

MINUTE
of
AUDIT & SCRUTINY COMMITTEE

Minute of meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 18 January 2024.

Present:

Councillor Andrew Morrison (Chair)
Councillor Tony Buchanan (Vice Chair)
Councillor Paul Edlin

Councillor Annette Ireland
Provost Mary Montague*
Councillor Gordon Wallace

Councillor Morrison in the Chair

(*) indicates remote attendance

Attending:

Louise Pringle, Director of Business Operations and Partnerships; Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Tom Kelly, Head of Adult Services, Learning Disability & Recovery; Michelle Blair, Chief Auditor; Barbara Clark, Chief Accountant; Kath McCormack, HR Manager; Barry Tudhope, Democratic Services Manager; Linda Hutchison, Clerk to the Committee; and John Burke, Committee Services Officer.

Also Attending:

Grace Scanlin, Ernst and Young; and Yvonne Douglas, Audit and Compliance Manager, South Lanarkshire Council.

Apology:

Councillor David Macdonald.

DECLARATIONS OF INTEREST

703. There were no declarations of interest intimated.

CHAIR'S REPORT

704. Councillor Morrison reported that he and Councillor Edlin had recently attended an event for Elected Members hosted by The Accounts Commission and Improvement Service on the Commission's recent publication on key lessons for Councils from 20 years of auditing Best Value. At the event there had also been opportunities to hear about what was happening next in terms of auditing for Best Value and discuss Members' roles in ensuring their Councils meet their Best Value obligations.

The Committee noted the position.

INTERIM TREASURY MANAGEMENT REPORT 2023/24 – QUARTER 3

705. Under reference to the Minute of the meeting of 23 November 2023 (Page 680, Item 667 refers), when it had been agreed to note the Interim Treasury Management Report for Quarter 2 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 third 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 which the interim Treasury Management Report for October to December 2023 was provided 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. The Council continued to adopt a prudent approach to treasury management and, in particular, the percentage of loans with variable interest rates held in the first nine months of the financial year was just over 7% and well below the Council's approved upper limit of 15%.

Having commented on short term investments which had decreased 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, and indicators 3 and 4 in particular which demonstrated that the Council was operating well within its limits.

Finally, she commented on the Council's list of counterparties which had not changed from the one for Quarter 2, and 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.

The Committee, having heard the Chief Accountant confirm the level of interest earned on reserves, 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.

MANAGING ABSENCE – 2022/23 ANNUAL REPORT

706. Under reference to the Minute of the meeting of 29 September 2022 (Page 204, Item 148 refers), when the position on absence management during 2022/23 had been noted, the Committee considered a report by the Director of Business Operations and Partnerships providing an update on the Council's audited absence Performance Indicator (PI) and sickness and absence trends.

Whilst commenting on the PI data, the report explained that the number of sickness days per full time equivalent (FTE) employee had increased from 8.86 days in 2021/22 to 11.15 days in 2022/23, attributable mainly to local government employee (LGE) absence. Particular reference was made to actions taken to support absence management processes in relation to the Health and Social Care Partnership (HSCP) which included the establishment of weekly

absence panels, recent data having indicated a significant improvement in absence. Overall, whilst absence had increased, Local Government Benchmark Framework (LGBF) data placed East Renfrewshire 5th equal for teaching staff and 11th equal for LGEs, these rates being in the 1st and 2nd quartiles respectively.

Having specified the top ten reasons for both LGE and teacher absence, the report provided statistical information on absence trends reported by the Chartered Institute of Personnel and Development (CIPD) which indicated that levels had soared to a 10-year high in 2023, that they were considerably higher in the public sector, and that there was evidence of long-term absence due to multiple conditions. The Office for National Statistics (ONS) had also reported that absence was consistently higher in the public sector, reasons for which were outlined.

Further information was provided on the management of sickness absence, including related training available and support provided by HR; actions recently agreed by the Corporate Management Team (CMT) to support absence management improvement; and health and wellbeing issues, including the appointment of a temporary Health and Wellbeing Officer and related actions taken. The importance of maintaining a focus on absence, absence improvement actions and health and wellbeing were highlighted.

The HR Manager commented on key aspects of the report, including reasons which contributed to higher absence levels in the public sector and the role of and initiatives progressed by the Health and Wellbeing Officer.

Councillor Morrison sought clarification on what else could be considered to help address absence issues. Amongst other things, the HR Manager and Director of Business Operations and Partnerships referred to an ongoing review of the managing absence policy, the time involved to fully complete the ill health retirement process, the importance of maintaining dialogue with and supporting employees returning to work, and discussions by the Corporate Management Team (CMT) and with senior managers on absence and identifying root causes of it. Also in response to him, the HR Manager confirmed that additional information could be provided, such as on long-term and short-term absence rates, median rates and rates in comparison to the private sector.

