

# Notice of meeting and agenda

## Governance, Risk and Best Value Committee

10am, Thursday, 3 March 2016

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 28 January 2016 – submitted for approval as a correct record.

## **5. Outstanding Actions**

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- 5.1 Outstanding Actions – March 2016 (circulated)

## **6. Work Programme**

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- 6.1 Governance, Risk and Best Value Work Programme – March 2016 (circulated)

## **7. Reports**

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- 7.1 Internal Audit Plan 2016/17 – report by the Chief Internal Auditor (circulated)
- 7.2 Internal Audit Follow-Up Arrangements: Status report from 1 October 2015 to 31 December 2015 – report by the Chief Internal Auditor (circulated)
- 7.3 Internal Audit Quarterly Update: 1 October 2015 – 31 December 2015 – report by the Chief Internal Auditor (circulated)
- 7.4 Welfare Reform – report by the Acting Executive Director of Resources (circulated)
- 7.5 Corporate Leadership Team Risk Update – report by the Acting Executive Director of Resources (circulated)
- 7.6 Place Risk Update – report by the Executive Director of Place (circulated)

## 8. Motions

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8.1 If any.

### **Kirsty-Louise Campbell**

Interim Head of Strategy and Insight

### **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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# Minutes

## Governance, Risk and Best Value Committee

10am, Thursday 28 January 2016

### Present

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

### 1. Minute

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#### Decision

To approve the minute of the Governance, Risk and Best Value Committee of 15 December 2015.

### 2. 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 10, 13, 15 and 16.
- 2) To note the remaining outstanding actions.

(Reference – Outstanding Actions – January 2016, submitted.)

### 3. Work Programme

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#### Decision

To approve the Work Programme.

(Reference – Governance, Risk and Best Value Work Programme – January 2016, submitted.)

### 4. Edinburgh Jazz and Blues Festival – Update – referral report from the Culture and Sport Committee

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The Culture and Sport Committee on 20 October 2015 had referred this report detailing the successes and governance arrangements of the Edinburgh Jazz and Blues

Festival. This report had been requested by the Governance, Risk and Best Value Committee in March 2015.

Roger Spence from the Edinburgh Jazz and Blues Festival and Councillor Lewis, Convener of the Culture and Sport Committee attended to speak to his item.

The Committee, in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during part of the consideration of the following item of business for the reason that some of the discussion involved the likely disclosure of exempt information as defined in Paragraph 6 of Part 1 of Schedule 7A of the Act.

### **Decision**

- 1) To note the report.
- 2) To provide a briefing note regarding the lease of the Tron Kirk, in particular referring to the position with the leaseholders' company status and the long term vision for the building.
- 3) To request that the Strategy and Governance Manager circulate details of the internal audit carried out in October 2015 on the Freedom of Information process. Details of the number of cases referred to the Information Commissioner over the last 3 years, and whether they were upheld, should be included.

(Reference – referral report by the Culture and Sport Committee, submitted.)

## **5. Internal Audit Charter Update**

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The Internal Audit Charter sets out the scope of the Internal Audit function and its roles, responsibilities, objectives and reporting structures.

### **Decision**

To approve the updated Internal Audit Charter and delegate authority to the Acting Executive Director of Resources to redesign and make any minor amendments to the Charter as necessary, and that the amended version is circulated to the committee members.

(Reference – report by the Chief Internal Auditor, submitted.)

## **6. Use of Demographic Information in the Budgeting and Service Planning Processes**

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Details were provided of the Council's approach to recognising demographic change and the recent work to aid the development of consistent, organisation wide projections and intelligence in this area.

## **Decision**

To note the progress made in developing a consistent approach to assessing the financial and service aspects of demographic change upon the Council's service.

(Reference – report by the Acting Executive Director of Resources, submitted.)

## **7. Capital Monitoring 2015/16 Nine Month Position – referral report from the Finance and Resources Committee**

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The Finance and Resources Committee on 14 January 2016 had referred a report on the Council's projected borrowing and the receipt of grants and capital income which would be used to fund the capital investment.

### **Decision**

To note the report.

(Reference – referral report by the Finance and resources Committee, submitted.)

## **8. Annual Workforce Controls Report – referral report from the Finance and Resources Committee**

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The Finance and Resources Committee on 14 January 2016 had referred a report on the implementation of an enhanced workforce control framework. The framework was built around three components, managing resources, managing costs and managing performance.

### **Decision**

To note the report.

(Reference – referral report by the Finance and Resources Committee, submitted.)

## **9. Whistleblowing Update**

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A high level overview was provided of the Council's whistleblowing hotline for the period 1 September to 30 November 2015.

### **Decision**

To note the report.

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

## 10. Whistleblowing Annual Report

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Details were provided of an overview of whistleblowing activity and the development of the service between 1 December 2014 and 30 November 2015.

### Decision

To note the update.

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

## 11. Resolution to consider in private

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The Committee, under Section 50A(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 for item 12 as defined in Paragraphs 1,3 and 4 of Schedule 7A of the Act and for items 13 and 14 as defined in Paragraphs 6 and 12 of Schedule 7A of the Act.

## 12. Whistleblowing: Monitoring Report

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An overview was provided of the disclosures received and investigation outcome reports completed during the period 1 September 2015 to 30 November 2015.

### Decision

To note the report.

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

## 13. Statutory Notice Projects – Policy, Principles and Unrecoverable Work in Progress

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The Finance and Resources Committee had previously considered this report in July 2014.

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

### Decision

To note the report.

(Reference – report by the Director of Corporate Governance, submitted.)

## **Declaration of Interest**

Councillor Tymkewycz declared an interest in the above item as an owner of a small portfolio of properties in Edinburgh which have been the subject of Statutory Notices.

## **14. Property Conservation: Legacy Closure Programme and Defect Costs**

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The Finance and Resources Committee had considered this report on 14 January 2016.

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

### **Decision**

- 1) To note the report.
- 2) To request reports on the progress with Property Conservation in June 2016, December 2016 and April 2017.
- 3) To append the summary cost analysis for Property Conservation 2013-16 to the minute.

(Reference – report by the Acting Executive Director of Resources, submitted.)

### **Declaration of Interest**

Councillor Tymkewycz declared an interest in the above item as an owner of a small portfolio of properties in Edinburgh which have been the subject of Statutory Notices.



# Item 5.1 Outstanding Actions

## Governance, Risk and Best Value Committee

March 2016

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 Resources	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 Resources	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 Resources	June 2014		Organisational Development now expected to lead this report.
4	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.	Director of Place	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 then referral to the Finance and Resources Committee.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
5	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 Resources	March 2015		
6	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 Communities and Families			

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
7	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 Resources			
8	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	Director of Place	September 2015		Expected January 2016 when Review is completed.
9	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.	Chief Officer of Edinburgh Health and Care Partnership			
10	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.	Chief Officer of Edinburgh Health and Care Partnership			

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
11	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.	Director of Place			
12	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.	Chief Executive	October 2016		
13	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.	Director of Resources	April 2016		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
14	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.	Chief Executive	March 2016		
15	15/12/2015	<a href="#">Internal Audit - Overview of Internal Audit Follow-Up Arrangements</a>	To request that the Deputy Chief Executive would report in January 2016, confirming whether the Northgate system could log system access and activity for all users and the related costs if it was required to be improved.	Director of Resources	January 2016		
16	15/12/2015	<a href="#">Home Care and Reablement Service Contact Time</a>	To request an update report in six months, this should include contact time by area and feedback from clients and bodies such as the Care Commission.	Chief Officer of Edinburgh Health and Care Partnership	May 2016		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
17	28/01/2016	<a href="#">Edinburgh Jazz and Blues Festival</a>	To provide a briefing note regarding the lease of the Tron Kirk, in particular referring to the position with the leaseholders' company status and the long term vision for the building.	Acting Executive Director of Resources			
18	28/01/2016	<a href="#">Edinburgh Jazz and Blues Festival</a>	To request that the Strategy and Governance Manager circulate details of the internal audit carried out in October 2015 on the Freedom of Information process. Details of the number of cases referred to the Information Commissioner over the last 3 years, and whether they were upheld, should be included.	Chief Executive			

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
19	28/01/2016	<a href="#">Internal Audit Charter Update</a>	To approve the updated Internal Audit Charter and delegate authority to the Acting Executive Director of Resources to redesign and make any minor amendments to the Charter as necessary, and that the amended version is circulated to the committee members.	Acting Executive Director of Resources			



# Item 6.1 Work programme

## Governance, Risk and Best Value

March 2016

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	June 2016
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	June 2016

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 2017
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	September 2016
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	TBC	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	March 2016	March 2017

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	June 2016
15	Whistle blowing Quarterly Report		Quarterly Report	Scrutiny	Chief Executive	Internal	Quarterly	May 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	Hugh Dunn	Council Wide	Annual	December 2016
18	Committee Decisions	Democracy	Annual report	Scrutiny	Chief Executive	Governance, Risk and Best Value Committee	Annual	August 2016
19	Dissemination of Committee Decisions	Democracy	Bi-annual report	Scrutiny	Chief Executive	Council Wide	Six- monthly	May 2016
20	Late Submission of reports	Democracy	Bi-annual report	Scrutiny	Chief Executive	Council Wide	Six- monthly	May 2016
21	Property Conservation – Legacy Closure programme and Defect Costs		Progress reports	Scrutiny	Hugh Dunn	All	June 2016 December 2016 April 2017	June 2016

## GRBV Upcoming Reports

## Appendix 1

Number	Report Title	Type	Flexible/Not 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
3	LAC Transformation Programme - Update	Scrutiny	Flexible
4	Records Management	Scrutiny	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
5	Home Care and Reablement Service Update	Scrutiny	Flexible
<b>28 June 2016 Committee</b>			
1	IA Follow Up Arrangements	Internal Audit	Flexible
2	IA Quarterly Update	Internal Audit	Flexible
3	Internal Audit Annual Report for the Year	Internal Audit	Flexible
4	Audit Scotland – Annual Overview Report	External Audit	Flexible
5	CLG Risk Register	Scrutiny	Flexible
6	Directorate Risk Register	Scrutiny	Flexible
7	Property Conservation – Legacy Closure programme	Scrutiny	Flexible
<b>18 August 2016 Committee</b>			
1	Audit Scotland – Annual Internal Controls Report	External Audit	Not Flexible
2	Committee Decisions - Annual Report	Scrutiny	Flexible

# Governance, Risk and Best Value Committee

10.00am, Thursday 3 March 2016

## Internal Audit plan 2016/17

<b>Item number</b>	7.1
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	

### Executive summary

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This report summarises Internal Audit's annual planning process for the Internal Audit Plan for the period 1 April 2016 to 31 March 2017 (2016/17 plan).

Internal Audit is continuing to work towards completing the 2015/16 plan in advance of our annual report which we expect to make to Committee in June 2016.

The Internal Audit plan remains flexible, to accommodate changes in the Council's risk profile.

### Links

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

## Internal Audit plan for 2016/17

### Recommendations

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- 1.1 It is recommended that the Committee notes the Internal Audit plan for the period 1 April 2016 to 31 March 2017.

### Background

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- 2.1 The Internal Audit plan is risk based and focuses on the governance, risk and controls within the Council. The work performed by Internal Audit supports Internal Audit's annual report. The work of Internal Audit also informs the annual Governance Statement in the financial statements.
- 2.2 In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), the audit plan has been developed using a risk based methodology to ensure that assurance activity is focussed on the key areas of risk for the Council.

### Main report

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#### Internal Audit planning

- 3.1 The Governance, Risk and Best Value (GRBV) Committee's remit includes agreeing internal audit plans and ensuring internal audit work is properly planned with due regard to risk, materiality and coverage for the 2016/17 period.
- 3.2 Internal Audit planning:
  - 3.2.1 optimises the use of audit time and matches the internal audit team's skill sets to individual internal audit reviews;
  - 3.2.2 determines the requisite level of audit resource required for each planned review;
  - 3.2.3 ensures that maximum benefit is obtained by the Council from the resources available;
  - 3.2.4 focuses on strategic risks facing the Council and internal audit requirements, including key financial controls, governance and risk management; and

- 3.2.5 ensures that audit coverage is sufficient to provide an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

### **Draft Internal Audit Plan**

- 3.3 The draft plan was developed using the Council's Departmental risk registers to identify the most significant areas of inherent risk facing the Council. Internal Audit then considered the level of control mapped against these risks to determine areas where assurance would be appropriate. To complement this process, Internal Audit launched a consultation programme with members of the Council's Senior Management Team and the members of GRBV in order to identify any other areas where it may be appropriate for assurance to be sought.
- 3.4 The areas identified from this scoping exercise were filtered through a risk base lens to ensure that the most pertinent areas of risk were incorporated, whilst also maintaining an Internal Audit footprint across the Council.
- 3.5 In addition, a number of operational factors were incorporated into the building of the plan, including from a resourcing perspective, the requirement for Internal Audit support to the Tattoo, the LVJB, the LBCJA, SEStran and an anticipated request to provide internal audit services to the Edinburgh Integrated Joint Board for the provision of Health & Social Care.
- 3.6 The plan has been prepared assuming a total of 1,222 Internal Audit days for the period, based on 43 individual reviews for City of Edinburgh Council. This is broadly similar to the 2015/16 plan which included 43 individual reviews. Should the number of Internal Audit staff change during the period and/or the required skills mix change the plan may need to be revisited.
- 3.7 The plan contains 4 currently un-allocated reviews. It is Internal Audit's expectation that, similar to previous years, the requirement to perform unplanned ad-hoc reviews will arise in 2016/17.
- 3.8 The full plan for the period is attached at Appendix 1: Internal Audit Risk Assessment & Plan 2016/17.

### **Measures of success**

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- 4.1 Alignment of the Internal Audit Plan to the key risks faced by the Council to ensure governance is improved, service areas take responsibility for corrective action and confidence in the management of risk is increased.

### **Financial impact**

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- 5.1 No direct financial impact.



