

DRAFT

FALKIRK COUNCIL

MINUTE of MEETING of the SCRUTINY COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on THURSDAY 20 AUGUST 2015 at 9.30 AM.

COUNCILLORS:

Stephen Bird
Allyson Black
Steven Carleschi
Colin Chalmers
Cecil Meiklejohn (Convener)
Baillie Joan Paterson
Provost Pat Reid

OFFICERS:

Fiona Campbell, Head of Policy and ICT Improvement
Jack Frawley, Committee Services Officer
Kenny Gillespie, Property and Asset Manager
David McGhee, Head of Procurement and Housing Property
Robert McMaster, Head of Roads and Design
Colin Moodie, Depute Chief Governance Officer
Robert Naylor, Director of Children's Services
Mary Pitcaithly, Chief Executive
Amanda Templeman, Acting Depute Chief Finance Officer

S12. APOLOGIES

No apologies were received.

S13. DECLARATIONS OF INTEREST

There were no declarations of interest.

Provost Reid entered the meeting during consideration of the following item of business.

S14. MINUTES

Decision

- (a) The minute of the meeting of the Scrutiny Committee held on 14 May 2015 was approved; and
- (b) The minute of the meeting of the Performance Panel held on 21 May 2015 was noted.

Councillor Chalmers entered the meeting during the following item of business.

S15. AN OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND 2015 – REPORT FROM ACCOUNTS COMMISSION

The committee considered a report by the Director of Corporate & Housing Services providing information on the key messages and recommendations arising from the Accounts Commission's 'An Overview of Local Government in Scotland 2015' report. The Accounts Commission report was appended for information and is based on the audit and inspection work undertaken by Audit Scotland and other inspectorates across the whole of Local Government. In addition to the report, Audit Scotland prepared a self assessment tool for Councillors which is designed to help implement the recommendations made in the report. Fiona Campbell provided an overview of the report.

The committee discussed the role of the Performance Panel and commented that it facilitated open and frank discussion across the political spectrum in its current format. However, members stated that a better way to communicate performance information with the public was needed. The committee discussed participatory budgeting and asked if a briefing session would be held. Fiona Campbell stated that the Executive had agreed to request a members briefing on the Community Empowerment Act and that examples of participatory budgeting would be included in this. Members commented that in difficult financial times the Council needed to look at doing things differently and being innovative.

Members discussed the recommendations in the report and highlighted that in order to reduce costs a number of options needed to be considered. It was stated that discussion often focuses on reductions but that income generation could be a more significant focus, not through increased charges but through doing business differently. Work on business transformation was seen to be central to developing new ways of working and delivering services.

The committee asked for further information on the Council's Private Finance Initiative (PFI) commitments. Amanda Templeman stated that PFI was a significant part of the education budget and would be for a number of years. Following a question on annual repayments, Mary Pitcaithly stated that the Council paid c.£25million per year and that the term of the first contract was approaching completion. Two of the schools had been built as Non Profit Distributing Organisations (NPDOs) which had longer, 30 year, terms. She advised that as a priority the Council went through refinancing and had recently made a saving of £2 million. Further, she stated that the cost paid by the Council included running costs for the school buildings.

The committee discussed the use of a scenario planning tool for long and short term finances using parameters of best and worst case scenarios to plan better. Members also discussed that the report recommended that Councillors are more involved in financial planning. Amanda Templeman stated that medium term planning of five years was carried out based on intelligence gathered, information from COSLA, and advice from treasury advisors. The service looked at various scenarios such as interest rates rises.

Members discussed budget consultation and how to best get information to the public and the timescales for budget setting. The committee discussed areas of high budget pressure and highlighted the challenges faced by social work and requested a report on why adult and children's social work have had overspends in recent years. It was stated that it was not appropriate to use reserves to cover revenue budget overspends and a long term plan was needed. Mary Pitcaithly advised that reports had been presented to members previously on the current situation and that additional funds had been built in for this year.

Decision

The committee agreed:-

- (1) to note the recommendations of the Overview of Local Government in Scotland report, and**
- (2) to request a report on the causes of overspends in adult and children's social work services in recent years.**

S16. AUDIT SCOTLAND NATIONAL REPORT – BORROWING & TREASURY MANAGEMENT IN COUNCILS

The committee considered a report by the Director of Corporate & Housing Services providing a summary of the key messages and recommendations flowing from the Audit Scotland report 'Borrowing and Treasury Management in Councils'. A copy of the Audit Scotland report was attached to the report. Amanda Templeman gave an overview of the report.