Councillor Ireland commended health and wellbeing work being progressed and positive feedback on initiatives progressed by the temporary Health and Wellbeing Officer, seeking confirmation on when the appointment was due to end and also further clarification on LGBF information. The Director of Business Operations and Partnerships confirmed that the possibility of making further financial provision for the post was under consideration, and that LGBF data for 2022/23 was due to be published later in the year and reported to the Cabinet prior to the summer recess.

Councillor Edlin expressed deep concern regarding the rise in absence reported, particularly in some departments and relative to the private sector, suggesting that the Committee become more involved in work on this issue. In response, the Director of Business Operations and Partnerships commented on a range of issues, including a rise nationally in health issues arising from COVID, the importance of absence being a high profile issue, and differences between reasons for absence and related rates in the public and private sectors as substantiated by the CIPD and others, indicating she would be happy to keep the Committee updated further, such as on CMT discussions. She also referred to recent evidence of people being absent for multiple complex reasons, the national issue of longer waiting lists, and value of investment in initiatives such as absence panels which was delivering significant change. Supported by the Head of Accountancy (Chief Financial Officer), she highlighted the impact on statistics when referring to a department with a smaller number of employees than others. Councillor Buchanan expressed concern regarding comments by some Elected Members at the meeting, supported the work being progressed on health and wellbeing, and referred to a

range of absence related issues, suggesting that a rise in sickness absence linked to the aftermath of COVID was not unexpected such as amongst front-line staff who had been directly involved in addressing COVID-related challenges.

In response to a query from Councillor Morrison regarding the level of confidence that existed that managers were implementing absence procedures timeously, the Director of Business Operations and Partnerships referred to the managing absence policy, HR support available to assist managers implement it, the promotion of various types of support for employees, the extent of employees' commitment to the Council some of whom worked from home when unwell, and the range of difficult circumstances employees now faced including out with work. Having expressed the view that people faced similar circumstances in the private sector, Councillor Wallace anticipated absence levels deteriorating further for a variety of reasons including the financial position of the Council, and emphasised the need for the Committee to consider related issues, including further statistics provided, objectively.

The Committee, having heard Councillor Morrison express disappointment regarding the absence rates referred to in the report and following a brief discussion on the way forward:-

- (a) agreed, given concerns expressed by Elected Members on the levels of absenteeism reported and to provide further clarification, that the HR Manager provide additional information on long-term and short-term absence rates, including median absence rates and in comparison to the private sector, for circulation to members of the Committee;
- (b) agreed that the HR Manager submit a further report on absence in 6 months time;
- (c) noted that the Managing Absence Policy was under review;
- (d) noted that further Local Government Benchmarking Framework (LGBF) data was due to be published later in the year and reported to the Cabinet prior to the summer recess; and
- (e) agreed to explore options on how members of the Committee could become more actively engaged in discussions on absenteeism and how it could be addressed with a view to reporting back on this to a future meeting.

SUMMARY OF EARLY RETIREMENT/REDUNDANCY COSTS TO 31 MARCH 2023

707. Under reference to the Minute of the meeting of 10 November 2022 (Page 295, Item 229 refers), when early retirements/redundancies to 31 March 2022 had been discussed, the Committee considered a report by the Director of Business Operations and Partnerships summarising the position on early retirement/redundancy costs from 1 April 2022 to 31 March 2023 and related issues. Information on the total costs incurred and projected savings was provided.

Whilst commenting on the report, the HR Manager clarified that redundancies continued to be assessed on a financial business case basis, and referred to related costs and savings achievable which depended on the individual circumstances of each employee concerned.

In response to questions, the HR Manager clarified that early retirements often followed organisational change and that any savings identified, which could be due to a lower grade post being established instead, were referred to in the related business case prepared. It was confirmed that in some cases following reorganisations redeployment was considered, that a

relatively low number of people had left the Council due to voluntary redundancy, that it was always attempted to recover the initial outlay of early retirals/redundancies within 3 years, and that it was an option to include comparative annual data in future reports on one off costs divided by savings.

The Committee noted the report, the explanations provided for early retirals/redundancies within the period it covered, and related projected savings.