## Risk, policy, compliance and governance impact

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- 6.1 The Internal Audit plan sets out the areas of focus for Internal Audit activities for 2016/17. Internal Audit provides assurance over the governance and control environment operating in the Council.

## Equalities impact

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- 7.1 There are no adverse equalities 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 The internal audit team consulted with the risk team, senior management and the elected members of the GRBV Committee.

## Background reading / external references

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None

## Magnus Aitken

Chief Internal Auditor

## Links

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**Coalition pledges**

**Council outcomes**

**Single Outcome**

**Agreement**

**Appendices**

Appendix 1 - Internal Audit plan for the year April 2016 to March 2017

# **The City of Edinburgh Council**

## **Internal Audit Risk Assessment and Plan 2016/17**

**DRAFT**

# Contents

<b>1. Introduction and approach</b>	<b>1</b>
<b>2. Audit universe, corporate objectives and risks</b>	<b>4</b>
<b>3. Risk assessment</b>	<b>5</b>
<b>4. Annual plan and internal audit performance</b>	<b>8</b>
<b>Appendix 1: Detailed methodology</b>	<b>14</b>
<b>Appendix 2: Risk assessment criteria</b>	<b>16</b>
<b>Appendix 3: Corporate Risks</b>	<b>17</b>
<b>Appendix 4: Service Area Risks</b>	<b>17</b>

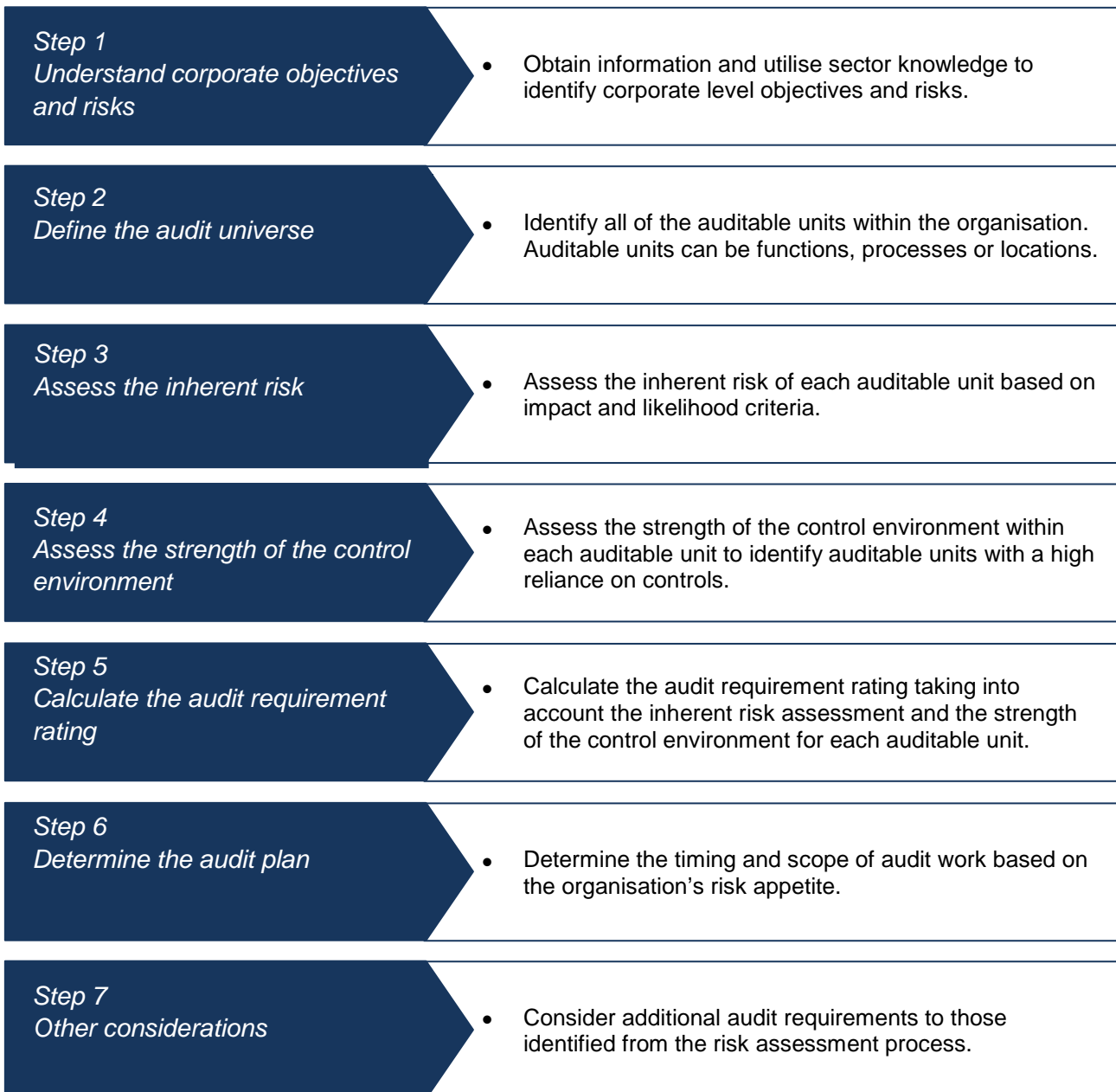
# 1. Introduction and Approach

## Introduction

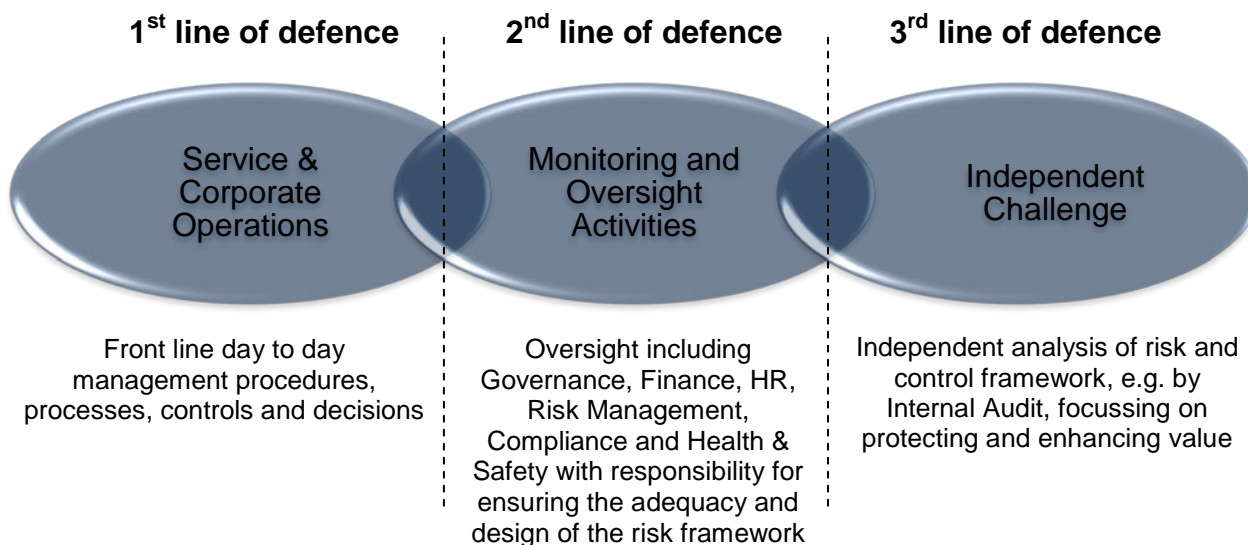
This document sets out the risk assessment and the 2016-17 internal audit plan for The City of Edinburgh Council.

## Approach

The internal audit service will be delivered in accordance with the Internal Audit Charter. A summary of our approach to undertaking the risk assessment and preparing the internal audit plan is set out below. The internal audit plan is driven by The City of Edinburgh Council's organisational objectives and priorities, and the risks that may prevent The City of Edinburgh Council from meeting those objectives. A more detailed description of our approach can be found in Appendix 1 and 2.



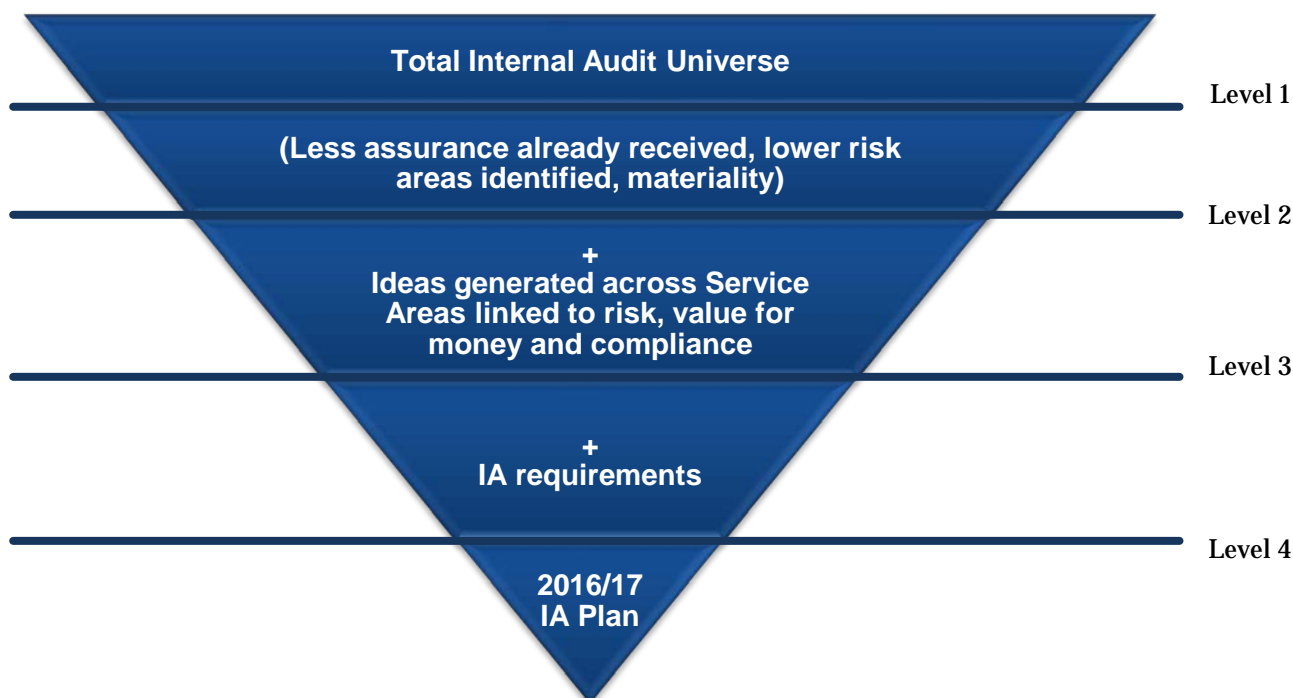
This approach takes into account the role of Internal Audit, as one of the Council’s assurance providers from the 3rd line of defence:



### *Basis of our plan*

The level of available resources for the internal audit service for 1 April 2016 to 31 March 2017 is 1,222 and therefore the plan does not purport to address all key risks identified across the audit universe as part of the risk assessment process. Accordingly, the level of internal audit activity represents a deployment of limited internal audit resources.

Taking into account the above, the plan is drafted as follows:



As set out in Public Sector Internal Audit Standards, the focus of internal audit’s strategy and programme is planned around a risk-based approach. This underpins its value.

The annual Internal Audit Plan is based on a risk assessment of the audit universe in the organisation (operational, financial and other), undertaken before the beginning of the year and primarily based on the following:

- The Council's current Risk Registers;
- Regular liaison meetings with the Chief Risk Officer, Service Area directors and other senior management;
- Discussions with the members of the Governance, Risk and Best Value Committee;
- New projects/initiatives undertaken by the Council;
- Prior year Internal Audit findings; and
- Requirements of PSIAS (Governance, Risk Management, Internal Control).

The internal audit plan for 2016/17 therefore represents a balance between compliance, value add based on risk assessment and input from management (members of SMTs, CMT and GRBV).

### *Basis of our annual internal audit conclusion*

Internal audit work will be performed in accordance with methodology aligned to Public Sector Internal Audit Standards (PSIAS). As a result, our work and deliverables are not designed or intended to comply with any other auditing standards.

Our annual internal audit opinion will be based on and limited to the internal audits we have completed over the year and the control objectives agreed for each individual internal audit. The agreed control objectives will be reported within our final individual internal audit reports.

In developing our internal audit risk assessment and plan we have taken into account the requirement to produce an annual internal audit opinion by determining the level of internal audit coverage over the audit universe and key risks. We do not believe that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion.

### *Other sources of assurance*

In developing our internal audit risk assessment and plan we have taken into account other sources of assurance and have considered the extent to which reliance can be placed upon these other sources. Other sources of assurance for each auditable unit are noted in our Risk Assessment in section 3 of this document, and a summary is given below.

