

# Notice of meeting and agenda

## Governance, Risk and Best Value Committee

2pm, Tuesday, 15 December 2015

Dean of Guild Court Room, City Chambers, High Street, Edinburgh

This is a public meeting and members of the public are welcome to attend

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## **1. Order of business**

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- 1.1 Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

## **2. Declarations of Interest**

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- 2.1 Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

## **3. Deputations**

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- 3.1 None.

## **4. Minutes**

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- 4.1 Minute of the Governance, Risk and Best Value Committee of 12 November 2015 – submitted for approval as a correct record.

## **5. Outstanding Actions**

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- 5.1 Outstanding Actions – December 2015 (circulated)

## **6. Work Programme**

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- 6.1 Governance, Risk and Best Value Work Programme – December 2015 (circulated)

## **7. Reports**

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- 7.1 Internal Audit – Overview of Internal Audit Follow-Up Arrangements – report by the Deputy Chief Executive (circulated)
- 7.2 Internal Audit Quarterly Activity Report – report by the Deputy Chief Executive (circulated)
- 7.3 Corporate Leadership Team Risk Register – report by the Deputy Chief Executive (circulated)
- 7.4 Health and Social Care Risk Register Update – report by the Chief Officer, Edinburgh Health and Social Care Partnership (circulated)
- 7.5 Home Care and Reablement Service Contact Time – referral from the Health, Social Care and Housing Committee (circulated)
- 7.6 Health and Social Care Integration - Update – referral from the Finance and Resources Committee (circulated)
- 7.7 ICT Services Procurement: Transition Progress Update – referral from the Finance and Resources Committee (circulated)

- 7.8 Treasury Management - Mid Term Report 2015/16 – referral from the City of Edinburgh Council (circulated)

## **8. Motions**

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- 8.1 If any.

### **Carol Campbell**

Head of Legal and Risk

## **Committee Members**

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Councillors Balfour (Convener), Child, Dixon, Gardner, Keil, Main, Mowat, Munro, Orr, Redpath, Ritchie, Shields, and Tymkewycz.

## **Information about the Governance, Risk and Best Value Committee**

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The Governance, Risk and Best Value Committee consists of 13 Councillors appointed by the City of Edinburgh Council. The Governance, Risk and Best Value Committee usually meet every four weeks in the City Chambers, High Street in Edinburgh. There is a seated public gallery and the meeting is open to all members of the public.

## **Further information**

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If you have any questions about the agenda or meeting arrangements, please contact Gavin King, Committee Services, City of Edinburgh Council, Waverley Court, Business Centre 2.1, Edinburgh EH8 8BG, Tel 0131 529 4239, e-mail [gavin.king@edinburgh.gov.uk](mailto:gavin.king@edinburgh.gov.uk)

A copy of the agenda and papers for this meeting will be available for inspection prior to the meeting at the main reception office, City Chambers, High Street, Edinburgh.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online by going to [www.edinburgh.gov.uk/cpol](http://www.edinburgh.gov.uk/cpol).

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## Governance, Risk and Best Value Committee

10.00am, Thursday, 12 November 2015

### Present

Councillors Balfour (Convener), Child, Dixon, Gardner, Keil, Main, Mowat, Munro, Orr, Redpath, and Tymkewycz.

**Also present:** Councillors Rankin and Bill Cook for consideration of item 7.3 and B1.2 and Councillor Rose for consideration of item B1.1

### 1. Property Conservation

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#### (a) Deputation – by Edinburgh Residents for Statutory Notice Reform

Gordon Murdie, representing the Edinburgh Residents for Statutory Reform explained to the Committee why he believed that Programme Momentum was flawed and would not recover the money that the Council were expecting. He explained that there was doubt on whether the work was necessary in many cases and whether the cost of the work carried out was appropriate. Programme Momentum did not take necessary account of all relevant information and this had been borne out on some cases following an investigation. Gordon Murdie offered a presentation to the relevant Councillors, Council officials and representatives from Deloitte and Morton Fraser which would explain the flaws in Programme Momentum's processes.

#### (b) Report – Property Conservation: Programme Momentum Review

An update was provided on Programme Momentum which commenced in June 2014 and was an end-to-end process across all workstreams relating to the legacy statutory notice issues. This report had been previously considered by the Finance and Resources Committee in September 2015 and had been requested for scrutiny by the Governance, Risk and Best Value Committee.

Councillors Rankin (Convener of the Finance and Resources Committee) and Bill Cook (Vice-Convener of the Finance and Resources Committee) attended for the consideration of this item.

### Decision

- 1) To note the report.
- 2) To ask that information being provided to the Finance and Resources Committee regarding the breakdown of the costs of recovery efforts by the City of Edinburgh Council compared to monies collected be provided to the Governance, Risk and Best Value Committee in January 2016.

- 3) To provide to the Governance, Risk and Best Value Committee in January 2016 the report considered by the Finance and Resources Committee in July 2014 on the policies, principles, methodology and procedures underpinning the project.

(References – Finance and Resources Committee 24 September 2015 (Item 8); report by the Deputy Chief Executive, submitted.)

### **Declaration of Interest**

Councillor Tymkewycz declared an interest in the above item as an owner of a small portfolio of properties in Edinburgh.

## **2. Resolution to consider in private**

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The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for item 3 on the grounds that they involved the disclosure of exempt information as defined in Paragraph 6 of Schedule 7(A) of the Act.

## **3. Property Conservation – Irrecoverable Sum, Debt Recovery and Settlements**

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Information was provided on irrecoverable sums and settlements agreed under delegated authority. This report had been previously considered by the Finance and Resources Committee in September 2015 and had been requested for scrutiny by the Governance, Risk and Best Value Committee.

Councillor Rankin (Convener of the Finance and Resources Committee) and Bill Cook (Vice-Convener of the Finance and Resources Committee) attended for the consideration of this item.

### **Decision**

To note the report.

(References– Finance and Resources Committee 24 September 2015 (item 29); report by the Deputy Chief Executive, submitted.)

## **4. Common Good Asset Register**

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This report had previously been considered by the Committee on 13 August 2015. The Committee at that meeting had requested that Andy Wightman be invited to discuss community involvement regarding the registering of common good land.

Andy Wightman was heard in regard to this item.

### **Decision**

- 1) To note the report.
- 2) To refer the report to Corporate Policy and Strategy Committee, recommending that officers be instructed to update the Common Good Asset Register. A strand of this work should be to explore innovative ways of involving higher education establishments, historical societies and other community groups.

- 3) The report should also ask the Leader of the Council to write to COSLA suggesting that Common Good is put on the agenda for a future meeting, in order that local authorities can establish a uniform position on Common Good.

(Reference – Governance, Risk and Best Value Committee 13 August 2015 (item 4); report by the Deputy Chief Executive, submitted.)

## 5. Minute

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### Decision

To approve the minute of the Governance, Risk and Best Value Committee of 19 October 2015 as a correct record.

## 6. Outstanding Actions

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Details were provided of the outstanding actions arising from decisions taken by the Committee.

### Decision

- 1) To agree to close actions 4, 6, 7, 11, 16, 20 and 21.
- 2) To note the remaining outstanding actions.

(Reference – Outstanding Actions - November 2015, submitted.)

## 7. Work Programme

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### Decision

To approve the Work Programme.

(Reference – Governance, Risk and Best Value Work Programme – November 2015, submitted.)

## 8. Governance Arrangements and Council Support to Community Centre Management Committees

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The Education, Children and Families Committee had referred a report on the arrangements including escalation of issues, service management and interaction with neighbourhood partnerships, and Council support to community centre management committees following a request by the Governance, Risk and Best Value Committee to look into this area.

### Decision

- 1) To note the report.
- 2) To refer the report back to the Education, Children and Families Committee, recommending, on the basis of cases of communication breakdowns brought to the attention of the Committee, that a partnership agreement for relations between the Council and community centre management committees be established. This agreement should define the respective responsibilities of each party, and provide clear lines of communication between each organisation. The

referral report should also recommend that regular training be offered to community centre management teams so they are aware of their duties and responsibilities and adequately supported in carrying them out.

(References – Education, Children and Families Committee 6 October 2015 (item 33); Governance, Risk and Best Value Committee 5 March 2015 (item 1); report by the Executive Director for Communities and Families, submitted.)

## **9. Internal Audit and Risk Service Delivery Model**

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Details were provided of the proposals for future service provision for internal audit and risk.

### **Decision**

- 1) To note the proposals for future service provision for internal audit and risk services.
- 2) To refer the report to Council, with a recommendation to exercise the Council's option to extend the existing co-source partnership arrangements with PwC for a further 12 months from 31 March 2016 in relation to the provision of audit services.
- 3) To request an update report to committee in April 2016 informing how work to establish an in-house risk team was progressing and detailing plans for the future.

(Reference – report by the Deputy Chief Executive, submitted.)

## **10. Governance of Major Projects Review: progress report**

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Committee were provided with an update of the major projects portfolio, made up of projects with a value of over £5 million or particularly sensitive to the Council's reputation. The upcoming assurance review schedule was also provided.

### **Decision**

- 1) To note the current synopsis of the dashboard reports for the major projects portfolio.
- 2) To note the findings from the latest completed assurance reviews.
- 3) In connection with MP22, to ask that background information on the circumstances surrounding the legacy payment of £10.3m liable under the existing landfill contract until 2020 be circulated to the committee.
- 4) To note that the next progress report would detail the outcome of the Assurance Review health check carried out on Fleet Services.

(Reference – report by the Deputy Chief Executive, submitted.)



## 11. Spot-checking on the Dissemination of Committee Decisions and Late Committee Reports

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Following the decision of the Governance, Risk and Best Value Committee on 19 June, to strengthen existing arrangements and provide greater assurance with regard to the dissemination of committee decisions, a spot-check of actions has been undertaken by directorates to ensure that decisions are being effectively communicated to staff.

An update is also provided on the number of late reports to all committees, covering the period October 2014 to October 2015, including actions taken by directorates to address the issue

### Decision

- 1) To note the response to the staff survey on the dissemination of Council policies.
- 2) To note that a spot checking report would be presented to Committee on the dissemination of committee decisions twice a year.
- 3) To note the number of late reports and actions taken by directorates to address the issue.

(References – Governance, Risk and Best Value Committee of 19 June 2014 (item 9); report by the Deputy Chief Executive, submitted.)

## 12. Capital Monitoring 2015/16 – Half Year Position

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The Finance and Resources Committee had referred a report on the overall position of the Council's capital budget at the half year stage and the projected outturn for the year.

### Decision

To note the report.

(References – Finance and Resources Committee of 29 October 2015; report by the Deputy Chief Executive, submitted.)

## 13. Health and Social Care Integration - Update

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The Finance and Resources Committee had referred a report updating the committee on the integration of Council social care functions with NHS Lothian functions.

### Decision

To note the report.

(References – Finance and Resources Committee of 29 October 2015; report by the Deputy Chief Executive, submitted.)

## 14. Resolution to consider in private

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The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the following items of business on the grounds

that they involved the disclosure of exempt information as defined in Paragraphs 1 and 15 of Schedule 7(A) of the Act.

## **15. Monitoring Officer Investigation: Cameron House**

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The Committee considered the report by the monitoring officer in relation to Cameron House.

Councillor Cameron Rose was heard as part of the consideration of this report.

### **Decision**

- 1) To note that the Monitoring Officer intended to re-investigate the matter that was the subject of the original whistleblowing case in light of new evidence and that this would be concluded by the end of the year with a view to reporting any findings to Council in February or March 2016.
- 2) To note that the Monitoring Officer intended to publish an appropriately redacted version of his report into Cameron House on the Council website.
- 3) To request that the decision of today's meeting be conveyed in writing to the Cameron House Management Committee.
- 4) To ask the Chief Executive/Deputy Chief Executive to form a group comprising of some members of the Cameron House Management Committee, ward councillors, Gillian Tee, Peter Watton and any other relevant officers with a view to identifying an action plan to address the report's findings, with the details of the plan to be reported to the committee in March 2016.
- 5) To request a report from the Strategy and Governance Manager in March 2016 on the Council's document retention policy, its robustness and whether it needs to be amended.
- 6) To note that the Cameron House matter was first highlighted to the committee by the work of Councillor Rose.

(Reference - report by the Deputy Chief Executive, submitted.)

# Item 5.1 Outstanding Actions

## Governance, Risk and Best Value Committee

December 2015

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	14.11.2013	<a href="#">Tram Project Update</a>	To ask that the Director of Corporate Governance writes to the Scottish Government requesting an update on likely timescales for the tram project inquiry.	Director of Corporate Governance	November 2014		Inquiry now called by Scottish Government. Verbal Update on Tram project to be provided in 2015.
2	14.11.2013	<a href="#">Corporate and Operational Governance</a>	To request that the Director of Corporate Governance provides an update report in September 2014, in particular providing progress on procurement, risk and the development of a related training programme.	Director of Corporate Governance	September 2014		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
3	19.12.2013	<a href="#">Corporate Governance: High Performing Workforce – Induction and Training</a>	To request that a follow-up report by the Chief Internal Auditor be submitted to the Committee in June 2014.	Director of Corporate Governance	June 2014		Organisational Development now expected to lead this report.
4	09/10/14	<a href="#">Review of Political Management Arrangements</a>	To ask that information on the number of, and reasons given for, the late submission of reports is submitted bi-annually to committee	Director of Corporate Governance	November 2015	November 2015	Recommended for closure – on November 2015 agenda
5	09/10/14	<a href="#">Greendykes and Wauchope Communal Heating Update</a>	To request a report in 12 months to both the Finance and Resources Committee and Health, Social Care and Housing Committee on whether the savings were achieved.	Acting Director of Services for Communities	October 2015		The expected end date has been changed to February 2016 following consideration of the report on savings achieved at the Health, Social Care and Housing Committee in January 2016

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							then referral to the Finance and Resources Committee.
6	13/11/14	<a href="#">Staff who have accepted Voluntary Redundancy or Voluntary Early Release Arrangements and returned to employment with the City of Edinburgh Council</a>	To request a report by the Director of Corporate Governance, in March 2015, providing a high level overview of workforce management and including further detail on the policies around the employment of teachers and use of supply teachers.	Director of Corporate Governance	March 2015		
7	05/03/2015	<a href="#">Cameron House Community Centre: Review of Project Delivery</a>	To request a report to the Education, Children and Families Committee in 3 cycles providing an update on how ongoing issues with the building were being resolved.	Director of Services for Communities	December 2015	December 2015	Recommended for Closure – was provided to Education, Children and Families in December 2015

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
8	05/03/2015	<a href="#">Internal Audit Follow-Up Arrangements: Status Report from 1 October to 31 December 2014</a>	To note that mandatory information security training for all staff would be rolled out as part of the ongoing Performance Review and Development process and that once this had been completed for staff in Children and Families it would be reported as part of the Internal Audit Quarterly Review report.	Director of Children and Families			
9	21/05/2015	<a href="#">Governance of Major Projects: Progress Report</a>	To include details on the overall capital funding in regard to the Early Years Projects.	Director of Corporate Governance			
10	21/05/2015	<a href="#">Governance of Major Projects: Progress Report</a>	To provide a briefing note to Committee on the impact of the Fleet Review project on service delivery	Acting Director of Services for Communities	September 2015		Expected January 2016 when Review is completed.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
11	21/05/2015	<a href="#">Report by the Accounts Commission - An overview of local government in Scotland 2015</a>	To note that clarity would be provided regarding the audit arrangements for the new Health and Social Care Integrated Joint Board.	Director of Corporate			
12	18/06/2015	<a href="#">Corporate Leadership Group (CLG) Risk Update</a>	To request a report to the December Committee on how best to ensure a consistent approach to measuring demographics and how this was applied across the Council.	Director of Corporate Governance			Expected in January 2016
13	13/08/2015	<a href="#">Work Programme</a>	To request that the Chief Social Work Officer reports on the management of care staff, particularly client contact time versus total hours worked and the number of visits for each carer. This should include the full visit data for a week - visit start and finish times and shift start and finish times to compare contact time with 'downtime'.	Chief Social Work Officer	November 2015		Recommended for closure – on December agenda

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
14	23/09/2015	<a href="#">Internal Audit Report: Integrated Health and Social Care</a>	To request an update on the process and timings for sign off of the Council's response to the statutory consultation on the Strategic Plan.	Deputy Chief Executive			
15	23/09/2015	<a href="#">Internal Audit Report: Integrated Health and Social Care</a>	To request an update on the critical and high risks identified in the audit report to the December Committee.	Deputy Chief Executive	December 2015		Recommended for closure – on December agenda
16	23/09/2015	<a href="#">Internal Audit Quarterly Update Report: 1 April 2015 – 30 June 2015</a>	To ask that a summary of the Internal Audit findings on management of HMO licenses be circulated to members of the Regulatory Committee for information.	Acting Director of Services for Communities			
17	23/09/2015	<a href="#">Internal Audit follow-up arrangements: status report from 1 April 2015 to 30 September 2015</a>	To request an update to the December committee on ICT contract management, governance and change control arrangements, and the transition process to the new ICT provider.	Deputy Chief Executive	December 2015		Recommended for closure – on December agenda



No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
18	19/10/2015	<a href="#">Committee Report Process</a>	To request that the Strategy and Governance Manager circulate a breakdown of the committee report figures detailed in paragraph 3.12, outlining those which were statutory and decisions-making.	Deputy Chief Executive			
19	19/10/2015	<a href="#">Committee Report Process</a>	To investigate technology offered by the new IT provider with a view to improving report format and reducing officer workload. To request a progress report back to Committee in one year.	Deputy Chief Executive	October 2016		
20	12/11/2015	<a href="#">Property Conservation; Programme Momentum Review</a>	To ask that information being provided to the Finance and Resources Committee regarding the breakdown of the costs of recovery efforts by the City	Deputy Chief Executive	January 2016		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			of Edinburgh Council compared to monies collected be provided to the Governance, Risk and Best Value Committee in January 2016.				
21	12/11/2015	<a href="#">Property Conservation; Programme Momentum Review</a>	To provide to the Governance, Risk and Best Value Committee in January 2016 the report considered by the Finance and Resources Committee in July 2014 on the policies, principles , methodology and procedures underpinning the project.	Deputy Chief Executive	January 2016		
22	12/11/2015	<a href="#">Internal Audit and Risk Service Delivery Model</a>	To request an update report to committee in April 2016 informing how work to establish an in-house risk team was progressing and detailing plans for the future.	Deputy Chief Executive	April 2016		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
23	12/11/2015	<a href="#">Governance of Major projects: Progress</a>	In connection with MP22, to ask that background information on the circumstances surrounding the legacy payment of £10.3m liable under the existing landfill contract until 2020 be circulated to the committee.	Deputy Chief Executive			Recommended for closure – circulate din November 2015
24	12/11/2015	B – Monitoring Officer Investigation	To request a report from the Strategy and Governance Manager in March 2016 on the Council's document retention policy, its robustness and whether it needs to be amended.	Deputy Chief Executive	March 2016		

# Item 6.1 Work programme

## Governance, Risk and Best Value

December 2015

N o	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
<b>Section A – Regular Audit Items</b>								
1	Internal Audit Overview of internal audit follow up arrangements		Paper outlines previous issues with follow up of internal audit recommendations, and an overview of the revised process within internal audit to follow up recommendations, including the role of CLG and the Committee	Internal Audit	Chief Internal Auditor	Council Wide	Every 3 cycles	December 2015
2	Internal Audit Quarterly Activity Report		Review of quarterly IA activity with focus on high and medium risk findings to allow committee to challenge and request to see further detail on findings or to question relevant officers about findings	Internal Audit	Chief Internal Auditor	Council Wide	Every 3 cycles	December 2015

No	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
3	IA Annual Report for the Year		Review of annual IA activity with overall IA opinion on governance framework of the Council for consideration and challenge by Committee	Internal Audit	Chief Internal Auditor	Council Wide	Annually	June 2016
4	IA Audit Plan for the year		Presentation of Risk Based Internal Audit Plan for approval by Committee	Internal Audit	Chief Internal Auditor	Council Wide	Annually	March 2016
5	Audit Scotland	Review of Internal Audit	Annual report on internal audit support provided to External Audit	External Audit	Chief Internal Auditor	Council Wide	Annually	TBC
6	Audit Scotland	Annual Audit Plan	Annual audit plan	External Audit	Hugh Dunn	Council Wide	Annually	April 2016
7	Audit Scotland	Annual Audit Report	Annual audit report	External Audit	Hugh Dunn	Council Wide	Annually	December 2015
8	Audit Scotland	Internal Controls Report	Annual report on Council wide control framework	External Audit	Hugh Dunn	Council Wide	Annually	August 2016

N o	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
9	Audit Scotland	ISA 260	Annual ISA 260 Report	External Audit	Hugh Dunn	Council Wide	Annually	September 2016
10	Audit Scotland	Annual overview report	Based on the local government audit work in 2013, the report provides a high-level, independent view on the progress councils are making in managing their finances and in achieving Best Value, and is designed to help councillors identify priorities in 2014.	External Audit	Hugh Dunn	All local authorities in Scotland	n/a	June 2016
11	Accounts Commission	Annual report	Local Government Overview	External Audit	Hugh Dunn	Council Wide	Annually	June 2016
<b>Section B – Standing Project Items</b>								
12	Governance of Major Projects	6 monthly updates	To ensure major projects undertaken by the Council were being adequately project managed	Major Project	Karen Kelly	All	Every 6 months	May 2016
<b>Section C – Scrutiny Items</b>								
13	Welfare Reform	Review	Regular update reports	Scrutiny	Danny Gallacher, Head of Corporate and Transactional Services	Council Wide	January 2015	January 2016

N o	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
14	Review of CLG Risk Scrutiny	Risk	Quarterly review of CLG's scrutiny of risk	Risk Management	Chief Executive	Council Wide	Quarterly	December 2015
15	Whistle blowing Quarterly Report		Quarterly Report	Scrutiny	Alastair Maclean, Deputy Chief Executive	Internal	Quarterly	January 2016
16	Pride in our People	Staff	Annual report of progress	Scrutiny	Chief Executive	Council Wide	Annual	October 2016
17	Workforce Control	Staff	Annual report	Scrutiny	Alastair Maclean, Deputy Chief Executive	Council Wide	Annual	December 2015
18	Committee Decisions		Annual report	Scrutiny	Alastair Maclean, Deputy Chief Executive	Governance, Risk and Best Value Committee	Annual	August 2016
19	Dissemination of Committee Decisions		Bi-annual report	Scrutiny	Alastair Maclean, Deputy Chief Executive	Council Wide	Six- monthly	May 2016
20	Late Submission of reports		Bi-annual report	Scrutiny	Alastair Maclean, Deputy Chief Executive	Council Wide	Six- monthly	May 2016

## GRBV Upcoming Reports

## Appendix 1

Number	Report Title	Type	Flexible/Not Flexible
<b>28 January 2016</b>			
1	Whistleblowing Update	Scrutiny	Flexible
2	Edinburgh Jazz and Blues Festival - update	Scrutiny	Flexible
3	Workforce Controls	Scrutiny	Flexible
4	Capital Monitoring – Nine Month Position	Scrutiny	Flexible
5	Property Conservation Programme Momentum – Progress	Scrutiny	Flexible
6	Measuring Demographics	Scrutiny	Flexible
<b>3 March 2016 Committee</b>			
1	IA Audit Plan for the Year	Internal Audit	Flexible
2	IA Follow Up Arrangements	Internal Audit	Flexible
3	IA Quarterly Update	Internal Audit	Flexible
4	Records Management	Scrutiny	Flexible
5	Cameron House Action Plan	Scrutiny	Flexible
6	Workforce Management	Scrutiny	Flexible
7	Welfare Reform	Scrutiny	Flexible
8	CLG Risk Register	Scrutiny	Flexible
9	Directorate Risk Register	Scrutiny	Flexible
<b>21 April 2016 Committee</b>			
1	Annual Audit Plan	External Audit	Not flexible
2	IA Audit and Risk Service – Delivery Model Update	Internal Audit	Flexible
<b>26 May 2016 Committee</b>			
1	Governance of Major Projects	Scrutiny	Flexible
2	Whistleblowing Update	Scrutiny	Flexible
3	Dissemination of Committee Decisions	Scrutiny	Flexible
4	Late Submission of Committee Reports	Scrutiny	Flexible



# Governance, Risk and Best Value Committee

10.00am, Tuesday 15 December 2015

## Internal Audit follow-up arrangements: status report from 1 July 2015 to 30 September 2015

Item number	7.1
Report number	
Executive/routine	
Wards	None

### Executive summary

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This report provides an overview of the process adopted by Internal Audit for following up the status of audit recommendations. It also identifies all the open audit recommendations at 30 September 2015 that are past their initial estimated closure date.