NATIONAL EXTERNAL AUDIT REPORT – ADULT MENTAL HEALTH IN SCOTLAND

708. The Committee considered a report by the Clerk on the publication in September 2023 of a report by Audit Scotland entitled *Adult Mental Health in Scotland*. Under the Committee's specialisation arrangements, Councillor Edlin was leading the review of the report. A copy of feedback on the local position provided by the Head of Adult Services, Learning Disability & Recovery, as submitted to the Performance and Audit Committee of the Integration Joint Board (IJB), was appended to the report.

Issues commented on included recognition by the Mental Health and Recovery Planning Group in East Renfrewshire of quantitative and qualitative data to assist in terms of workforce and service delivery and the particular focus placed on improving patient experience; choice provided to people on accessing mental health services on a remote or face to face basis; integrated and partnership working on mental health and recovery planning; and work being progressed in East Renfrewshire on various priorities aligned to the recommendations made by Audit Scotland, examples of which were provided.

Amongst other things, it was concluded that the Audit Scotland report had provided a useful overview of services across Scotland and key information on which to benchmark East Renfrewshire. It was clarified that the Mental Health and Recovery Planning and Adult Services Governance Groups would take account of the recommendations set out, and that work would continue with Health Board wide colleagues on wider NHS Greater Glasgow and Clyde strategy and on the wide range of directives received from the Scottish Government. It was confirmed that this would continue to be put in the context of what matters to people in East Renfrewshire, and that the HSCP Strategic Plan reflected local mental health and recovery priorities based on the needs and priorities of the population.

Councillor Edlin commented that the increase in mental health illness was concerning. Having referred to the extent to which mental health issues had come to the fore in the past 10-15 years and suggestions made by some that medication was being prescribed to address daily life issues that previous generations may have coped with in other ways, Councillor Wallace asked if prescribing was leading to some mental health issues being put on a back burner.

The Head of Adult Services, Learning Disability & Recovery referred to greater awareness of mental health issues in society, increased referrals to mental health teams such as to help address stress, and how referrals to psychological services were encouraged to take advantage of related services provided such as counselling. However, he explained that some people required medication, and referred to an increase in the identification of neurodivergent issues and the need to determine how best to address such issues. Further in response to Councillor Wallace who, supported by Councillor Morrison, queried a statistic he had seen in a report which suggested the use of prescription drugs to address mental health issues had doubled in 20 years and requested feedback on the veracity of this and if such prescriptions were always necessary, the Head of Adult Services, Learning Disability & Recovery undertook to seek and provide additional information for circulation to members of the Committee on this issue, highlighting that medication was avoided where possible.

In response to further queries, he commented that in some cases medication could be prescribed by GPs pending the best way forward being determined for an individual, expressing confidence that a holistic, integrated and creative approach was taken locally. He referred also to pressures on adult mental health services and welcomed additional funding for these whilst stating that further resources would always be welcomed and commenting on related challenges including the ring-fencing of some funds which was challenged when considered appropriate. He also provided further clarification on the Distress Brief Interventions Programme being rolled out across Scotland and its introduction locally in the year ahead and, more generally, on collaboration on services.

The Committee:-

- (a) noted that the Head of Adult Services, Learning Disability & Recovery would provide additional information for circulation to members of the Committee on referrals to GPs and the use of prescription medication to help address adult mental health issues; and
- (b) otherwise, noted the report and related comments made.

EAST RENFREWSHIRE COUNCIL COMPLIANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

709. The Committee considered a report by the Chief Auditor providing a summary of the outcome of an independent external assessment of the Council's Internal Audit service, a copy of which was attached to the report.

It was explained that the Internal Audit function required to adhere to the Public Sector Internal Audit Standards (PSIAS) to ensure quality and consistency across the public sector. Having specified that a related independent external assessment required to be carried out at least once every 5 years, the report referred to the outcome of a recent such assessment by the Audit and Compliance Manager of South Lanarkshire Council. This was based on reviews over 14 headings, the findings being that the service was fully compliant in 9 categories and generally compliant in the remaining 5. Having clarified that 6 recommendations made had been accepted, the report referred to the related Action Plan to be implemented. The overall conclusion reached was that the service generally complied with PSIAS.

Councillor Morrison welcomed the Audit and Compliance Manager to the meeting who commented further on the report, the assessment framework, the key findings, recommendations made and the related Action Plan prepared. Councillor Wallace, supported by Councillor Buchanan, considered the outcome exceptional taking account of long-term vacancies within the section. In response to related issues raised, the Audit and Compliance Manager confirmed that the inability to attract people to local authority Internal Audit posts was a recognised problem for which a solution remained to be found. The Chief Auditor added that she was a member of a sub-group of the Chief Internal Auditors' Group which had recently been established to consider this.

The Committee noted the report and the proposed Action Plan.

CHAIR