential impact of any unreported value and in this regard the External Auditor clarified that there was no material impact;
- it was highlighted that some Members had previously felt that they had been reprimanded for making reference at meetings to early retirement payments made to former employees. However, it was the case that this information was contained in the External Audit Report which was a public document. In this regard, and in response to questions as to whether an apology was now due to those Members (along with clarification as to why they had been reported to the Standards Commission), it was confirmed that the matter should be raised with the Chief Executive;
- in terms of the issues surrounding the late submission of reports to the full Council and Strategic Committees, it was queried as to whether the Finance Service in particular was under resourced and whether this needed to be addressed;
- on the basis that it was imperative that everyone within the Council was fully aware of their role in the organisation, it was suggested that further and detailed examination of those roles (including Members and Officers) should be undertaken as a priority in order to address some of the issues which had occurred in the past year, including the ability for scrutiny as and when necessary; and
- there was a need for further information to be provided for Members on the issues which had been addressed during meetings of the Members GOLD Covid-19 group throughout 2020 and it was hoped that this issue would also be included in the next External Audit Report.

Thereafter, the Committee otherwise **AGREED** the Annual Report 2019/20 Elected Members and the Controller of Audit and the Letter of Representation as circulated.

4. Internal Audit Review Ath-bhreithneachaidhean In-sgrùdaidh

Declarations of Interest – Mr G Mackenzie, Dr I Cockburn, Mr A Jarvie and Mrs M Davidson declared non-financial interests in this item on the basis of having been interviewees within this process but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors’ Code of Conduct, and in light of both the internal and external audits now having been completed, concluded that their interests did not preclude their involvement in the discussion.

There had been circulated Report No AS/1/21 dated 18 January 2021 by the Corporate Audit Manager on the review of the recruitment process for the Executive Chief Officer, Education & Learning.

Prior to discussion, the Chair advised the Committee that independent legal advice had been sought and received on this item. On that basis, it was his intention to immediately move into private session should any Member of the Committee raise an issue which he considered came into the category of exempt information.

In response, it was queried as to when and from where the independent legal advice had been sought and why it had not also been circulated to the Committee. In this regard, it was confirmed that a response would be provided by the Chief Executive to the relevant Member for this query.

Thereafter, and during discussion, Members raised the following issues:-

- thanks were conveyed to all those involved in the compilation of the report and specifically the conclusions and recommendations which would allow consideration in regard to implementing new measures as and where necessary;
- the recommendations in relation to future recruitment processes were particularly important in terms of avoiding any further issues in this respect;
- it would be imperative to ensure that the recommendations within the Action Plan were closely monitored;
- briefings for Members of the Council in relation to future recruitment procedures would be especially useful and important;
- this was an issue which had been contained in the External Audit Report which was a public document and as such it was extremely concerning that Members who had sought details previously at meetings had been warned of the consequences of revealing what was considered at that time to be private information;
- as part of their role, it was crucial that Members of the Council were able to undertake the correct scrutiny of issues as and when necessary and it was felt by some Members that they had been prevented from doing this in recent months. In this regard, the Chair clarified that the Members’ role was to scrutinise service performance and not individual Officers;

- it was noted that some individual Members who had previously commented on this issue had not been interviewed as part of this process;
- it was important to highlight the political element within the process which had not been mentioned in the report but was felt by some Members to be fundamental to the situation which had occurred over recent months;
- reference had been made to the behaviour of Members as being one of the main factors within this issue but there had been no specific examples of such behaviour detailed within the report. Also, it was the firm view of some Members that the recruitment process which had been followed in this case had not been as transparent and open to scrutiny as it should have been which had led to them having had no choice but to ask questions at public meetings in order to seek clarity and answers to their questions;
- it had been stated that the process which had been followed had not contravened any Council policies but it was contended that the lack of policies in this regard had in fact been one of the main issues;
- there were concerns that the timeline which had been provided in the report was contradictory to the timeline which had been submitted to previous Member Briefings;
- it was clear that the non-publication of contract notice terms had been an error but also noted that this had now been covered in one of the recommendations;
- it was noted that the type of reporting required/expected through minutes of recruitment meetings in future was now to be reconsidered/reviewed and this was welcomed as it would provide more detail of where and when individual decisions had been taken;
- there was a need for responsibility to be accepted in relation to what had happened throughout this issue. As such, there had to be clarity around behaviour and what was/was not acceptable in future and it was essential that this clarity was provided by the Chief Executive as a matter of priority;
- clarity around Members' behaviour was also needed as it was the case that some Members had felt that they had legitimately taken certain actions around scrutiny as part of their role as contained in the Code of Conduct but had subsequently felt reprimanded for having done so;
- no assurances had been given that another individual would not be employed in the future on similar terms/salary level despite such assurance having been sought at previous meetings;
- there had to be a balance achieved between Members' oversight and transparency as the Council moved forward, especially in relation to future recruitment procedures, with the recommendations within the Action Plan being implemented as a matter of priority;
- the use of Consultants was often very expensive in terms of recruitment which made succession planning especially important across the Council in future; and
- the confirmation that acting tracking reports would be submitted to the Committee in the coming months as the recommendations were implemented was welcomed.

Thereafter, the Committee otherwise **NOTED** the terms of the report as circulated, along with the External Audit opinion which had been provided as Appendix 1.

ADDITIONAL AGENDA ITEM 5

Audited Accounts 2019/20 Cunntasan Sgrùdaichte 2019/20

There had been circulated Report No AS/2/21 dated 25 January 2021 by the Executive Chief Officer, Resources and Finance.

The Committee **APPROVED** the Audited Accounts for 2019/20 as circulated.

The meeting ended at 1.05pm.