### Links

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Coalition pledges  
Council outcomes  
Single Outcome Agreement

## Internal Audit follow-up arrangements: status report from 1 July 2015 to 30 September 2015

### Recommendations

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- 1.1 It is recommended that the Committee notes the status of follow-up actions and determine with which, if any, officers they want to discuss the status.

### Background

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- 2.1 Where follow-up actions in response to Internal Audit recommendations have not been taken by management in relation to critical, high and medium risks, escalation is to the Corporate Leadership Group (CLG) and GRBV.

### Main report

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- 3.1 At the end of each calendar quarter, Internal Audit prepares a complete listing of all open recommendations and shares these with Management on a divisional or line of service basis. Internal Audit then invites management to identify which recommendations they consider to have been addressed or which are no longer relevant.
- 3.2 Internal Audit will review Management's supporting evidence for recommendations that Management consider to be closed and feedback their view on whether this is the case. Recommendations that are agreed as closed; have their status updated in Internal Audit's records.
- 3.3 There are 5 high recommendations and 14 medium recommendations that remain open past their due date at 30 September 2015. These are split as follows:

<i><b>Grading</b></i>	<i><b>Reported to GRBV in Sept 2015</b></i>	<i><b>Closed</b></i>	<i><b>Management now tolerating risk</b></i>	<i><b>Newly overdue</b></i>	<i><b>Total</b></i>
High	3	-	-	2	5
Medium	12	(2)	-	4	14
<i><b>Total</b></i>	<i><b>15</b></i>	<i><b>(2)</b></i>	<i><b>-</b></i>	<i><b>6</b></i>	<i><b>19</b></i>

The details of these recommendations are shown in Appendix 1, with the 13 items previously reported to GRBV separately identified.

We have also tracked the number of overdue recommendations each quarter since we moved to the current approach of tracking overdue recommendations.

<b>Grading</b>	<b>Reported to GRBV in March 2015</b>	<b>Reported to GRBV in June 2015</b>	<b>Reported to GRBV in Sept 2015</b>	<b>Reported to GRBV in Dec 2015</b>
High	1	3	3	5
Medium	8	10	12	14
<b>Total</b>	<b>9</b>	<b>13</b>	<b>15</b>	<b>19</b>

## Measures of success

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- 4.1 The implementation and closure of Internal Audit recommendations within their initial estimated closure date. Where recommendations are not closed within this time period, the Committee can determine whether action to date is acceptable or if further action is required.

## Financial impact

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- 5.1 Not applicable.

## Risk, policy, compliance and governance impact

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- 6.1 If Internal Audit recommendations are not implemented, the Council will be exposed to the risks set out in the relevant detailed Internal Audit reports. Internal Audit recommendations are raised as a result of control gaps or deficiencies identified during reviews therefore overdue items inherently impact upon compliance and governance.
- 6.2 To mitigate the associated risks, the Committee should review the status of overdue recommendations presented and challenge responsible officers where there is concern that limited or no action has been taken.

## Equalities impact

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- 7.1 Not applicable.

## Sustainability impact

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8.1 Not applicable.

## Consultation and engagement

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9.1 An overview was provided at the Corporate Leadership Group (CLG) and each Director was made aware of responsibilities to implement and agreed internal audit recommendations.

## Background reading/external references

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Not applicable.

### Magnus Aitken

Chief Internal Auditor

## Links

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<b>Coalition pledges</b>	PO30 - Continue to maintain a sound financial position including long-term financial planning
<b>Council outcomes</b>	CO25 - The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	
<b>Appendices</b>	Appendix 1 – Status report: Outstanding Recommendations Detailed Analysis

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
<b>Children and Families</b>					
1	Access Controls for SEEMIS CF1406 ISS.1 Medium	There is no check performed to ensure that Children & Families staff who have access to the HQ unit are appropriate.  <b>A regular revalidation process should be created for all users in the HQ unit.</b>	We will put in place an annual audit of all HQ users and their profiles. We propose to carry this out near the end of August or beginning of September, to tie in with receiving the list of leavers from HR .	ICT Development Manager 30 August 2015	An exercise has been carried out to record HQ Area profile against HQ Users record. all 420 HQ users with the "HQ Area" profile. We have 27 different HQ areas that have access to SEEMIS. There will be an exercise conducted to contact the Manager/Lead Officer in each of these 27 areas and to confirm that the staff are correct and the staff profiles are appropriate. However, before that exercise is undertaken, it would be appropriate to complete the planned leavers exercise as it will also identify any HQ leavers. Revised Implementation date 31/12/15
2*	Access Controls for SEEMIS CF1406 ISS.3 (1) Medium	38 out of the 604 members of staff at schools who left in 2014 have not been removed from SEEMiS. This equates to 6% of all leavers covering a total of 24 schools.  <b>Training should be given on the importance of ensuring that users have appropriate access and changes to access rights are made in a timely manner. It should also be ensured that the appropriate individuals know how to generate a listing of users and can remove their access.</b>	The audit has identified that the 6% of staff leavers not marked as such on SEEMiS comes from just 24 schools. To address this we will contact those schools individually, remind them of the process required to remove staff leavers and the importance of so doing.  In addition, we will make guidance available for all schools on the Orb. We don't consider a training course as such is required or appropriate – the information needed on marking staff leavers is minimal and can be communicated specifically to offending schools and in general by placing guidance on the Orb and within relevant other mailings (for example ScotXed).	ICT Development Manager 30 June 2015	As a result of the 2015 SEEMiS audit recommendations and our subsequent investigations into how schools record staff in SEEMiS, a number of unexpected scenarios have come to light. For example, some schools are creating generic staff accounts – they can only do this if they create made up NI numbers. Also, there are some staff records that are clearly non-CEC staff – Police Officers (presumably school based community police officers), nuns (in RC schools), duplicate staff records for the same person (with the same name, date of birth, postal address etc.) but with two different NI numbers recorded against each. We need to consider these anomalies and develop policy guidance for schools.  Also, there are a number of SEEMIS records where the employee number does not match that contained in their HR records. There are a number of possible reasons for such mismatches and some work is needed to correct them. Revised Implementation Date 31/3/16

No	Review and Risk Level	Initial Finding & <b>Recommendation</b>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
3	Access Controls for SEEMIS CF1406 ISS.3 (2) Medium	38 out of the 604 members of staff at schools who left in 2014 have not been removed from SEEMIS. This equates to 6% of all leavers covering a total of 24 schools.  <b>A regular reconciliation of leavers per HR records (iTrent) to SEEMIS users should be performed to ensure that all leavers have had their access rights to SEEMIS revoked. This would not eliminate the need for the schools to perform a regular revalidation of users but would become an additional monitoring control. Schools would continue to be responsible for ensuring that the access rights of staff are appropriate and that access is removed when staff leave.</b>	It would be possible to arrange with HR (if they agree) to send a list of leavers for the September staff census, around the end of August or beginning of September, to our central SEEMIS systems administrator. For users based centrally who have left or changed role, our SEEMIS admin could simply mark them as leavers in SEEMIS. For school based leavers the list for this year would be a one-way list from HR to C&F , not a bi-directional list facilitating SEEMIS data being given to back to HR.	ICT Development Manager  30 August 2015	Leavers information has been received from Business Intelligence and Reports are being developed to match these records against SEEMIS. Employee reference is not mandatory on SEEMIS so lack of unique identifier makes this an onerous task. The data is currently being analysed to identify the best solution.  Revised Implementation Date 31/3/16
<b>Health &amp; Social Care</b>					
4*	Personalisation & SDS - Stage 2 RS1245 ISS.2 High	The Swift system has the capability to support authorisation controls, however, the cost threshold is currently set at £20K per week, potentially equating to £1.04M a year. This is such a high level that in effect, there is no authorisation process operating within the Swift system to prevent a service being attached to a client without approval.  <b>A control mechanism be introduced within the Swift system (or the new Adult Integration System) which ensures that no package of care service can proceed to conclusion within the Swift system without the appropriate approval being met.</b>  <b>Exception Reports should be produced which highlight any services that have been attached to the system, which do not have the appropriate approval.</b>	A new Financial Approval Procedure will be produced which will ensure that all requests for care and support are approved before progressing to Business Services to be input to SWIFT. The Procedure will detail:  1 who can authorise what placement/ service/budget and their level of authorisation; 2 the mechanism through which authorisation will take place; 3 the monitoring and quality assurance measures to be put in place to ensure compliance with the procedure; and 4 Reports will be developed and tested to ensure staff comply with the procedure.  4-weekly automated payment reports will also be updated to include details of the Budget that has been approved on SWIFT and who authorised the spend along with the payment amount.	Research & Information Manager  30 June 2015	A review of the business requirements for the SWIFT system has been undertaken; following which it has been agreed that full use should be made of the budget management facilities within SWIFT.  This work is being taken forward through the transformation programme put in place as a result of the work undertaken with KPMG.  The SWIFT element of this work is expected to be complete by June 2016 and is being overseen by the SWIFT Governance Group which was established in July 2015.  Business Services to update the End to End Business Processes to reflect any changes and produce a new Financial Approval Procedure to accompany the SWIFT process for all HSC staff

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
5*	Personalisation & SDS - Stage 2  RS1245  ISS.4  High	<p>Our audit testing sample was extracted from the report titled "Services 1 – All Open Services (AB) 19.09.13". Analysis of this report highlighted that a number of the fields within a number of client records were either noted as 'Not recorded' or had the following entered " , ()".</p> <p>Additional analysis of the 'Service Actual Start Date' showed that: -</p> <p>1 The earliest 'Service Actual Start Date' entered was 26 April 1963. This particular service was classified as 'Older People with Support Needs', however the client's date of birth is 12-Apr-1947 suggesting that the client was 16 when the service commenced; and</p> <p>2 The latest 'Service Actual Start Date' noted was 16 April 2016, roughly two years seven months from the date of the 'open services' report.</p> <p><b>Data should be classified in order to establish information which is 'critical' to each stage of the process. All essential data should be cleansed. Data quality control checks should be established and undertaken on a regular basis. Highlighted issues should be incorporated into the service area's training and awareness programme.</b></p>	<p>The need to identify critical data items and agree how these will be recorded has already been identified. A key part of this work will also be determining the quality assurance measures required in relation to key data. As part of this exercise the wide range of data quality reports that already exist will be reviewed with a view to removing reports that are no longer required, developing new reports if necessary and amending others. At the completion of this exercise a document will be produced detailing all data quality reports available and in respect of each report:</p> <ol style="list-style-type: none"> <li>1 the purpose of the report;</li> <li>2 where the report is located;</li> <li>3 how the report is accessed;</li> <li>4 who is responsible for maintaining the report;</li> <li>5 who is responsible for running the report and at what frequency;</li> <li>6 who is responsible for actioning the report and at what frequency; and</li> <li>7 quality assurance arrangements in terms of monitoring that the report has been actioned and escalation arrangements if it has not.</li> </ol>	Research & Information Manager  30 June 2015	<p>Work to identify essential data and means of ensuring data accuracy, via reports or SWIFT functionality, is being taken forward through the review of SWIFT overseen by the SWIFT Governance Group.</p> <p>The key action is to produce and implement a data quality strategy and implementation plan. The Data Quality Strategy is expected to be complete by December 2015; development of supporting procedures re identification and resolution of data anomalies is expected to be complete by January 2016.</p>
6	Personalisation & SDS - Stage 3  HSC1402  ISS.1  High	<p>The roles and responsibilities of the 'Option 2' process have not been clearly defined. There is a lack of understanding of the roles within the process that the following teams are responsible for:</p> <ul style="list-style-type: none"> <li>- Contracts and Commissioning Teams</li> <li>- Sector Services</li> <li>- Business Services</li> </ul> <p>In addition, there is no overall owner of the 'Option 2' process.</p> <p><b>Roles and responsibilities are clearly defined and communicated to all relevant staff and management in order that they can obtain an understanding of what is expected of them.</b></p>	<p>Responsibility will sit with the person nominated as the 'Owner of the Option 2 process. The owner will be agreed at the Personalisation Programme Board meeting to be held on 4 June 2015. It is envisaged that the actions taken would include a workshop involving key staff from the teams identified to agree a clear and coherent business process detailing specific roles and responsibilities. The agreed process will be documented for approval via the Health and Social Care Performance Improvement Meeting. The agreed process will be communicated to all staff through the existing Health and Social Care Procedures Process.</p>	Contracts Manager  31 July 2015	<p>Final roles and responsibilities within contracts, commissioning and business support services to be determined by future structure as affected by the H&amp;SC Infrastructure Review, Health and Social Care Integration, Council-wide Transformation agenda. Individual Service Fund Procedure is being developed by Business Services and input is required from the Contracts Team. On completion, this will be communicated to all staff in H&amp;SC. Target October 2015.</p> <p>The procedure has now been edited by the Contracts Team and is with a group looking at 'guidance for practitioners' so they can provide feedback</p>

No	Review and Risk Level	Initial Finding & <b>Recommendation</b>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
7	Personalisation & SDS - Stage 3 HSC1402 ISS.3 High	<p>To comply with "Statutory Guidance" accompanying the Social Care (Self-Directed Support) (Scotland) Act 2013" it is essential that the two forms of monitoring - welfare and financial - are co-ordinated to ensure that the person's outcomes are being met and the authority's funding is being used in line with those outcomes.</p> <p>In respect of 'Option 2' the process spans over a number of areas including contracts and Commissioning Teams, Sector Services and Business Services, Service Accounting and Social Work Quality Assurance and Standards Section</p> <p>It is acknowledged that there are a number of monitoring processes in place, but the audit review has highlighted that there are key control areas within the monitoring process which have still to be fully determined.</p> <p><b>The monitoring requirements of the 'Option 2' process require to be fully ascertained for each of the service areas. A mechanism be introduced to ensure that a co-ordinated approach is developed between each of the services areas to ensure that the monitoring requirements of the 'Option 2' process (both through the SDS legislation and the Individual Services Fund Agreements) are met.</b></p>	<p>Operational monitoring takes place through the social work review process. Any issues identified in relation to the standard of care or financial probity are referred back to Business Services and/or the Contract and Commissioning Teams as appropriate.</p> <p>Probity issues or concerns identified by the Contracts, Commissioning and/or Business Services Teams would be referred to the relevant Head of Service and an agreement on how these concerns were to be managed, including communication to operational staff agreed and documented.</p> <p>Existing procedures will be amended to explicitly include the appropriateness and operation of the SDS option in place and include controls to ensure:-</p> <ul style="list-style-type: none"> <li>- Providers are meeting the requirements of the ISF agreement.</li> <li>- Personal plans agreed between the provider and Supported Person reflect the needs and outcomes agreed through the assessment process.</li> <li>- Care manager agreement to the Personal Plan is made within the 14 day time limit.</li> <li>- The Individual Service Fund does not commence until the criteria within clause 25.3 of the agreement has been met.</li> <li>- Individual Service Funds are appropriately managed by the Provider on behalf of the Supported Person'.</li> </ul>	Contracts Manager  31 July 2015	<p>Effective Monitoring will be the joint responsibility of Business Services Manager and the Contracts team with Business Services as the lead.</p> <p>The Contracts team will be responsible for monitoring the quality of services provided:</p> <p>Business Services will be responsible for ensuring finances and the budget are managed</p> <p>Target December 2015</p> <p>The audit process has been up and running for several months. A meeting is being arranged with the three current providers to discuss the process and any possible improvements.</p>
8*	Personalisation & SDS - Stage 2 RS1245 ISS.5 Medium	<p>The audit review highlighted a lack of awareness of the type of management information and / or exception reports which are available to 'operational managers'. It was also established that there is no management information for some types of care packages which are 'spot' purchased. In addition, there is an inconsistency in approach for a number of the Swift reports which are produced in respect of the type and frequency of checks being carried out.</p> <p><b>Management Information / exception reports held within the Swift and Business Object systems are reviewed to ensure that the right people are receiving the right information at the right time to allow managers to make informed decisions over key controls / processes such as the monitoring of care package costs.</b></p>	<p>Management information requirements will be reviewed in the light of the implementation of self-directed support and reporting requirements identified. As part of this exercise existing reports will be reviewed and a decision made in each case as to whether they should be retained, amended or dropped; any requirement for new reports to be developed will also be identified. At the completion of this exercise a document will be produced detailing all management information reports available.</p>	Business Services Manager  30 June 2015	<p>The lack of data in relation to spot purchased care will be addressed through budget management via the SWIFT workstream detailed in the response to action 4 above.</p> <p>As an interim measure, Finance colleagues have developed a suite of reports, which combine data from SWIFT with Oracle budget data which is provided to sector managers on a weekly basis, to support them in budget management. Training has been provided to relevant managers in how to interpret these reports.</p>



No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
9*	Personalisation & SDS - Stage 2  RS1245  ISS.6  Medium	Packages of care are currently not checked against the relevant financial budgets during the approval process.  <b>Financial budgets should be considered at authorisation stage for packages of care. Any costs which will exceed approved budget levels should be agreed by senior management prior to approval.</b>	A new budget structure is currently being developed in response to the changes required by the Self-directed Support Legislation. Work around the implementation of this structure will include a review of authorisation levels, responsibilities and process.	Head of Older People & Disability Services  30 June 2015	A review of the business requirements for the SWIFT system has been undertaken. Following which it has been agreed that full use should be made of the budget management facilities within SWIFT, including budget authorisation with the ability to view impact on overall budget.  This work is being taken forward through the transformation programme put in place as a result of the work undertaken with KPMG.  The SWIFT element of this work is being overseen by the SWIFT Governance Group established in July 2015 and is expected to be complete by April 2016.  As an interim measure, Finance colleagues have developed a suite of reports, which combine data from SWIFT with Oracle budget data which is provided to sector managers on a weekly basis, to support them in budget management. Training has been provided to relevant managers in how to interpret these reports.
10	Personalisation & SDS - Stage 3  HSC1402  ISS.2  Medium	The following process, procedure documents and guidance notes which encompass the 'Option 2' process have been produced: -End to End Process which was approved by Head of Service in February 2015 -Contract Management Framework Document - Reviewed July 2014 -Business Services: Individual Service Fund Procedure (Draft) -Swift Payments Administration Process: Individual Service Fund -Swift Community Care Finance: Recording Services for Individual Service Fund Payments The audit review has highlighted that there is no overall ownership of the documentation with a group 'Lead' still to be determined. There are a number of processes which have either changed or are still to be determined in each stage of the process, resulting in these procedures requiring to be updated. Within the governance arrangements for the 'Phase 2' of the Personalisation and SDS programme it is noted that the Business Process Review Group purpose is to "Progress the collaborative approach taken to defining the 'As Is' processes and identify opportunities for improvement".  <b>All business processes should be brought up to date; control issues addressed where indicated and rolled out to the appropriate responsible officers.</b>	Responsibility will sit with the person nominated as the 'Owner of the Option 2 process. The owner will be agreed at the Personalisation Programme Board meeting to be held on 4 June 2015.  The Business Services Manager will ensure that all control issues are addressed and once the business processes for Option 2 have been documented, the Business Services Manager will ensure that current processes are updated and circulated to reflect these.	Business Services Manager  31 August 2015	Business services will be the lead. Processes have been drafted and tested and will be reviewed as part of the ongoing work to review all SDS processes. This will be complete by December 2015.