The other sources of assurance for The City of Edinburgh Council are as follows:

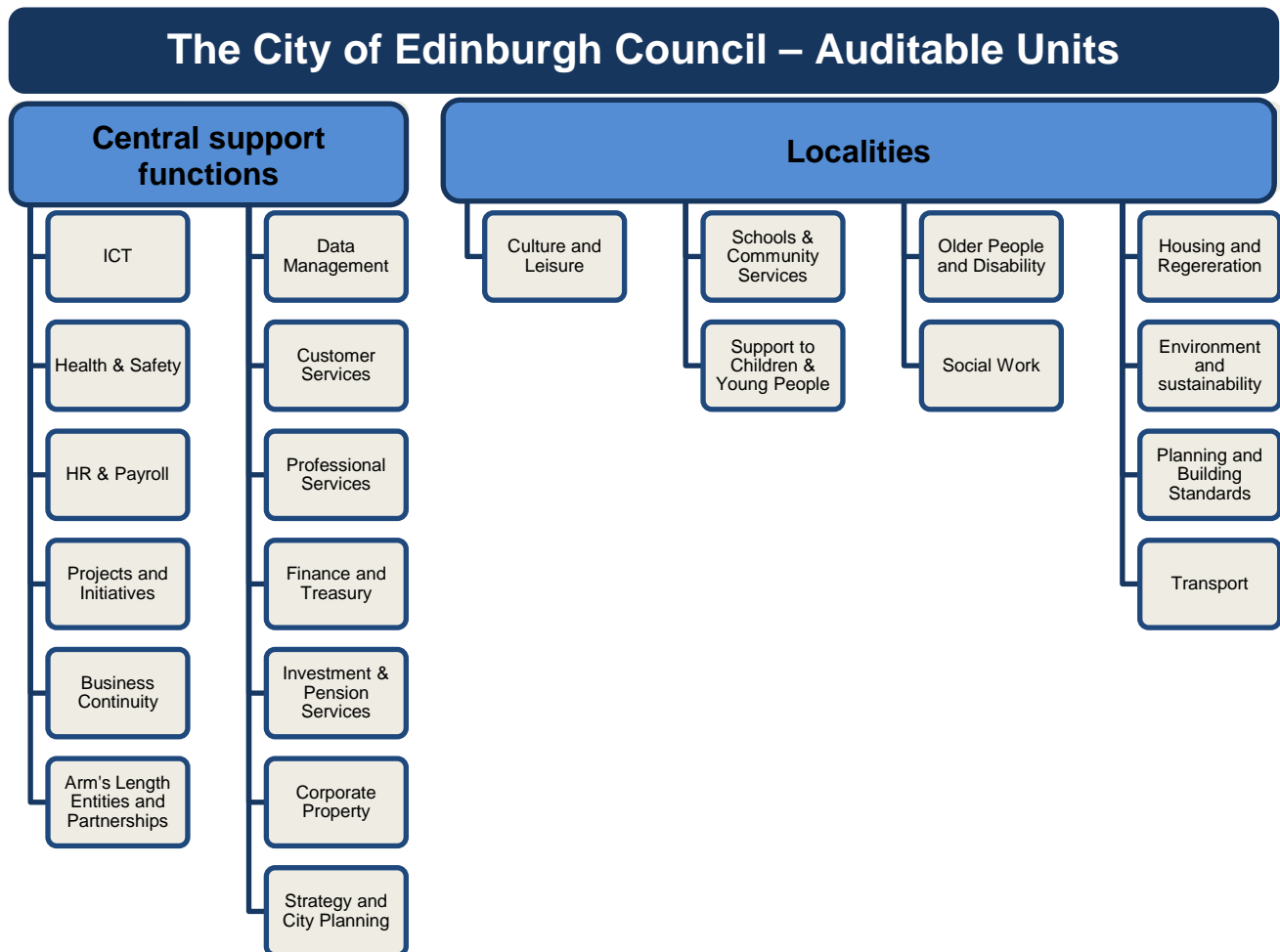
- External inspections such as those undertaken by the Care Inspectorate, Child Protection Inspection Unit, Education Scotland and Audit Scotland.
- External audit
- Information Commissioner reviews and inspections

We do not intend to place reliance upon these other sources of assurance for our opinion. However they will be considered in assessing the strength of the control environment for each auditable unit.

## 2. Audit universe, corporate objectives and risks

### Audit universe

The diagram below represents the high level auditable units within the audit universe of The City of Edinburgh Council for 2016/17. This has been re-assessed for this to reflect the transformation that the Council is undergoing, resulting in the elimination of Procurement, Community Safety & the Health & Social Care Integrated Joint Board as separately identifiable units and the addition of Data Management.



### Localities Model

The locality services will be grouped and managed under four geographic localities (NE, NW, SE and SW) common to both Council and other public sector organisations within Edinburgh. The Localities will be supported by the 12 existing Neighbourhood Partnerships.

Although localities are not identified as distinct audit units, audit work completed in the year will take cognisance of the potentially different risk profiles of the localities.

### Health and Social Care Integration

Note that we are not representing joint body assurance as a result of the Health and Social Care Integration with NHS Lothian. However we anticipate that the Audit Committee of the Integration Joint Board will direct us to perform a number of audits. We have included 3 reviews in our plan that the Integration Joint Board can instruct to ensure that we have the capacity to fulfill this requirement.

# 3. Risk assessment

## Risk assessment results

Each auditable unit has been assessed for inherent risk and the strength of the control environment, in accordance with the methodology set out in Appendix 1 and 2. The results are summarised in the table below.

Ref	Auditable Unit	Inherent Risk Rating	Control Environment	Colour code	Frequency	No of audits (16/17)	No of audits (15/16)	No of audits (14/15)	Other Assurance / Notes
<b>Central Support Functions</b>									
<b>A</b>	<b>Council wide and Resources</b>					<b>17</b>	<b>18</b>	<b>28</b>	
A.1	ICT	5	2	●	1	3	1	6	Note 3 reviews in 14/15 were c/fwd from 13/14 plan
A.2	Health and Safety	5	3	●	1	1	1	2	H&S perform independent audit work and school audits
A.3	HR & Payroll	5	3	●	1	2	-	4	Payroll Internal Audit work for 2015/16 covered by continuous testing of key financial controls
A.5	Projects & Initiatives	5	3	●	1	1	1	1	
A.6	Business Continuity	4	4	●	2	-	1	-	ISO external certification
A.7	Arm's Length Entities and Partnerships	5	3	●	1	1	1	-	
A.8	Data	5	2	●	1	1	n/a	n/a	Identified as a new audit unit for 2016/17
A.9	Customer Services	4	4	●	2	1	-	4	
A.10	Professional Services	4	4	●	2	1	1	1	
A.11	Finance & Treasury	5	4	●	1	1	4	6	Audit Scotland external audit and Best Value report Ongoing fraud detection and investigation support.
A.12	Investment & Pension Services	4	4	●	2	3	3	2	Internal Audit reviews are required to be completed annually
A.13	Corporate Property	5	2	●	1	2	4	2	Schools audits include Health & Safety assurance work
A.14	Strategy and City Planning	4	2	●	2	-	1	-	



Ref	Auditable Unit	Inherent Risk Rating	Control Environment	Colour code	Frequency	No of audits (16/17)	No of audits (15/16)	No of audits (14/15)	Other Assurance / Notes
<b>Localities</b>									
<b>B</b>	<b>Communities and Families</b>					<b>6</b>	<b>6</b>	<b>6</b>	
B.1	Schools & Community Services	5	3	●	1	4	3	4	Includes 15 visits to schools, early years centres and community centres under the Schools Assurance Framework
B.2	Support to Children & Young People	5	4	●	1	2	3	2	Assurance also gained from Care Inspectorate and Child Protection Inspection Unit visits
<b>C</b>	<b>City Insight and Planning</b>					<b>1</b>	<b>-</b>	<b>-</b>	
C.1	Culture and Leisure	3	3	●	3	1	-	-	
<b>D</b>	<b>Social Work</b>					<b>1</b>	<b>1</b>	<b>2</b>	
D.1	Social Work	5	2	●	1	1	1	2	ICT review of SWIFT (14/15 and 15/16)
<b>E</b>	<b>Health, and Social Care</b>					<b>6</b>	<b>5</b>	<b>3</b>	
E.1	Older People and Disability	5	2	●	1	2	2	1	
<b>F</b>	<b>Place</b>					<b>5</b>	<b>5</b>	<b>11</b>	
F.1	Housing and Regeneration	4	3	●	2	1	1	4	
F.2	Environment and Sustainability	4	3	●	2	3	1	3	
F.4	Planning & Building Standards	4	4	●	2	-	1	-	
F.5	Transport & Infrastructure	5	3	●	1	1	2	2	
<b>G</b>	<b>Other/Miscellaneous</b>					<b>4</b>	<b>4</b>	<b>5</b>	
G.1	Lothian Valuation Joint Board	2	4	●	-	1	1	1	Required to be completed annually.
G.2	Lothian & Borders Criminal Justice Authority	2	4	●	-	1	1	1	Required to be completed annually.
G.3	SEStran	2	4	●	-	1	1	1	Required to be completed annually.
G.4	Tattoo	2	4	●	-	1	1	1	Required to be completed annually
G.5	Integrated Joint Board	5	2	●	1	3	2	-	3 reviews held for work instructed by IJB audit committee
	<b>TOTALS</b>					<b>39</b>	<b>38</b>	<b>53</b>	

## *Key to frequency of audit work*

Audit Requirement Rating	Frequency
●	Annual
●	Every two years
●	Every three years
●	No further work

The audit requirement rating drives the frequency of internal audit work for each auditable unit.

There is an internal audit budget of 1,222 days which means the frequency with which internal audits are scheduled has been flexed. The audit plan is a rolling programme aiming to ensure all auditable units are subject to an internal audit at least once in a three year cycle.

# 4. Annual plan and internal audit performance

## Annual plan and indicative timeline

The internal audit plan has been split out as shown below to reflect the core areas of our Internal Audit programme determined by Council Management, risk registers, corporate priorities and Internal Audit standards.

Through discussions with Heads of Service, Directors and members of the Governance, Risk and Best Value Committee we developed a full suite of potential internal audit reviews based on our risk assessment and suggestions provided by each service.

This was then presented to the CMT to determine the reviews of highest priority and to help finalise the planned reviews, which are presented to the Governance, Risk and Best Value Committee on the following pages in the table below.

There are 43 Internal Audit reviews scheduled for 2016/17 (including contingency for additional currently unplanned reviews) compared with 42 reviews originally included under the 2015/16 audit plan. One of the planned reviews is the schools audit programme which involves visits to 15 schools. Each proposed review for 2016/17 is included in the table below and has been cross referenced to the corresponding key corporate and service area level risks, which are included within Appendices 3 and 4.

Auditable Unit	Description	Q1	Q2	Q3	Q4	Days	Link to Risk	Fraud (H/M/L)
<b>Council-Wide and Resources</b>								
ICT	<u>Monitoring of Contract Payments</u> Review the processes and controls in place to monitor payments under the new ICT contract.				✓	25	CLT4 CLT6	High
ICT	<u>ICT Disaster Recovery</u> Review of the Council's disaster recovery arrangements.			✓		25	CLT4 CLT10 R7	Low
ICT	<u>External Vulnerability Assessment</u> The review will consider the security in place and the vulnerability to external threats for key ICT systems.				✓	25	CLT2	High
Health and Safety	<u>Health &amp; Safety</u> Review the development and progress of the Health and Safety Annual Plan and follow up medium and long-term findings from the 2014 review.			✓		20	CLT8 CLT12 R5 R8 CF4 HSC6 P1	N/A
HR & Payroll	<u>Mandatory Training</u> Review the processes and controls in place to monitor and enforce completion of mandatory training, including monitoring of key performance indicators.		✓			20	P5 CF5	Medium

Auditable Unit	Description	Q1	Q2	Q3	Q4	Days	Link to Risk	Fraud (H/M/L)
HR & Payroll	<u>Leavers Process</u> Review progress in implementing redesigned leavers process, including interim measures to manage the return of Council-owned equipment.		✓			20	CLT2	High
Projects	<u>Savings realisations</u> Assess progress in achieving planned 2016/17 savings.			✓		30	CLT5 CLT6 CLT9 R1 R2 R4 R10 HSC2 P4 P9	Low
Arm's Length Entities and Partnerships	<u>Service Level Agreements</u> Review arrangements with external bodies which receive administrative support from the Council.	✓				25		Low
Data	<u>Information Commissioner's Office audit follow up</u> Assess progress in implementing findings from the 2015/16 ICO audit.			✓		25	CLT2 HSC7 R3	High
Customer Services	<u>Online customer services</u> Review progress in implementing Revenue and Benefits services.		✓			25	CLT4	High
Professional Services	<u>Risk Management</u> Review the Council's risk management process.	✓				20	Required for audit opinion	Low
Finance	<u>Continuous controls over key financial systems</u> Testing of key controls within the Council's key financial systems using continuous auditing and data techniques to interrogate complete populations of data where controls are automated.	✓	✓	✓	✓	30	CF7	Fraud
Pensions	<u>External vulnerability assessment</u> The review will consider the security in place and the vulnerability to external threats for online modules which are externally accessible by Employers & Members of the Fund.		✓			20	CLT2	High

Auditable Unit	Description	Q1	Q2	Q3	Q4	Days	Link to Risk	Fraud (H/M/L)
Pensions	<u>Investments managed internally</u> The review will assess the processes and controls in place around internally managed funds and review the procedures in place to monitor investment performance. This will include the management of funds invested within private equity investment vehicles.	✓				20	CLT11	Medium
Pensions	<u>Governance of LPFE</u> LPFE is the Lothian Pension Fund service company which employs senior management within the Fund. The review will assess the governance arrangements & mechanisms in place to ensure conformance with external reporting & compliance requirements. The review will also consider the internal reporting mechanisms in place & supervision provided by the Pension Committee to ensure that Best Value is achieved.		✓			20	CLT11	Low
Corporate Property	<u>Property Maintenance</u> Review adequacy of the framework and controls for the identification of repairs required, prioritisation of resources and contract management.			✓		30	CLT1 CLT11 R5 R6 P1 P7	Medium
Corporate Property	<u>Facilities Management</u> Review processes and controls in place to track savings targeted through the new facilities management service.				✓	30	CLT9 CLT11 CF1 P4	Medium
<b>Communities and Families</b>								
Schools & Community Service	<u>Child protection</u> Review the effectiveness of the framework in place to ensure the Council meets its child protection obligations.	✓				30	CLT8 CF3 HSC5	Low
Schools & Community Service	<u>Contest strategy</u> Review the development and implementation of the anti-radicalisation strategy.		✓			25	CF3 CF6	Low
Schools & Community Service	<u>Complaints process</u> Review processes and controls in place to manage and respond to complaints.	✓				20	CF8	Medium

Auditable Unit	Description	Q1	Q2	Q3	Q4	Days	Link to Risk	Fraud (H/M/L)
Schools & Community Service	<u>Rotational schools audits</u> Follow up of self-assessments covering health and safety, financial management, child protection, workforce controls, resilience, and information security in schools and community centres.	✓	✓	✓	✓	75	CLT8 CLT12 CF1 CF4 CF7 CF10	High
Support to Children & Young People	<u>Contract management of care providers</u> Assess the processes in place to monitor the performance of external care providers. Consider the procedures used for the appointment and removal of external care providers.		✓			25	CLT11 CF3	High
Support to Children & Young People	<u>Named Person</u> Review implementation of the 'named person' requirements under the Children and Young People's Act.				✓	25	CLT8 CLT11 CF3	Low
<b>City Insight and Planning</b>								
Culture and Leisure	<u>Grants management</u> Assess the processes and controls in place to manage grants to third parties. Consider the procedures used to award grants and to monitor compliance with terms and conditions.	✓				20	CLT5 CLT6 CLT11	High
<b>Social Work</b>								
Social Work	<u>Pre-employment verification</u> Assess the processes and controls in place to ensure that satisfactory disclosure checks have been obtained for permanent and agency staff.	✓				20	CLT8 CLT11 CF3 HSC5	Medium
<b>Health and Social Care*</b>								
Older People	<u>Care home contracting</u> Assess the processes in place to monitor the performance of care home providers. Also review the monitoring of payments to care home providers.		✓			30	CLT3 CLT11 HSC3	High

\* The two planned Health & Social Care reviews have included in the audit plan on the assumption that the Council will be directed by the Edinburgh Integrated Joint Board for Health & Social Care to provide Care at Home Services & Residential Care Home places.

