

AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 9 November 2022 at 10.00 a.m.

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| Present in County Hall: | Councillors Peter Henderson (Chair), Brian McGinley, Cameron Ramsay and George Weir. |
| Present Remotely: | Councillors Chris Cullen and Mary Kilpatrick. |
| Apologies: | Councillors Kenneth Bell and Gavin Scott. |
| In Attendance For Call-in: | Councillors Alec Clark (as Portfolio Holder), William Grant and Duncan Townson. |
| Attending in County Hall: | E. Howat, Chief Executive; M. Newall, Depute Chief Executive and Director of Housing, Operations and Development; J. Bradley, Director of Strategic Change and Communities; T. Baulk, Head of Finance, ICT and Procurement; C. Caves, Head of Legal and Regulatory Services; W. Carlaw, Service Lead – Democratic Governance; K. Dalrymple, Service Lead – Neighbourhood Services; K. Anderson, Service Lead – Policy, Performance and Community Planning; L. Kerr, Service Lead – Destination South Ayrshire, Culture and Sport; C. McGhee, Chief Internal Auditor; S. MacMillan, Project Implementation Co-ordinator, J. McClure, Committee Services Lead Officer; and C. McCallum, Committee Services Assistant. |

Opening Remarks.

The Chair

- (1) welcomed everyone to the meeting; and
- (2) outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live.

1. Sederunt and Declarations of Interest.

The Chair called the Sederunt for the meeting and having called the roll, confirmed that there were no declarations of interest by Members in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

2. Call-in from Cabinet– “Proposal to Deliver an Airshow in September 2023, 2024, 2025, 2026 and 2027”

Reference was made to the Minutes of the Cabinet of 1 November 2022 (Page 3, paragraph 8) when the Cabinet had decided

- (1) to agree that officers progress with the planning of the Airshow including work to identify sponsors;
- (2) to approve that funding for the Airshow of £300,000 per year, for a period of five years, would be considered as part of the budget setting process for 2023-2024;
- (3) to approve the name for the Airshow - The International Ayr Show – Festival of Flight;
- (4) to approve the proposal to have the Royal Air Force Benevolent Fund as the charity partner for the event; and
- (5) to note the progress made by the SKYLAB in relation to expressions of interest with military display teams.

There were submitted two [call-ins](#) (issued) from Councillors William Grant and Duncan Townson and [Responses/Feedback](#) from Officers to the reasons for the call-ins (issued).

The Panel then heard Councillors William Grant and Duncan Townson outline the details of their call-ins; and the Director of Strategic Change and Communities responded to the points raised by both Members as follows:-

- (a) that the Council had entered into a partnership contract with SKYLAB who had been involved in delivering previous airshows and that the cost of the contract would be met through the Significant Events Fund;
- (b) that officers were currently working on proposals for the events village such as food and beverages, car parking, VIP ticketed packages and land based entertainment to generate income for the Council which would be applied to offset the cost of delivering the Airshow;
- (c) that works could progress to identify sponsors, in conjunction with the Royal Airforce Benevolent Fund, once approval was granted to commence; and that she was confident that the Council could attract sponsorship packages from a wide range of organisations, some of which had already expressed an interest and that this would be marketed widely;
- (d) that having, reviewed the financial statements of the previous company who had run the Airshow, she was confident that the Council could break even or hopefully generate income over the first few years of the Airshow;
- (e) that the contract with SKYLAB was a 2 +1 + 1 + 1 contract which and that the Council required to register an interest in having military aircraft at the Airshow in the September of the year prior to the airshow;
- (f) that this was likely to be the only Airshow north of Blackpool next year which would attract significant interest with interest also registered in civilian aircraft and a number of ground attractions being examined;

- (g) that the Council would engage with local businesses to ensure that they benefited from this event and that, as the plan was to hold a three day event, visitors to the area would use local accommodation and other local businesses;
- (h) that the intention was that the Airshow would generate income in future years as it was an event of significant importance to South Ayrshire as a driver for tourism and supporting the regeneration of the local economy;
- (i) that the budget for this event would be submitted for consideration of Members at the meeting of South Ayrshire Council of 2 March 2023 and that the intention was to include the proposals for the funding of the Airshow as part of that; and
- (j) that it was difficult to be clear at present on what could be achieved in conjunction with partner organisations as approval had not yet been granted to formally approach partners; and that this report was seeking approval to liaise with the partners.