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
11*	Care Plan Reviews HSC1302 ISS.8 Medium	<p>The service start date, assessment date, review date, and future reviews should be documented on Swift, along with client and care details.</p> <p>We tested a sample of 30 case files with a service start date of June 2013. We found that records were variously recorded on Swift, the G: drive and e-Assess. We understand further case notes may also be stored in hard copy. Due to incomplete and inaccurate data on Swift, we were unable to complete our planned testing of case review documentation.</p> <p><b>All care events should be documented accurately and completely on Swift.</b></p>	<p>The implementation of the AIS assessment tool should bring about standard recording of reviews on SWIFT.</p> <p>It is also planned that all clients will only have one assessment recorded on SWIFT with all subsequent re-assessments being recorded as reviews.</p>	Business Development Manager (Sector Services) 31 March 2015	The AIS assessment tool has now been implemented. Part of the implementation was creating a new assessment type called My Steps to Support Review, which is used to record a request for an assessment when a client has previously had an assessment. This means that any subsequent assessments will be recorded as reviews.
12*	Procurement RS1225 ISS.1 Medium	<p>The relationship between the Contracts Team and Planning &amp; Commissioning teams for monitoring is not formally defined. While the Contracts team and Planning &amp; Commissioning teams work in conjunction to monitor service provision, separate responsibilities with regard specifically to the monitoring process are not clear.</p> <p><b>The roles and relationships between the separate teams covering contract monitoring and service provision monitoring should be clearly defined and communicated to all key staff.</b></p>	Scheduled for discussion/response at December 2013 Senior Management Team	Contracts Manager 30 June 15	This action point remains 'Ongoing' as the roles and the responsibilities will be defined as part of the current infrastructure review. The report on the Infrastructure review proposals have not yet been made available and require approval. It is expected that the proposals will be available by the end of August 2015
<b>Services for Communities</b>					
13*	Key IT Systems Access Control CG1307 ISS.16 High	<p>It is understood from the auditees, and initial contact with BT, that no logging is carried out of system access or activity. Whilst it is possible to establish if a specific record has been access it is not possible to determine if any updates/changes have been made or by whom. This applies to both user and non standard user activity. The system privileges afforded non standard users make this of particular concern for these users.</p> <p><b>"1. Clarification is sought from the system vendor (Northgate) on what logging functionality is available.</b></p> <p><b>2. Clarification is sought from BT as to what logging functionality is currently enabled and if any review thereof is carried out.</b></p> <p><b>3. A risk based assessment of Northgate system access and activity be conducted and aligned with the logging functionality required to address the identified risks. With the resulting logs requiring to be appropriately reviewed."</b></p>	1. 2. & 3. Agreed. The above will be carried out as part of the SfC Transformation Programme Security Review workstream, with appropriate liaison and alignment with Corporate Governance.	Operational ICT Programme Manager, Business Improvement Team, 30 June 2015	SfC 2/6/15 Clarification is currently being sought from BT and Northgate as to what activities are logged and auditable. [Revised Target Date – July 2015]

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
14*	School Meals CF1402 ISS.4 Medium	<p>For the in-house service, the full cost of provision of all meal types is agreed between Services for Communities (SfC) and Children &amp; Families (C&amp;F). Historically, an annual inflationary increase has been applied based on RPI, however for 2013/14 and 2014/15, no agreement has been reached, therefore current costs recharged are still per charges in place as at April 2012.</p> <p><b>Senior Management within SfC and C&amp;F need to formalise the budget and recharge arrangements going forward to allow future planning.</b></p>	The Head of Corporate Property, Finance Managers from SfC and C&F will seek to formalise the recharge process going forward.	Acting Head of Corporate Property 30 April 2015	This action remains open.
15*	Review of Controls Around Fuel Storage at Depots RS1246 ISS.5 Medium	<p>City Fleet and Road Services do not have clearly defined roles and responsibilities for Council fuel resilience.</p> <p>Roads Services and Fleet Maintenance are not aware of any policy, procedure or strategy documentation in relation to fuel resilience. The Roads Manager stated that the fuel storage level which triggers the ordering of fuel has been significantly increased since the last fuel crisis.</p> <p>Fleet Maintenance are currently undergoing a rationalisation review which will consider fuel supplies and are working on a new Fleet Strategy which will include the provision of fuel supplies.</p> <p><b>A fuel resilience procedure should be drawn up by the division in liaison with the Corporate Resilience Unit.</b></p>	City Fleet and Roads Services will seek to work with the Corporate Resilience Unit to develop a central approach to fuel resilience.	Fleet Services Admin & Finance Controller 31 March 2015	Work has concluded to incorporate the fuel management system in Bankhead Roads Depot, into Fleet Services existing system and then the Fleet inspection regimes. Work is still ongoing between Fleet services, Business Continuity and the Emergency Planning Officer on the development of a policy to ensure resilience of fuel stocks. This workstream is currently still outstanding and will not be fully resolved until September 2016 when the Council fuel management system is renewed and upgraded. In the meantime, however, work is ongoing to have firm business continuity plans in place to ensure there is fuel resilience. This will include the researching of the potential for use of corporate fuel cards for external fuel suppliers (e.g. petrol stations) Expected Completion 30 September 2016
16*	Property Rationalisation SFC1306 ISS.2 Medium	<p>From a review of the IPD report and controls discussions, it was noted that the quality of information which is presented to the Property Rationalisation Unit is not always adequate to make informed decisions about property rationalisation. The data from each asset varies in quality, meaning that the council cannot fully assess the expenditure and income from revenue streams operating within each property.</p> <p>The reports which are received require further work before information is of sufficient quality for decision making. This makes it hard to track performance and to get reliable data for all assets held by the council.</p> <p><b>We recommend that the method of reporting on asset usage be updated to ensure that a clear Property Rationalisation Strategy can be developed. This will support better data sharing and more efficient performance reporting on buildings.</b></p> <p><b>Where required, the systems should be updated or reporting methods changed to ensure that the same information can be presented for all properties to allow direct comparisons to be made, ensuring that the strategic plan is correct and making best use of the Council's properties.</b></p>	The Council's new Computer Aided Facilities Management (CAFM) system for property data is currently being introduced to improve access to data at individual property level. This will enable us to capture all data required to report real time for all KPI's. The CAFM solution will also provide asset management, asset tracking and trend analysis functionality and the ability to report on historical data	Asset Strategy Manager 31 October 2014	Phase 1 of CAFM is now expected to be completed by 31 August 2015.

No	Review and Risk Level	Initial Finding & <b>Recommendation</b>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
17*	CAFM - Corporate Property SFC1406 ISS.2 Medium	<p>There are only two buildings from the Council's estate currently using CAFM meaning that for majority of the buildings within the Council, the AS400 system is still being use. The intention is to migrate the remaining property assets into the CAFM system as part of Phase 2 along with the implementation of new modules. The delivery of the CAFM solution is behind schedule, however, the implementation team anticipate that given the correct resource requirements and investment, the CAFM will progress and be delivered within the revised timelines</p> <p><b><i>The Council should ensure that Phase 1 of the CAFM project is completed within the revised timetable.</i></b></p>	We will close out all outstanding issues relating to Phase 1 and ensure Head of Service signs off phase 1 as complete.	Management Information Officer 31 March 2015	The timetable has slipped further and it is now expected that phase 1 will be completed by 31 August 2015
18*	CAFM - Corporate Property SFC1406 ISS.3 Medium	<p>Although the Facilities Management (FM) Managers have been trained to use CAFM, update training is required before CAFM is implemented for all buildings managed by FM. This update training has been prepared, but does not include any specific written guidance on areas where there are likely risks of errors, or specifically what the FM manager is to look at when reviewing a works order.</p> <p><b><i>FM managers training should include information on risky areas and common errors, as well as giving them guidance on what they should look for when approving a works order. Some form of checklist or lessons learned document should be used to advise them on likely errors.</i></b></p>	We will produce an agreed training plan for all Corporate Property staff and ensure that the correct resource is made available to roll out the training, including areas of risk, governance and reporting.	Management Information Officer 30 May 2015	Systems Administration training has been provided. The Training plan for the overall roll out has still to be drafted.
19	Property Disposals SFC1503 ISS.1 Medium	<p>To ensure that conditions of sale are properly tracked and monitored, the Capital Receipt Programme database used by Estates Services to monitor the Council's Capital Receipt Programme has been expanded to record details of any sale conditions that require monitoring. Out of a total of 111 properties entered since April 2010, there were 21 entries with missing/incomplete information.</p> <p><b><i>The estates team should investigate the 21 properties to determine if there are any outstanding conditions of sale and update the Capital Receipt Programme database accordingly .</i></b></p>	The estates team has made significant progress since the audit fieldwork and has reduced the number of entries with incomplete information to 2 properties (1 of which has 2 entries for phased payment structure). It is expected that the status of these properties will be determined and the Capital Receipt Programme database updated by the end of July 2015. .	Acting Estates manager (Disposals) 31 July 2015	No update received.
* Previously reported to GRBV as outstanding					

# Governance, Risk and Best Value Committee

10.00am, Tuesday 15 December 2015

## Internal Audit Quarterly Update Report: 1 July 2015 – 30 September 2015

Item number	7.2
Report number	
Executive/routine	
Wards	

### Executive summary

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Internal Audit has made reasonable progress in the first quarter of the audit year. This report provides details of the activity from 1 July 2015 – 30 September 2015.

### Links

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Coalition pledges	<a href="#">PO30</a>
Council outcomes	<a href="#">CO25</a>
Single Outcome Agreement	

## Internal Audit Quarterly Update Report: 1 July 2015 – 30 September 2015

### Recommendations

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- 1.1 Committee is requested to note the progress of Internal Audit in issuing 7 internal audit reports during the quarter.

### Background

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- 2.1 Internal Audit is required to deliver an annual plan of work, which is scoped using a risk-based assessment of Council activities. Additional reviews are added to the plan where considered necessary to address any emerging risks and issues identified during the year, subject to approval from the relevant Committees.
- 2.2 Status of work and a summary of findings are presented to the Governance, Risk and Best Value Committee for consideration on a quarterly basis.

### Main report

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#### **Audit findings for the period**

- 3.1 Internal Audit has made reasonable progress in the second quarter of the audit year with 7 reports being issued for the quarter. This is a lower volume of reports than we would typically issue in a quarter and reflects the timing of the quarter (which contained the summer recess, where we found activity levels within the Council to be noticeably lower) and the investment in resources that we have put into the Schools Assurance Pilot.
- 3.2 Appendix 1 provides a summary of reports and the classification of findings in the period. A copy of all final reports is available to members.
- 3.3 The only Internal Audit report issued during the period that recorded 'High' findings was the Integrated Health & Social Care review (SFC 1501), which was scrutinised in the September GRBV committee. As a consequence, it is not proposed to include details of those findings in this report.
- 3.4 The status of outstanding recommendations from reports issued prior to this period is discussed in the report 'Internal Audit follow-up arrangements: status report from 1 July 2105 to 30 September 2015.'

## Schools Assurance Pilot

- 3.5 Included within our audit plan for the year for year was a commitment to undertake joint reviews with the Health & Safety team to validate the Children and Families Local Assurance Statement provided by a sample of 15 Schools.
- 3.6 The commencement of this projected required a greater level of investment than we had initially expected and met a greater level of resistance from the schools than we anticipated (it was strongly supported throughout by Senior Management within Children & Families). These teething issues have now been overcome and by 30 September, fieldwork had been completed in 9 of the 15 schools.
- 3.7 The findings to date have been mixed with some Schools performing well and others less so. We are also starting to see some common themes emerging which we will share with Children & Families to help them develop Council wide solutions. It is currently anticipated that the fieldwork stage of the pilot will be completed by the end of December and the final report on findings should be available by the end of January.

## Half Year KPI's

- 3.8 The end of September marked the end of the first half of the 15/16 audit year. Our KPI's are currently tracking as follows:

<b>Staffing</b>	
Chief Internal Auditor & Principal Audit Managers to be professionally qualified	Green
Internal Audit training events to be held during the year	Green
<b>Operational</b>	
Audits outlined in the annual plan to be completed in the year initially planned	Green
Terms of Reference (ToRs) to be agreed for each audit before substantive field work commences	Green
Exit meetings to be held at the end of the fieldwork	Green
Draft reports issued to management for comment within 2 weeks of the exit meeting	Yellow
Management comments received within 2 weeks of draft report being issued	Red
Recommendations agreed with management prior to issue	Green

of the final report	Green
Final report issued within 1 week of management comments being received	Red
<b>Reporting</b>	
Status of recommendations to be tracked, with overdue high and medium grade recommendations being reported to the GRBV	Green
<b>Wider Relationships</b>	
Average client satisfaction score for quality	Green
Average client satisfaction score for efficiency	Green
Average client satisfaction score for timing	Green

We have included within Appendix 2 the Half Year KPI results for 2015/16.

- 3.9 The two 'red' KPI indicators highlight that we continue to find it difficult to get agreed management responses to our findings and close out audits within our targeted timelines. We frequently experience delays in receiving management responses from auditees and it is not uncommon for initial management responses to be of insufficient quality and require additional input from the internal audit team. These factors impact the efficiency of the closure process but have no impact on the quality of the work performed and the conclusions reached in the internal audit reviews performed.
- 3.10 The remaining indicators are tracking in line with our expectations, with the client feedback scores, which are tracking well above target, being particularly pleasing.

## Measures of success

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- 4.1 The Action Plans of these reports, when implemented, will demonstrate that the Council continues to strengthen its control framework and overall approach to risk management.

## Financial impact

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- 5.1 None.



## Risk, policy, compliance and governance impact

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- 6.1 If Internal Audit recommendations are not implemented, the Council will be exposed to the risks set out in the relevant detailed Internal Audit reports. Internal Audit recommendations are raised as a result of control gaps or deficiencies identified during reviews therefore overdue items inherently impact upon compliance and governance.
- 6.2 To mitigate the associated risks, the Committee should review the progress of Internal Audit and the higher classified findings, and consider if further clarification or immediate follow-up is required with responsible officers for specific items.

## Equalities impact

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- 7.1 No full ERIA is required.

## Sustainability impact

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- 8.1 None.

## Consultation and engagement

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- 9.1 None.

## Background reading/external references

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- 10.1 None.

## Magnus Aitken

Chief Internal Auditor

## Links

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<b>Coalition pledges</b>	PO30 - Continue to maintain a sound financial position including long-term financial planning
<b>Council outcomes</b>	CO25 - The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	

**Appendices**

Appendix 1 – Summary of Internal Audit report findings issued for period of 1 July 2015 – 30 September 2015.

Appendix 2 – 2015/16 Half Year KPI Results.

# Appendix 1

## Summary of Internal Audit reports issued for period 1 July 2015 – 30 September 2015

Title of Review	High Risk Findings	Medium Risk Findings	Low risk Findings
Integrated Health & Social Care – HSC 1501	2	1	1
Review of Carbon Reduction Commitment Scheme Compliance – CG1501	-	3	1
LPF – Immediate Payments – CG1504	-	2	3
Procurement Arrangements – CW1501	-	2	2
Use of demographics in the Budgeting Processes – CG1502	-	2	1
PVG Checks and References – CF1501	-	1	1
Management of Development Funding – SFC1501	-	-	1

## CEC Internal Audit -KPIs for 2015/16 – Half Year

KPI	Target Level	Current status	Comments
<b>Staffing</b>			
Chief Internal Auditor & Principal Audit Managers to be professionally qualified	100%	100%	
Internal Audit training events to be held during the year	2	1	A full day soft skills training event was held in September. Subsequent to the 30 September cut off a new UK GAAP seminar has been held and a further formal training event is planned for later in the audit year.
<b>Operational</b>			
Audits outlined in the annual plan to be completed in the year initially planned	90%	95%	We currently anticipate completing 95% of the named audits initially included in the 2015/16 audit plan. We do not currently expect to complete two planned audits as a consequence of events resulting in completing them no longer being appropriate.
Terms of Reference (ToRs) to be agreed for each audit before substantive field work commences	100%	100%	
Exit meetings to be held at the end of the fieldwork	100%	100%	
Draft reports issued to management for comment within 2 weeks of the exit meeting	90%	87.5%	This is a symptom of the holiday period during the summer with Internal Audit staff holidays delaying production & issue of draft reports subsequent to close out meetings
Management comments received within 2 weeks of draft report being issued	90%	33%	We continue to experience difficulties in obtaining management comments within the targeted timescales.
Recommendations agreed with management prior to issue of the final report	100%	100%	
Final report issued within 1 week of management comments being received	80%	50%	We continue to experience difficulties in closing out reports within the targeted timescales. This is frequently due to the initial management responses being of insufficient quality and the requirement for additional input from the Internal Audit team as a consequence.
<b>Reporting</b>			
Status of recommendations to be tracked, with overdue high and medium grade recommendations being reported to the GRBV	100%	100%	

<b><i>Wider Relationships</i></b>			
Average client satisfaction score for quality	3.5	4.80	Our client satisfaction survey works on a 1-5 scoring system (5 being highest)
Average client satisfaction score for efficiency	3.5	4.95	
Average client satisfaction score for timing	3.5	4.71	

# Governance, Risk and Best Value Committee

2.00pm, Tuesday 15 December 2015

## Corporate Leadership Team Risk Update

Item number 7.3

Report number

Executive/routine

Wards

### Executive summary

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The risk information attached is the Corporate Leadership Team's (CLT) prioritised risks as at November 2015. It reflects the current highest priority risks of the Council along with the key controls in place to mitigate these risks.

The attached risk summary paper has been challenged and discussed by the CLT and a plan has been developed for further review and scrutiny.

The risk register is a dynamic working document and is updated regularly to reflect the changing risks of the Council.

The Council's Risk Management Policy has recently been reviewed in accordance with the Council's policy framework to ensure that it is current, relevant and fit for purpose.

The work to refresh the risk management process will be continued to further enhance the capture and treatment of risk in the Council through the quarterly CLT and SMT Risk Committees.

## Corporate Leadership Team Risk Update

### Recommendations

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- 1.1 To note the attached prioritised risk information for the CLT and to invite relevant officers to discuss key risks as required.
- 1.2 To note that the Risk Management Policy has been reviewed by the Chief Risk Officer in accordance with the Council's policy framework and other than a few minor changes to update current team names is considered current, relevant and fit for purpose.

### Background

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- 2.1 The Council's Governance, Risk and Best Value Committee is responsible for monitoring the effectiveness of the Council's risk management arrangements, including monitoring internal financial control, corporate risk management and key corporate governance areas. The purpose of this report is to provide a quarterly update to the Governance, Risk and Best Value Committee on the key corporate level risks facing the Council.
- 2.2 The CLT last presented its Corporate Risk Register to the GRBV in September 2015.

### Main report

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- 3.1 The CLT risk summary attached in Appendix 1 reflects the current priority inherent risks of the Council and demonstrates the controls to mitigate the risks.
- 3.2 Following a presentation to the Risk Committee by the Council's Chief Information Officer, and as a result of the recent breach in security and likelihood of a greater amount of leavers than normal due to transformation, it was decided to reflect the increased threat around cyber security in the CLT Risk Register. The Council's Chief Information Officer will provide an assessment on the priority and exposure of systems across the whole ICT environment to CLT at its next Risk Committee.
- 3.3 The Risk Committee recommended that the Internal Audit Leavers report from earlier in 2015 be reviewed at CLT together with an update on the actions included in the report. Particular focus will be around the adoption of key control design improvements that would protect council assets.

- 3.4 In response to issues being escalated from Service Areas around completion levels of mandatory training, it was agreed that the appropriate management information would be brought to CLT for review.
- 3.5 The Edinburgh Partnership Board was discussed in relation to multi engagement on key issues. CLT will consider how this engagement could be further improved.
- 3.6 Each CLT risk reported in Appendix 1 has been assigned an indicator to show whether the risk is escalating or decreasing in profile as a result of activity in the quarter.
- 3.7 The risk register is a dynamic working document and is updated regularly to reflect the changing risks of the Council.

### **Measures of success**

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- 4.1 Fully embedded risk management practices should ensure that key risks of the Council are prioritised and relevant action plans are put in place to mitigate these risks to tolerable levels.

### **Financial impact**

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- 5.1 None.

### **Risk, policy, compliance and governance impact**

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- 6.1 Risk registers are a key management tool to help mitigate risks and to implement key strategic projects of the Council.

### **Equalities impact**

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- 7.1 None.

### **Sustainability impact**

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- 8.1 There is no direct sustainability impact arising from the report's contents

### **Consultation and engagement**

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- 9.1 The attached risk summary has been challenged and discussed by the CLT and a plan has been developed for further review and scrutiny.



## Background reading/external references

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None.

### **Alastair D Maclean**

Deputy Chief Executive

Contact: Richard Bailes, Chief Risk Officer

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## Links

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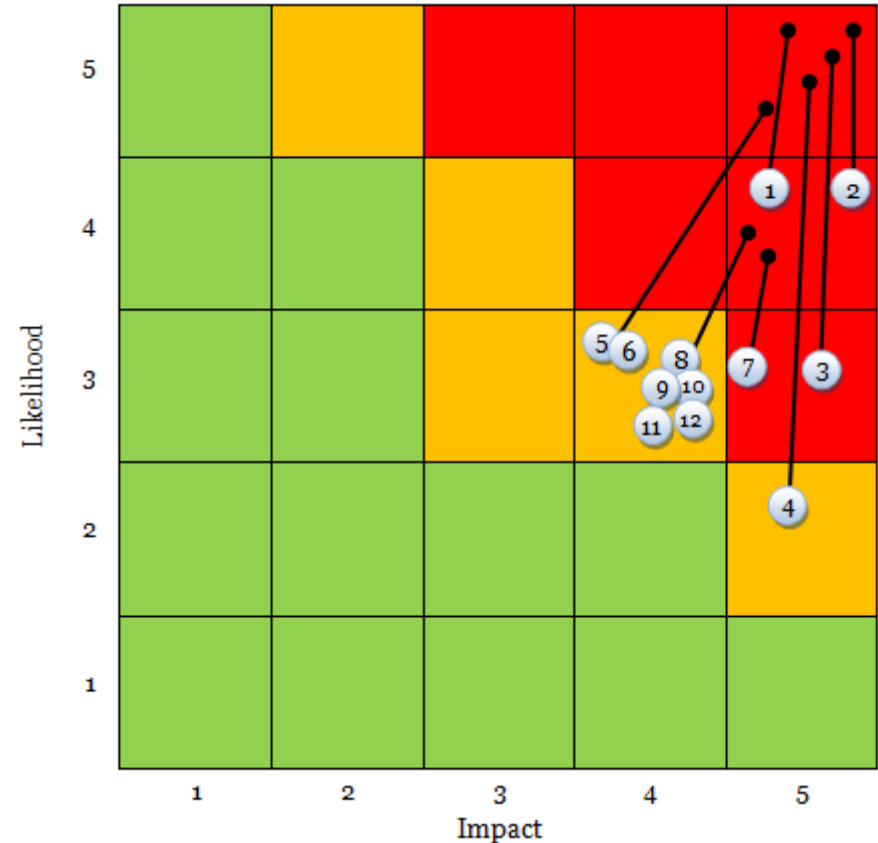
<b>Coalition pledges</b>	P30 - Continue to maintain a sound financial position including long-term financial planning Council outcomes CO25 - The Council has
<b>Council outcomes</b>	CO25 - The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	
<b>Appendices</b>	Appendix 1 – CLT Prioritised Inherent risks at November 2015

# Appendix 1 CLT Prioritised Inherent Risks Heat Map

1. **Maintenance of Capital Assets**  
Risk that the Council does not have sufficient resources to structure and maintain a capital portfolio that is fit for purpose and meets health and safety standards now and in the future.
2. **Cyber Security and Data Privacy**  
Risk that the Council's ICT infrastructure is overly exposed to cyber-attacks by external parties or former employees who may still have access to Council systems resulting in loss of data and significant reputational damage.
3. **Integrated Care Programme**  
Risk over the affordability and delivery of the Adult Social Care, particularly in light of expected demographic changes, could impact the outcomes and care for the people of Edinburgh.
4. **ICT Infrastructure**  
Risk that the ICT infrastructure is not fit for purpose and doesn't meet the present or future needs of the Council through the transition phase to the new ICT provider impacting the Council's ability to deliver services as expected.
5. **Transformational Change Agenda**  
Risk that the Council's transformational change agenda is not implemented effectively with support from Elected Members and Trade Unions resulting in the Council failing to meet service delivery outcomes impacting cost reductions and staff morale.
6. **Savings Targets**  
Risk that the Council does not generate sufficient savings to meet budgets in the short and longer term resulting in under delivery of key services.
7. **Planning for Increased Demand**  
Risk of a lack of strategic planning in relation to increasing demand for critical services, taking into account the growth in the City's population as well as changing demographics, leading to a shortfall in funding and a lower quality of service.
8. **Public Protection**  
Risk that the public in general and service users in particular experience harm and/or negative outcomes through either a lack of adequate resource or process failure.
9. **Workforce Planning**  
The organisational model to deliver critical services is not optimised to allow the Council to build a flexible, motivated and high performing workforce, resulting in inefficient service delivery and budget overspend.