Older People	<u>Care at Home contract</u> Assess the processes and controls in place to manage contractor performance and monitor payments under the new Care at Home contract.			✓		30	CLT3 CLT7 CLT11 HSC1 HSC4	High
<b>Place</b>								
Housing & Regeneration	<u>Licensing</u> Assess the processes and controls in place around civic licensing, including income collection.	✓				25	P3 P4 P9	Medium
Environment and Sustainability	<u>Recycling targets</u> Review arrangements in place to meet recycling targets. Assess effectiveness of processes and controls in place to monitor and measure performance.	✓				25	CLT11 P6	Medium
Environment and Sustainability	<u>Mortuary services</u> Review adequacy of arrangements in place to manage capacity.			✓		25	CLT11 P2	Low
Environment and Sustainability	<u>Monitoring of air quality</u> Review effectiveness of processes and controls in place to monitor and measure air quality.	✓				25	CLT 11	Medium
Transport	<u>Infrastructure inspections</u> Review adequacy of programme of inspections of public infrastructure such as bridges.		✓			25	CLT8 CLT11 P1	Low
<b>Other Organisations</b>								
LVJB	Lothian Valuation Joint Board - provision of internal audit services			✓		15	N/A	N/A
SEStran	SEStran - provision of internal audit services			✓		15	N/A	N/A
LBCJA	LBCJA – provision of internal audit services				✓	15	N/A	N/A
Tattoo	Tattoo - provision of internal audit services			✓		15	N/A	N/A
Integration Joint Board	IJB – provision of internal audit services		✓			25	N/A	N/A
				✓		25		
					✓	25		
<b>Miscellaneous</b>								
Internal Audit	4 additional ad hoc reviews added in the year – management/IA discretion	✓	✓	✓	✓	100	N/A	N/A
Internal Audit	Contingency	✓	✓	✓	✓	20	N/A	N/A
Internal Audit	Corporate governance work at LVJB, LBCJA and SEStran				✓	15	N/A	N/A

Internal Audit	Cycling, Walking, Safer Streets Grant , Carbon Reduction Commitment Scheme and Management of Development Funding grants	✓				15	N/A	N/A
Internal Audit	Follow up of outstanding actions	✓	✓	✓	✓	55	N/A	N/A
Internal Audit	Fraud Support	✓	✓	✓	✓	15	N/A	N/A
Internal Audit	GRBV Reporting	✓	✓	✓	✓	15	N/A	N/A
Internal Audit	Internal Audit Annual Plan 2017/18				✓	15	N/A	N/A



# Appendix 1: Detailed methodology

## Step 1 - Understand corporate objectives and risks

In developing our understanding of your corporate objectives and risks, we have:

- Reviewed your strategy, organisational structure and corporate risk register;
- Drawn on our knowledge of the local government sector; and
- Met with a number senior management, members of the Governance, Risk and Best Value Committee members and other Councillors.

## Step 2 - Define the Audit Universe

In order that the internal audit plan reflects your management and operating structure we have identified the audit universe for The City of Edinburgh Council made up of a number of auditable units. Auditable units include functions, processes, systems, products or locations. Any processes or systems which cover multiple locations are separated into their own distinct cross cutting auditable unit.

## Step 3 - Assess the inherent risk rating

The internal audit plan should focus on the most risky areas of the business. As a result each auditable unit is allocated an inherent risk rating i.e. how risky the auditable unit is to the overall organisation and how likely the risks are to arise. The criteria used to rate impact and likelihood are recorded in Appendix 2.

The inherent risk assessment is determined by:

- Mapping the corporate risks to the auditable units;
- Our knowledge of your business and its sector; and
- Discussions with management.

Impact Rating	Likelihood Rating				
	5	4	3	2	1
5	5	5	4	4	4
4	5	5	4	4	3
3	4	4	3	3	2
2	4	3	3	2	2
1	3	3	2	2	1

## Step 4 - Assess the strength of the control environment

In order to effectively allocate internal audit resources we also need to understand the strength of the control environment within each auditable unit (1=poor controls to 5=strong controls). This is assessed based on:

- Our knowledge of your internal control environment;
- Information obtained from other assurance providers; and
- The outcomes of previous internal audits.

## Step 5 - Calculate the audit requirement rating

The inherent risk and the control environment indicator are used to calculate the audit requirement rating. The formula ensures that our audit work is focused on areas with high reliance on controls or a high residual risk.

Inherent Risk Rating	Control Design Indicator				
	1	2	3	4	5
5					
4					
3					
2					
1					

## Step 6 - Determine the audit plan

Your risk appetite determines the frequency of internal audit work at each level of audit requirement. Auditable units may be reviewed annually, every two years or every three years.

In some cases it may be possible to isolate the sub-processes within an auditable unit which are driving the audit requirement. For example, an auditable unit has been given an audit requirement rating of 5 because of inherent risks with one particular sub-process, but the rest of the sub-processes are lower risk. In these cases it may be appropriate for the less risky sub-processes to have a lower audit requirement rating be subject to reduced frequency of audit work. These sub-processes driving the audit requirement areas are highlighted in the plan as key sub-process audits.

## Step 7 - Other considerations

In addition to the audit work defined through the risk assessment process described above, we may be requested to undertake a number of other internal audit reviews such as regulatory driven audits, value enhancement or consulting reviews. These have been identified separately in the annual plan.

# Appendix 2: Risk assessment criteria

## Determination of Inherent Risk

We determine inherent risk as a function of the estimated **impact** and **likelihood** for each auditable unit within the audit universe as set out in the tables below.

<i>Impact rating</i>	<i>Assessment rationale</i>
5	Critical impact on operational performance; or Critical monetary or financial statement impact; or Critical breach in laws and regulations that could result in material fines or consequences; or Critical impact on the reputation/brand of the Council which could threaten its future viability.
4	Major impact on operational performance; or Major monetary or financial statement impact; or Major breach in laws and regulations resulting in significant fines and consequences; or Major impact on the reputation or brand of the Council.
3	Moderate impact on the Council's operational performance; or Moderate monetary or financial statement impact; or Moderate breach in laws and regulations with moderate consequences; or Moderate impact on the reputation of the Council.
2	Minor impact on the Council's operational performance; or Minor monetary or financial statement impact; or Minor breach in laws and regulations with limited consequences; or Minor impact on the reputation of the Council.
1	Insignificant impact on the Council's operational performance; or Insignificant monetary or financial statement impact; or Insignificant breach in laws and regulations with little consequence; or Insignificant impact on the reputation of the Council.

<i>Likelihood rating</i>	<i>Assessment rationale</i>
5	Has occurred or probable in the near future
4	Possible in the next 12 months
3	Possible in the medium term (2-5 years)
2	Possible in the longer term (5-10 years)
1	Unlikely in the foreseeable future

# Appendix 3: Corporate Risks

Corporate level objectives and risks have been determined by The City of Edinburgh Council. The prioritised inherent risks facing the Council as at December 2015 are recorded in the table below and have been considered when preparing the internal audit plan. The internal audit plan within Section 4 details how each of the planned reviews can be cross referenced to a related corporate level risk of the Council.

## Corporate Leadership Team Prioritised Inherent Risks

Ref	Corporate Leadership Team	16/17	15/16	Comments
CLT1	<i>Maintenance of Capital Assets</i> - 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.	✓	✓	
CLT2	<i>Cyber Security and Data Privacy</i> - 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.	✓	x	
CLT3	<i>Integrated Care Programme</i> - 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.	✓	✓	
CLT4	<i>ICT Infrastructure</i> - 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.	✓	✓	
CLT5	<i>Transformational Change Agenda</i> - 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.	✓	✓	
CLT6	<i>Savings Targets</i> - 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.	✓	✓	
CLT7	<i>Planning for Increased Demand</i> - 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.	✓	✓	
CLT8	<i>Public Protection</i> - 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.	✓	n/a	New risk identified for 2016/17
CLT9	<i>Workforce Planning</i> - 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.	✓	✓	
CLT10	<i>Service Provider Degradation</i> - 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.	✓	✓	
CLT11	<i>Delivering Council Commitments</i> - 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.	✓	✓	
CLT12	<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.	✓	✓	

# Appendix 4: Service Area Risks

Service level objectives and risks have been determined by The City of Edinburgh Council's Senior Management Teams. Key risks identified by the Service Area Senior Management Teams that have contributed to the risk based approach to the 2015/16 Internal Audit Plan are recorded in the tables below and are referenced in the Annual Plan of Internal Audits in Section 4.

## Resources Prioritised Inherent Risks

Ref	Resources Key Risks	2016/17	2015/16	Comments
R1	<i>Management of Staff</i> - Risk that there is an inability to manage staff costs to deliver savings (e.g. non redundancy) through the transformation programme and restructuring.	✓	✓	
R2	<i>Transformation</i> – Risk of delays in the in delivering key elements of the transformation programme results in failure to maintain and deliver services.	✓	✓	
R3	<i>Management Information</i> - Risk of a lack of consistent and timely management information means managers do not have clear and accurate information on which to base decisions.	✓	✓	Accuracy and availability of management information assessed in most audits.
R4	<i>Stakeholders Expectations</i> - Risk that stakeholders expect that transformation is all that is necessary to accomplish future savings targets.	✓	✓	
R5	<i>Capital Estate</i> - Risk that there is a lack of a structured review programme to ensure the capital estate meets health and safety standards.	✓	x	
R6	<i>Capital Estate</i> - Risk that there are insufficient resources to ensure the capital estate is fit for purpose in the future.	✓	✓	
R7	<i>ICT Outages and Disruption</i> - Risk of ICT disruption and outages for the remainder of the existing ICT contract impacts 'business as usual' and the Council's ability to deliver its statutory requirements.	✓	x	
R8	<i>Health and Safety</i> - Risk that there are inadequate processes and procedures in place to meet the requirements of the Corporate Health and Safety Policy could expose staff and/or service users to risk of harm.	✓	✓	
R9	<i>Business Continuity Planning</i> - Risk of a lack of clarity by Senior Management on the Business Continuity framework leads to an increased risk of significant disruption to individual services in the event of an incident.	x	✓	
R10	<i>Skills and Capacity</i> - Risk that the Council has limited capacity/skills to deliver key both transformational change projects.	✓	n/a	New risk identified for 2016/17

## Communities and Families Prioritised Inherent Risks

Ref	Children & Families Risks	2016/17	2015/16	Comments
CF1	<i>Integrated Property Facilities Management</i> - Risk that lack of properly resourced and effective Integrated Property Facilities Management resulting in shortcomings in service delivery.	✓	✓	
CF2	<i>Local Development Plan - Educational Infrastructure</i> - Risk that insufficient funding will be secured from developer contributions to fully fund the educational infrastructure requirements which would be required to support the additional pupils generated from the significant housing development identified in the second Local Development Plan.	✗	✓	
CF3	<i>Protection of vulnerable children</i> - Risk of harm/exploitation in relation to the protection and safety of vulnerable children and young people (including those in our care).	✓	✓	
CF4	<i>Health and Safety compliance</i> - Risk that non-compliance with Health and Safety legislation leads to employee / service user injury and/or regulatory fines	✓	✓	
CF5	<i>Mandatory Learning</i> - Risk that approaches to mandatory learning are neither proportionate nor robust resulting in training not being in place to manage risks. Management of mandatory learning and the tools to assist this need to be fit for purpose to manage the risk.	✓	n/a	
CF6	<i>Contest Strategy</i> - Risk that there is not a robust enough approach to ensure awareness of Contest and the associated Police Scotland Prevent strategy to ensure staff know how to identify potential or actual radicalisation	✓	n/a	
CF7	<i>Budget management</i> - Risk that inadequate management of current and future budgets results in inability to maintain and deliver statutory, education and care service obligations with consequent impacts on service users	✓	✓	
CF8	<i>Organisational change</i> - Risk that significant organisational change has negative impact on staff with associated negative impact on service users and potential increased financial costs to the organisation	✓	✓	
CF9	<i>Fraud</i> - Risk of financial loss and reputational damage as a result of significant fraud/bribery/corruption	✓	✓	
CF10	<i>Infection control</i> - Risk that infection is not prevented or in the case of an outbreak not adequately controlled – or that cleaning regimes are reduced or inadequate - across the network of schools and establishments	✗	✓	

## Health and Social Care Prioritised Inherent Risks

Ref	Health and Social Risks	2016/17	2015/16	Comments
HSC1	<i>Service delivery</i> - Failure to procure a new fit for purpose Care at Home contract during 2015/16	✓	✓	
HSC2	<i>Integration</i> - 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 reviews held for IJB's audit committee to direct.
HSC3	<i>Service delivery</i> - Reduced service budgets and increasing volume of demand and complexity mean we cannot meet all the assessed needs of the people of Edinburgh	✓	✓	
HSC4	<i>Service delivery</i> - 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	✓	✓	
HSC5	<i>Service delivery</i> - Risk of harm to communities and individuals caused by failure to provide effective care and protection to people receiving health and social care service	✓	✓	
HSC6	<i>Health and Safety</i> - Personal injury or loss arises out of failure to meet Health and Safety requirements	✓	✓	

Note: The Edinburgh Intergration Joint Board for Health & Social Care is in the process of pulling together its own risk register prior to the transfer of responsibilities. It is anticipated that the Council's risk environment and registers will change subsequent to the transfer, to reflect the change of responsibilities.