Following further comments from Councillor Grant that this was an event of national significance and that sponsorship should be sought from large national companies; and that assurances were required that other local events would not be affected due to staff being involved in this large event; the Director of Strategic Change and Communities advised that the Events Team was currently recruiting an officer who would be dedicated to developing and organising the Airshow, along with staff from a range of other services who had previously been involved in arranging this event as she was aware of the significance and size of the event and the number of staff required to arrange this, which was why approval was being sought at this time as an event of this size required a long-term plan, however she was confident this could be delivered.

Following a further question from Councillor Townson on what guarantees could be given to local businesses that the Airshow would support them economically and support the local economy throughout South Ayrshire; the Director of Strategic Change and Communities and the Service Lead – Destination South Ayrshire, Culture and Sport advised

- (i) that local businesses would be given an opportunity through the procurement process to apply to take concessions within the local village;
- (ii) that, although it was acknowledged that some visitors would drive to the event, park then leave following the event, it was hoped to encourage visitors to stay and use hotels, restaurants and shops;
- (iii) that this event would showcase South Ayrshire as a fantastic place to visit and it was hoped to have a calendar of events arranged for South Ayrshire to issue to the visitors to the Airshow to encourage them to return to the area; and
- (iv) that an app was shortly being launched which visitors to the area could download highlighting what was on offer in the area; and that activities would be taking place at the bottom of the High Street to ensure that the town centre was seen as part of the wider festival and that the businesses in the High Street also benefited from the increased footfall.

Councillor Clark, as Portfolio Holder with responsibility for this matter then responded to the comments made by Councillors Grant and Townson and referred to the organisation of the previous Airshows when the Council had less input in the organisation and staging of the event and had provided monies to a company to stage the previous airshows however, the Council had management control over the ground activities for the proposed upcoming Airshow and he had confidence that Skylab had the technical expertise to deal with the aircraft; and that he had confidence in Skylab and the Council Officers managing the event. He further advised that, as a major event, this was a chance to promote South Ayrshire and stimulate the economy while also promoting other upcoming events.

A full discussion took place and comments were made by Panel Members in relation to:-

- (A) this matter being "called in" twice detailing similar concerns which outlined that the level of information required to make a proper decision was not provided within the original report which was concerning;
- (B) that, whilst there was confidence in the Council Officers to deliver this event, there was no evidence to show that this event had been sufficiently planned and developed at this point;
- (C) that, as there was no financial plan, business plan, environmental impact plan, insurance costs or mitigations outlined within the report, this raised concerns and more information was required to allow the event to go forward;
- (D) that, as £300,000 was the base budget and marketing, clean-up and insurance costs etc would require to be included, there were concerns that, at a time when the Council was required to make significant cuts to balance the budget, the cost of the Airshow could have a significant impact on service delivery, as well as the environmental impact;
- (E) certain elements of the planning of this event required to be in place prior to the approval of the Airshow; and
- (F) concerns that the Council could not withdraw from the contract with SKYLAB after year one but could only withdraw after year two.

The Director of Strategic Change and Communities responded to the above comments by advising that this report was seeking approval to progress with the planning and delivery of the Airshow and that, until this approval was granted, she was unable to produce a more detailed plan but, if approval was granted, she would develop these plans and they would be subject to continuous review and be fully evaluated following the first event which would then inform the future delivery and any amendments to the future delivery plan; that an officer dedicated to this event was being recruited and the Events Team would be assisting with the delivery of this event and she was very confident in the Council's ability to deliver the Airshow; that the Administration had outlined its support of the event and there had been significant interest from the people of South Ayrshire; and that she appreciated the Member's confidence in the Officers concerned.