10. **Service Provider Degradation**  
Risk of ICT disruption and outages for the remainder of the existing outsourced provider contract impacts 'business as usual' and the Council's ability to deliver all requirements as expected.
11. **Delivering Council Commitments**  
Risk that the Council does not appropriately prioritise resource to meet its statutory, legal and other stated delivery commitments resulting in potential harm to service users and significant reputational damage.
12. **Health and Safety Management**  
Risk that Health and Safety policy and culture are not clearly understood and embedded in a consistent manner within the organisation, leading to a lack of accountability and responsibility which could result in avoidable harm.



# CLT Prioritised Inherent Risks with Mitigating Actions

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions	
		I	L		I	L		
1	Operational	<u>Maintenance of Capital Assets</u> Risk that the Council does not have sufficient resources to structure and maintain a capital portfolio that is fit for purpose and meets health and safety standards now and in the future.	5	5	<ul style="list-style-type: none"> <li>Property Management (IPFM) report to CLT</li> <li>Condition surveys performed routinely</li> <li>Property Rationalisation work-stream</li> </ul>	5	4	<ul style="list-style-type: none"> <li>Consistent response to condition surveys across portfolio</li> <li>Reassess the level of the budget for repairs</li> <li>Risk based framework to manage the whole capital portfolio</li> <li>Clarity in articulation of issues to all stakeholders</li> </ul>
2	Operational	<u>Cyber Security and Data Privacy</u> Risk that the Council's ICT infrastructure is overly exposed to cyber-attacks by external parties or former employees who may still have access to Council systems resulting in loss of data and significant reputational damage.	5	5	<ul style="list-style-type: none"> <li>Laptop and media encryption</li> <li>Data awareness campaign</li> <li>Service automation controls in place</li> <li>Dedicated review session supported by industry experts</li> <li>Leavers process includes removal of access to IT applications</li> </ul>	5	4	<ul style="list-style-type: none"> <li>Assess priority and exposure of systems across the whole ICT environment</li> <li>Early engagement with new ICT supplier on cyber security to review testing regime.</li> <li>Implement recommendations from Internal Audit Leavers Report</li> <li>Rolling role for Internal Audit to audit system access for key systems</li> </ul>
3	Strategic	<u>Integrated Care Programme</u> Risk over the affordability and delivery of the Adult Social Care, particularly in light of expected demographic changes, could impact the outcomes and care for the people of Edinburgh.	5	5	<ul style="list-style-type: none"> <li>Integration Scheme</li> <li>Strategic Commissioning Plan</li> <li>Establishment of Shadow Board</li> <li>Establishment of Leadership Group</li> </ul>	5	3	<ul style="list-style-type: none"> <li>Integrate organisational arrangements across NHS and Social Care, clarifying roles and responsibilities of all parties</li> </ul>

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions
		I	L		I	L	
4	Operational <u>ICT Infrastructure</u> Risk that the IT infrastructure is not fit for purpose and doesn't meet the present or future needs of the Council through the transition phase to the new ICT provider impacting the Council's ability to deliver services as expected.	5	5	<ul style="list-style-type: none"> <li>• Consultation with staff to design correctly</li> <li>• Output specifications clearly identified</li> <li>• Engagement with staff, management &amp; service providers</li> <li>• Change controls built into new contract</li> <li>• Single provider has been selected</li> </ul>	5	2	<ul style="list-style-type: none"> <li>• A single centre of excellence for ICT in the Council</li> <li>• Business Continuity/ICT report on criticality of systems</li> </ul>
5	Strategic <u>Transformational Change Agenda</u> Risk that the Council's transformational change agenda is not implemented effectively with support from Elected Members and Trade Unions resulting in the Council failing to meet service delivery outcomes impacting cost reductions and staff morale.	5	5	<ul style="list-style-type: none"> <li>• Transformational governance with full time resource</li> <li>• External assurance and skills utilised as required</li> <li>• CLT monitoring &amp; reporting on Council projects</li> <li>• Governance of major projects/CPO status reports</li> <li>• Council performance dashboards</li> <li>• Ongoing consultations with Trade Unions</li> </ul>	4	3	<ul style="list-style-type: none"> <li>• Collective, consistent and strategic dialogue by CLT with Elected Members</li> <li>• Encourage collegiate interactions between officers and elected members</li> <li>• Provide resilient advice to Elected Members to support decision making process and risk exposure</li> <li>• Maintain profile on Service Area SMT risk registers</li> </ul>
6	Financial <u>Savings Targets</u> Risk that the Council does not generate sufficient savings to meet budgets in the short and longer term resulting in under delivery of key services.	5	5	<ul style="list-style-type: none"> <li>• Service Area budget proposals include a cost pressure contingency</li> <li>• Savings MI reported monthly to CLT</li> <li>• External assistance to help drive the benefits realisation programme</li> </ul>	4	3	<ul style="list-style-type: none"> <li>• Monthly budget monitoring and challenge meetings</li> <li>• Prioritisation of service spend</li> </ul>
7	Strategic <u>Planning for Increased Demand</u> Risk of a lack of strategic planning in relation to increasing demand for critical services, taking into account the growth in the City's population as well as changing demographics, leading to a shortfall in funding and a lower quality of service.	5	4	<ul style="list-style-type: none"> <li>• Demographic funding built into long term financial plans</li> <li>• Provision for demographics</li> <li>• Strategic workforce planning Board reporting to CLT</li> </ul>	5	3	<ul style="list-style-type: none"> <li>• Continuing agenda item for CLT's consideration</li> <li>• Improved MI to deliver stronger business case for support</li> </ul>

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions
		I	L		I	L	
8	Operational <u>Public Protection</u> Risk that the public in general and service users in particular experience harm and/or negative outcomes through either a lack of adequate resource or process failure.	5	4	<ul style="list-style-type: none"> <li>Risk team to conclude</li> </ul>	4	3	<ul style="list-style-type: none"> <li>No current further actions identified</li> </ul>
9	Organisation and people <u>Workforce Planning</u> The organisational model to deliver critical services is not optimised to allow the Council to build a flexible, motivated and high performing workforce, resulting in inefficient service delivery and budget overspend.	5	4	<ul style="list-style-type: none"> <li>Workforce Strategy to support design of a flexible, motivated and high performing workforce with the right capabilities, capacity and culture</li> <li>Line by line funded establishment</li> <li>Transformation workforce workstream</li> </ul>	4	3	<ul style="list-style-type: none"> <li>No current further actions identified</li> </ul>
10	Operational <u>Service Provider Degradation</u> Risk of ICT disruption and outages for the remainder of the existing outsourced provider contract impacts 'business as usual' and the Council's ability to deliver all requirements as expected.	5	4	<ul style="list-style-type: none"> <li>Daily conference calls with provider to escalate issues</li> <li>Increased management of key systems in-house</li> <li>Additional support from other 3rd parties as required</li> </ul>	4	3	<ul style="list-style-type: none"> <li>Monthly ICT update of ICT providers performance to CLT</li> </ul>
11	Service Delivery <u>Delivering Council Commitments</u> Risk that the Council does not appropriately prioritise resource to meet its statutory, legal and other stated delivery commitments resulting in potential harm to service users and significant reputational damage.	5	4	<ul style="list-style-type: none"> <li>Service Areas' clearly defined Service delivery plans</li> <li>SMT KPI's to assess progress against objectives</li> <li>Prioritisation of resources through strategic workforce planning initiatives</li> </ul>	4	3	<ul style="list-style-type: none"> <li>Internal Audit reviews annually to track performance against stated service plans</li> </ul>

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions
		I	L		I	L	
12 Hazard	<i>Health and Safety Management</i> Risk that Health and Safety policy and culture are not clearly understood and embedded in a consistent manner within the organisation, leading to a lack of accountability and responsibility which could result in avoidable harm.	5	4	<ul style="list-style-type: none"> <li>H&amp;S assurance reviews</li> <li>New management structure for H&amp;S</li> <li>Service Area H&amp;S reporting and oversight at CLT</li> <li>Effective engagement with staff and Trade Unions</li> <li>Risk and Assurance quarterly reporting to CLT</li> <li>Analysis and reporting of accident investigations and lessons learnt</li> </ul>	4	3	<ul style="list-style-type: none"> <li>Implement new H&amp;S governance structure</li> <li>Communication to improve H&amp;S culture</li> <li>H&amp;S standing agenda at Partnership at Work meetings</li> <li>H&amp;S conference to take place in 2015 for senior managers</li> <li>Further development of H&amp;S metrics/KPI's</li> <li>Review H&amp;S assurance approach</li> <li>Programme to enhance the H&amp;S governance framework</li> </ul>

## Guidance for assessing Impact and Likelihood of risk

Likelihood	1 – Rare	2 – Unlikely	3 – Possible	4 – Likely	5 – Almost Certain
Probability	0-15%	16-35%	36-60%	61-80%	81-100%
Chance of Occurrence	Hard to imagine, only in exceptional circumstances	Not expected to occur, unlikely to happen	May happen, reasonable chance of occurring	More likely to occur than not	Hard to imagine not happening
Timeframe	Greater than 10 years	Between 5-10 years	Likely between 3-5 years	Likely between 1-3 years	Likely within 1 year

Impact	1 – Negligible	2 – Minor	3 – Moderate	4 – Major	5 - Catastrophic
Effect on outcomes	Minimal effect	Minor short term effect	Part failure to achieve outcomes	Significant failure to achieve obligations	Unable to fulfil obligations
Financial effect	Corporate: up to £250k Services: up to £100k	Corporate: £250k - £750k Services: £100k - £300k	Corporate: £750k - £5m Services: £300k - £1m	Corporate: £5m - £20m Services: £1m - £5m	Corporate: £20m + Services: £5m +
Reputational damage	None	Minor	Moderate loss of confidence and	Major loss of confidence and adverse publicity	Severe loss of confidence and public outcry

			embarrassment		
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<b>Likelihood</b>	<b>5 – Almost Certain</b>	Low	Medium	High	High	High
	<b>4 – Likely</b>	Low	Low	Medium	High	High
	<b>3 – Possible</b>	Low	Low	Medium	Medium	High
	<b>2 – Unlikely</b>	Low	Low	Low	Low	Medium
	<b>1 – Rare</b>	Low	Low	Low	Low	Low
		<b>1 – Negligible</b>	<b>2 – Minor</b>	<b>3 – Moderate</b>	<b>4 – Major</b>	<b>5 - Catastrophic</b>
		<b>Impact</b>				

# Governance, Risk and Best Value Committee

10.00, Thursday, 17 December 2015

## Health and Social Care Risk Register Update

Item number	7.4
Report number	
Executive/routine	
Wards	

### Executive summary

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The register attached as Appendix 1 shows the prioritised risks for Health and Social Care as at November 2015, as well as key controls in place and further action required to mitigate these risks.

The risk register is challenged quarterly at the Health and Social Care Performance Improvement Meeting and the quarterly Health and Social Care Risk and Assurance Committee meeting.

The register is a dynamic working document and is updated regularly to reflect the changing environment of the service area.

### Links

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Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	



## Health and Social Care Risk Register Update

### Recommendations

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- 1.1 The Corporate Leadership Team is recommended to review the Health and Social Care risk register attached at Appendix 1.

### Background

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- 2.1 The Council's Governance, Risk and Best Value Committee is responsible for monitoring the effectiveness of the Council's risk management arrangements, including monitoring internal financial controls. The purpose of this report is to provide an update on the key risks faced by Health and Social Care.

### Main report

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- 3.1 The Health and Social Care risk register reflects the current key risks and demonstrates the controls to mitigate these.
- 3.2 One of the highest risks is failing to let a fit for purpose Care at Home contract, which would be significant for Edinburgh's older citizens and their families, the Council, NHS Lothian and the Integration Joint Board. For this reason, the proposed contract renewal arrangements have been the subject of significant internal and external scrutiny, including by the Corporate Leadership Team, before being referred to the Finance and Resources Committee for decision on 26 November.
- 3.3 The Council's Transformation Programme locates public protection within the Council, under the direct leadership of the Chief Executive and the associated risks have therefore been removed from the Health and Social Care register and are articulated elsewhere, under the responsibility of the Council's Chief Social Work Officer.
- 3.4 The integration of Health and Social Care is a major change programme, with a separate risk register reported to the Integration Joint Board (IJB). An integrated Risk Management Strategy, with associated risk register is being developed for the IJB.
- 3.5 The Health and Social Care Risk and Assurance Committee meeting commissioned the Council's Internal Audit to carry out a review of staff's access to the social care data system: SWIFT. Recommendations from the review are being prioritised by the SWIFT Governance Group.
- 3.6 An indicator has been assigned to each risk to show whether it is escalating or decreasing as a result of recent activity.

- 3.7 The risk register is a dynamic working document and is updated regularly to reflect the changing risks for Health and Social Care.
- 3.8 Members are aware of the very significant pressures on the care system in terms of both reducing resources and sharply rising demand. An emphasis on prevention, demand management and organisational efficiency is critically important to our being able to address these pressures, and a great deal of work is underway in relation to these issues.
- 3.9 We are, however, nearing the point at which we can demonstrate optimum efficiency. At that point – and when similar assurances are available from within the health system – there will need to be a more overt recognition that the social care system is not sufficiently resourced in Scotland to meet the needs of very vulnerable and/or frail people or our expectations in terms of minimum standards of service and basic human rights. Further dialogue with the Scottish Government will be needed to begin to address this issue.

### **Measures of success**

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- 4.1 Fully embedded risk management practices should ensure that key risks of the Council are prioritised and relevant action plans are put in place to mitigate these risks to tolerable levels.

### **Financial impact**

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- 5.1 None.

### **Risk, policy, compliance and governance impact**

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- 6.1 Risk registers are a key management tool to help mitigate risks and to implement key strategic projects of the Council.

### **Equalities impact**

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- 7.1 None.

### **Sustainability impact**

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- 8.1 There is no sustainability impact arising from this report.

### **Consultation and engagement**

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- 9.1 The attached risk summary has been challenged and discussed at the Health and Social Care Risk and Assurance Committee Meeting and the Health and Social Care Performance Improvement Meeting.

## Background reading/external references

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- 10.1 [Developing risk management, report to the Integration Joint Board 20 November 2015](#)

### Rob McCulloch-Graham

Chief Officer

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## Links

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<b>Coalition pledges</b>	P30 - Continue to maintain a sound financial position including long-term financial planning Council outcomes CO25 - The Council has
<b>Council outcomes</b>	CO25 - The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	
<b>Appendices</b>	Appendix 1 – Health and Social Care prioritised inherent risks as at November 2015

# Appendix 1 – Health and Social Care Prioritised Risks Heat Map

## 1. Service delivery

Failure to procure a new fit for purpose Care at Home contract during 2015/16

## 2. Integration

Interim management arrangements for the Integration Joint Board put at risk the effective delivery of safe services; the achievement of agreed savings targets and the constructive engagement of staff

## 3. Service delivery

Reduced service budgets and increasing volume of demand and complexity mean we cannot meet all the assessed needs of the people of Edinburgh

## 4. Service delivery

Care at Home contract payment rate is insufficient to allow for recruitment/ retention of care staff in numbers required to meet demand. Resulting lack of capacity will lead to increases in levels of unscheduled care, delayed discharge from hospital and increases in community waiting lists

## 5. Service delivery

Risk of harm to communities and individuals caused by failure to provide effective care and protection to people receiving health and social care service

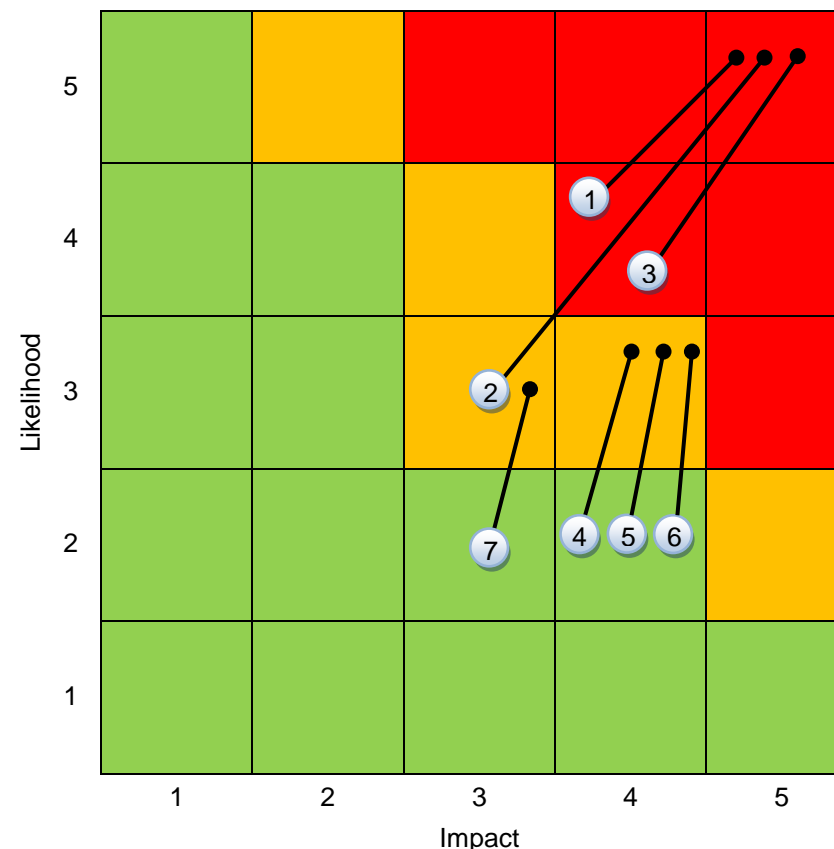
## 6. Health and Safety

Personal injury or loss arises out of failure to meet Health and Safety requirements

## 7. ICT and Data Protection

The responsibilities of the IJB under the Data Protection Act 1998 have not yet been clarified. This may represent a risk to the security of data. If governance and the design of controls around the ICT infrastructure (including disaster recovery planning) are not fit for purpose, information may not be easily accessible or retrievable and data may not be protected

### Profile



# HSC Prioritised Inherent Risks with Mitigating Actions

Risk Description	Inherent		Current Mitigating Actions	Residual		Further Actions
	I	L		I	L	
1. <u>Service delivery</u> Failure to procure a new fit for purpose Care at Home contract during 2015/16	5	5	<ul style="list-style-type: none"> <li>Independent 'health checks' of proposed new contract arrangements</li> <li>Project risk management and reporting in place</li> <li>Contract operating model supported by new localities model</li> </ul>	4	4	<ul style="list-style-type: none"> <li>Develop communications strategy</li> </ul>
2. <u>Integration</u> Interim management arrangements for the Integration Joint Board put at risk the effective delivery of safe services; the achievement of agreed savings targets and the constructive engagement of staff	5	5	<ul style="list-style-type: none"> <li>Chief Officer in post</li> <li>Interim Locality Managers appointed</li> <li>Council programme under development for transformation and budget savings – to be agreed and underway by 31/12/15</li> <li>Council management controls in place for operations</li> <li>Staff engagement sessions planned</li> </ul>	3	3	Tolerate
3. <u>Service delivery</u> Reduced service budgets and increasing volume of demand and complexity mean we cannot meet all the assessed needs of the people	5	5	<ul style="list-style-type: none"> <li>Those most in need of services are prioritised</li> <li>Regular monitoring of budgets, efficiency programmes and financial planning</li> <li>Prevention strategy for Edinburgh in place</li> <li>Decision taken on devolving budgets to frontline services</li> </ul>	4	4	<ul style="list-style-type: none"> <li>Transformation and efficiency programme resourced and underway</li> <li>Budget savings programme established</li> <li>Develop contribution based charging policy</li> </ul>

	Risk Description	Inherent		Current Mitigating Actions	Residual		Further Actions
		I	L		I	L	
4.	<u>Service delivery</u> Care at Home contract payment rate is insufficient to allow for recruitment/ retention of care staff in numbers required to meet demand. Resulting lack of capacity will lead to increases in levels of unscheduled care, delayed discharge from hospital and increases in community waiting lists.	4	3	<ul style="list-style-type: none"> <li>Contract cost model recommendations to be considered by Finance and Resources Committee in November 2015</li> <li>Workforce Strategy project team established</li> <li>Bi-monthly multi-agency quality assurance meetings for residential care and care at home</li> </ul>	4	2	<ul style="list-style-type: none"> <li>Contract renewal arrangement in place and ready to be implemented subject to Corporate and Committee decision making processes</li> <li>Implement short to medium term actions within workforce strategy for older people's services, including development of a Career in Care campaign running up to the award of care at home contracts.</li> <li>Refreshed service specification and new contract structure being developed, which will link to new Council locality areas; provide for improved liaison between the council and its providers and allow for the prioritisation of service user needs.</li> <li>Work with 3<sup>rd</sup> sector to increase its contribution to care at home services from 0.5% in 2014 to 5% in 2016</li> </ul>
5.	<u>Service delivery</u> Risk of harm to communities and individuals caused by failure to provide effective care and protection to people receiving health and social care service.	4	3	<ul style="list-style-type: none"> <li>Customer feedback procedures in place and monitored</li> <li>Public protection campaign underway</li> <li>Procurement and contracts monitoring reviewed annually</li> <li>Providers standards and performance monitored regularly</li> <li>External inspections, multi-agency committees and quality monitored regularly</li> </ul>	4	2	<ul style="list-style-type: none"> <li>Develop quality assurance processes within SDS AIS system</li> <li>Oversee implementation of People Plan</li> <li>Further develop QA system including contracts compliance</li> </ul>
6.	<u>Health and Safety</u> Personal injury or loss arises out of failure to meet Health and Safety requirements.	4	3	<ul style="list-style-type: none"> <li>HSC Health and Safety Committee monitors initiatives and compliance</li> <li>Essential Learning For Care Programme supplements Health and Safety related issues</li> </ul>	4	2	<ul style="list-style-type: none"> <li>Arrange workshop to identify all risks associated with health and safety</li> <li>Embed Health and Safety is Everyone's Business!</li> <li>Embed Health and Safety audits within registered services</li> </ul>

	Risk Description	Inherent		Current Mitigating Actions	Residual		Further Actions
		I	L		I	L	
7.	<p><u>ICT and Data Protection</u> The responsibilities of the IJB under the Data Protection Act 1998 have not yet been clarified. This may represent a risk to the security of data. If governance and the design of controls around the ICT infrastructure (including disaster recovery planning) are not fit for purpose, information may not be easily accessible or retrievable and data may not be protected securely.</p>	3	3	<ul style="list-style-type: none"> <li>Disaster recovery within office hours</li> <li>Contingency database</li> <li>Business continuity plan regularly updated</li> <li>Procedures in place to guide staff when there is consideration of adult protection/child protection issues</li> <li>Confidentiality and data protection instructions to staff</li> <li>SWIFT access reviews</li> <li>Internal audit commissioned</li> </ul>	3	2	<ul style="list-style-type: none"> <li>Controls to be reviewed under new ICT contract</li> <li>Implementing recommendations of SWIFT Access Review and of internal audit review</li> </ul>

## Guidance for Assessing Impact and Likelihood of Risk

Likelihood	1 – Rare	2 – Unlikely	3 – Possible	4 – Likely	5 – Almost Certain
Probability	0-15%	16-35%	36-60%	61-80%	81-100%
Chance of Occurrence	Hard to imagine, only in exceptional circumstances	Not expected to occur, unlikely to happen	May happen, reasonable chance of occurring	More likely to occur than not	Hard to imagine not happening
Timeframe	Greater than 10 years	Between 5-10 years	Likely between 3-5 years	Likely between 1-3 years	Likely within 1 year

Impact	1 – Negligible	2 – Minor	3 – Moderate	4 – Major	5 - Catastrophic
Effect on outcomes	Minimal effect	Minor short term effect	Part failure to achieve outcomes	Significant failure to achieve obligations	Unable to fulfil obligations
Financial effect	Corporate: up to £250k Services: up to £100k	Corporate: £250k - £750k Services: £100k - £300k	Corporate: £750k - £5m Services: £300k - £1m	Corporate: £5m - £20m Services: £1m - £5m	Corporate: £20m + Services: £5m +
Reputational damage	None	Minor	Moderate loss of confidence and embarrassment	Major loss of confidence and adverse publicity	Severe loss of confidence and public outcry

<b>Likelihood</b>	<b>5 – Almost Certain</b>	Low	Medium	High	High	High
	<b>4 – Likely</b>	Low	Low	Medium	High	High
	<b>3 – Possible</b>	Low	Low	Medium	Medium	High
	<b>2 – Unlikely</b>	Low	Low	Low	Low	Medium
	<b>1 – Rare</b>	Low	Low	Low	Low	Low
		<b>1 – Negligible</b>	<b>2 – Minor</b>	<b>3 – Moderate</b>	<b>4 – Major</b>	<b>5 - Catastrophic</b>
		<b>Impact</b>				



# Governance, Risk and Best Value Committee

2.00 pm, Tuesday 15 December 2015

## Home Care and Reablement Service Contact Time – referral from the Health, Social Care and Housing Committee

Item number	7.5
Report number	
Wards	All

### Executive summary

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The Health, Social Care and Housing Committee on 10 November 2015 considered a report by the Chief Social Work Officer on the management of care staff, particularly client contact time versus total hours worked and the number of visits for each carer.