## Place Prioritised Inherent Risks

Ref	Place Risks	2016/17	2015/16	Comments
P1	Due to insufficient inspections and maintenance, there is a risk of escalating structural degradation leading to failure of one or more structures potentially resulting in death or severe injury to the public and major service disruption.	✓	✓	
P2	The City Mortuary operates close to maximum capacity and as a result of large scale incident or sudden increase in demand we would be unable to meet statutory obligations and incur substantial financial and reputational loss.	✓	n/a	New risk identified for 2016/17
P3	Insufficient clarity and communication of Counter-Fraud and Anti-Bribery responsibilities and processes may lead to inadequate prevention, detection and enforcement. This would likely result in the Council failing to meet legislative requirement under the Anti Bribery Act, as well as significant financial loss and reputational damage to the Council.	✓	✓	Continuous testing of key financial controls addresses risk of fraud.
P4	Inadequate or poorly communicated change management plan and transitional arrangements may result in failure to fully meet budgetary reduction requirements and service delivery falling below acceptable standards.	✓	✓	
P5	Delivery and enforcement issues for Mandatory Training within the Council are resulting in a lack of staff awareness around key responsibilities and processes. This may result in the Council failing to meet legislative requirements, as well as significant financial loss and reputational damage to the Council.	✓	n/a	New risk identified for 2016/17
P6	Significant growth within the City and increased service demand has resulted in substantial service pressures with risk that we are unable to meet future growth demand (LDP and Waste)	✓	✓	
P7	Capital investment process does not capture all assets and their lifecycle costs (e.g. assets donated to schools) leading to unplanned increased pressure on R&M budget.	✓	n/a	New risk identified for 2016/17
P8	The high level of temporary positions, structural reorganisation, increased workload and uncertainty is impacting upon staff morale and could result in inconsistencies and inefficient use of resources.	✗	✓	
P9	Service demand exceeds capacity to deliver due to budgetary cuts and reduced investment in resources and infrastructure.	✓	✓	
P10	Increased service pressures, adverse economic conditions and reduced investment in training leads to appropriately trained and skilled staff falling below the minimum acceptable levels required to deliver the service.	✗	✓	



# Governance, Risk and Best Value Committee

10.00am, Thursday 3 March 2016

## Internal Audit follow-up arrangements: status report from 1 October 2015 to 31 December 2015

Item number	7.2
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 31 December 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 October 2015 to 31 December 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 Team (CLT) 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 4 high recommendations and 18 medium recommendations that remain open past their due date at 31 December 2015. These are split as follows:

<b>Grading</b>	<b>Reported to GRBV in December 2015</b>	<b>Closed</b>	<b>Management now tolerating risk</b>	<b>Newly overdue</b>	<b>Total</b>
High	5	(2)	-	1	4
Medium	14	(8)	-	12	18
<b>Total</b>	<b>19</b>	<b>(10)</b>	<b>-</b>	<b>13</b>	<b>22</b>

The details of these recommendations are shown in Appendix 1, with the 10 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>	<b>Reported to GRBV in March 2016</b>
High	1	3	3	5	4
Medium	8	10	12	14	18
<b>Total</b>	<b>9</b>	<b>13</b>	<b>15</b>	<b>19</b>	<b>22</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>Communities and Families</b>					
1	Anti-Fraud Arrangements CG 1507 ISS.2 Medium	<p>The Council's Policy on Fraud Prevention, Anti-Bribery Policy and Procedure, and Employee Code of Conduct demonstrate a clear culture against bribery, fraud and corruption. Mandatory induction and annual refresher training is in place and communicated widely to ensure Corporate compliance with relevant laws including the Bribery Act 2010. Completion of this training must be recorded on myPeople, the HR system. At the time of the audit, seven weeks after the deadline for completion of annual mandatory policy awareness training, only 37% of employees are recorded in myPeople as compliant. Economic Development were 92% compliant and the other service areas ranged from 14% - 64%. It is noted that escalation has been cascaded by HR Business partners, and a cross-departmental working group is being set up to tighten controls although this has not yet met</p> <p><b>Action should be taken by the Director and Senior Management Team to evidence compliance with this mandatory training.</b></p>	<p>Children &amp; Families will promote the completion and recording of the Mandatory Annual Refresher and sign off through specific management communication channels (Heads of Service), the use of the CPD Directory, reference to the Mandatory Annual Refresher at Leaders Induction and the use of Risk Matters to achieve the compliance required by the end of the year.</p>	<p>Director of Children &amp; Families 31 December 2015</p>	<p>Senior Officers were sent a reminder to follow up with managers to ensure all staff complete the training as a matter of urgency. In addition revised guidance was circulated to CF managers on recording this information on Trent as current guidance does not match the upgraded functionality in Trent. Update Completion statistics have been requested to evaluate the impact of the latest circular. Heads of Service will be reporting back on progress to the Executive Director on 16.02.16</p>
<b>Health &amp; Social Care</b>					
2*	Personalisation & SDS - Stage 2 RS1245 ISS.2 High	<p>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.</p> <p><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></p> <p><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></p>	<p>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:</p> <ol style="list-style-type: none"> <li>1 who can authorise what placement/ service/budget and their level of authorisation;</li> <li>2 the mechanism through which authorisation will take place;</li> <li>3 the monitoring and quality assurance measures to be put in place to ensure compliance with the procedure; and</li> <li>4 Reports will be developed and tested to ensure staff comply with the procedure.</li> </ol> <p>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.</p>	<p>Research &amp; Information Manager 30 June 2015</p>	<p>Update 3/02/2016: This work is being taken forward through the Health and Social Care Transformation Project (Governance, Devolved Budgets and Budget Management), which will identify and oversee all the workstreams required to implement delegated budget management.</p> <p>The SWIFT element of this work is expected to be complete by September 2016 and is being overseen by the SWIFT Governance Group. However, the Organisational Review of ICT has led to a reduction in capacity in the SWIFT Team and discussions are now underway to ensure that the necessary skills and resources remain available to the project.</p> <p>Further consideration of any additional risks that the implementation of a new threshold &amp; decision making process has the potential of introducing further delay to the decision making process.</p>

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
3*	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><i>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.</i></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>Update 3/02/2016: Work to identify essential data and means of ensuring data accuracy, via reports or SWIFT functionality was addressed through the review of SWIFT overseen by the SWIFT Governance Board.</p> <p>The key action was to produce and implement a data quality strategy and implementation plan. The Data Quality Strategy was approved by the SWIFT Governance Board in December 2015; a draft data quality scorecard has been developed to address the 7 priority data quality items (which includes inaccurate open services) and work is underway to monitor and address these. The scorecard will be issued during the week beginning 8 February 2016.</p>

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
4*	Integration - Health and Social Care HSC1501 ISS. 1 High	<p>It has been agreed that during the transition year (1 April 2015 to 1 April 2016), once the EIJB is fully established and ready to have functions delegated to it, the leadership group will stand down in its current form. However, there is not yet clarity around what will replace the leadership group, what the format will be and which stakeholders will be included.</p> <p>The CEC Finance and Resources Committee, NHS Lothian and members of the shadow EIJB have supported and approved an outline structure of a future group "in principle" however the detailed structure remains to be agreed. The elements of the arrangements where agreement remains to be reached includes the extent of which administrative, technical and professional services will be delegated (or provided via a Service Level Agreement) to the EIJB.</p> <p><b><i>A clear remit for the group to replace the current leadership group and how this will interact with the EIJB should be agreed. This should include the composition of the membership, as well as how the reporting structure will operate.</i></b></p>	<p><b>Management Response</b> The remit of the current Leadership Group is to establish a fully functioning EIJB in readiness for formal delegation of functions to it. It will not be stood down until this work is completed, which will not be before December 2015. Plans are underway to establish relevant groups to function after 1 April 2016.</p> <p><b>Management Action</b> The role and membership of the replacement joint stakeholder group will be developed by December 2015. Work has started on this in relation to a 'Risk Sharing' stakeholder arrangement. This timeline fits with that for developing and approving the statutory Strategic Plan which is the pre-requisite for the delegation of functions to the EIJB.</p>	Integration Project Manager 31 December 2015	<p>Update 3/02/16: The December Joint Leadership Group meeting at which this should have been discussed was cancelled. The item was carried forward to January meeting. The revised draft is currently with the Chief Officer along with the proposed tripartite agreement between NHS Lothian, Council and Edinburgh IJB. The Joint Leadership Group is on the 23rd February where it will be signed off – following inclusions of comments received on 18 January.</p> <p><b>The delay on the deadline for this item does not create a gap or any risk at the moment because:</b> From 1 April 2016, the EIJB will be the formal joint governance body for integrated budget and functions and the existing Joint Leadership Group is scheduled to stand down at the end of March. Everything is on track for the major elements of this to be delivered.</p> <p>The replacement group will be an informal key stakeholder arrangement that will meet in line with quarterly reporting as identified in the Integration Scheme.</p> <p>While the deadline in the Audit report was the 31st December, an early deadline to ensure that it was sorted by 1 April 16. This gave 3 months tolerance ahead of the actual need for the arrangements - to handle the inevitable complexities in the integration work and as it turns out we have needed it.</p>
5*	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><i>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.</i></b></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.	Business Services Manager 30 June 2015	<p>Update 3/02/2016: This work is being taken forward through the Health and Social Care Transformation Project (Governance, Devolved Budgets and Budget Management), which will identify and oversee all the workstreams required to implement delegated budget management.</p> <p>Interim reports are being enhanced to include financial information for budget managers to inform their decision making in relation to purchasing care.</p> <p>Training on these reports has been given (by Corporate Finance colleagues).</p>

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
6*	Personalisation & SDS - Stage 2  RS1245  ISS.6  Medium	<p>Packages of care are currently not checked against the relevant financial budgets during the approval process.</p> <p><b><i>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.</i></b></p>	<p>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.</p>	<p>Head of Older People &amp; Disability Services  30 June 2015</p>	<p>Update 3/02/2016: This work is being taken forward through the Health and Social Care Transformation Project (Governance, Devolved Budgets and Budget Management), which will identify and oversee all the workstreams required to implement delegated budget management.</p>
7	Business Objects Management Information  HSC 1401  ISS. 2  Medium	<p>There is currently no formal suite of BO procedures giving guidance over the following;</p> <ul style="list-style-type: none"> <li>- Preparation and amendment of data mining reports and queries;</li> <li>- Dealing with data anomalies including the escalation of concerns to Senior Managers; or</li> <li>- Documenting roles and responsibilities including role specific requirements.</li> </ul> <p>At present there is no requirement to retain an audit trail to support requests for reports and secure folders, in the H&amp;SC G\drive partition, to be produced/opened, amended, moved or deleted. As a result information retained to modification requests is inconsistent.</p> <p>There is no documentary evidence showing the controls in place over the issue and removal of the limited developer licences.</p> <p><b><i>Procedures should be formally documented setting out the process from the initial request and its authorisation, through to the issue of the final report/ report data.</i></b></p> <p><b><i>Once prepared the procedures should be communicated to all staff using BO or BO reports, and evidence should be retained to show they have been received and understood. These procedures should be reviewed regularly to ensure that they remain current. The procedures should include guidance on the documentation to be retained to support report creation, activity and deletion.</i></b></p> <p><b><i>Procedural and documentary evidence should be prepared and retained showing control over the issue and removal of developer licences.</i></b></p>	<p>We will create a Reports Review Panel that will be tasked with taking forward the recommendations of this report along with the ongoing governance of the reporting mechanisms for Health and Social Care:</p> <p>A comprehensive work stream scoping this strand of the work has been provided.</p>	<p>Research &amp; Information Manager  31 December 2015</p>	<p>Update 3/02/2016 : this work was led by the SWIFT Implementation Manager. A meeting has been arranged with Internal Audit colleagues (11/02/2016) to discuss progress and remaining actions.</p>