Questions were raised by Panel Members in relation to:-

- (I) the financial accounts of the previous company who managed the Airshow; and the Director of Strategic Change and Communities advised that, having examined the accounts of this company along with the Council's potential income generation, she was confident that the Council could deliver the Airshow within the budget sought;
- (II) the reference to £300,000 within the written responses as a potential increase from that allocated to the last airshow was to take account of increased costs for staging the event and this would be reviewed annually and the £1.5m was proposed but not fixed; and the Director of Strategic Change and Communities advised that, as part of the budget setting process, the £300,000 was allocated for the delivery of the Airshow, however, it was hoped that the income generated in the first few years would negate the requirement for these monies in future years. She further advised that, in advance of delivering the Airshow, deposits required to be paid but that these would be offset by the income generated by the event which was why it was requested that this was built into the process for the next five years;
- (III) the event being met through the Significant Events Budget and whether this would have an impact on other events within South Ayrshire or any future events; and the Director of Strategic Change and Communities advised that the Council was currently committed to a two year contract with SKYLAB and was requesting a base budget of £300,000 at present, no funding above that figure;
- (IV) whether running the Airshow would affect the Council's Carbon Budget; and the Service Lead – Destination South Ayrshire, Culture and Sport advised that SKYLAB had joined the British Air Display Association which represented all areas of the British Air Display Industry and encouraged and advanced safety and standards, encouraged members of the Association to embrace the air display's environmental sustainability charter and that they would be creating an environmental action plan with the aim of reducing climate impact. She further advised that the Council, as part of the five year proposition, would aim to make the Airshow the UK leader in carbon offsetting and responsible design and would look to justify each aircraft booking responsibly.

Councillor Clark, as Portfolio Holder, responded to the questions and comments by Panel Members and advised that the questions raised at Cabinet outlined that scrutiny had taken place when approving this report; that the Council was being responsible with the contract agreed with SKYLAB; and that, with the Council's professional partners, a significant and successful Airshow could take place for the people of South Ayrshire.

The Chair then thanked all Panel Members for their contribution and outlined that the role of this Panel was to scrutinise reports to ensure best value for the people of South Ayrshire, however, he outlined concerns with the monies required to produce this Airshow due to current pressures on Council budgets and also concerns regarding the environmental impact of those travelling to and from the event. The Director of Strategic Change and Communities advised that the Council would be encouraging visitors to the event to view this as a weekend event as there would be other activities provided and, therefore use the local guest houses and restaurants; and that it was anticipated that large numbers of people would visit the event during the course of the weekend and that the event would showcase Ayr and also the whole of South Ayrshire.

The Chair then outlined the options open to the Panel when considering this call-in.

Councillor McGinley, seconded by Councillor Cullen, moved that the Panel continue consideration of this matter to the next meeting of this Panel scheduled to be held on 7 December 2022 to allow officers to compile a robust scoping exercise and indicative costs.

The Panel heard the Service Lead – Democratic Governance advise that this Motion could not be practically realised due to the short timescales; and heard from the Chief Executive and the Head of Legal and Regulatory Services in relation to the decision of the Cabinet of 1 November 2022; outlining that the £300,000 would be submitted for approval as part of the budget-setting process; and that to allow officers to develop the proposals and come forward with a business plan, officers required to be granted approval to undertake planning for the event.

Councillor McGinley as Mover of the Motion, agreed to Amend the Motion, with the agreement of the Seconder, Councillor Cullen to:-

“that officers progress the planning of the Airshow as per the Cabinet decision of 1 November 2022, with the proviso that officers bring forward information on a robust scoping exercise and indicative costs to a future meeting of this Panel, prior to the budget setting meeting of South Ayrshire Council of 2 March 2023”.

The Panel

Decided: that officers progress the planning of the Airshow as per the Cabinet decision of 1 November 2022, with the proviso that officers bring forward information on a robust scoping exercise and indicative costs to a future meeting of this Panel, prior to the budget setting meeting of South Ayrshire Council of 2 March 2023.