The report has been referred to Governance, Risk and Best Value Committee for consideration.

### Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Terms of Referral

## Home Care and Reablement Service Contact Time

### Terms of referral

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- 1.1 The Governance, Risk and Best Value Committee on Thursday 13 August 2015 requested that the Chief Social Work Officer report on the management of care staff, particularly client contact time versus total hours worked and the number of visits for each carer. This should include the full visit data for a week – visit start and finish times and shift start and finish times to compare contact time with “down-time”.
- 1.2 The management of the home care and reablement service is subdivided into patches, which report through front line managers to home care sector managers. There are 26 geographical home care patches in the city. The rationale for the patch-based approach is to promote neighbourhood working and to reduce travel time. The electronic system used to roster home care and reablement staff time is called Webroster. This system is used to maximise efficiency of the service in real time. Regular management reports are produced to track performance.
- 1.3 The home care and reablement service employs around 1,000 full- and part-time staff, working 7 days per week over 24 hours, and on average, each whole time equivalent care worker within the service visits between 11 and 12 people per day. Schedules are constantly being reviewed and all changes must be recorded immediately in detail on the Webroster system. This is a complex and time consuming task due to competing pressures.
- 1.4 In recent years, the frequency of home care visits has increased, while the length of each visit has reduced to an average of 30 minutes.
- 1.5 Council home care staff undertake approximately double the number of 15 minute visits compared to contracted private sector providers. This is because providers are reluctant to take on short visits, due to the increased transaction costs. This means that there is more likely to be non-contact time due to travel and difficulty in ‘fitting in’ another person, than if visits were of longer duration.
- 1.6 Further work was ongoing to adjust some residual shift patterns in order to increase the efficiency of the service, but also in the longer term, to consider how channel shift and greater use of technology with such a dispersed workforce could benefit the service overall.
- 1.7 The Health, Social Care and Housing Committee agreed to:
  - 1.7.1 Note that comprehensive monitoring and adjusting of rotas in home care and reablement are undertaken regularly

1.7.2 Note that work was underway to review a small number of historical, less productive, rotas

1.7.3 Note that travel time was a significant factor in contact time in home care, up to 24% of each shift

1.7.4 To refer the report to the Governance, Risk and Best Value Committee.

## For Decision/Action

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2.1 The Governance, Risk and Best Value Committee is asked to consider the report

## Background reading / external references

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Health, Social Care and Housing Committee 10 November 2015.

### **Carol Campbell**

Head of Legal and Risk

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## Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Health, Social Care and Housing Committee

10.00, Tuesday, 10 November 2015

## Home Care and Reablement Service Contact Time

**Item number**

**Report number**

**Executive/routine**

**Wards**

All

### Executive summary

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This report responds to a request from the Governance, Risk and Best Value Committee on Thursday 13 August 2015 that the Chief Social Work Officer report on the management of care staff, particularly client contact time versus total hours worked and the number of visits for each carer. This should include the full visit data for a week – visit start and finish times and shift start and finish times to compare contact time with “down-time”.

The report provides an overview of the system and methodology for managing rotas in home care, alongside a description of some of the factors that influence the contact time in the service.

The report describes the changes made to the shift patterns of workers to reflect the time at which people need support, therefore maximising the use of staff time.

The report recommends further work to adjust some residual shift patterns in order to increase the efficiency of the service, but also in the longer term, to consider how channel shift and greater use of technology with such a dispersed workforce could benefit the service overall.

### Links

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**Coalition pledges**

**Council outcomes**

[CO11](#), [CO12](#), [CO13](#), [CO25](#)

**Single Outcome Agreement**

[SO2](#)

# Report

## Home Care Contact Time

### Recommendations

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- 1.1 It is recommended that the Health, Social Care and Housing Committee notes that:
  - a. comprehensive monitoring and adjusting of rotas in home care and reablement are undertaken regularly
  - b. work is underway to review a small number of historical, less productive rotas
  - c. travel time is a significant factor in contact time in home care, up to 24% of each shift
  - d. refers this report to the Governance, Risk and Best Value Committee.

### Background

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- 2.1 The management of the home care and reablement service is subdivided into patches, which report through front line managers to home care sector managers. There are 26 geographical home care patches in the city. The rationale for the patch-based approach is to promote neighbourhood working and to reduce travel time.
- 2.2 The electronic system used to roster home care and re-ablement staff time is called Webroster. This system is used to maximise efficiency of the service in real time. Regular management reports are produced to track performance.

### Main Report

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#### Current Situation

- 3.1 As the home care and reablement service employs around 1,000 full- and part-time staff, working 7 days per week over 24 hours, the scheduling of workers' time is a significant logistical operation. Office-based home care organisers are responsible for scheduling and rescheduling, where necessary, an average of 3,540 visits per day, 7 days per week. On average, each whole time equivalent care worker within the service visits between 11 and 12 people per day. Schedules are constantly being reviewed and all changes must be recorded immediately in detail on the Webroster system. This is a complex and time consuming task due to the enormous pressure to free up time to discharge people

from hospital, as well as to respond to emergencies in the community and to prevent hospital admission. This sits alongside the competing pressures of covering for absence, minimising travel time and ensuring minimal disruption to the service for extremely frail older people who in the main live alone in the community and are reliant on their worker visiting them at a time which meets their needs.

- 3.2 In recent years, the frequency of home care visits has increased, while the length of each visit has reduced to an average of 30 minutes.
- 3.3 In any one week, a number of staff will not be available for duty due to annual leave, sickness, maternity leave, special leave, jury duty or other factors.
- 3.4 Set out below are some of the factors that influence direct time spent in a person's home.
  - The duration of the visit, which has been assessed as sufficient to meet service user needs; this can be anything from 15 minutes to 90 minutes per visit, with an average in the sample of 30 minutes. Service users have up to 7 separate visits in a 24 hour period, depending on their needs. In order to promote independence, home care staff do not spend more than the time allocated in the person's home, even if they have a gap in their schedule, unless there is a clear, identified need.
  - Ongoing reduction in service due to reablement – there is not always a need that can be filled immediately in the short gap that might become available.
  - Time travelling between service users' homes.
  - Staff supervision, team meetings, training and appraisal.
  - Telephone contact time with manager.
  - Telephone contact with other professionals involved in a person's care (GP, district nurse, social worker, occupational therapist) in order to ensure any unexpected situations are responded to safely and in a timely manner, for example, where there are concerns regarding the correct medication not being available for the service user.
  - Telephone contact with family members and informal carers to address any issues that may have arisen.
  - Unallocated time due to the service user being admitted to hospital and immediate substitute work being unavailable.
  - Less 'popular' times for service, e.g. mid morning and mid afternoon.
  - The need to retain some non-allocated time to cover sickness absence.
- 3.5 Working with this volume of care visits (on average 3540 a day) and the constantly changing nature of the wide range of inter-dependent factors involved (e.g. changing needs of service users, volume of new referrals, geographical location) means there is likely always to be a proportion of 'non-contact time', as worker schedules are re-set to take account of the changes and care worker time is optimised.

- 3.6 Council home care staff undertake approximately double the number of 15 minute visits compared to contracted private sector providers. This is because providers are reluctant to take on short visits, due to the increased transaction costs. This means that there is more likely to be non-contact time due to travel and difficulty in 'fitting in' another person, than if visits were of longer duration. This adds to the non-contact time.

### **Measurement of Contact Time**

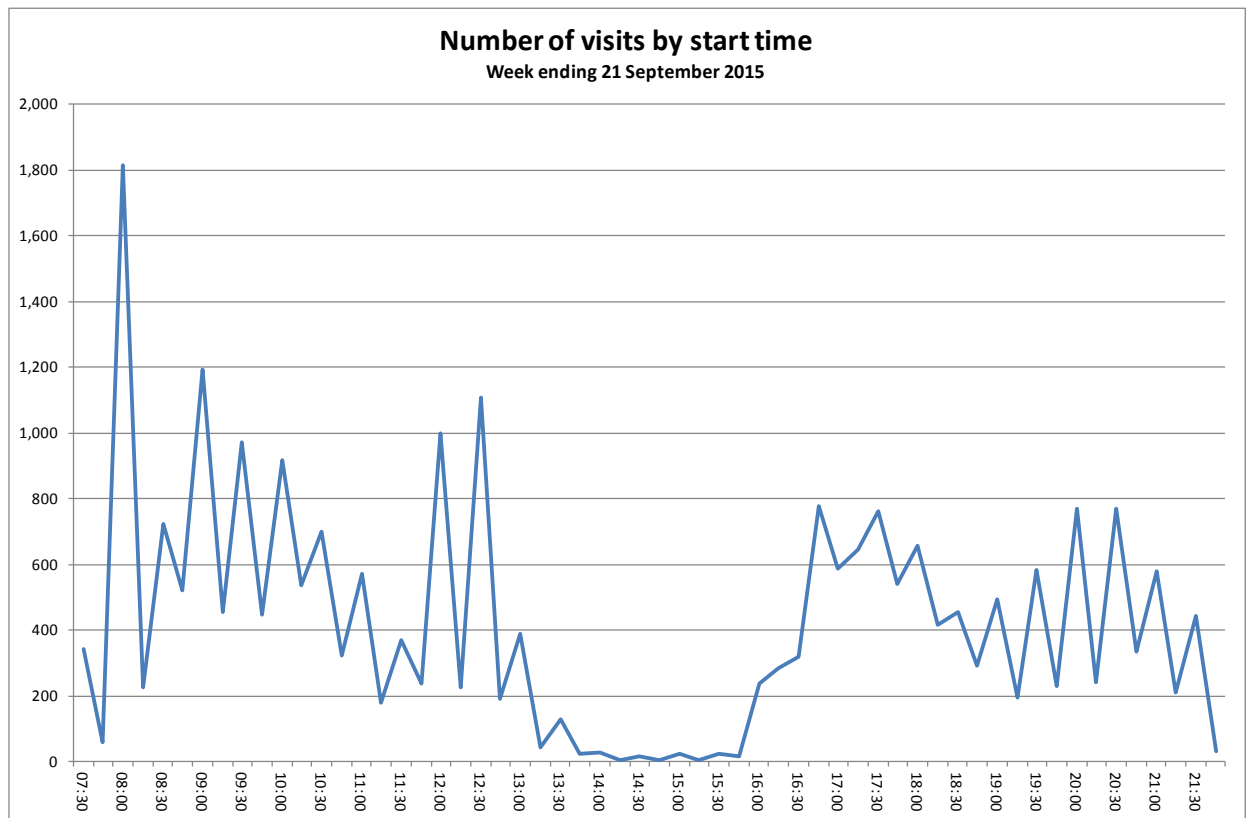
- 3.7 Contact time reports are prepared regularly and show an average of 64.5% per week (September 2014 – August 2015). This figure does not include time spent at meetings and supervision sessions, telephone contact time with the office, or time taken by workers to deal with service user emergencies. This is estimated to be an additional 2% of the hours available each day.
- 3.8 In addition to the above, travel time between service users is not recorded on the Webroster system. A study on travel time during one week in September was undertaken. In the week surveyed, travel time over the sample equated to 24% of available time. If this is added to the annual contact time of 64.5% and the supervision, training, telephone and meeting times, working time rises to just over 90%. This means that non-productive time in home care is around 10%.

### **Plans to increase contact time**

- 3.9 Shift patterns in home care and reablement were changed in 2011/12 to provide a more flexible workforce and reduce non-contact time. This involved over 90% of staff moving to a 'four days on/four days off' split shift. A small percentage of staff remain who were not willing or able to move to this shift pattern.
- 3.10 In order to improve contact time further, it is intended to work with this staff group to move to more productive shift patterns.

### **Timings of visits**

- 3.11 Demand for all domiciliary care is focused around time-specific tasks: getting dressed and washed in the morning, meal times, and getting washed and ready for bed at night. By using split shifts covering in the main from 08.00 to 22.00, with a break in the afternoon, the service is able to improve performance in meeting demand.
- 3.12 However, having capacity for peak demand, e.g. at 08.00, results in excess capacity at times of lesser demand, e.g. late morning. The graph below shows for the week ending 21 September the number of visits for each starting time. It should also be noted that in the afternoon a small number of visits take place – these may be for individuals who have time critical needs or who are willing to have a visit at times that are generally deemed undesirable.



### Plans to increase contact time

3.12 Shift patterns in home care and reablement were changed in 2011/12 to provide a more flexible workforce and reduce non contact time. This involved over 90% of staff moving to a 'four days on/ four days off' split shift. A small percentage of staff remain who were not willing or able to move to this shift pattern and who still work at the less 'productive' times between 2pm and 4pm.

3.13 In order to improve contact time further, it is proposed to work with this staff group to move to shift patterns which better reflect the needs of the service users.

### Measures of success

4.1 Consistent achievement of high levels of contact time throughout the city.



## **Financial impact**

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- 5.1 Maximising contact time within the constraints set out above represents the effective use of staffing resources, as well as supporting people to remain living in their own home, rather than move into care homes or hospital.

## **Risk, policy, compliance and governance impact**

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- 6.1 The monitoring and resource management activities described in this report aim to ensure that staffing resources are used efficiently to support strategic objectives.

## **Equalities impact**

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- 7.1 There is no specific impact on equalities arising from the activities described above, which are intended to benefit all people who are supported by the service through maximising the use of staffing resources, recognising the need for staff training and building in some flexibility to mitigate against the impact on individuals of staff sickness absence.

## **Sustainability impact**

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- 8.1 There are no sustainability implications arising from this report, however, ensuring staff are redeployed effectively is critical to achieving the best use of resources.

## **Consultation and engagement**

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- 9.1 Consultation and engagement activities are carried out in local areas, including focus groups across a range of topics, with the objective of identifying areas for improvement and good practice.
- 9.2 Routine postal surveys are carried out and the results considered and acted upon.

## Background reading/external references

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### Michelle Miller

Chief Social Work Officer

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## Links

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### Coalition pledges

**Council outcomes**

- CO11 – Preventative and personalised support in place
- CO12 – Edinburgh’s carers are supported
- CO13 – People are supported to live at home
- C025 - The Council has efficient and effective services that deliver on objectives

**Single Outcome Agreement**

SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health

**Appendices**

None

# Governance, Risk and Best Value Committee

2.00pm, Tuesday, 15 December 2015

## Health and Social Care Integration – Update - referral report from the Finance and Resources Committee

<b>Item number</b>	7.6
<b>Report number</b>	
<b>Wards</b>	All

### Executive summary

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The Finance and Resources Committee on 26 November 2015 considered a report that provided an update on the integration of Council social care functions with NHS Lothian health functions under the Public Bodies (Joint Working) (Scotland) Act 2014. The report has been referred to the Governance, Risk and Best Value Committee for scrutiny.

### Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Terms of Referral

## Health and Social Care Integration - Update

### Terms of referral

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- 1.1 The Integration Scheme was the formal agreement between NHS Lothian and the Council which, when approved by Scottish Ministers, allowed for the establishment of the Edinburgh Integration Joint Board (EIJB). The Scheme included a range of agreed actions that needed to be put in place, many prior to the full delegation of functions to the EIJB.
- 1.2 At its meeting on 23 September 2015, the Governance, Risk and Best value Committee requested an update on the risks identified in the Council Internal Audit report and asked the Finance and Resources Committee to refer relevant reports on health and social care integration to the Governance, Risk and Best Value Committee for scrutiny.
  - 1.3.1 The Finance and Resources Committee agreed:
    - 1.3.1 To note the progress with the legislative matters related to integration.
    - 1.3.2 To note the approach to preparing the Council's response to the formal consultation on the second draft Strategic Plan.
    - 1.3.3 To note Appendix 1 of the report which outlined progress with Council Internal Audit and Corporate Programme 'Health Check' recommendations.
    - 1.3.4 To refer the report to the Governance, Risk and Best Value Committee for scrutiny.

### For Decision/Action

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- 2.1 The Finance and Resources Committee has referred the report to Governance, Risk and Best Value Committee for scrutiny.

### Background reading / external references

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Minute of the Finance and Resources Committee, 26 November 2015

**Carol Campbell**

Head of Legal and Risk

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**Links**

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Finance and Resources Committee

10am, Thursday, 26 November 2015

## Health and Social Care Integration – Update

<b>Item number</b>	7.8
<b>Report number</b>	9 in 2015
<b>Executive/routine</b>	
<b>Wards</b>	All

### Executive summary

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This report presents an update on the integration of Council social care functions with NHS Lothian health functions under the Public Bodies (Joint Working) (Scotland) Act 2014.

In particular it outlines progress with Internal Audit actions.

### Links

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<b>Coalition pledges</b>	P12 and P43
<b>Council outcomes</b>	CO10, CO11, CO12, CO13,CO14, CO15
<b>Single Outcome Agreement</b>	SO2

# Health and Social Care Integration – Update

## Recommendations

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- 1.1 Members are recommended to:
  - 1.1.1 note the progress with the legislative matters related to integration;
  - 1.1.2 note the approach to preparing the Council's response to the formal consultation on the second draft Strategic Plan.
  - 1.1.3 note Appendix 1 which outlines progress with Council Internal Audit and Corporate Programme 'Health Check' recommendations;
  - 1.1.4 refer this report to Governance, Risk and Best Value (GRBV) Committee;

## Background

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- 2.1 The Finance and Resources Committee requested regular update reports to track progress with the work associated with Health and Social Care Integration. This is the ninth report in 2015.
- 3.1 At its meeting on 23 September, Governance, Risk and Best Value Committee requested an update on the risks identified in the Council Internal Audit report and asked Finance and Resources Committee to refer to it relevant reports on health and social care integration.

## Main report

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### Legislative Compliance

- 3.1 With formal delegation around four months away, this report provides a 'round-up' of all legislative, regulatory and audit matters which must be addressed by the Council or by both Council and NHS Lothian prior to the date of delegation.

### Integration Scheme

- 3.2 The Integration Scheme was the formal agreement between NHS Lothian and the Council which, when approved by Scottish Ministers, allowed for the establishment of the Edinburgh Integration Joint Board (EIJB). The Scheme included a range of agreed actions that needed to be put in place, many prior to the full delegation of functions to the EIJB.
- 3.3 Of the 23 high level areas of work, 18 have a 'RAG' status of green. Five are amber. These are:

- Review of Council committee remits to accommodate delegation to EIJB.
  - Professional/Technical and Administrative function. This is now influenced by the timeline for the Council's Business Support Services Programme. Interim arrangements may be required from the Council's perspective;
  - Financial Arrangements: Work is ongoing and is constrained by the budget setting processes and timelines in each of the constituent authorities.
  - Information Sharing: A joint meeting is planned with Information Commissioners Officer; and
  - Insurance arrangements for delegated services: Awaiting guidance from NHS Central Legal Office and Scottish Government
- 3.4 Work is in hand to progress each of these matters to meet the target date of 1 April 2016 and is overseen by the Joint Integration Leadership Group, chaired jointly by the Leader of the Council and Chair of NHS Lothian Board.

## Strategic Plan

- 3.5 Formal delegation of functions and resources to the EIJB will take place on 1 April 2016, following approval of the Strategic Plan by the EIJB.
- 3.6 The three month public consultation on the first draft Strategic Plan ended on 31 October. Work is in hand to collate responses and allow consideration and responses by the Strategic Planning group of the EIJB.
- 3.7 The proposed schedule of approval of the Strategic Plan is as follows:

Stage	Date
Draft 1 Consultation	Ended on 31 October 2015
Revise Draft Plan	November 2015
EIJB Development Session on Revised Draft	Mid December 2015
Consult NHS Lothian and Council on Revised Draft Plan	January – February 2016
Final Approval of Strategic Plan by EIJB	Mid March 2016

- 3.8 In statute, the Council and NHS Lothian are formal consultees and must be consulted on the second draft of the Strategic Plan prior to formal approval by the EIJB.
- 3.9 GRBV Committee requested an update on how this response would be provided by the Council given the potential conflict of interest, i.e. experts within H&SC



who are preparing the Plan are also best placed to prepare the Council's consultation response.

3.10 Corporate Governance provided advice and have signed off the following approach:

- Officers in H&SC Directorate will prepare the first draft Council response;
- This will be reviewed and (if required amended) by senior officers within Services for Communities, Children and Families and Corporate Governance;
- The response will be submitted to Corporate Policy and Strategy Committee for formal approval at its January 2016 meeting; and
- The response will be submitted to the EIJB for its due consideration prior to final approval of the Strategic Plan in March 2016.

## **Assurance**

3.11 Appendix 1 provides two tables of Council assurance matters to be addressed. These are:

- Table 1: Council Internal Audit recommendations; and
- Table 2: Council Corporate Programmes Office 'Health Check' recommendations.

