



**MINUTES OF THE MEETING OF THE  
AUDIT AND GOVERNANCE COMMITTEE**

**TUESDAY 11 JUNE 2013, 2pm  
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

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**Committee Members Present:**

Councillor K McLeod (Convener)  
Councillor S Brown  
Councillor J Caldwell  
Councillor S Currie  
Councillor J Goodfellow

**Council Officials Present:**

Mrs A Leitch, Chief Executive (*Item 6 onwards*)  
Mrs M Patterson, Executive Director (Services for Communities)  
Mr M Leys, Head of Adult Wellbeing  
Mr R Jennings, Head of Housing & Environment (*Item 6 onwards*)  
Mr G Miller, Quantity Surveyor  
Mr R Montgomery, Head of Infrastructure  
Mr P Vestri, Corporate Policy & Improvement Manager  
Mr A Gillespie, Finance Manager (Business Advice)  
Ms M Garden, Internal Audit Manager  
Mr S Allan, Senior Auditor  
Mr S Kennedy, Risk Officer

**Visitors Present:**

Mr S Reid, KPMG

**Clerk:**

Miss F Currie, Committees Assistant

**Apologies:**

Councillor A Forrest  
Councillor P McLennan  
Councillor J Williamson

**Declarations of Interest:**

None

## **1. HOUSING AND ENVIRONMENT RISK REGISTER**

A report was submitted by the Executive Director (Services for Communities) providing the Committee with the Housing and Environment Risk Register for discussion and comment.

Mr Scott Kennedy, Risk Officer, presented the report, explaining that the Housing and Environment Risk Register had been developed in keeping with the Council's Risk Management Strategy. It is a live document which is reviewed and refreshed on a regular basis, led by the Housing and Environment Local Risk Working Group (LRWG) meeting on a quarterly basis. The purpose of the risk register is to ensure that key risks are identified and that any that rate high or very high have risk control measures in place.

In response to questions from Councillor Currie, Mr Kennedy explained that the risk scores contained in the report were current values and that each risk value is reviewed on a quarterly basis by the Housing and Environment LRWG and a report prepared annually for the Audit and Governance Committee. Mr Ray Montgomery, Head of Housing and Environment, acknowledged that annual reporting to the Committee may not be sufficient and suggested that a six month, mid-year, report be provided in future on all Risk Registers. This suggestion was accepted by Members.

### **Decision**

The Committee noted the contents of the report, in particular:

- that the relevant risks have been identified following appropriate consultation with all risk contacts;
- that while the report had been compiled by the Risk Officer, the Risk Register had been compiled by the Housing and Environment LRWG and the Head of Housing and Environment has lead responsibility;
- that the significance of each risk is appropriate to the current nature of the risk;
- that the total profile of the Housing and Environment risk can be borne by the Council at this time in relation to the Council's appetite for risk; and
- that although the risks presented are those requiring close monitoring and scrutiny throughout 2013, many are in fact longer term risks for Housing and Environment and are likely to be a feature of the risk register over a number of years.

## **2. INFRASTRUCTURE RISK REGISTER**

A report was submitted by the Executive Director (Services for Communities) providing the Committee with the Infrastructure Risk Register for discussion and comment.

Mr Kennedy presented the report, explaining that the Infrastructure Risk Register had been developed in keeping with the Council's Risk Management Strategy. It is a live document which is reviewed and refreshed on a regular basis, led by the Infrastructure Local Risk Working Group (LRWG) meeting on a quarterly basis. The purpose of the risk register is to ensure that key risks are identified and that any that rate high or very high have risk control measures in place.

Mr Kennedy confirmed that, as with the Housing and Environment Risk register, this document would now be subject to both a 6 month and annual review.

Councillor Currie commented that the burial strategy may require updating following recent discussions at Cabinet.

### **Decision**

The Committee noted the contents of the report, in particular:

- that the relevant risks have been identified following appropriate consultation with all risk contacts;
- that while the report had been compiled by the Risk Officer, the Risk Register had been compiled by the Infrastructure LRWG and the Head of Infrastructure has lead responsibility;
- that the significance of each risk is appropriate to the current nature of the risk;
- that the total profile of the Infrastructure risk can be borne by the Council at this time in relation to the Council's appetite for risk; and
- that although the risks presented are those requiring close monitoring and scrutiny throughout 2013, many are in fact longer term risks for Infrastructure and are likely to be a feature of the risk register over a number of years.

### **3. HEALTH INEQUALITIES IN SCOTLAND, AUDIT SCOTLAND REPORT, DECEMBER 2012**

A report was submitted by the Executive Director (Support Services) inviting the Committee to review the Audit Scotland report '*Health Inequalities in Scotland*' published in December 2012.

Mr Paolo Vestri, Corporate Policy & Improvement Manager, presented the report, summarising the key findings and recommendations on how well public sector organisations work together to tackle health inequalities. Mr Vestri advised Members that East Lothian Council was taking action to address this issue through the restructuring of the East Lothian Community Planning Partnership, the development of a new Single Outcome Agreement and by including health inequalities within the remit of the new Resilient People Partnership.

There were no questions or comments from Members.

### **Decision**

The Committee reviewed and noted the contents of the report.

### **4. ACCOUNTS COMMISSION: APPROACHES TO REDUCE REOFFENDING**

A report was submitted by the Executive Director (Support Services) informing the Committee of the Audit Scotland report: *Reducing Reoffending in Scotland*, and highlighting the potential impact this will have on East Lothian Council.

Mr Murray Leys, Head of Adult Wellbeing, presented the report, outlining the key points, analysis and recommendations for action. Mr Leys advised Members that

East Lothian Council, in partnership with criminal justice organisations, is already addressing some of the issues raised in the report including housing, employment and engagement with young people.