No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
8	Business Objects Management Information HSC 1401 ISS. 8 Medium	<p>The Research and Information team were the only development team to have a contingency plan in place for accessing BO reports should Waverley Court become inaccessible. However this was not written in a formal document nor communicated to key officers.</p> <p>Neither the Business Services team nor Swift Implementation and Development team had any continuity plans in place for accessing reports in the event of the closure of Waverley Court.</p> <p><b><i>There should be a contingency plan put in place to prevent critical reporting data being inaccessible in the event of the closure of Waverley Court, leading to delays in work or breach of legislation requirements.</i></b></p>	<p>As part of the procedures production reference will be made in relation to the business continuity processes in the event of a closure at Waverley Court. This will be done in consultation with the Resilience and ICT teams.</p> <p>This part of the process will provide clarity on who has responsibility for running essential reports, confirmation of what the essential reports are and who will need them and how this information will be provided to those who need it. This will provide written clarity and manage expectations in relation to what happens if there is a closure of Waverley Court.</p>	Research & Information Manager 31 December 2015	Update 3/02/2016 by Research & Information Manager: this work was led by the SWIFT Implementation Manager. A meeting has been arranged with Internal Audit colleagues (11/02/2016) to discuss progress and remaining actions.
9	SWIFT - Access Controls HSC1502 ISS1 Medium	<p>There is no regular review of an individual's user access rights to check their access remains appropriate.</p> <p><b><i>A regular revalidation of all users should be performed. Line managers should check each individual's access to Swift and that the type of access they have is appropriate.</i></b></p>	<p>On a six monthly basis, managers will be sent a report detailing all active end user accounts listed against the teams they manage, requesting active confirmation that access rights for all these individuals is correct.</p> <p>This will have a confirmation turnaround date of 2 weeks. Failure to comply will be escalated to Swift Governance Board. These reports will be circulated in November and May.</p>	Swift Programme Manager 31 December 2015	Update 3/02/2016: A report is being prepared for the SWIFT Governance Board on 22 February to provide options to the group so that they can decide on the approach to be taken to manage and monitor the risk of inappropriate access to individual levels.
10	Personalisation & SDS - Stage 3 HSC1402 ISS.2 Medium	<p>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 and that 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".</p> <p><b><i>All business processes should be brought up to date; control issues addressed where indicated and rolled out to the appropriate responsible officers.</i></b></p>	<p>The actions to be taken to clarify the business processes, roles and responsibilities in relation to Option 2 are set out in response to Finding ISS.1. 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.</p>	Research & Information Manager 31 December 2015	<p>Update 3/02/2016: Business services have drafted, tested and reviewed processes as part of the ongoing work to review all SDS processes. Revised processes have now been published on the Orb.</p> <p>Further process review will take place as part of the Health and Social Care Transformation Project (Governance, Devolved Budgets and Budget Management) which is underway.</p> <p>The move to locality working will also require a full review of current processes and process redesign.</p>

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
<b>Place</b>					
11*	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><i>A fuel resilience procedure should be drawn up by the division in liaison with the Corporate Resilience Unit.</i></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	<p>There are designated staff both within Roads and Fleet Services who have responsibility for monitoring fuel stocks and ensuring that they are kept at or above the recommended minimum levels.</p> <p>The Road Services fuel depot will be brought under the management of fleet Services as part of the Environment Service Review. A single integrated fuel management system for all council fuel depots is also to be procured this year.</p> <p>Council fuel stocks have been increased at Russell Road and Bankhead, and Council wide are in excess of the minimum levels recommended by existing national guidance.</p> <p>Existing national guidelines have not changed and the Council's existing protocols are still applicable and being worked to by Fleet Services. Scottish Government are planning a revision later this year this is dependent on the UK government updating UK wide arrangements.</p>
12	Anti-Fraud Arrangements CG 1507 ISS.2 Medium	<p>The Council's Policy on Fraud Prevention, Anti-Bribery Policy and Procedure, and Employee Code of Conduct demonstrate a clear culture against bribery, fraud and corruption. Mandatory induction and annual refresher training is in place and communicated widely to ensure Corporate compliance with relevant laws including the Bribery Act 2010. Completion of this training must be recorded on myPeople, the HR system.</p> <p>At the time of the audit, seven weeks after the deadline for completion of annual mandatory policy awareness training, only 37% of employees are recorded in myPeople as compliant. Economic Development were 92% compliant and the other service areas ranged from 14% - 64%. It is noted that escalation has been cascaded by HR Business partners, and a cross-departmental working group is being set up to tighten controls although this has not yet met</p> <p><b><i>Action should be taken by the Director and Senior Management Team to evidence compliance with this mandatory training.</i></b></p>	Low levels of compliance has been added to the SfC Risk Register. Actions to address this include reminding service managers of their requirement to ensure their staff complete mandatory training and that this is appropriately recorded on myPeople. Where access to online resources is an issue or there are other access challenges, SfC's Learning and Development staff will support service managers and staff teams.	Executive Director of Place 31 December 2015	<p>The Mandatory Training Review team (cross directorate working group) have collated requirements from each service and are in the process of establishing mechanism for notification, recording and monitoring of compliance requirements.</p> <p>The Review team will report the progress to CLT</p>

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
<b>ICT Function</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 accessed 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	An examination was carried out on what functions on Northgate were not auditable. Whilst it was found that the viewing of records was not audited or recorded, all significant updates of records were, with the exception of system configuration changes including the creation and amendments of user accounts. BT were asked as to what was necessary to theoretically address either of those issues. They said that the logging of "read" activity on the database could be enabled via Apex Oracle database releases, but it was felt that this would cause performance issues, would involve a change request at an unspecified cost, and could not be guaranteed to be incorporated into BT's pre handover work programme. The enabling of auditing functionality with regards to system configuration changes would require paid consultancy from Northgate. It is currently intended to progress this once the transfer to CGI is complete.
<b>Resources</b>					
14*	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>	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	<p>It is anticipated that Phase 1 of the CAFM implementation will be completed by the 31 March 2016 at which point this outstanding action can be closed off. It is anticipated that performance reporting based on specific agreed PI's for CP will commence when Phase is implemented.</p> <p>Estimated implementation date for PI reporting 30.06.16.</p>

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
15*	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>	<p>We will close out all outstanding issues relating to Phase 1 and ensure Head of Service signs off phase 1 as complete.</p>	<p>Management Information Officer                      31 March 2015</p>	<p>It is anticipated that Phase 1 of the CAFM implementation will be completed by 31 March 2016 at which point this outstanding action can be closed off.</p>
16*	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>	<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.</p>	<p>Management Information Officer                      30 May 2015</p>	<p>A training programme for the rollout of the full CAFM solution will be developed internally with the assistance of our software supplier TF Cloud</p> <p>Estimated Implementation Date 30.06.16.</p>

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
17	Occupational Health / Sickness Absence CG1415 ISS4 Medium	<p>The effectiveness of the Council's Absence Management Process is reliant on line managers recording key information. Testing focused on absences between a three to nine month period as HR review casework is currently focusing on longer term absences. Some shorter term absence was also included for review to establish that actions are also taken when short term trigger points are reached. Unacceptable levels of noncompliance were found, for example:</p> <ol style="list-style-type: none"> <li>1. Completion of self-certification forms was not recorded in myPeople in ten of thirteen cases; 77%</li> <li>2. Submission of fit notes was not recorded in myPeople at all for four of fifteen cases (for 37 weeks absence in one case) with details for a further four not covering the full period of absence; 53%</li> <li>3. Return to work interviews were not recorded in myPeople in 16 of 21 cases; 76% .</li> <li>4. Evidence of trigger point reviews via completion of key myPeople fields within Managing Attendance user defined fields (UDF) was not found in seven of nineteen cases; 37%.</li> </ol> <p><b>Given the high levels of non compliance found the importance of completion of key managing attendance fields in the myPeople system needs to be communicated to Managers. System prompts should be added to MyPeople to flag instances where not all required fields have been completed and exception reports should be produced monthly to detect where not all required fields have been completed. Follow up action to then be initiated to ensure that the omissions are corrected.</b></p>	<p>The Workforce Controls Project is supported by Corporate Communications in delivering an ongoing Communication plan which uses the 'Managers' News communication channel. A communication was sent to managers on 5 May 2015 regarding changes to the way managers' record absence management meetings. Further communication to managers on recording sickness absence and return to work interviews will be scheduled between now and October 2015.</p> <p>The People &amp; Organisation and Customer Services Divisions will work together to design and deliver appropriate management information to Senior Management Teams on a monthly basis to allow them to take appropriate action to ensure compliance with mandatory procedures. The Interim Head of People &amp; Organisation will report the results to the Corporate Leadership Group on a periodic basis.</p>	<p>Head of Human Resources and Organisational Development 31 December 2015</p>	<p>The recording of self certificates and fit notes cannot be attached to individual absences on Itrent. In light of this, and the fact that recording of those on the system is not mandatory in relation to the Managing Attendance Procedure, the focus has been on reporting on Return to Work Interview (RTWIs) and trigger points. Communication has gone out to managers to raise awareness of the procedure they have to follow and data on RTWIs and trigger points are shared monthly with SMTs and SHRBPs. SHRBPs are working with management teams to support managers to actively manage sickness absence.</p>

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
18	Occupational Health / Sickness Absence CG1415 ISS7 Medium	<p>Employees appointed as Managers or promoted into a managing role are required to undertake mandatory induction training. Details of all new Managers appointed in the last year was provided, and evidence of induction training was not recorded in myPeople for ten of forty seven employees (one recent appointment not included); 21%.</p> <p>Mandatory annual refreshers are undertaken by existing Managers for key policy awareness and understanding. Details of all Reporting Managers were obtained and compared to the evidence of completion of mandatory training from April 2014 - March 2015. Of 1,796 Managers, evidence was not found that training had been completed in 1,036 cases; 58% .</p> <p><b>Given the high levels of non compliance found the importance of completion of key induction and training fields in the myPeople system needs to be communicated to Managers. A protocol should be prepared for following up instances of induction not being completed where they are identified by the exception report run by the Business hub. Corporate management information is required to improve the visibility and allow Senior Management Teams to enforce compliance with mandatory procedures.</b></p>	<p>A series of communication is ongoing using the Managers News communication channel. A communication was sent to managers on 13 May 2015 regarding the mandatory annual policy refresher. The aim is for all staff (except teachers) to complete this by 31 July 2015. Due to school holidays teachers have until 30 September 2015. Ongoing communication will be made to managers' and all staff as the deadline gets closer. The need to complete induction will also be communicated in this way.</p> <p>Senior HR Business Partner advises SMT's on remedial action required on a range of workforce controls including the above. Senior Management Teams are then responsible for cascading necessary action in their service area.</p> <p>The People &amp; Organisation and Customer Services Divisions will work together to design and deliver appropriate management information to Senior Management Teams on a monthly basis to allow them to take appropriate action to ensure compliance with mandatory procedures . The Interim Head of People &amp; Organisation will report the results to the Corporate Leadership Group on a periodic basis.</p>	Head of Human Resources and Organisational Development  31 December 2015	As described in the agreed action column awareness has been raised on this matter and completion of mandatory training and monitoring of it are carried out on an annual cycle. Monthly monitoring is carried out and SHRBP's discuss with the relevant SMTs. Data is also provided monthly to Business Intelligence who report on performance monthly to CLT. Completion rates remain poor. A OD working party has been set up to review the content of induction and mandatory training for job categories. This working party will also review reporting and monitoring arrangements and will make final recommendations by 31 March 2016.

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
19	Review of Carbon Reduction Commitment Scheme Compliance  CG1501 ISS.1  Medium	<p>There is no clear ownership, roles, responsibilities or internal reporting requirements for the CRC scheme.</p> <p><b>An updated handbook and supporting process maps should clearly define;</b></p> <p><b>An individual officer with management ownership for the CRC Scheme; requirements of the scheme around the roles, responsibilities and internal pre-submission and post-submission reporting requirements within CEC;</b></p> <p><b>The membership of a CRC group to have responsibility for oversight and monitoring of the data collation and annual report submission for the scheme;</b></p> <p><b>Process map of CRC requirements supported by procedure notes for each role in the scheme;</b></p> <p><b>Segregation of duties between those collating the data and the submission of the final report;</b></p> <p><b>Independent audit of the data reported and allowances purchased; and Monitoring of the effectiveness of the scheme in connection with carbon usage reduction projects.</b></p> <p><b>The handbook should be presented to the relevant committee for approval and communicated to the key officers with involvement in the Scheme. The handbook requires to be reviewed and updated on a regular basis to ensure it is in line with current legislation.</b></p>	<p>The need to document formally respective scheme roles and responsibilities is acknowledged. A named senior officer with overall responsibility will be identified and will be further supported in discharging this role by the planned appointment of a dedicated CRC Officer.</p> <p>The draft handbook will be updated with the new CRC Registry contact officer details and will detail the key items as identified above; Subject to Committee scheduling, the handbook will be presented to the Finance and Resources Committee for approval and thereafter an Annual Report will be considered by the Committee by the end of September following each compliance year; and the handbook will be circulated to appropriate Service Managers for involvement of key staff.</p> <p>Assurance will be sought from managers that key staff will be afforded sufficient time to discharge their responsibilities. A dedicated officer group including representation from all relevant service areas (including Housing, Street Lighting and Traffic Signals), the Energy Management Unit and the Corporate Policy and Strategy and Finance teams will also be established and meet on an at-least twice-yearly basis to implement an agreed action plan.</p>	Corporate Finance Manager  31 December 2015	The Corporate Finance Manager has been designated the senior officer with overall responsibility for the scheme. The content of the scheme operating handbook is also currently being finalised and will be presented to the F&R Committee on 17 March 2016.
20	Review of Carbon Reduction Commitment Scheme Compliance  CG1501 ISS.2  Medium	<p>Due to the lack of defined roles and responsibilities there has been no training for officers involved in preparing the data and annual report submission and there is no resilience plan in place.</p> <p><b>In line with the definition of roles and responsibilities all key officers involved in the CRC scheme should receive sufficient training for their duties. There should be a clear note on delegated authorities for scheme in the event of key officers being unable to fulfil their duties. These should be reviewed and updated on a regular basis.</b></p>	Agreed; the handbook referred to in Recommendation ISS.1 will include a resilience plan, setting out clearly continuity arrangements in the event of absence of key officers. Internal and external training opportunities for relevant officers will also be identified.	Energy and Water Officer  31 December 2015	Procedures for roles and responsibilities will be clarified in the handbook which will be presented to F&R Committee on 17 March 2016.