The committee asked about reporting arrangements. Amanda Templeman advised that the structure was to report to the Executive and then Council but that the strategy for any given year was dependent upon budget decisions.

Members asked about interest rates on the Council's borrowing and if there was associated risk if not refinancing. Amanda Templeman stated that the service recently met with the Council's treasury advisors and were advised that in the short term interest rates were not expected to rise. It was anticipated that any bank rate increase would be toward the middle of next year at the earliest and that increases had not been implemented for ten years. She stated that even if the rate goes up then short term rates would remain very low for the next few years. Further, a number of other Councils had moved to increasing their short term loan book.

The committee asked about increases in external borrowing. Amanda Templeman advised that over the past ten years the Council's external borrowing had increased by £72.1 million. Prior to 2005 the Scottish Government had imposed a limit on the amount of capital investment through borrowing which was removed in 2004/05 and under the revised regime Councils could determine for themselves their level of borrowing.

Members discussed the level of interest rates and asked about the housing revenue account (HRA). They asked what was thought of increasing levels of borrowing for housing. Amanda Templeman stated that such projects were self financed and that to ensure the affordability of the 2015-18 General Fund capital programme no additional borrowing was currently being undertaken. David McGhee stated that the HRA was a long term finance model and that a balance needed to be struck between affordable rents and investment. Due to the long term nature of the programme there was a risk of cumulative debt increasing. Care was taken by the service to ensure that a rent spike would not occur in the future.

The committee asked if the Council's PFI schools were part of the information provided on the debt maturity profile. Amanda Templeman advised that they were not and that the information dealt purely with the Council's external borrowing.

Members discussed the need for training for members on borrowing and treasury management and governance arrangements. Consideration was given to whether the training should be mandatory or not. Amanda Templeman stated that the current reporting structure was reasonable and that extra reports were submitted as necessary. Further, if it was felt to be helpful then more information could be included in reports.

The committee asked for a comparison with other Councils on how much information was provided to elected members, benchmarking information and how other Councils manage their borrowing. Amanda Templeman advised that CAPITA managers review Councils' balance sheets in late September and warned against direct comparisons as each Council is in its own unique situation dependent on a variety of circumstances. She confirmed that benchmarking information would be available from the end of September and that a report would be brought back.

Members asked what risk assessments were carried out internally. Amanda Templeman stated that it was a specialised area and that there was a reliance on the treasury advisors. The Council carried out scenario planning which looked at levels of borrowing, possible interest rate changes and other factors. She advised that large external risks were monitored by CAPITA.

The committee asked if the Council had opportunities to renegotiate and refinance. Amanda Templeman advised that the Council did have such opportunities and that most borrowing was with the Public Works Loan Board (PWLb). The service looked at refinancing regularly and she advised the committee that early repayments would result in an extra cost.

Members discussed recommending that the training be mandatory for all elected members and required before serving on the Executive, Scrutiny or Audit committees.

Decision

The committee agreed:-

- (1) to note the content of the report;**

- (2) to recommend to the Executive that all elected members should be given training on Treasury Management before they are eligible to serve on the Executive, Scrutiny or Audit Committees. This training will be mandatory and all members will have to complete this within the next six months;
- (3) to recommend to the Executive that a full review of borrowing and treasury management governance and methods of reporting is undertaken, and
- (4) to request a further report with benchmarking information.

S17. COUNCIL HOUSING INVESTMENT PROGRAMME – CONTRACT MANAGEMENT

The committee considered a report by the Directors of Development and Corporate & Housing Services providing details of the operating arrangements in relation to the delivery of the Council's Housing Investment Programme (HIP). The report set out the context, scale and diversity of the programme; the stages involved in delivering the programme; the roles and responsibilities of the relevant services, and information on areas of continuous improvement and development. David McGhee provided an overview of the report.

The committee commented on the success of the programme and asked if there were plans for further roll out, particularly in relation to improving old buildings so that any land supply issue can help to be addressed. David McGhee stated that in order to meet the local housing need there would come a point where all the soft options had been taken. The service was undertaking work to identify areas which would be suitable for the programme.

Members asked about compliance levels. David McGhee stated that there were 2,800 properties which, in line with the guidance, were exemptions or abeyances. The exemptions related to situations where there was a technical aspect of the property which prevented work being undertaken. While the abeyances were mostly where the tenants declined to have the work done or where the service could not access the property. The service was looking at a variety of methods to reduce the number of non-compliant properties.