3.12 A summary of progress and a RAG status is provided for each. It should be noted that:

- All work is in progress for the 1 April 2016 date.
- two key matters, such as approval of the Strategic Plan and the jointly agreed budget are at the heart of achieving many of the recommendations.

3.13 Both of the above matters can only be progressed in line with the budget setting processes of both constituent authorities and as a result cannot be completed until March 2016.

3.14 A summary of the Internal Audit matters is provided below.

## **Progress with Internal Audit**

3.15 The Council's Internal Audit function audited the arrangements for integration in spring 2015. The Audit was signed off in July.

3.16 Most of deadlines for the completion of the management actions are still several months away. It should therefore be noted that no actions have slipped beyond agreed deadlines.

3.17 The following actions are complete or progressing well:

- The Chief Officer started in post on 26 October 2015;

- Appointment of Interim Finance Officer from August 2015;
  - Relevant remits of EIJB members;
  - Strategic Plan development and associated implementation preparations; and
  - Due diligence process for financial matters has started. EIJB signed off the Assurance Plan at its September meeting.
  - Agreement reached on share of Transition Fund 14/15.
- 3.18 Areas where proposals are developing and further progress is required:
- EIJB agree deadlines for key decisions and receive regular updates on progress.
  - Service Level Agreements for Professional/technical and Administrative functions - linked to Council Transformation BSS programme and timescale; and
  - Adult Social Care Transformation and Efficiency programme. First outputs estimated for January 16.

## Measures of success

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- 4.1 The Scottish Government has issued National Outcomes for the delivery of integrated Health and Social Care as part of the final regulations. These are as expected [National Health and Wellbeing Outcomes Framework](#).
- 4.2 The Strategic (Commissioning) Plan work stream is tasked with planning for the delivery of these outcomes for the services in scope. The Programme Sub Group on Performance and Quality is tasked with establishing local outcomes for measuring the success of the new Health and Social Care Partnership in relation to the national outcomes. A joint baseline has been developed and work is underway on a joint framework for the future.
- 4.3 The content of the Annual Performance Report is set out in regulations and includes performance with respect to the integration planning principles and in respect of localities.
- 4.4 The Edinburgh Integration Scheme outlines the process for determining the performance arrangements and for allocating responsibility for performance.
- 4.5 The EIJB has agreed to set up a Performance Sub-Group to ensure an integrated overview of the performance of functions and service re-design.

## Financial impact

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- 5.1 It is estimated that the Edinburgh Integration Joint Board will include a combined budget the first year of around £560 million; c£200 million of Council funds,

c£300 million of community health NHS Lothian funds, and an early estimate of acute hospital related 'set aside' funds of c£60 million.

- 5.2 The resources for the functions in scope will be delegated to the Integration Joint Board for governance, planning and resourcing purposes. The delegated resources will be subject to financial assurance in order for the Integration Joint Board to understand any underlying financial risks and to ensure that they are fair and reasonable.
- 5.3 The delegation of the resources means that spending decisions within the overall agreed budget will become the responsibility of the EIJB from 1 April 2016.
- 5.4 The Strategic Plan will identify how the resources are to be spent (at a high level) in order to deliver on the national outcomes and how the balance of care will be shifted from institutional to community-based settings. Planned variances will be retained by the Integration Joint Board, which will have the power to carry reserves.

## **Risk, policy, compliance and governance impact**

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- 6.1 A detailed risk log is maintained for the Integration Programme and is reported through the status reporting process to the Health and Social Care Partnership and through the Corporate Programme Office Major Projects reporting procedure.
- 6.2 Major risks to both the Council and NHS Lothian as a result of the programme of change are also identified on Corporate Management Team, Health and Social Care and NHS Lothian risk registers.
- 6.3 The approach to risk management for the Integration Joint Board and respective parties is set out in the Edinburgh Integration Scheme and the EIJB received a report on 17 July on proposals to develop its Risk Management Strategy. A further report is due at its meeting on 20 November

## **Equalities impact**

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- 7.1 The integration of health and social care services aims to overcome some of the current 'disconnects' within and between health and social care services for adults, to improve pathways of care and to improve outcomes.
- 7.2 The intention is to improve access to the most appropriate health treatments and care. This is in line with the human right to health.

- 7.3 A combined impact assessment procedure between NHS Lothian and the Council has been developed. This will be used for all impact assessments, as required across the joint service, once the Integration Joint Board is fully established.
- 7.4 The EIJB has been advised by the Equalities and Human Right Commission (EHRC) that the Equality Act 2010 applies to Integration Joint Boards. As a result the EIJB is required to publish a 'mainstreaming report and a set of equality outcomes by 30 April 2016.

## **Sustainability impact**

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- 8.1 The proposals in this report will help achieve a sustainable Edinburgh because:
- joint health and social care resources will be used more effectively to meet and manage the demand for health and care services
  - integrated services will promote personal wellbeing of older people and other adults in need of support; and
  - they will promote social inclusion of and care for a range of vulnerable individuals.

## **Consultation and engagement**

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- 9.1 Consultation and engagement form a key work stream in the programme. A number of events have taken place with managers and staff during the shadow arrangements.
- 9.2 The Integration Scheme to establish the EIJB was consulted upon widely. A full report on the consultation on the Integration Scheme was provided to Council on 30 April 2015.
- 9.3 A number of members of the EIJB, in line with statute, bring broader perspectives such as service users, carers and the third sector.
- 9.4 A comprehensive engagement programme is also underway to engage with a wide range of staff and stakeholders across the community in relation to the production of the Strategic Plan. The formal consultation on the draft plan will run from August to October. The Council will be a formal consultee on the second draft as noted above.

## **Background reading/external references**

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[Finance and Resources Committee - 29 October 2015, Health and Social care Integration Update](#)

[Finance and Resources Committee – 24 September 2015, Health and Social Care Integration Update.](#)

[Finance and Resources Committee – 27 August 2015, Health and Social Care Integration Update.](#)

[Finance and Resources Committee – 4 June 2015, Health and Social Care Integration Update](#)

[Finance and Resources Committee – 13 May 2015, Health and Social Care Integration Update.](#)

[City of Edinburgh Council – 30 April 2015, Health and Social Care Integration Scheme - Consultation Responses](#)

[Health, Social Care and Housing Committee – 21 April 2015, Health and Social Care Integration Update.](#)

[Finance and Resources Committee – 19 March 2015, Health and Social Care Integration Update.](#)

[City of Edinburgh Council – 12 March 2015, Health and Social Care Integration Scheme: Final for Submission.](#)

Finance and Resources Committee – 3 February 2015, Health and Social Care: Draft Integration Scheme Consultation.

Health, Social Care and Housing Committee – 27 January 2015, Draft Integration Scheme Consultation.

Corporate Policy and Strategy Committee – 20 January 2015, Health and Social Care Integration Scheme: Draft for Public Consultation.

Finance and Resources Committee – 15 January 2015, Health and Social Care Integration; General Update.

City of Edinburgh Council – 11 December 2014, Health and Social Care Integration Scheme; Update on Draft Integration Scheme.

Finance and Resources Committee – 27 November 2014, Health and Social Care Integration Update.

Finance and Resources Committee – 30 October 2014, Health and Social Care Integration Update.

Finance and Resources Committee – 30 September 2014, Health and Social Care Integration Update.

Finance and Resources Committee – 28 August 2014, Health and Social Care Integration Update.

Corporate Policy and Strategy Committee – 5 August 2014, Health and Social Care Integration – Options Analysis of Integration Models.

See reports above for earlier reporting.

## Robert McCulloch-Graham

Chief Officer

Edinburgh Health and Social Care Partnership

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### Links

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<b>Coalition pledges</b>	Ensuring Edinburgh and its residents are well cared for.
<b>Council outcomes</b>	Health and Wellbeing are improved in Edinburgh and there is a high quality of care and protection for those who need it.
<b>Single Outcome Agreement</b>	Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
<b>Appendices</b>	Appendix 1: High level Project Plan/Actions: Integration Compliance Matters

## **Appendix 1: High Level Project Plan/Actions: Integration Compliance Matters**

### **Table 1: Audit Actions - Council Internal Audit**

### **Table 2: Audit Actions - CPO 'Health Check'**

Notes :

Italics denote any of: schedule slippage, risk, issue or complexity which influence RAG status.

CO – Chief Officer of Integration Joint Board

CFO – Chief Finance Officer of Integration Joint Board

## Appendix 1: High Level Project Plan/Actions: Integration Compliance Matters

**Table 1: Action required following Council Internal Audit**

Ref	Item	When	Comments	RAG Status
1.1	Clear remit for Stakeholder Group following delegation of functions to EIJB ( Once Leadership group stands down) (High Risk)	31 Dec 2015	Draft remit to go to Integration Leadership Group in December	GREEN
1.2	Appoint Chief Officer and CFO	31 Dec 2015	A Chief Officer (CO) and an Interim CFO are currently in position	GREEN
1.2	Implement Integration Scheme	1 April 2016	<p>Matters in relation to Integration Scheme are progressing well. Of 23 high level areas of work all are RAG status green with the exception of:</p> <ul style="list-style-type: none"> <li>• Review of Council committee remits to accommodate delegation to EIJB</li> <li>• Professional/Technical and Administrative function. This is now influenced by the timeline for the Council's Business Support Services Programme. Interim arrangements may be required from the Council's perspective</li> <li>• Financial Arrangements: Work is ongoing and is constrained by the budget setting processes and timelines in each of the constituent authorities.</li> <li>• Information Sharing: A joint meeting is planned with Information Commissioners Officer</li> <li>• Insurance arrangements for delegated services: Awaiting guidance from NHS Central legal Officer and Scottish Government</li> </ul>	GREEN



## Appendix 1: High Level Project Plan/Actions: Integration Compliance Matters

1.2	The relevant remits and documents demonstrating the aims of the EIJB in the coming period should be written and used	1 April 2016	<ul style="list-style-type: none"> <li>National guidance on EIJB Role and Remit circulated.</li> <li>IJB members Induction programme.</li> <li>Presentation on assumptions and dependencies prepared</li> <li>Updated Integration briefing for new Chief Officer and new Interim Localities Managers. Briefing scheduled for 5 Nov.</li> <li>Strategic Plan consultation reaching large number of consultees - over 150 groups etc.</li> <li>Briefing jointly with BSS programme regarding EIJB and integrated structure requirements</li> </ul>	GREEN
1.2	Complete First Strategic Plan	1 April 2016	<p>All statutory matters in relation to the Strategic Plan are progressing well and are on track. Of the six high level areas of work all are RAG status GREEN</p> <p>Schedule for completion is on track :-</p> <p>Consultation on first draft completed to schedule.</p> <p>EIJB development session planned for December.</p> <p>Approval by EIJB scheduled for March 2016 in align with budget setting process. (N.B. Plan must include financial statement)</p>	GREEN
1.2	Develop Business Cases and implementation plans for relevant areas of the Strategic Plan including any changes to financial spend	During 15/16	<p>Template for Business cases in preparation. First Draft with officers for comment.</p> <ul style="list-style-type: none"> <li>Interim CFO working on EIJB</li> </ul>	GREEN

## Appendix 1: High Level Project Plan/Actions: Integration Compliance Matters

			'directions' for financial spend.( to be incorporated above)	
1.2	Appoint Interim CFO	August 2015	Complete	GREEN
1.3	EIJB should agree fixed deadlines for key decisions to be made and both partners should confirm that outcomes must be agreed by this point to allow delegation to occur on 1 April 2016	1 April 2016	<i>CO to determine approach for updating EIJB</i>  <i>Linked to Performance Framework development</i>	AMBER
1.3	A detailed implementation plan should be prepared	31 Dec 15	High level implementation plan drafted.  Strategic Plan will capture more detailed actions  Business cases and implementation plan will capture the detail of each major programme of change –see reference to draft BC template above  Managing dependencies between multiple programmes required	GREEN
1.3	Monitor Project Plan	Ongoing	F&R summary updated monthly. Detailed programme tracker updated every two months and reported through Council CFO. Lothian –wide Project plan updated monthly	GREEN
2.1	EIJB should continue to develop its risk function as the shape of the Strategic Plan becomes clearer	1 April 16	Report presented to EIJB at its first meeting on 17 July. Second report proposing the approach for the IJB to establish its risk appetite, tolerance and management arrangements is due for 20 November, subject to agreement by the Chair	GREEN
3.1	Skill Mix and resources to deliver:	31 Oct 15	Workshops undertaken jointly with BSS in Sept/Oct. Outputs to feed into operational	GREEN

## Appendix 1: High Level Project Plan/Actions: Integration Compliance Matters

	Undertake BSS workshops/Focus Groups		models for BSS and professional functions.  Timelines for Council delivery and for EIJB requirements to be aligned	
3.1	Implement integrated management structure	30 April 16	CO in post Interim arrangements for CFO and Localities Managers CO to determine final arrangements	
3.1	Establish SLAs for professional/ technical and support services	1 April 16	<i>To be raised with new CO to decide how the negotiations with NHS Lothian will take place and who will prepare SLAs as required.</i>	AMBER
3.2	EIJB receives regular update on progress against project plan milestones	Ongoing	Chair and Vice Chair are members of Integration Leadership Group so receive updates and LG minutes are circulated to EIJB.  <i>Propose EIJB receive 'status reports' - to be discussed with CO.</i>	AMBER
4.1	EIJB completes Strategic Plan and assure budget  Alignment of Services to be clearly documented	31 Mar 15	Strategic Plan on track for delivery.  Council service budgets have been aligned to Plan. NHS service budget ongoing.  Dependencies to be clarified with other transformation programmes which are running in parallel.	GREEN
4.1	KPMG and Adult social Care transformation/efficiency programme to address current budget pressures	31 Mar 15	Programme started. <i>Dependencies with Strategic Plan require clarification</i>	AMBER
4.1	Due Diligence process for EIJB 2016/17 budget	1 April 16	EIJB signed off Assurance Plan at September 2015. Work ongoing. <i>Budget pressures noted.</i>	AMBER

## Appendix 1: High Level Project Plan/Actions: Integration Compliance Matters

4.2.1	Monthly Financial Monitoring and analysis of cost data	30 Sept 15	Ongoing	GREEN
4.2.1	CLG to determine approach for managing overspend	30 Sept 15	<p>Programme started – see 4.1 above, KPMG adult social care programme</p> <p>Established Oct 15 to consider all cost savings, cost data and the nature of 'the problem'.</p> <p><i>Estimate of initial outputs due January 16.</i></p>	AMBER
4.2.2	<p>Establish cost of Integration programme so far.</p> <p>Establish protocol for drawn down of transition funding</p>	31 Dec 15	<p>Detailed costs established for 14/15. Agreed for part of costs borne and draw down complete. EIJB to determine carry over spend in 2015/16.</p> <p><i>Current resource allocation is 1.7 FTE and staff from 'business as usual'. Due to end on 31 December 2015.</i></p> <p>Interim posts drawn from within existing resources.</p> <p>Transition Fund budget prioritised for Leadership and team development programme</p>	AMBER
4.3	Clarification of how overspend will be managed		<p>Focus on robust budgets for 16/17.</p> <p>Integration Scheme addresses process at high level. Due diligence to address detail.</p>	AMBER

## Appendix 1: High Level Project Plan/Actions: Integration Compliance Matters

**Table 2: Action required following Council CPO 'Health Check'**

	Item	By When*	Status/ Comments	RAG Status
1	It is recommended that the remit is agreed for the Stakeholder Group prior to the delegation of functions to the EIJB.	SD	Draft for Integration Leadership Group in December	GREEN
2	The Business case should be updated at all key stages of the programme and ideally in conjunction with NHS Lothian	SD	<p>The Strategic Plan, Financial Statement and content of Performance Framework will form the next stages of the Business Case.</p> <p>A draft high level implementation plan has been prepared</p> <p>More detailed Business cases will then be worked out for the major programmes of change</p>	GREEN
3	The Programme Plan is reviewed regularly and when a detailed plan is presented the most up to date version is always presented.	Ongoing	<p>The programme tracker is an internal working document for the programme team and work stream leads.</p> <p>The Status report is provided every two months and gives an update for the period. This document can provide a progress statement of the major compliance actions</p> <p>An update report is provided to CLG to raise issues and emerging risks</p> <p>A monthly report is provided to Finance and Resources Committee on major progress. This is now referred to GBV&amp;R as required.</p>	GREEN
4	The Programme should consider the provision of	Now	Use of 14/15 Transition monies agreed	AMBER

## Appendix 1: High Level Project Plan/Actions: Integration Compliance Matters

	additional resource to manage 'touch points' with other key projects and programmes where dependencies have been identified to ensure there is clarity		Transition monies did not cover all programme costs. A portion was drawn down  <i>Current dedicated programme resource cease on 31 December 2015</i>	
5	The IJB, once formed, should review the activities required through to the 1 <sup>st</sup> April 2016 and put processes in place to ensure the right mix of skills and number of resources are in place particularly in relation to change where there will be a significant requirement to ensure there is a smooth transition to commence work required to deliver integrated services.	Now	EIJB should review this high level plan <i>CO to consider approach.</i>	AMBER
6	The following documentation should be reviewed and if required updated for IJB approval, (i) Stakeholder maps and engagement plans, (ii) Communication plan, (iii) Involvement campaigns,(iv) Training and coaching plans.	SD	EIJB has been updated on Strategic Plan approach and stakeholder engagement / communications and involvement.  <i>HR/OD /Workforce elements covering Training and Coaching will form part of Strategic Plan (enabler)</i>	AMBER
7	Undertake a workshop with key stakeholders within NHS Lothian and the Council to ensure there is a common understanding of activities, timelines, roles and accountabilities to ensure all activities for the Implementation of the Strategic Plan and service re-design are delivered by 1 <sup>st</sup> April 2016.	SD	<i>Consider once new CO in place</i>	AMBER

Version date: 4 November 2015

# Governance, Risk and Best Value Committee

2.00pm, Tuesday 15 December 2015

## ICT Services Procurement: Transition Progress Update - referral report from the Finance and Resources Committee

Item number	7.7
Report number	
Wards	All

### Executive summary

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The Finance and Resources Committee on 26 November 2015 considered a report that provided an update on the progress of the transition of ICT services to CGI by 1 April 2016. The report has been referred to the Governance, Risk and Best Value Committee for consideration as part of its work plan.

### Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

## ICT Services Procurement: Transition Progress Update

### Terms of referral

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- 1.1 The current contract for ICT services was due to expire in March 2016 and consequently the Council approved, in 2013, the procurement of a new contract through a competitive dialogue process.
- 1.2 Following contract signature on 21 August 2015 the project entered into the service transition phase whereby CGI undertook activities to plan the move from the incumbent ICT supplier BT. There would be minimal service transfer to CGI until the agreed service cutover date (1 April 2016). Transition milestone payments would be payable on achievement of key milestones during this time, and were outlined within the agreed Transition Plan.
- 1.3 The Finance and Resources Committee agreed:
  - 1.3.1 To note the partnership governance arrangements which had been put in place to ensure the scope of the transition and transformation, and their accompanying risk factors, were managed through a formal process with weekly monitoring and reporting.
  - 1.3.2 To note progress on the programme to transition ICT services from the incumbent ICT provider to CGI by 1 April 2016; delivering a range of contracted improvements and wider benefits to staff and citizens.
  - 1.3.3 To note the facilitation activities underway to ensure effective cooperation between the incumbent ICT provider and CGI in relation to the BT exit planning and activities.
  - 1.3.4 To note the change management activities underway to engage with business teams and promote the opportunity to streamline business processes and improve operational efficiency through the transformation and integration of key ICT systems.
  - 1.3.5 To refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.



## For Decision/Action

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- 2.1 The Finance and Resources Committee has referred the report to the Governance, Risk and Best Value Committee for consideration as part of its work-plan.

## Background reading / external references

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Minute of the Finance and Resources Committee, 26 November 2015

### Carol Campbell

Head of Legal and Risk

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## Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Finance and Resources Committee

10.00am, Thursday 26 November 2015

## ICT Services Procurement: Transition Progress Update

<b>Item number</b>	7.12
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	All

### Executive summary

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This report provides the Finance and Resources Committee with a comprehensive update on the progress of the transition of ICT services to CGI by 1 April 2016 including:

- details of the transition governance arrangements;
- progress on the transition plan deliverables;
- key project activities and early stage benefits;
- supplier facilitation activities; and
- change management activities underway to engage with business teams and promote the opportunity to streamline business processes and improve operational efficiency through the transformation and integration of key ICT systems.

### Links

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<b>Coalition pledges</b>	P7, P15, P16, P28
<b>Council outcomes</b>	CO08, CO25
<b>Single Outcome Agreement</b>	S01, S03

## ICT Services Procurement: Transition Progress Update

### Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee:
  - 1.1.1 notes the partnership governance arrangements which have been put in place to ensure the scope of the transition and transformation, and their accompanying risk factors, are managed through a formal process with weekly monitoring and reporting ;
  - 1.1.2 notes progress on the programme to transition ICT services from the incumbent ICT provider to CGI by 1 April 2016; delivering a range of contracted improvements and wider benefits to staff and citizens;
  - 1.1.3 notes facilitation activities underway to ensure effective cooperation between the incumbent ICT provider and CGI in relation to the BT exit planning and activities;
  - 1.1.4 notes change management activities underway to engage with business teams and promote the opportunity to streamline business processes and improve operational efficiency through the transformation and integration of key ICT systems; and
  - 1.1.5 Refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

### Background

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- 2.1 The current contract for ICT services is due to expire in March 2016 and consequently the Council approved, in 2013, the procurement of a new contract through a competitive dialogue process.
- 2.2 Following an evaluation process on receipt of final tenders from bidders, in August 2015 the procurement project board made a recommendation to Finance and Resources Committee to notify CGI IT UK Ltd (CGI) as the preferred bidder and move to contract signature. The Committee agreed this recommendation.