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
21	Review of Carbon Reduction Commitment Scheme Compliance  CG1501  ISS.3  Medium	<p>There is no independent monitoring of the evidence pack to ensure that it is updated timeously and complete.</p> <p>At the time of the audit the evidence pack is collated retrospectively once the end of the financial year had completed. This resulted in there being no evidence to audit during this review or the recording of special events which require to be reported in the final report. The evidence pack does not give clarity over the process for budgeting, purchasing and spending carbon allowances. The previous evidence packs were still live and sitting in the shared drive. These could be updated and amended by anyone with access to the shared drive.</p> <p><b><i>The Evidence pack for each financial year should be set up at the beginning of the financial year and populated throughout the year up to the cut off point set by the reporting requirement. This should be monitored and verified as being carried out by the Independent responsible officer. The evidence pack should contain a separate section which shows the allowance purchase process from budgeting, collation of actual purchase requirement, and purchase to final use this will ensure transparency over the financial element of the scheme.</i></b></p> <p><b><i>All previous evidence packs should be removed from the general access drive and placed in a secure folder with limited access passwords. This will protect the integrity of the data collated for that year's report submission.</i></b></p>	Agreed; arrangements will be put in place to ensure collation of relevant evidence on a timely basis, with this process verified by an appropriate officer. Security of previous years' submissions will be improved through the introduction of suitable password protection.	Energy and Water Officer  31 December 2015	Procedures for roles and responsibilities will be clarified in the handbook which will be presented to F&R Committee on 17 March 2016.
22	Anti-Fraud Arrangements  CG 1507  ISS.2  Medium	<p>The Council's Policy on Fraud Prevention, Anti-Bribery Policy and Procedure, and Employee Code of Conduct demonstrate a clear culture against bribery, fraud and corruption. Mandatory induction and annual refresher training is in place and communicated widely to ensure Corporate compliance with relevant laws including the Bribery Act 2010. Completion of this training must be recorded on myPeople, the HR system.</p> <p>At the time of the audit, seven weeks after the deadline for completion of annual mandatory policy awareness training, only 37% of employees are recorded in myPeople as compliant. Economic Development were 92% compliant and the other service areas ranged from 14% - 64%. It is noted that escalation has been cascaded by HR Business partners, and a cross-departmental working group is being set up to tighten controls although this has not yet met</p> <p><b><i>Action should be taken by the Director and Senior Management Team to evidence compliance with this mandatory training.</i></b></p>	Communication's campaign championed by the Deputy Chief Executive to managers to ensure that all staff have completed the mandatory policy awareness training and that it is recorded on the MyPeople system. HR Business Partner and Representatives for cross-departmental working group to escalate and monitor progress with Heads of Service.	Acting Executive Director of Resources  30 November 2015	As described in the agreed action column awareness has been raised on this matter and completion of mandatory training and monitoring of it are carried out on an annual cycle. Monthly monitoring is carried out and SHRBPs discuss with the relevant SMTs. Data is also provided monthly to Business Intelligence who report on performance monthly to CLT. Completion rates remain poor. A OD working party has been set up to review the content of induction and mandatory training for job categories. This working party will also review reporting and monitoring arrangements and will make final recommendations by 31 March 2016.
* Previously reported to GRBV as outstanding					



# Governance, Risk and Best Value Committee

10.00am, Thursday 3 March 2016

## Internal Audit Quarterly Update Report: 1 October 2015 – 31 December 2015

Item number	7.3
Report number	
Executive/routine	
Wards	

### Executive summary

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Internal Audit has made reasonable progress in the third quarter of the audit year. This report provides details of the activity from 1 October 2015 – 31 December 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 October 2015 – 31 December 2015

### Recommendations

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- 1.1 Committee is requested to note the progress of Internal Audit in issuing 11 internal audit reports during the quarter and to note the areas of higher priority findings for reviews issued in this 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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- 3.1 Internal Audit has made reasonable in the third quarter of the audit year with 11 reports being issued for the quarter.
- 3.2 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 October 2105 to 31 December 2015.
- 3.3 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.
- 3.4 Appendix 2 provides a summary of the High Risk findings and associated management actions.

### 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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**Coalition pledges** PO30 - Continue to maintain a sound financial position including

long-term financial planning

**Council outcomes** CO25 - The Council has efficient and effective services that deliver on objectives

**Single Outcome Agreement**

**Appendices** Appendix 1 – Summary of Internal Audit report findings issued for period of 1 October 2015 – 31 December 2015.  
Appendix 2 – Summary of High Risk Findings and Management Actions for period of 1 October 2015 – 31 December 2015.

# Appendix 1

## Summary of Internal Audit reports issued for period 1 October 2015 – 31 December 2015

Title of Review	High Risk Findings	Medium Risk Findings	Low risk Findings	Advisory Comment
Swift Access Controls - HSC 1502	1	3	1	-
Review of Management Information Quality within CAFM – SFC 15	1	2	-	-
Planning Controls & the LDP - SFC 1502	-	4	2	-
LPF Pension's Compliance – CG1509	-	2	2	-
Anti-Fraud Arrangements – CG1507	-	2	1	-
Sustainable Energy Action Plan – ED 1501	-	1	3	-
LVJB Annual Audit Work – JB1501	-	1	1	-
Workforce Controls (Acting Up & Secondments) – CG1506	-	-	1	-
LPF – Externally Managed Investments – CG1510	-	-	-	1
Business Continuity Management – CW 1504	-	-	-	-
Freedom of Information Requests – CG1508	-	-	-	-

***City of Edinburgh Council***

**Internal Audit**

**Quarterly Summary of Critical/High Risk  
Findings and Management Actions**

**(1 October 2015 – 31 December 2015)**

# Contents

Section 1 – Swift – Access Controls..... 2

Section 2 – Review of Management Information Quality within Facilities Management.....5

# Section 1 – Swift – Access Controls

HSC 1502

## Total number of findings

	<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
<b>Swift – Access Controls</b>	-	1	3	1

## Background

Swift is the Council's electronic social care management system supporting practitioners, managers and business services in Adult Social Care and Children & Families social work services. Swift currently has circa 2,500 active users and holds circa 30,000 active client records which include details such as:

- Personal details such as name, date of birth, ethnicity, addresses and contact details;
- Details of clients' criminal records and medical records;
- Case notes made by social workers and other CEC staff that interact with clients;
- Information relating to client's family & relationships; and
- Financial assessments and other personal financial information.

Due to the nature of the data held, Swift needs to have sufficient access controls in place to ensure information is accessed only where there is a valid business need and to prevent & detect misuse of access to sensitive data.

## Scope

The scope of the review was to assess the design and operational effectiveness of the Council's controls relating to Swift access. The sub-processes examined were;

- Joiner, movers & leavers;



- Revalidation of users;
- Monitoring of users; and
- Passwords.

### Summary of High Risk Finding

#### Lack of routine monitoring of users

There is no routine monitoring of user activity on Swift. Users have access to all client records on Swift, within their access group, which can be wide ranging and include significant volumes of sensitive data.

Audit trails on Swift do exist and ad hoc investigations triggered by employee reports and media events have taken place in the past and have led to disciplinary action and dismissal where incidents of improper use were identified.

### Recommendations and Agreed Management Action for High Risk Finding

Recommendations	Agreed Management Action	Target Date	Status of Actions Due
<p>Monitoring controls which allow management to identify inappropriate access to client records should be implemented. These may also deter users from accessing records they do not need to view to carry out their duties.</p>	<p>A briefing note has been requested by the Chief Social Worker (chair of the Swift Governance Board) to identify proportionate reporting options to address this matter. This will be presented at the December Swift Board. Once an approach has been agreed, reporting will be developed / disseminated.</p> <p>A request has been made to the eHealth Director to explore the possibility of utilising the NHS audit system 'Fairwarning' on Swift. Fairwarning monitors end user access based on comparisons between records accessed and end user names, dates of birth and addresses. Although this would have limited utility in identifying inappropriate</p>	<p>30 April 2016</p>	

Recommendations	Agreed Management Action	Target Date	Status of Actions Due
	<p>access to social work records, its presence would provide a deterrent effect.</p> <p>An online training module will be developed to provide operational guidance on access for staff and would be mandatory for all Swift uses to complete on an annual basis.</p> <p><b>Responsible Officer:</b> Swift Project Manager</p>		

Status of actions due will be validated by Internal Audit as part of the follow-up review process.

# Section 2 – Review of Management Information Quality within Facilities Management

SFC XXX

Total number of findings

	Critical	High	Medium	Low
<b>Total</b>	-	1	2	-

### Background

The City of Edinburgh Council (the Council) recognises that in order to strategically invest in developing and delivering Facility Management services to all of their buildings within their building portfolio, it requires robust and purposeful Management Information. There is concern that the current distribution and quality of Management Information and underlying data facilitation of this, is not sufficient to meet the needs of the organisation.

The CAFM solution for Corporate Property is integral to the delivery of the Corporate Asset Strategy 2015 -2019. The Corporate Asset Strategy, aspires to the effective management of the Council’s corporate property asset portfolio and strengthening Corporate Property’s role in leading improvement and supporting other services in the delivery of their strategies.

### Scope

The scope of the review was to assess the design and operational effectiveness of the Council’s controls relating to Management Information quality within Facilities Management. The sub-processes examined were;

- The information decision making framework;
- Staff training; and
- Management Information generation.

## Summary of High Risk Finding

### Data architecture is not being managed within Facilities Management and the wider Corporate Property department which is delaying the CAFM implementation

CAFM, was selected by Corporate Property to provide a fully integrated property system in order to increase operational efficiency and provide improved Management Information reporting. However, the Council have not been able to implement CAFM in the timescales expected. Phase 1 of the CAFM project has been delayed primarily due to a lack of understanding of the correct source data needed and restructuring this into the required data hierarchy.

The data CAFM requires has multiple sources that have not yet been aligned and the implementation team are still trying to gain agreement on the correct single version of the 'truth'. Difficulties are also being experienced in getting automatic feeds from legacy subsidiary systems to communicate the required data to CAFM.

The lack of a single version of the 'truth' is also creating different versions of Management Information which are potentially incorrect or misleading. Sourcing information for Management Information currently takes considerable resource resulting in inefficient analytics and delays to decision making. These delays are often compounded by the data being paper based or within standalone systems.

### Recommendations and Agreed Management Action for High Risk Finding

Recommendations	Agreed Management Action	Target Date	Status of Actions Due
Undertake a cost / benefit review of the CAFM project plan, prioritising deliverables with the greatest benefits.	The CAFM system delivery is now part of the scope for the Asset Management Strategy (AMS). The AMS proposes that the CAFM implementation is fully resourced and prioritised, as part of the delivery of the wider programme. In this context, new oversight and direction has been introduced to accelerate delivery with Phase 1 implementation now expected in March 2016.	31 March 2016	



# Governance, Risk and Best Value Committee

10.00am, Thursday 3 March 2016

## Welfare Reform – Update

Item number 7.4  
Report number  
Executive/routine  
Wards

### Executive summary

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The Department for Work and Pensions implemented Universal Credit for new single claimants in Edinburgh on 9 March 2015. There have been relatively low numbers of citizens who have claimed the new benefit in Edinburgh to date. The Council is involved in a Delivery Partnership Agreement (DPA) to support citizens through the transition into Universal Credit. The process of negotiation for 2016/17 Delivery Partnership agreement has commenced and updates will be provided when this has been finalised.

The Department of Work and Pensions also announced the extension of its digital programme to include Musselburgh Job Centre Plus which covers the East Lothian area. The Council is seeking to be involved in discussions and learn from the experience of our neighbours in preparation for the digital roll out, and extension to the wider group of citizens.

The Council continues to engage with tenants providing advice and financial support through Discretionary Housing Payments (DHP). In 2015/16 The Scottish Government allocated Edinburgh an additional £2,570,847 (initial allocation) to fully mitigate Under Occupancy for 2015/16, increasing the Discretionary Housing Payment fund to £3.91m. The final allocation of funding from the Scottish Government, following analysis of actual DHP spend figures of all Scottish Local Authorities will be made in May 2016.

### Links

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#### Coalition pledges

Council outcomes [CO6; CO8; CO9; CO16; CO24; CO25; CO26](#)

Single Outcome Agreement [SO2](#)

## Welfare Reform – Update

### Recommendations

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- 1.1 It is recommended that the Governance, Risk and Best Value Committee notes:-
  - 1.1.1 the Corporate, Policy and Strategy Committee approved the recommendations in this report on 23 February 2016;
  - 1.1.2 the status of Universal Credit in Edinburgh;
  - 1.1.3 the Council's ongoing activities relating to Welfare Reform;
  - 1.1.4 note new welfare reforms, updated to reflect the Chancellors' Autumn statement effective from April and additional paper on projected effects for Edinburgh Citizens;
  - 1.1.5 the current projection of spend on Discretionary Housing Payments;
  - 1.1.6 the current projection of spend on Council Tax Reduction Scheme; and
  - 1.1.7 the current projection of spend on Scottish Welfare Fund.

### Background

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- 2.1 The Corporate Policy and Strategy Committee recommended on 22 January 2013 to continue to monitor the Council's actions relating to Welfare Reform and requested bi-monthly update reports.
- 2.2 Following discussions with relevant Councillors it was agreed to report the Welfare Reform update on a quarterly basis, to align with the Working Group meeting cycle.

### Main report

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#### **Universal Credit (UC) and Universal Support Delivered Locally**

- 3.1 The Department for Work and Pensions (DWP) confirmed that Universal Credit (UC) was to be rolled out nationally to new single claimants from February 2015. This phased activity commenced in Edinburgh Job Centres (JC) from 9 March 2015 for new single claimants who would previously have been eligible for Job Seekers Allowance will now claim UC.
- 3.2 The DWP have since announced the pilot of their digital service to Musselburgh Job Centre from March 2016. This will extend UC to all groups seeking work, not just single claimants in the neighbouring authority of East Lothian. Some Edinburgh claimants resident in the east of the City use Musselburgh Job Centre Plus for their job seeking activities. DWP have assured that they will not be involved in the digital service. However, given the opportunity to learn from this experience, the Council

have asked that they are involved in preliminary meetings so as to learn from our close neighbours in preparation for any digital service launch in Edinburgh.