The committee asked if the number of non-compliances had been anticipated. David McGhee stated that significant challenges with a programme of such scope and scale were expected and they would have wanted more tenants to participate. The service wanted to work collaboratively with tenants.

Members discussed that other Councils had higher compliance rates and asked why the rate was lower for Falkirk. David McGhee advised that the service intended to speak to the high performing Councils to identify, if possible, why their scores were different. He stated that the data had just recently become available.

The committee enquired if the introduction of size criteria was a reason for tenant refusal of works. David McGhee stated that there were a range of reasons for refusal and that the service contacted tenants and followed up with them on their reasons for refusal. He stated that direct contact with tenants was key to lowering non-compliance levels.

Members asked if the service was placed to successfully deliver the Energy Efficiency Standard for Social Housing (EESH). David McGhee stated that the service had carried out assessment and mapping exercises and was comfortable that the work would be delivered on time.

The committee discussed the investment programme in regard to new build Council housing and commended officers for their work on the new build projects. Members also discussed the availability of land for such projects and the Council's position of using sites in its ownership. It was suggested that the Council could work in partnership with private developers who own underdeveloped sites during a time when the market was not booming. David McGhee advised that the service was at the stage of looking at where to go next with new builds. He stated that options would be looked at and information provided to elected members.

In regard to Council house extensions and the cost of work, members asked about the number ruled out for cost and of costs being above the industry average. Robert McMaster stated that he would look at the issue and check why costs were higher than others if that was the case.

The committee asked about contract management processes and if completed contracts were reviewed at the end to ensure that any lessons learned were taken on board. Discussion highlighted a contract where after a number of issues the same contractor was used in a future contract. Robert McMaster advised that in the particular case some complaints had been received before completion of the work due to the invasive nature of the work but that overall there had been a 95% satisfaction rate. He stated that the service always sought to learn lessons and improve. He confirmed that contracts were reviewed at the end.

Members asked about properties not of a tolerable standard. Kenny Gillespie advised that the report provided a snapshot and that there needed to be agreement with the owner occupier before undertaking works. He advised that not of a tolerable standard referred to properties which were in a serious state of disrepair such as those which were not water tight.

The committee requested information on the number of contracts which were completed on time and to budget as well as those which were not. It was also requested that information on mitigating factors and variances were included to see if there were any trends.

Members asked when the strategic housing investment plan would next be brought forward for consideration. Kenny Gillespie stated that a report would be presented to elected members next year and that work was being done on it currently.

The committee asked about the low number of local firms being used. Robert McMaster stated that it was difficult to encourage more local firms to bid for a tender as that was not the role of the service. Due to national and European guidelines there was a duty to

advertise contracts and as this was mostly at a national level it meant that big companies often out competed local firms. He stated that this was the case nationally. David McGhee stated that local business forums were engaged with through workshops and road shows to inform businesses on what is involved in the tender process.

Decision

The committee agreed:

- (1) to note the approach taken in respect of the development and management of the Council's Housing Investment Programme, and**
- (2) to request a report on the number of contracts delivered on budget; on time; not on time; mitigating factors, and variances: showing any trends.**

Provost Reid left the meeting during consideration of the previous item of business.

S18. OVERVIEW AND ANALYSIS OF SQA ATTAINMENT WITHIN FALKIRK SECONDARY SCHOOLS 2012-14

The committee considered a report by the Director of Children's Services providing an overview and analysis of Scottish Qualifications Authority (SQA) attainment in Falkirk schools over a three year period, 2012 – 2014. The report was submitted in response to a request made by the committee on 14 May 2015 (ref S8). The report also provided information on how Falkirk Council's secondary schools perform in relation to similar schools in other authorities. Robert Naylor provided an overview of the report. He advised caution when making comparisons between schools year to year as attainment varied dependent on the nature of the cohort of young people in that year group. Further, the committee was advised that attainment measures were on the cusp of changing at that the new Insight tool would be used going forward. Insight replaces Standard Tables and Charts and is aligned with Curriculum for Excellence by measuring best achievement at point of school exit. It recognises wider achievement by including a range of SCQF credit-rated awards and learning programmes such as City & Guilds or Duke of Edinburgh.

The committee stated that it was good to hear that a young person's wider achievements and talent in other areas would be formally recognised. Members discussed the possibility that this might further skew figures regarding the attainment gap as children from more affluent families may be more likely to be involved in extra-curricular accredited programmes. Members stated that the presentation on Insight should be made available to all elected members through a briefing rather than being presented only to the Education Executive.