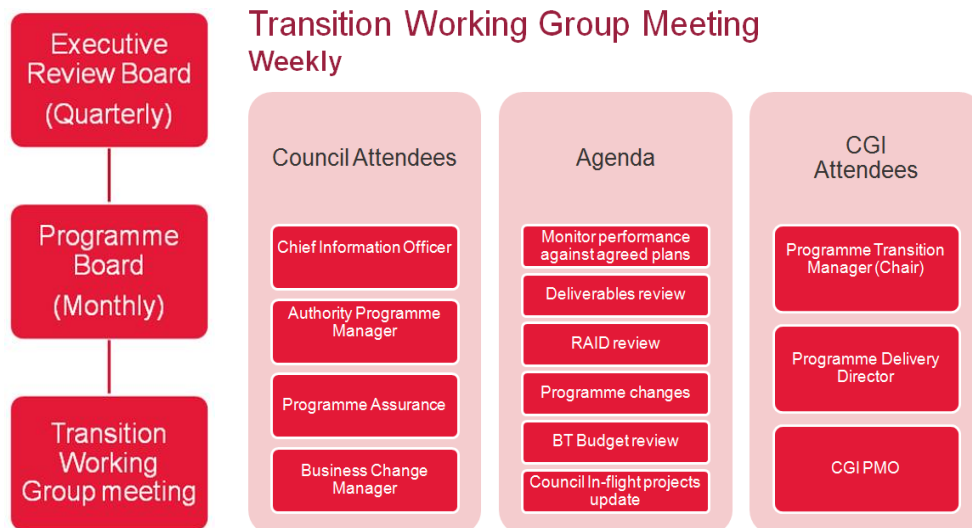
- 2.3 The new contract will deliver an ICT solution that best meets both the current and future needs of the Council in the digital age within an overall finite resource level. The sum involved is £185.7m over seven years, resulting in a minimum saving of £45m against the current budget. Additionally, CGI had committed to a range of Community Benefits including the provision of 221 new jobs and 60 modern apprenticeships in Edinburgh.
- 2.4 Following contract signature on 21 August 2015 the project entered into the service Transition phase whereby CGI undertook activities to plan the move from the incumbent ICT supplier BT. There will be minimal service transfer to CGI until the agreed service cutover date (1 April 2016). Transition milestone payments are payable on achievement of key milestones during this time, and are outlined within the agreed Transition Plan.
- 2.5 Progress against the Transition Plan, will be reported at three month intervals to the Finance and Resources Committee.

## Main report

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### Partnership Governance

- 3.1 Partnership governance arrangements which have been put in place to ensure the scope of the transition and transformation and accompanying risk factors are managed through a formal process with weekly monitoring and reporting. The aim is to ensure a smooth transition with minimal operational business disruption, delivering service improvements and transformation in a staged and controlled manner.
- 3.2 Over the transition phase an Executive Review Board, attended by the Chief Executive of the Council and Senior Executive representation from CGI, will meet at 3 month intervals to oversee progress on transition planning and delivery including reviewing progress on exit activity relating to the cut over from BT to CGI.
- 3.3 Management of the transition is governed through a monthly programme board which has overall responsibility for execution of the Programme Plan. Programme board responsibilities include reporting on performance against the plans, agreeing actions, resolving issues and disputed items and change management relating to approval of formal change controls.
- 3.4 As outlined in the governance diagram below the programme board is supported by a Transition Working Group that meets on a weekly basis and coordinates activities and manages risks and issues across the programme workstreams.



3.5 To ensure the Council realises the full potential of the new contract - investment has been made to set up an Intelligent Client function supported by suitably qualified and experienced subject experts over the transition and transformation period.

### Transition Progress Update

3.6 To assist management and coordination of interconnected projects the programme has been partitioned into 17 workstreams which capture delivery activities relating to the 93 segment-specific Output Based Specifications. A high level summary of the master programme plan illustrating the structure, and key activities and timelines for each workstream is set out in Appendix 1.

3.7 The programme currently remains on schedule with the master transition milestone plan set out in the supplier's tender submission. In particular - over the period (August to October 2015) seventeen key project milestones were achieved, and a wide range of project activities undertaken including:

3.7.1 Delivery of contract milestone on 30 September 2015 for CGI to take over technical support for the Council's online transactions and integration to back office feeder systems.

3.7.2 Set-up of project boards for early stage transformation projects including ERP (Enterprise Resource Planning) covering Finance, Procurement and HR; WAN (Wide Area Network); Enterprise Integration / Web supporting channel shift through new ranges of customer self service functions.

3.7.3 Technical collaborations and developments between BT and CGI including the installation of CGI data backup equipment within the BT

datacentre.

- 3.7.4 Completion of a system baselining pilot to capture “current state” performance and test scenarios in preparation for transition cutover during April and May 2016.
- 3.7.5 ERP design workshops to capture “future state” business requirements and process improvement opportunities - directly addressing the challenge of the Transformation programme to improve efficiency and performance.
- 3.7.6 WAN implementation work began including Council building surveys and street cabling installations to deliver a new 150 kilometre gigabit fibre network across the city.
- 3.7.7 CGI activities relating to its SME “Accelerate” programme to promote the use of SMEs in the supply chain.
- 3.7.8 Delivery of community benefits through the funding of two new Council roads posts to support the WAN project.
- 3.7.9 Delivery of Test and Security Strategies for Council review.

### **Supplier Facilitation**

- 3.8 Tripartite arrangements have been set up to assist cooperation between the incumbent ICT supplier, the Council and CGI in relation to service transition activities including; contract transfers, infrastructure and application migrations, knowledge hand over and staff transfers. The arrangements include daily communications between BT and CGI, weekly progress reviews attended by the project assurance manager, and the creation of a shared Change Advisory Board (CAB).

### **Business Engagement and Change Management**

- 3.9 Extensive change management activities are underway to engage with business teams and promote the opportunity to streamline business processes and improve operational efficiency through the transformation and integration of key ICT systems.
- 3.10 The programme will be supported by a comprehensive communications campaign designed to address stakeholder needs through targeted communications activities including presentations to management teams and

ICT workgroups, user forums, roadshows, monthly ICT newsletters, and the creation of new intranet content.

- 3.11 Business change champions have been appointed within each Directorate to drive employee engagement, assist communication, and take on the role of advocate in relation to ICT enabled business change and transformation opportunities.

## Measures of success

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- 4.1 The success of the new service will be measured against the objectives developed to support the ICT strategy and the future delivery of services. The outcomes with respect to each of the objectives set out above, and others, are set out in the A agenda report relating to this procurement presented to the Committee on 3 August 2015.
- 4.2 The success of this programme will be measured on delivery against the transition and transformation plans.

## Financial impact

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- 5.1 There will be an average of £6.4m saving per annum, post March 2016. This supports an important assumption of a £6m pa saving included within the Council's Long Term Financial Plan.
- 5.2 The essential improvements and enhancements included within the ICT contract are critical to the Council future operation and would have cost the Council an estimated £46m over seven years delivering significant value in addition to the substantial cashable savings noted above.

## Risk, policy, compliance and governance impact

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- 6.1 Below is a summary of the potential impacts of the proposed project and the anticipated mechanisms to mitigate them. These impacts are potential unintended consequences which will require managing.

Theme	Potential impact	Comments / mitigating action
Citizens & service users	Positive	The new service will provide an enhanced experience for citizens and service users.
Small & Medium-Sized Business	Positive	SMEs will be used as part of the overall supply chain.

Theme	Potential impact	Comments / mitigating action
Council staff	Positive	It is fully expected that there will be an improvement in the service quality and functionality of the ICT service.
The environment	Positive	CGI is committed to reducing and preventing pollution through energy, waste and resource management best practices and seeks to minimise travel by promoting tele-working, or alternative commuting options, where possible to reduce energy consumption. From a technology perspective, CGI is recognised as an industry leader in power usage effectiveness.

## Equalities impact

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- 7.1 CGI has a strong and well-established policy for Equality and Diversity. The presence and application of these policies was an important aspect of the Pre-Qualification Questionnaire stage of the process. The Corporate Policy and Strategy Manager has conducted dialogue with CGI.
- 7.2 CGI supports the principle of equality in all its employment practices, policies and procedures and fully comply with The Equality Act 2010. CGI regards diversity as a priceless resource and is committed to achieving and maintaining a workforce which broadly reflects the relevant local or national catchment area within where it operates.

## Sustainability impact

- 8.1 CGI has strong and well-established corporate social responsibility policies in key sustainability areas such as travel, waste and procurement. The CGI policy of sustainable procurement extends to its partners and suppliers and takes into account the environmental impact of the products and services procured. It selects only partners/suppliers that comply with internationally recognised human rights standards and applicable legislation; it selects local suppliers where possible, leveraging its SME Accelerate programme which assesses and promotes the use of SMEs in its supply chain.

## Consultation and engagement

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- 9.1 To ensure the success of the transition programme a business change manager has been appointed to lead service area engagement and communication activities. Additionally local change champions have been nominated from each



directorates and service area representatives appointed to key workstream project boards,

## Background reading/external references

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### Relevant internal references include:

ICT Services and Transformation Procurement – Final Stage Report – Confidential Commercial Information, 3 August 2015

[ICT Strategy Development, Corporate Policy and Strategy Committee, 4 December 2012](#)

[ICT Update, The City of Edinburgh Council, 13 December 2012](#)

[ICT & Digital Transformation Programme Update, Finance and Budget Committee, 19 September 2013](#)

[Review of Contract Procedures relating to the Council ICT Procurement process, report to Finance and Resources, 30 October 2014](#) This report was referred to [GRBV](#) on 13 November 2014

[Review of contract procedures relating to the Council ICT procurement process, report to Finance and Resources Committee, 15 January 2015](#)

[Review of Contract Procedures relating to the Council ICT Procurement process, report to Finance and Resources 13 May 2015](#)

ICT Procurement Project – Capital Funding (B agenda item), [Finance and Resources Committee](#), 4 June 2015

## Alastair D Maclean

Deputy Chief Executive

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## Links

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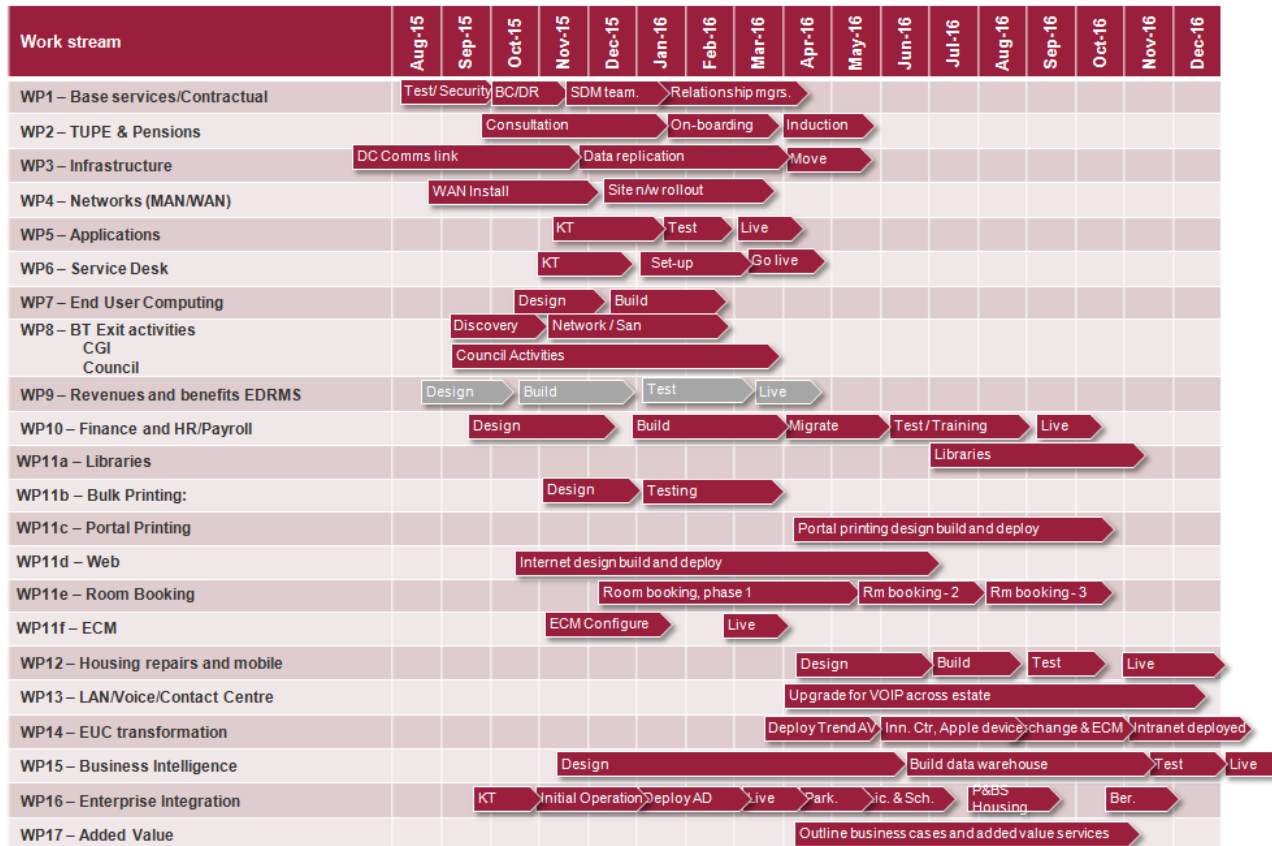
<b>Coalition pledges</b>	<p>P7 - Further develop the Edinburgh Guarantee to improve work prospects for school leavers</p> <p>P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors</p> <p>P16 - Examine ways to source new funding to support small businesses</p> <p>P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city</p>
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<b>Council outcomes</b>	CO8 - Edinburgh's economy creates and sustains job opportunities CO25 - The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
<b>Appendices</b>	Appendix 1 – High Level Programme Plan

## Appendix 1: Procurement Governance and Project Board

A high level summary of the master programme plans illustrating the key activities and timelines for each of the workstreams is set out below:

### Programme Schedule



# Finance and Resources Committee

10.00am, Thursday, 26 November 2015

## Treasury Management – Mid Term Report 2015/16

<b>Item number</b>	7.8
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	

### Executive summary

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The purpose of this report is to give an update on Treasury Management activity in 2015/16.

In accordance with the Strategy set in March 2015 the Council completed no borrowing during the first half of the financial year that had any cost to the Council and continued to fund capital expenditure temporarily from cash deposits. This approach generates significant short-term savings in Loans Charges for the Council. In following this strategy account is also being taken of the likely movement in interest rates in the medium and longer term and the Council's future estimated borrowing requirement.

The investment return for 2015/16 continues to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments as a priority.

### Links

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**Coalition pledges**  
**Council outcomes**  
**Single Outcome Agreement**

## Treasury Management: Mid Term Report 2015/16

### Recommendations

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- 1.1 It is recommended that the Committee:
- 1.1.1 notes the mid term report on Treasury Management for 2015/16;
  - 1.1.2 refers the report to Council for approval and subsequent referral by Council to the Governance Risk and Best Value Committee for scrutiny.

### Background

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- 2.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, the mid-term report has been prepared setting out activity undertaken.

### Main report

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#### 3.1 Interest Rate Background

- 3.1.1 Throughout the 6 months, the Bank of England's Monetary Policy Committee kept Quantitative Easing (QE) at £375bn and UK Bank Rate at 0.50%. QE has remained at that level since July 2012 and UK Bank Rate at 0.50% since March 2009.

- 3.1.2 Figure 1 below shows Inter-Bank Lending Rates since the start of 2006.

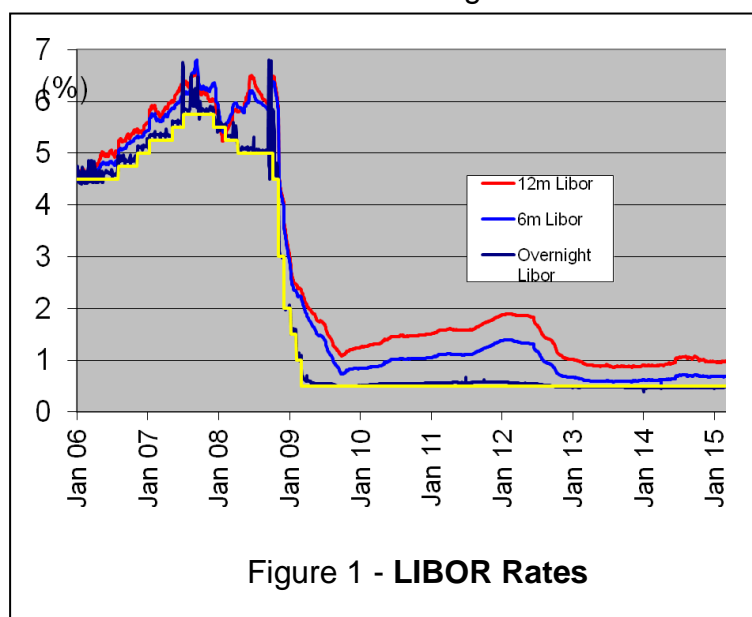


Figure 1 - LIBOR Rates

3.1.3 Figure 1 shows that the overnight and 1 month rate continues to follow the Bank Rate and 12 month rate has increased slightly since the start of the 2014/15 financial year and then remained steady.

### 3.2 Interest Rate Forecast

3.2.1 Table 1 gives a Reuters poll of up to 60 economists, taken 15<sup>th</sup> October, showing their forecasts for UK Bank Rate until Quarter 4 2016. This continues to show most economists polled believe that the UK Bank Rate will be at 0.75% by the end of quarter 1 2016. However, we continue to hold onto the ‘lower for even longer’ view on UK Bank Rate. There is little inflationary pressure in the UK, and no need to increase UK Bank Rate from the current ‘emergency rate’ for some time to come.

	2015			2016	
	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16
Median	0.5	0.75	0.75	1	1
Mean	0.5	0.64	0.80	0.93	1.11
Mode	0.5	0.75	0.75	1	1
Min	0.5	0.5	0.5	0.5	0.75
Max	0.5	0.75	1.00	1.25	1.5
Count	43	44	43	40	39

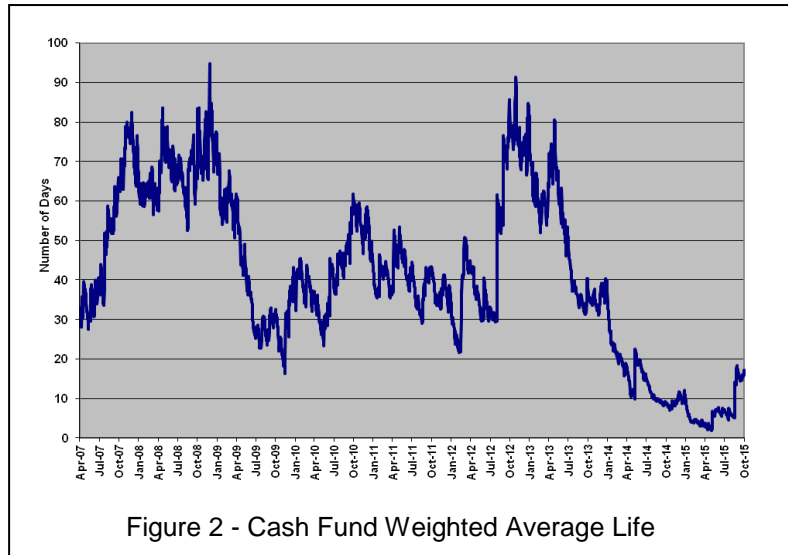
Table 1 – Economists’ Forecasts for UK Bank Rate

3.2.2 As we have mentioned in previous forecasts annual rate of inflation (CPI) has remained well below the Bank of England’s lower limit. The rate of inflation in September was -0.1%. The minutes of the Bank of England’s October meeting noted that near term inflation appeared slightly weaker than at the time of the August Inflation report, mainly due to the further decline in oil price. They believe inflation is likely to remain below 1% until spring 2016.

### 3.3 Investment Out turn

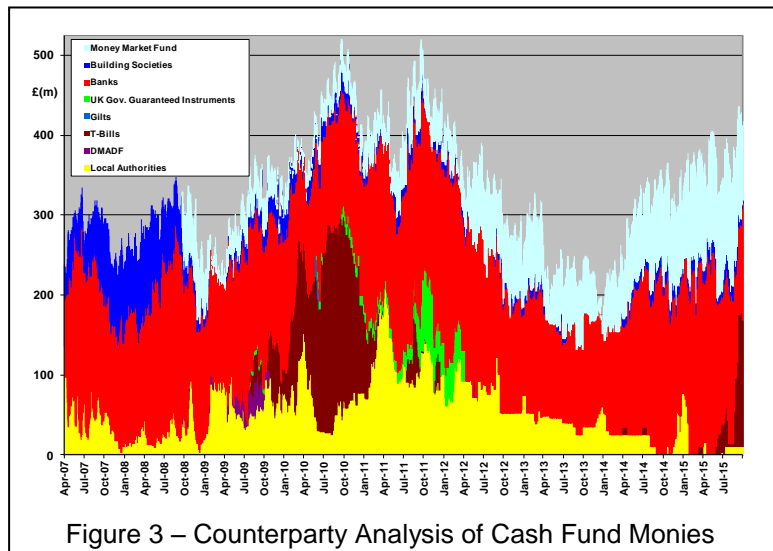
3.3.1 The Treasury Management strategy is to ensure that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on these funds consistent with those risks. The Cash Fund’s Investment Strategy continues to be based around security of the investments.

3.3.2 Figure 2 below shows the Weighted Average Life (WAL) – i.e. the average time to maturity of the Cash Fund investments since inception.

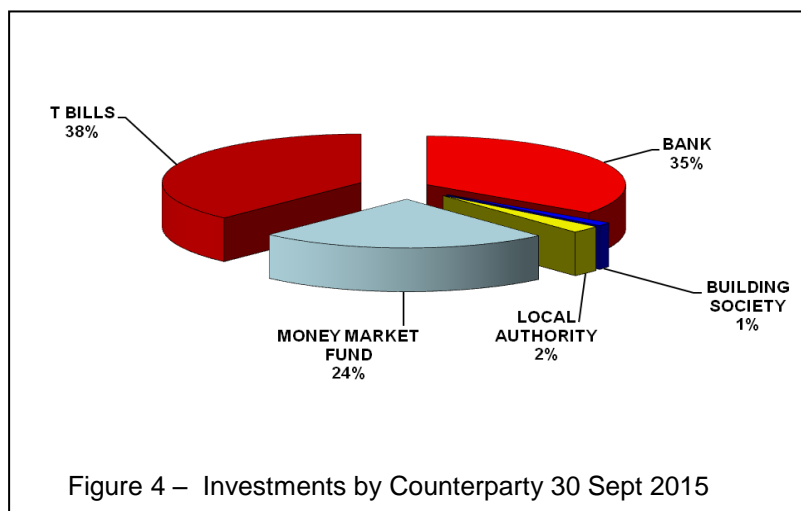


3.3.3 Since the enactment in January of the new ‘Bail-In’ legislation for the resolution of financial institutions, other than the most secure of institutions, deposits with banks have been kept in accounts where the money is immediately available as a way of managing the Council’s counterparty risk. The WAL (weighted average time to the final maturity of investments) was therefore very low at the start of the year, but has increased to over 17 days by the end of September, mainly due to the purchase of Treasury Bills with maturities between one and six months.

3.3.4 Figure 3 below shows the distribution of Cash Fund deposits since inception. Appendix 2 shows the detail of cash fund investments as at 30<sup>th</sup> September 2015.