3. Minutes of Previous Meeting.

The [Minutes](#) of the meeting 5 October 2022 of (issued) were submitted and approved.

Adjournment

The time being 11.08 a.m., the Panel agreed to adjourn for 15 minutes.

Resumption of Meeting.

The meeting resumed at 11.23 a.m.

4. Action Log and Work Programme.

There was submitted an update of the [Action Log and Work Programme](#) for this Panel (issued).

The Head of Finance, ICT and Procurement provided the Panel with an update of the status of the Action Log and Work Programme.

Questions were raised by a Panel Members in relation to:

- (1) item 3 of the Action Log regarding Equalities Training for Elected Members and employees; and the Service Lead – Policy, Performance and Community Planning advised that a meeting of the Equality and Diversity Forum would be taking place on 15 November 2022 when it would discuss training needs and also the update of the Forum's Terms of Reference, especially regarding the Fairer Scotland Duty; and that he would update the Panel on the agreed date for this training. The Chair then commented that the United Nations Convention on the Rights of the Child would come into force soon and he hoped to see this included within the training; and
- (2) item 5 of the Action Log regarding the Best Value Action Plan requesting information on the process for this; and the Chief Executive advised that a session for all Elected Members had taken place with the Improvement Service to identify priorities and that a further meeting was scheduled for 10 November 2022 with the Administration when their priorities for the Council Plan would be identified and would be submitted to a future meeting of South Ayrshire Council for approval. She further advised that a decision had been taken in January 2022 to extend the Council Plan to allow the new Administration following the Local Government Election to set out their priorities, however, extending the Plan would have an impact on some of the previously agreed dates.

The Panel

Decided: to note the current status of the Action Log and Work Programme.

External Audit Report

5. Best Value Action Plan 2021-22 – Update

There was submitted a [report](#) (issued) of 1 November 2022 by the Depute Chief Executive and Director of Housing, Operations and Development advising Members of the progress made in delivering the actions identified in the Best Value Assurance Report [Action Plan 2021-22](#).

The Depute Chief Executive and Director of Housing, Operations and Development provided the Panel with an overview of the report and advised that, in January 2022, the Leadership Panel had agreed to extend the existing Council Plan (2018-22) by no more than one year to allow new Members the opportunity to contribute to the development of a new Plan with it being anticipated that the new Council Plan would be agreed by Cabinet by March 2023; and outlining that the majority of identified actions in Appendix 1 to the report had been fully completed or were scheduled to be completed by the due date.

Questions were raised by Panel Members in relation to:-

- (1) page 5 of Appendix 1 where an action had a due date of 31 December 2022, however was being submitted to Cabinet for approval on 31 March 2023; and the Depute Chief Executive and Director of Housing, Operations and Development advised that some items were before Panel today for approval of a revised date, including the action referred to;

- (2) item 4 on page 5 of Appendix 1 which referred to “the Thriving Communities team have structures in place to support consultation and engagement with communities at the appropriate time when the Council plan was being developed” and when the appropriate time would be; and the Director of Strategic Change and Communities advised that, as the priorities of the Administration emerged through the development work, this would provide the substance to engage with communities; and that a Communications Plan was in place for this;
- (3) the action on “Developing a Workforce Plan” on page 6 of Appendix 1 and the next stage of this; and the Chief Executive advised that this matter had been considered at Service and Performance Panel on 25 October 2022 and that a report clearly articulating the next steps in terms of developing the Workforce Plan and the actions allocated to the relevant officers would be submitted to Cabinet for approval on 29 November 2022; and
- (4) the consultations referred to in the Best Value Action Plan and at which stage communities were involved; and the Director of Strategic Change and Communities advised that the community engagement element referred to in the Best Value Action Plan was for the Council to ensure that robust community engagement was in place across all services, therefore multi-skilled locality based teams had been established to work across the five main towns and the villages and that these teams had established appropriate networks for consultation and engagement; that the Council had also developed a more robust online consultation system, had engaged the Consultation Institute who had undertaken training with members and with officers at various levels and that an officers’ consultation reference group had been established which carried out consultations using the appropriate channels.