Robert Naylor stated that Insight would give the service the ability to analyse against the Scottish Index of Multiple Deprivation and positive destinations, analysis was possible by many factors including whether a young person was a looked after child. He advised that vocational qualifications undertaken in the senior phase of secondary school would be included in Insight as would credit from part time college attendance in fourth and fifth year. Further, Insight would be the tool Education Scotland used in future when carrying out school inspections. In response to the discussion on access to extra credit based on

affluence, Robert Naylor stated that if the schemes were delivered by the Council then they would be across all schools and open to all young people. He advised that Insight measured a young person's total points when leaving school. He stated that all national qualifications carried points and that average totals would be determined for every school. Work would then be undertaken by the Scottish Government to create a virtual comparator school. He advised that pupils who do not perform as strongly in academic exams will get credit for their many achievements which currently go formally unrecognised. This would assist such individuals in the employment market.

The committee discussed exam results for the current year and that attainment had not increased across the district but stayed static or gone down in some schools. Robert Naylor advised that the 2014/2015 results had just been released and a number of the results would be queried through the appeals process. The results figures would not be finalised until February 2016 after the appeals process had been completed.

Members asked how much importance was placed by the service on best practice sharing across schools to increase attainment. Robert Naylor stated that Larbert High School had historically had strong leadership and that there were many other examples nationally of effective leadership being key to school improvements. He advised that schools had a focus on attendance as it was known that there is a direct link between attendance and attainment. The leader in a school is vitally important and sets the tone and expectations, and raises the aspirations of teachers and parents. The Council's Head Teachers and Depute Head Teachers met to share best practice.

The committee asked how Community Planning Partners were contributing to raising attainment in education. Robert Naylor stated that the report was focussed on secondary school but that the Scottish Government's Scottish Attainment Challenge had seen seven Councils receive over £11 million funding from the Attainment Scotland Fund. A further 65 schools would be allocated a share of funding and one of those was in Falkirk. This money would be used for an Attainment Advisor who would work from November to close the attainment gap in one or more local primary schools. He advised the committee of a national debate on the attainment gap at the primary stage and how to best measure it. Falkirk used a standardised test for literacy and numeracy. Fiona Campbell stated that the Community Planning Partnership was carrying out a review of its strategic plan with a range of evidence being compiled. The Council was working with all partner organisations to understand their challenges. A workshop was to be held on 31 August to consider the partnership's priorities for the next five years. She advised that all partners feed in to the planning process and that young people will feature in relation to positive destinations. She stated that a report would be submitted to Council in early 2016 and that engagement with elected members would be a part of the planning process.

Members expressed some concern at the wording relating to Bo'ness Academy in appendix 3 to the report, stating that it was too condemnatory and asked why intervention had not been put in place earlier to assist the cohort. Robert Naylor stated that the language used was not appropriate. He advised that in fourth year the cohort had performed less well than other years and that performance carried through. He stated that in primary school it was likely known that the year group was performing below the previous year.

The committee discussed the impact of socio-economic factors on attainment. Robert Naylor stated that there was a long standing national debate on the issue and that some said that it does not need to effect attainment but evidence from the last fifty years shows that it does have an impact. Overall attainment in Scotland had increased but the gap remains. In the past where significant spend and resources had been targeted at deprived groups the gap had been reduced but that once projects ended the gap returned. Historically in times of budget pressures additional capacity at deprived schools was an area reduced.

Members asked about systems for tracking pupil progress. Robert Naylor stated that an electronic tool was used, tracking and monitoring was carried out on all years not just those going through SQA exams. The tool was bought for Falkirk's high schools to analyse tracking and monitoring information, which allows Head Teachers to drill down into more detail. In year challenge was generated through the information provided through the tracking and monitoring tool to intervene quickly where attainment appeared to be dropping off.

The committee discussed that attendance would be improved where education was provided in a form which engages young people and this would lead to a general improvement in attainment alongside the need for strong leadership in secondary schools. The committee requested feedback on the points raised, namely: school leadership, mentoring and best practice sharing, a presentation on Insight and past examples of learning impacting on attainment (including primary schools).

Decision

The committee agreed:-

- (1) to note the report;**
- (2) to request the Director of Children's Services to provide a further update on 2015 attainment to the Education Executive and the Scrutiny Committee when this information is available, and**
- (3) to request that further reports should provide the basis for regular reporting on attainment and achievement, focusing on overall attainment, progress of lower attaining pupils, and attainment relative to socio-economic deprivation.**