In response to a question from Councillor Caldwell, Mr Leys explained that the rate of reoffending in East Lothian is broadly in line with the national average of 30-32%. There are however peaks and troughs within this figure which can be influenced by issues such as area, e.g. some reoffending rates are higher in Musselburgh than other areas of East Lothian. Mr Leys also pointed out that the majority of re-offenders tend to be males under 21 years of age – again similar to the national picture.

### **Decision**

The Committee noted the contents of the report and the analysis of findings.

## **5. MAJOR CAPITAL INVESTMENT IN COUNCILS (AUDIT SCOTLAND, MARCH 2013)**

A report was submitted by the Executive Director (Support Services) providing the Committee with a summary of the Audit Scotland report, *Major Capital Investment in Councils*.

Mr Anthony Gillespie, Finance Manager, presented the report indicating that it provides a comprehensive review of major capital investment within councils. After summarising the main findings and recommendations of the report, Mr Gillespie drew Members' attention to the work of East Lothian Council's Capital Asset Group in overseeing capital projects and in identifying ten actions to improve the Council's monitoring and management of these projects.

In response to questions from Councillor Currie in relation to scrutiny arrangements, Mr Gillespie acknowledged that while reports to Cabinet broke down spending by individual projects, further improvements in financial reporting were required and were planned. Some of these issues were addressed in the improvement plan and the Council's Capital Asset Group would be looking at what other measures may be required.

Mr Stephen Reid, Director KPMG LLP, commented that the role of this Committee was not necessarily to carry out all such scrutiny itself but rather to ensure that robust procedures were in place for financial reporting.

### **Decision**

The Committee noted the contents of the report and the actions that East Lothian Council is taking to improve the effectiveness of the management of its capital investment programme.

## **6. RESPONDING TO CHALLENGES AND CHANGE: AN OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND 2013 (ACCOUNTS COMMISSION, MARCH 2013)**

A report was submitted by the Executive Director (Support Services) inviting the Committee to review East Lothian Council's position in relation to the findings of the

Accounts Commission report, *'Responding to Challenges and Change: An Overview of Local Government in Scotland 2013'*.

Mr Vestri presented the report pointing out that it was divided into two parts: the first highlighting service challenges in 2013; and the second part reviewing the use of resources in 2012. Mr Vestri concentrated on the recommendations for Councillors and the East Lothian position, identifying improvement points in a several areas.

In response to a question from Councillor Goodfellow, Mr Vestri confirmed that training for members of the Audit & Governance and Policy, Performance & Review Committees would take place in the autumn.

Councillor Currie raised the issue of shared services and the use of arms length organisations in the leisure and culture sectors. Mrs Angela Leitch, Chief Executive, acknowledged that despite the end to the shared Head of Education post, the Council was looking at the possibility of other shared services such as risk management and trading standards. There was also a need to look at business improvement opportunities for organisations such as Enjoy and the Brunton Theatre Trust. Proposals for further improvements in all of these areas would be put to Members later this year.

#### **Decision**

The Committee noted the contents of the report and that the improvement points detailed in paragraphs 3.9, 3.14, 3.27, 3.37, 3.42 and 3.50 have been included in the draft 2013/14 Council Improvement Plan.

#### **7. IMPROVING COMMUNITY PLANNING (AUDIT SCOTLAND, MARCH 2013)**

A report was submitted by the Executive Director (Support Services) providing the Committee with a summary of the Audit Scotland report, *'Improving Community Planning in Scotland'*.

Mr Vestri presented the report, advising Members that Audit Scotland's report drew on three recent audits of Community Planning Partnerships in Aberdeen, North Ayrshire and Scottish Borders undertaken over a three year period. The report's findings were quite critical of how community planning had been delivered in these areas and it concluded that strong and sustained shared leadership is required to deliver improved performance. Mr Vestri also drew Members attention to the recent self-evaluation undertaken by East Lothian Community Planning Partnership and the improvement points identified from this work.

There were no questions or comments from Members.

#### **Decision**

The Committee noted the contents of the report and the actions that East Lothian Council and the East Lothian Partnership are taking to improve the effectiveness of East Lothian's Community Planning Partnership.

**8. 2013 CORPORATE GOVERNANCE SELF-EVALUATION/ANNUAL GOVERNANCE STATEMENT**

A report was submitted by the Chief Executive advising the Committee of the outcome of the 2013 Corporate Governance Self-evaluation.

Mr Vestri presented the report, summarising the key points and advising Members that the improvement points identified in the report will also form part of the Improvement Plan which will be presented to Council at their meeting on 25 June.

There were no questions or comments from Members.

**Decision**

The Committee considered the self-evaluation and approved the summary for inclusion in the Annual Governance Statement that is to be included in the Council's 2012/13 Annual Accounts.

**9. ANNUAL WORK PROGRAMME**

The Committee was provided with the updated annual work programme for 2013/14.

Mr Vestri presented the work programme to Members for their consideration. He indicated that there would be a revision to the programme under the heading of 'Risk' to include the Members' earlier request for 6 monthly updates of Service Risk Registers.

In response to a question from Councillor Goodfellow, Mr Vestri confirmed that a report on Enjoy Leisure would come before the September meeting of the Audit & Governance Committee.

**Decision**

The Committee noted the annual work programme and provided guidance on additional reports that Members would like to be included in the work programme.

Before closing the meeting, the Convenor reminded Members that there would be a meeting of the Audit & Governance Committee at 10am on Tuesday 23 July 2013 to consider the Council's Statement of Accounts for 2012/13.

Signed .....

Councillor Kenny McLeod  
Convenor of the Audit and Governance Committee