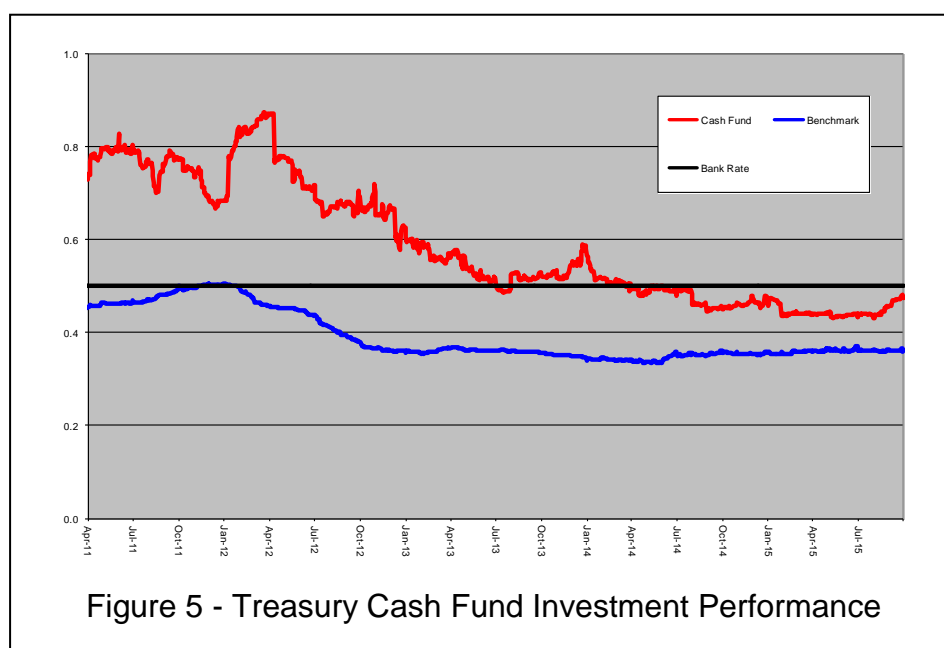
3.3.5 With Local Authorities continuing to lend to each other at low rates of interest the Treasury team continue to find difficulty in striking the balance between high levels of security and achieving an adequate return. The recent increase in yields on offer through Treasury Bill Auction has allowed the Treasury team to increase yield with increased security.



3.3.6 As can be seen in Figure 4 above over a third of the fund is invested UK Treasury Bills. When yields rose significantly in July, the Treasury team took the opportunity to move from lower yielding call accounts to Treasury Bills. A third is also invested with Banks, including higher rated institutions such as HSBC and Svenska Handelsbanken. At the end of the quarter, all Bank deposits were held in instant access call accounts and the Treasury team remain in dialogue with these institutions to maintain the best interest rates. There is a short term deposit with a Building Society and as mentioned previously, rates on offer in the inter-local authority market have remained extremely low.

### 3.4 Cash Fund Performance

3.4.1 The annualised rate of return for the Cash Fund for the year to September 2015 was 0.451% against the benchmark of 0.360%. Figure 5 below shows the daily investment performance of the Cash Fund against its benchmark since April 2011.

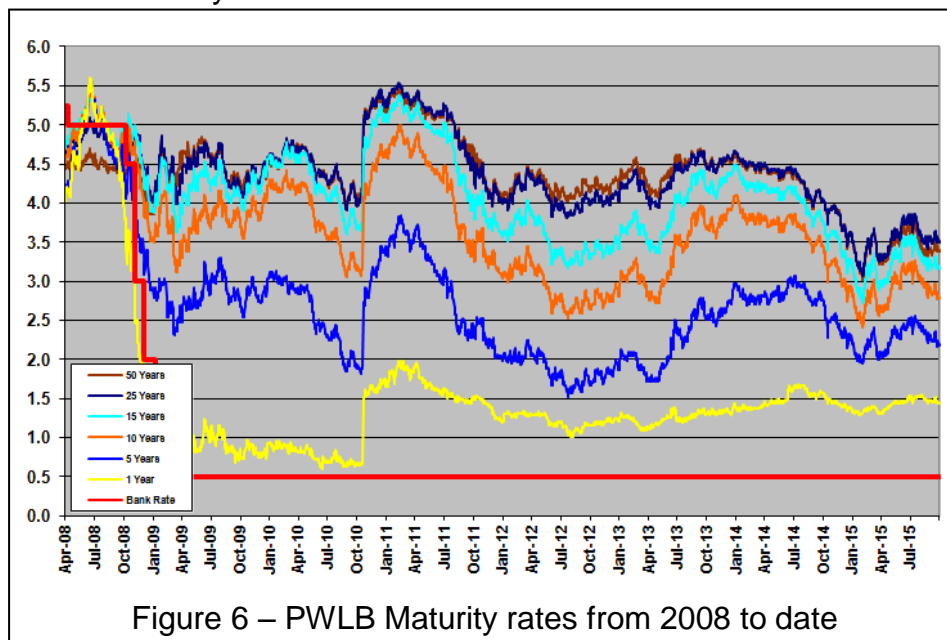




### 3.5 Debt Management Activity

3.5.1 The Treasury strategy for 2015/16 is to continue to use the Council's Investment balances to fund capital expenditure. There has been no PWLB borrowing, on behalf of the Council, completed since December 2012. Appendix 1 shows the current debt portfolio.

3.5.2 Figure 6 below shows the PWLB borrowing interest rates since the start of the 2008/09 financial year.



3.5.3 PWLB rates rose at the start of the financial year, peaking around the start of July then have reduced towards the mid-term. Yields increased at the start of the financial year due to the seemingly decrease in the risk of deflation. There was then a drop in yields after the General Election before rising again. Concerns around China saw yields drop again throughout August and into September. After weak economic data in China the People's Bank of China (PBoC) devalued the yuan to its lowest rate against the dollar in almost three years. It aggressively devalued the yuan by 1.9% on the 11<sup>th</sup> August with further devaluations on the 12<sup>th</sup> and 13<sup>th</sup> August knocking over 3% off its value. The PBoC also changed the way its currency is 'fixed' each day against the dollar. Instead of the PBoC solely determining the rate using the previous day's closing level it announced that market participants would play a greater role in determining the yuan's initial trading level.

3.5.4 At the start of the new financial year the Council was £97m under borrowed from 2014/15. The strategy for 2015/16 has been to continue to reduce the Council's investments and temporarily fund capital expenditure from cash rather than long term borrowing. The only borrowing which has been completed in 2015/16 was a loan of £351,679.50 re-payable in equal instalments with zero interest until 2023 in connection with LED street lighting. Since the start of the financial year £19.4m of debt has matured at an average rate of 6.33%. For the financial year 2015/16 £45m of debt is due to mature in total at an average rate of 8.79%. It is

not intended to replace the matured debt at present. Based on the approved capital programme and any known slippage it is estimated that the Council will be under borrowed in the region of £121m at the end of the financial year if no further borrowing is undertaken. Therefore capital expenditure is being funded in the short-term at the marginal cost of foregone interest on the Council's investments which is very low in absolute terms.

## **Measures of success**

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- 4.1 The success of the Treasury Section can be measured by the out-performance of the Treasury Cash Fund against its benchmark and managing the Council's debt portfolio to minimise the cost to the Council while mitigating risk.

## **Financial impact**

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- 5.1 The Council continues to manage its debt portfolio so as to minimise the medium term cost of funding its capital projects.
- 5.2 The Treasury Cash Fund has generated significant additional income for the Council.

## **Risk, policy, compliance and governance impact**

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- 6.1 The Council complies with the relevant CIPFA code of practice whilst undertaking Treasury Management activities. The significant financial risks associated with Treasury Management activities have been successfully managed during the first half of 2015/16.

## **Equalities impact**

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- 7.1 There are no adverse equality impacts arising from this report.

## **Sustainability impact**

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- 8.1 There are no adverse sustainability impacts arising from this report.

## **Consultation and engagement**

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- 9.1 None.

## Background reading / external references

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None.

### **Alastair Maclean**

Deputy Chief Executive

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## Links

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<b>Coalition pledges</b>	P30 - Continue to Maintain a sound financial position including long-term financial planning
<b>Council outcomes</b>	C025 - The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all
<b>Appendices</b>	1: Outstanding Debt at 30 September 2015 2: Outstanding Investments at 30 September 2015

## Appendix 1

### Outstanding Debt at 30 September 2015

Loan Type	Start Date	Maturity Date	Principal Outstanding	Interest Rate
Maturity	06/11/1990	25/03/2016	10,000,000.00	11.375
Maturity	17/05/1991	25/03/2016	10,000,000.00	11
Maturity	13/10/2009	13/04/2016	5,000,000.00	2.95
Maturity	23/04/2009	23/04/2016	5,000,000.00	2.96
Maturity	17/01/1991	15/05/2016	15,000,000.00	11.25
Maturity	09/06/2009	09/06/2016	5,000,000.00	3.37
Maturity	27/09/1991	25/09/2016	2,736,307.00	10.5
Maturity	15/08/1991	15/11/2016	10,000,000.00	10.875
Maturity	10/12/2008	10/12/2016	5,000,000.00	3.61
Maturity	02/12/2011	02/06/2017	5,000,000.00	2.28
Maturity	27/03/1992	25/09/2017	10,000,000.00	10.625
Maturity	09/10/2008	09/10/2017	5,000,000.00	4.39
Maturity	03/04/1992	25/03/2018	30,000,000.00	10.875
Maturity	23/04/2009	23/04/2018	15,000,000.00	3.24
Maturity	17/09/1992	15/05/2018	8,496,500.00	9.75
Maturity	09/06/2009	09/06/2018	5,000,000.00	3.75
Maturity	17/09/1993	15/11/2018	5,000,000.00	7.875
Maturity	23/03/1994	15/11/2018	5,000,000.00	8
Maturity	14/03/1994	11/03/2019	2,997,451.21	7.625
Maturity	18/10/1993	25/03/2019	5,000,000.00	7.875
Maturity	30/03/2009	30/03/2019	5,000,000.00	3.46
Maturity	21/04/2009	21/04/2019	10,000,000.00	3.4
Maturity	23/04/2009	23/04/2019	5,000,000.00	3.38
Annuity	12/11/2008	12/11/2019	2,308,548.94	3.96
Maturity	23/03/1994	15/11/2019	5,000,000.00	8
Maturity	07/12/1994	15/11/2019	10,000,000.00	8.625
Annuity	01/12/2008	01/12/2019	2,288,031.27	3.65
Maturity	01/12/2009	01/12/2019	5,000,000.00	3.77
Maturity	14/12/2009	14/12/2019	10,000,000.00	3.91
Maturity	15/02/1995	25/03/2020	5,000,000.00	8.625
Maturity	21/04/2009	21/04/2020	10,000,000.00	3.54
Maturity	12/05/2009	12/05/2020	10,000,000.00	3.96
Maturity	21/10/1994	15/05/2020	5,000,000.00	8.625
Maturity	07/12/1994	15/05/2020	5,000,000.00	8.625
Maturity	21/11/2011	21/05/2020	15,000,000.00	2.94
Maturity	16/08/1995	03/08/2020	2,997,451.21	8.375
Maturity	09/12/1994	15/11/2020	5,000,000.00	8.625
Annuity	10/05/2010	10/05/2021	2,934,788.59	3.09
Maturity	21/10/1994	15/05/2021	10,000,000.00	8.625
Maturity	10/03/1995	15/05/2021	11,900,000.00	8.75

Loan Type	Start Date	Maturity Date	Principal Outstanding	Interest Rate
Maturity	12/06/1995	15/05/2021	10,000,000.00	8
Maturity	02/06/2010	02/06/2021	5,000,000.00	3.89
Maturity	16/08/1994	03/08/2021	2,997,451.21	8.5
Maturity	28/04/1994	25/09/2021	5,000,000.00	8.125
Maturity	23/04/2009	23/04/2022	5,000,000.00	3.76
Maturity	12/06/1995	15/05/2022	10,200,000.00	8
Maturity	14/06/2010	14/06/2022	10,000,000.00	3.95
Maturity	31/03/1995	25/09/2022	6,206,000.00	8.625
Maturity	16/02/1995	03/02/2023	2,997,451.21	8.625
Maturity	24/04/1995	25/03/2023	10,000,000.00	8.5
Maturity	05/12/1995	15/05/2023	5,200,000.00	8
Maturity	20/09/1993	14/09/2023	2,997,451.21	7.875
Maturity	20/09/1993	14/09/2023	584,502.98	7.875
Maturity	08/05/1996	25/09/2023	10,000,000.00	8.375
Maturity	13/10/2009	13/10/2023	5,000,000.00	3.87
Maturity	05/12/1995	15/11/2023	10,000,000.00	8
Maturity	10/05/2010	10/05/2024	10,000,000.00	4.32
Maturity	28/09/1995	28/09/2024	2,895,506.10	8.25
Maturity	14/05/2012	14/11/2024	10,000,000.00	3.36
Annuity	14/12/2009	14/12/2024	6,946,281.72	3.66
Maturity	17/10/1996	25/03/2025	10,000,000.00	7.875
Maturity	10/05/2010	10/05/2025	5,000,000.00	4.37
Maturity	16/11/2012	16/05/2025	20,000,000.00	2.88
Maturity	13/02/1997	18/05/2025	10,000,000.00	7.375
Maturity	20/02/1997	15/11/2025	20,000,000.00	7.375
Annuity	01/12/2009	01/12/2025	10,785,100.45	3.64
Maturity	21/12/1995	21/12/2025	2,397,960.97	7.875
Maturity	21/05/1997	15/05/2026	10,000,000.00	7.125
Maturity	28/05/1997	15/05/2026	10,000,000.00	7.25
Maturity	29/08/1997	15/11/2026	5,000,000.00	7
Maturity	24/06/1997	15/11/2026	5,328,077.00	7.125
Maturity	07/08/1997	15/11/2026	15,000,000.00	6.875
Maturity	13/10/1997	25/03/2027	10,000,000.00	6.375
Maturity	22/10/1997	25/03/2027	5,000,000.00	6.5
Maturity	13/11/1997	15/05/2027	3,649,966.00	6.5
Maturity	17/11/1997	15/05/2027	5,000,000.00	6.5
Maturity	13/12/2012	13/06/2027	20,000,000.00	3.18
Maturity	12/03/1998	15/11/2027	8,677,693.00	5.875
Maturity	06/09/2010	06/09/2028	10,000,000.00	3.85
Maturity	14/07/2011	14/07/2029	10,000,000.00	4.9
EIP	14/07/1950	03/03/2030	3,665.36	3
Maturity	14/07/2011	14/07/2030	10,000,000.00	4.93
EIP	15/06/1951	15/05/2031	3,749.78	3
Maturity	06/09/2010	06/09/2031	20,000,000.00	3.95
Maturity	15/12/2011	15/06/2032	10,000,000.00	3.98

Loan Type	Start Date	Maturity Date	Principal Outstanding	Interest Rate
Maturity	15/09/2011	15/09/2036	10,000,000.00	4.47
Maturity	22/09/2011	22/09/2036	10,000,000.00	4.49
Maturity	10/12/2007	10/12/2037	10,000,000.00	4.49
Maturity	08/09/2011	08/09/2038	10,000,000.00	4.67
Maturity	15/09/2011	15/09/2039	10,000,000.00	4.52
Maturity	06/10/2011	06/10/2043	20,000,000.00	4.35
Maturity	09/08/2011	09/02/2046	20,000,000.00	4.8
Maturity	23/01/2006	23/07/2046	10,000,000.00	3.7
Maturity	23/01/2006	23/07/2046	10,000,000.00	3.7
Maturity	19/05/2006	19/11/2046	10,000,000.00	4.25
Maturity	07/01/2008	07/01/2048	5,000,000.00	4.4
Maturity	27/01/2006	27/07/2051	1,250,000.00	3.7
Maturity	16/01/2007	16/07/2052	40,000,000.00	4.25
Maturity	30/01/2007	30/07/2052	10,000,000.00	4.35
Maturity	13/02/2007	13/08/2052	20,000,000.00	4.35
Maturity	20/02/2007	20/08/2052	70,000,000.00	4.35
Maturity	22/02/2007	22/08/2052	50,000,000.00	4.35
Maturity	08/03/2007	08/09/2052	5,000,000.00	4.25
Maturity	30/05/2007	30/11/2052	10,000,000.00	4.6
Maturity	11/06/2007	11/12/2052	15,000,000.00	4.7
Maturity	12/06/2007	12/12/2052	25,000,000.00	4.75
Maturity	05/07/2007	05/01/2053	12,000,000.00	4.8
Maturity	25/07/2007	25/01/2053	5,000,000.00	4.65
Maturity	10/08/2007	10/02/2053	5,000,000.00	4.55
Maturity	24/08/2007	24/02/2053	7,500,000.00	4.5
Maturity	13/09/2007	13/03/2053	5,000,000.00	4.5
Maturity	12/10/2007	12/04/2053	5,000,000.00	4.6
Maturity	05/11/2007	05/05/2057	5,000,000.00	4.6
Maturity	15/08/2008	15/02/2058	5,000,000.00	4.39
Maturity	02/12/2011	02/12/2061	5,000,000.00	3.98
			1,094,279,935.21	

Loan Type	Start Date	Maturity Date	Principal Outstanding	Interest Rate
Maturity / LOBO	03/12/1990	04/12/2015	2,000,000.00	11
Maturity / LOBO	12/12/1990	11/12/2015	2,000,000.00	11
Maturity / LOBO	30/03/1992	30/03/2017	1,000,000.00	10.25
Maturity / LOBO	21/08/1992	21/08/2017	500,000.00	9.75
Maturity / LOBO	21/08/1992	21/08/2017	500,000.00	9.75
Maturity / LOBO	12/11/1998	13/11/2028	3,000,000.00	4.75
Maturity / LOBO	15/12/2003	15/12/2053	10,000,000.00	5.25
Maturity / LOBO	18/02/2004	18/02/2054	10,000,000.00	4.54
Maturity / LOBO	28/04/2005	28/04/2055	12,900,000.00	4.75
Maturity / LOBO (Rev)	25/02/2011	25/02/2060	15,000,000.00	7.036
Maturity / LOBO (Rev)	25/02/2011	25/02/2060	10,000,000.00	7.036

Loan Type	Start Date	Maturity Date	Principal Outstanding	Interest Rate
Maturity / LOBO (Rev)	26/02/2010	26/02/2060	5,000,000.00	6.993
Maturity / LOBO (Rev)	26/02/2010	26/02/2060	10,000,000.00	6.993
Maturity / LOBO	30/06/2005	30/06/2065	5,000,000.00	4.4
Maturity / LOBO	01/07/2005	01/07/2065	10,000,000.00	3.86
Maturity / LOBO	07/07/2005	07/07/2065	5,000,000.00	4.4
Maturity / LOBO	24/08/2005	24/08/2065	5,000,000.00	4.4
Maturity / LOBO	07/09/2005	07/09/2065	10,000,000.00	4.99
Maturity / LOBO	13/09/2005	14/09/2065	5,000,000.00	3.95
Maturity / LOBO	03/10/2005	05/10/2065	5,000,000.00	4.375
Maturity / LOBO	21/12/2005	21/12/2065	5,000,000.00	4.99
Maturity / LOBO	23/12/2005	23/12/2065	10,000,000.00	4.75
Maturity / LOBO	28/12/2005	24/12/2065	12,500,000.00	4.99
Maturity / LOBO	06/03/2006	04/03/2066	5,000,000.00	4.625
Maturity / LOBO	14/03/2006	15/03/2066	15,000,000.00	5
Maturity / LOBO	17/03/2006	17/03/2066	10,000,000.00	5.25
Maturity / LOBO	03/04/2006	01/04/2066	10,000,000.00	4.875
Maturity / LOBO	03/04/2006	01/04/2066	10,000,000.00	4.875
Maturity / LOBO	03/04/2006	01/04/2066	10,000,000.00	4.875
Maturity / LOBO	07/04/2006	07/04/2066	10,000,000.00	4.75
Maturity / LOBO	05/06/2006	07/06/2066	20,000,000.00	5.25
Maturity / LOBO	05/06/2006	07/06/2066	16,500,000.00	5.25
Maturity / LOBO	18/08/2006	18/08/2066	10,000,000.00	5.25
Maturity / LOBO	01/02/2008	01/02/2078	10,000,000.00	3.95
			280,900,000.00	

Loan Type	Start Date	Maturity Date	Principal Outstanding	Interest Rate
EIP 0% INTEREST	07/01/2015	01/09/2021	473,742.84	0
EIP 0% INTEREST	31/03/2015	01/04/2023	1,442,317.95	0
EIP 0% INTEREST	22/09/2015	01/10/2023	351,679.50	0
			2,267,740.29	

## Appendix 2

### Outstanding Deposits at 30 September 2015

<u>COUNTERPARTY</u>	<u>Type</u>	<u>START DATE</u>	<u>MATURITY</u>	<u>OUTSTANDING</u>	<u>INT RATE</u>
BANK OF SCOTLANDCORP DEPOSIT BASE +25	CALL	27/09/2007	/ /	41,067,008.31	0.5
ROYAL BANK OF SCOTLAND- SIBA	CALL	23/05/2008	/ /	4,119,829.83	0.25
Santander UK Business Reserve	CALL	16/09/2008	/ /	525,326.78	0.4
Barclays BankFIBCA	CALL	26/11/2010	/ /	41,183,330.66	0.5
Deutsche Bank AG, London	MMF	01/06/2011	/ /	61,994,474.11	0.485487
SVENSKA HANDELSBANKEN	CALL	13/01/2012	/ /	58,082,936.73	0.45
GOLDMAN SACHS STERLING LIQUID RESERVE	MMF	08/05/2012	/ /	36,684,076.03	0.410151
HSBC BANK PLC	CALL	01/07/2013	/ /	966,008.83	0.4
Lancashire County Council	TD	05/05/2015	05/11/2015	10,000,000.00	0.5
Nationwide Building Society	TD	08/09/2015	08/10/2015	5,000,000.00	0.43
HM TREASURY	TBILL	20/07/2015	18/01/2016	3,906,701.60	0.58
H M TREASURY	TBILL	17/08/2015	15/02/2016	19,944,308.93	0.56
H M TREASURY	TBILL	24/08/2015	22/02/2016	9,972,204.05	0.559
HM TREASURY	TBILL	07/09/2015	07/03/2016	19,944,804.80	0.555
HM TREASURY	TBILL	07/09/2015	05/10/2015	19,992,960.29	0.459
HM TREASURY	TBILL	07/09/2015	05/10/2015	19,993,113.60	0.449
HM TREASURY	TBILL	14/09/2015	12/10/2015	19,993,098.27	0.45
H M TREASURY	TBILL	21/09/2015	19/10/2015	19,993,098.27	0.45
H M TREASURY	TBILL	21/09/2015	19/10/2015	14,994,720.22	0.459
HM TREASURY	TBILL	28/09/2015	26/10/2015	9,996,480.14	0.459
				<b>418,354,481.45</b>	

**Call:** Call Account (money available same day)

**MMF:** Money Market Fund (money available same day)

**TD:** Term Deposit (money only available when deposit matures)

**TBILL:** UK Treasury Bills (tradable – money available if TBILL sold)

The £418m on deposit is represented by:

- £252m Lothian Pension Fund
- £151m The City of Edinburgh Council
- £5.5m CEC Council Companies
- £5.8m FETA
- £3.5m Other

## Links

**Coalition pledges**

**Council outcomes**

**Single Outcome Agreement**