The Panel, having scrutinised the content of the Best Value Action Plan 2021-22 update report

Decided: to note the progress through the narrative set out within [Appendix 1](#).

6. Internal Audit – Progress Report : (i) Progress of Annual Internal Audit Plan 2022/23; (ii) Implementation of Internal Audit Action Plans; and (iii) Quality Assurance and Improvement Programme Update

There was submitted a [report](#) (issued) of 27 October 2022 by the Chief Internal Auditor advising Members of Internal Audit’s progress of the 2022/23 Internal Audit plan, directorate progress against implementation of Internal Audit action plans and the status of the current Quality Assurance and Improvement Programme.

The Chief Internal Auditor provided an overview to the report and gave an update advising

- (1) that, following the submission of this report, three final reports had been issued, one draft report had been issued and a further three assignments from the plan had commenced; that, following the submission of this report, three final reports had been issued, one draft report had been issued and three assignments from the plan had commenced;

- (2) that following comments made by Panel Members at the meeting of 7 September 2022, processes had now been updated insofar as officers requesting an extension for a third time would now require to attend Panel to request this; and officers would require to attend Panel to address why an action was overdue, however, there were no overdue actions or requests for extension in this report;
- (3) that she would be having quarterly meetings with officers in Risk Management to ensure that information on risks from audit reports or from Risk Management were shared to ensure that this information was reflected in the risk registers and the annual internal Audit Plan; and
- (4) that, with regards to the Quality Assurance and Improvement Programme, the self-assessment part of this had now been completed and the external assessment had commenced and that, subject to the external assessment being completed timeously, it was hoped that a report on this matter be submitted to the meeting of this Panel scheduled to be held on 22 February 2022.

Comments were made by Members in relation to:-

- (a) the importance of Panel Members understanding that this report reflected the period up to 30 September 2022 and that progress had been made since this date and
- (b) the requirement for Officers to update Pentana regularly.

Questions were raised by Panel Members in relation to:-

- (i) whether the Chief Internal Auditor felt she had sufficient resources to complete the Plan as outlined at Appendix 1 to the report; and the Chief Internal Auditor advised that there had been resource issues at the start of the year but these had been considered when the Plan had been developed, she now had a full complement of staff and she was confident the Plan could be delivered;
- (ii) "Payment Card Industry Data Security Standard Compliance Management – Review Procedures and Compliance with Training" and whether this would be completed within the timescales; and the Head Finance, ICT and Procurement advised that this item had a due date of 31 October 2022 and had been completed within the timescales;
- (iii) progress with the Fuel Management System action; and the Service Lead – Neighbourhood Services advised that progress had been made since the report was written with most items to be completed by 27 November 2022, however an initial investigation regarding fuel fobs had uncovered a significant cleansing exercise was required to complete this task and this may require a new due date of January or February 2023;

- (iv) whether the Service Lead – Neighbourhood Services was confident that he had taken cognisance of the potential risks with regard to the “fuel fobs” action and whether this was an administrative exercise; and the Service Lead – Neighbourhood Services advised that this was an administrative exercise and that there was no real risk of theft, however records had been historical and not updated for some time which had been picked up through the audit process; and that an additional piece of work was now going to be carried out once names had been matched to fuel fobs with licence checks also taking place. The Depute Chief Executive and Director of Housing, Operations and Development further advised that responsibility for fleet use, including fuel use, sat with Services Leads; and that the policy was clear that, while Fleet Management had responsibility for managing the fuel system, Service Leads were responsible for driving licence checks and ensuring that the correct officers were drawing fuel; and
- (v) the reasons for the extension in the due dates for the “Main Accounting System Review”; and the Head of Finance, ICT and Procurement advised that an extension had been requested to align with the Oracle Fusion Project, which had been delayed due to technical issues, however, these had now been resolved and this project was moving forward.

The Panel

Decided: to note the contents of the report.

The meeting ended at 11.55 a.m.