- 3.3 The Council entered into a Delivery Partnership Agreement with the DWP with effect 9 March 2015. As a result of this the Council has agreed to provide the following services in 2015/16:
- provide support to UC Service Centre staff around housing cost issues that may arise;
  - support claimants to get on-line and stay on line;
  - providing the necessary Management Information to support number of claimants assisted;
  - manual processing for Local Council Tax Reduction Scheme (current council activity);
  - support for claimants with complex needs and in particular those who require personal budgeting support (PBS) by performing the acts, functions and roles assigned to it in the outline of the personal budgeting support arrangements; and
  - work with Universal Credit Programme in preparing landlords for complex rent collection and direct payment of housing costs to customers.
- 3.4 Edinburgh will enter into a further Delivery Partnership Agreement in the new financial year, whilst preparations are made nationally for further authorities roll out into the new digital service, and the extension of UC to all job seekers.
- 3.5 The corporate cross council operational team have and are continuing to work in conjunction with DWP and JC staff to support citizens in the transition to the new UC system. Edinburgh's Registered Social Landlords (RSLs) and a member of the Council's Private Rented Sector team are also members of the operational board to ensure landlords outwith the Council are represented. The joint Operational Delivery Team have also agreed that Benefit Sanctions will become a standing meeting agenda item going forward. There is a strong commitment that both organisations work together in an attempt to support citizens avoid this action.
- 3.6 In order to maintain operational focus, and provide effective outcomes for the City's landlords, a separate landlord project team has been created which will report back to the operational group. It is hoped this will allow landlords to better prepare and engage with tenants entering UC, and protect income streams and payment management regimes.
- 3.7 The collaboration between the Council and the DWP continues to work well at a local level, and this co-operation provides an effective means of access into the DWP operational service centres. As a result of this collaboration, specialised telephony services have been provided for Landlords to escalate enquiries and email access has been introduced into the process, where previously electronic communications were not accepted.
- 3.8 **UC Caseload in Edinburgh**

The latest UC figures available by caseload up to 12 November 2015 are as follows:



<b>Job Centre</b>	<b>UC Claims</b>
High Riggs	488
Edinburgh City	444
Leith	779
Wester Hailes	315
<b>Total</b>	<b>2026</b>

**This represents an increase of 429 claimants city wide based on figures from 10 September 2015. Initial data provided prior to the implementation of UC in Edinburgh by DWP had predicted a caseload of around 4200 at this point.**

### **Scottish Welfare Fund and UC Claims to be updated**

- 3.9 In order to assess the impact of Universal Credit waiting and assessment periods on alternative funding streams, separate information is collated on those claimants citing UC as a reason for applying for Crisis Grant from the Scottish Welfare Fund. Latest information up to 15 September 2015, show there have been a total of 15 UC related applications for Crisis Grants, representing significantly less than 1% of all UC claims.

The value of the awards are as follows:

Cash Awards	-	£1640
Vouchers	-	£1500
Total		£3140

- 3.10 In the first instance, customers are referred for a short term benefit advance from the DWP prior to the consideration of crisis grants. The Scottish Government, who have overall control of the SWF, are working with local authorities to monitor spend in this area. The level of applications and awards remains relatively low, indicating appropriate funding of citizens in transition to UC.

### **PBS Referrals**

- 3.11 The take up of PBS has been disappointing, however, this reflects the national picture. This situation was raised at the Universal Credit Local Authority Steering Group at DWP headquarters in London on 30 September 2015. The lack of referrals for support, and subsequent low take up has been escalated for further consideration by DWP senior officials.

3.12 The pilot scheme undertaken involving co-location of the Council’s Personal Budgeting Support officer with the DWP in an attempt to increase accessibility to citizens requiring this type of support continues. This pilot involves a council officer working alongside DWP work coaches in Leith Job Centre Plus to encourage PBS take-up. The pilot has been extended to High Riggs Job Centre Plus in an attempt to drive up take-up and its success will continue to be monitored.

The figures for PBS engagement are as follows:

June	9
July	11
August	10
September	7
October	11
November	11
December	3

### **Management of UC Roll Out**

3.13 Council operations supporting UC claims and payments continue to be delivered through the Customer Hub at 249 High Street. The Centralisation of this activity ensures

- knowledge and expertise to be established due to the small anticipated volumes of customers;
- data gathering on actual resource implications for delivery of this support for managing claims on line and Personal Budgeting Support (PBS);
- can more accurately record the demands for UC support and to assess the true cost of service delivery and to manage resources effectively;
- mitigation of the risk of failure to record UC support being delivered across multiple service points, therefore not properly assessing true cost of service delivery;
- single points of contact for UC virtual service centres and Job Centre Offices during this initial phasing period; and
- MI gathering to influence the future shape of UC and meet DWP reporting requirements.

## **Council Housing Services – Universal Credit (UC)**

- 3.14 At the end of December there are around 300 Council tenants receiving UC, with 44% of these tenants also affected by under occupation. To manage an effective transition to UC the following initiatives have been introduced:
- Inclusion of a financial assessment to determine tenancy sustainability
  - Assist tenants if required to make application for Discretionary Housing Payment to cover the reduction in Housing Costs due to under occupation.
- 3.15 The Council are continuing to adapt and improve the approach to income collection and support tenants who need more help through the initial transition.
- 3.16 The majority of Council tenants already have legacy arrears at the start of their UC claim and as a result Alternative Payment Arrangements (APA) involving direct payment to the landlord continues to be the most common method for paying rent. Procedures to manage the gradual UC transition and deal with the ongoing administration of APA for rent payments requires intensive effort. This has been the experience of other local authorities who have live UC implementation in their areas. These procedures also include close scrutiny of arrears management in individual cases.
- 3.17 As a result, review of this approach continues to focus on managing levels of APA and encouraging tenants to take responsibility of paying their rent. APA is only intended as a temporary arrangement which requires review at various points by the DWP to establish if tenants have become more capable of managing their rent liability..
- 3.18 Council services also continue to be adapted as required while the roll out of UC continues, and number of tenants on UC remains small. A joint approach to referrals for additional support is being managed through existing services. This includes support for personal budgeting as a result of UC which will be recorded as part of the management information return to the DWP to fully assess the impact of UC on the Council's delivery of services.

## **Temporary and Supported Accommodations**

- 3.19 Households in temporary accommodation that are affected by the Benefit Cap and/or Under Occupation, continue to be provided with advice and assistance to apply for Discretionary Housing Payments. Households are placed in temporary accommodation that reduces the likelihood of them being affected by the Under Occupancy regulations where this is practicable. They may on occasion be placed in a larger property to meet their emergency housing need. There are currently 35 households who are under occupying temporary accommodation.
- 3.20 Single people who are homeless would be exempt from moving on to UC under the current roll out if they are homeless on the date of any new claim. Once someone is on UC they will always be a UC claimant even if their circumstances change. This means that someone on UC may subsequently present for assistance from homeless

services. In these instances detailed advice will be provided from the dedicated staff providing assistance to council tenants and an application will be made for an Alternative Payment Arrangement (APA), 2 recent APA's have been rejected by the DWP . There have only been 11 cases where people are on UC and accessed temporary accommodation.

- 3.21 Two citizens have presented to the DWP to claim UC, and failed to declare their status as occupying temporary accommodation. The DWP have decided in these instances, customers will remain on UC even though, had they answered the application questions correctly, they would have been directed to an alternative benefit. Due to the funding implications this will cause, (possible additional pressure on DHP and other budgets) this has been escalated through the joint Operational Delivery Group to be considered at a national level. Ministers in the DWP are currently taking this under advisement.

### **Advice Shop**

- 3.22 Advice Services continue to respond to demands for information and advice on income maximisation and debt matters.
- 3.23 Demand for advice services traditionally reduces towards the Christmas and New Year holiday period and picks up slowly in the New Year. Anecdotally, this has been the case again this year.
- 3.24 Data submitted by advice services that are all or partly funded by the Council show that:
- Welfare rights cases have increased in the period April to December 2015 by 11% compared to the same period in the previous year. The gain achieved for customers has risen by 13% and is now on track to total nearly £5m for the year up to March 2016.
  - Debt Advice cases have reduced by 18% in the same period, with the level of personal debt presented dropping by 30% with a projected total of £1.2m for the year.
  - Enquiries regarding Personal Independence Payments (PIP) have become the predominant area of welfare rights advice provision in comparison to other benefits.
- 3.25 The number of welfare rights tribunals is gradually increasing, primarily due to more PIP disputes. Numbers remain below the figure from two years ago prior to the introduction of Mandatory Reconsiderations as the default dispute resolution stage for welfare rights queries.
- 3.26 The introduction of Universal Credit (UC) in March 2015 has seen slower than predicted growth in UC cases presenting to advice services. Issues relate to:
- eligibility and the claim process;
  - the housing element of UC not being paid;

- the high rate of deductions in place to repay rent arrears; and
- sanctions being applied to claimants.

- 3.27 Personal Independence Payment enquiries make up the single largest area of advice, followed by Employment Support Allowance.
- 3.28 People from abroad continue to make up a significant proportion of the caseload of advice services. The complexities of their situations demand more time on case resolution. The average time required to resolve a case is increasing, as advice services have to attend to multiple issues affecting each individual. Of 57 welfare rights officer appointments recorded, 37 of these were for people from abroad. The highest minority groups were Polish (18), Spanish (5) and Italian (3).
- 3.29 Advice services are reporting an increase in the complexity of the benefit system and that anxiety about losing benefits is driving more people to seek advice. Much of this increase is from people with long-term Disability Living Allowance (DLA) claims who are now part of the PIP claim process and are experiencing difficulty understanding the changes.

### **Devolved Powers**

- 3.30 The report of [the Smith Commission](#) for further devolved powers to the Scottish Parliament was published 27 November 2014. The Welfare Reform team are represented in a national Council group headed by COSLA to determine the potential delivery of these benefits by Local Authorities with the aim to provide a business case to the Scottish Government. It is felt there are sufficient skill sets within Local Authorities to support the delivery of the new benefits, and with the reducing Housing Benefit caseload could potentially allow for cross skilling of staff.
- 3.31 Appendix 1 gives details of the devolved benefits to the Scottish Government. Once the full business case has been developed and submitted, a members briefing will be produced for further consultation.

### **Welfare Reforms – Autumn Statement Revisions**

- 3.32 In the Summer Budget presented to Parliament on 8<sup>th</sup> July 2015, the Chancellor of the Exchequer announced plans to achieve a budget surplus by 2019/20. Central to this plan are £17 billion of measures designed to reduce the Government's budget deficit over the next six years, including £12 billion of net savings to be achieved through welfare reforms. This was reported in November's update.
- 3.33 The Chancellor revised a number of planned reforms and as a result an updated paper has been produced by the Council's Business Intelligence team (Appendix 2). This update was presented to the Welfare Reform Working Group in December.

### **Pending Welfare Reforms – April 2016**

#### **Extension of Benefit Cap**

- 3.34 The benefit cap is a limit on the total amount of income from certain benefits a household can receive. If they receive more than the benefit cap allows then their

Housing Benefit will be reduced until they are brought back within the cap. For a couple or single person with children the benefit cap is currently £500 per week. The limit for single people with no children is £350 per week. From April 2016 this will be reduced to £335 for a couple or single person with children and £258 for a single person.

3.35 Other changes coming into effect in April 2016 are as follows:

- Tax Credit income disregards and taper rates will change from April 2016, meaning further Tax Credit reductions for those earning more than £3850p.a.
- Working age benefits and tax credits will be frozen for four years
- Universal Credit work allowance is being abolished for non-disabled, childless claimants and reduced for those with a disability Housing Benefit family premium will be withdrawn
- Housing Benefit claimants requesting backdating of benefit will now be restricted to a 4 week period, as opposed to the current 52 weeks from April 2016. The new restriction does not apply to pensioner Housing Benefit cases. The UK parliament have not given any indication of exemptions or discretion to vary this limit for any category or group of working age claimants.
- There has been no announcement by the Scottish Government as to whether they will apply the same rule to CTRS. However, it is widely anticipated this will be the case.

#### **Council Tax Reduction Scheme (CTRS)**

3.36 The DWP has confirmed that it will continue with the funding arrangement in place for 2015/16. This reflects the evolving nature of CTRS and that the implementation and migration of Housing Benefit to UC is being done as staged process. The Settlement and Distribution Group continue to consider the distribution of CTRS funding and will advise Local Authorities accordingly.

3.37 CTRS is not part of the UC package of benefits, with the fund being independently administered by each local authority. Every effort is being made to raise awareness of this and to ensure customers make the separate CTRS claim at the point of UC claim.

3.38 The demand on the 2014/15 budget continues to be monitored monthly in line with changes to customers' circumstances. At 31 December 2015 the projected annual spend for the fund was 94,55% (Appendix 3). This is indicative of the falling caseload by 1,352 cases.

3.39 No indication of further reductions in this budget have been announced by Scottish Government to date.

#### **Scottish Welfare Fund (SWF) – Crisis Grants and Community Care Grants**

3.40 Overall spend totals for the initial 9 months of 2015/16 on the fund continue to increase. (Appendix 4):

- the overall fund available has increased in 2015/16, owing to the carry forward of £343,808 of under spend from 2014/15;
- applications for Crisis Grants are being considered within 2 days;  
There were no 2nd tier Crisis Grant meetings between October to December 2015
- approximately 85% of applications for Community Care Grants are being considered within the target of 15 days; and
- there were no 2<sup>nd</sup> tier review panel meeting between October and December 2015 for Community Care Grants, all of which were upheld in favour the original decision.

3.41 The SWF budget for 2015/16 has been revised from 1 June 2015 to £2,531,436 which included £343,808 carried forward from 2014/15, at the advice of Scottish Government to transfer underspends into the current year's fund.

The Crisis Grant fund position for 2015/16, taking account of the revised budget is now as follows:

- £606,000 - Budget
- £432,745 - Spend to 31 December 2015

3.42 The Community Care Grant fund for 2015/16 is now as follows:

- £1,925,436 - Budget
- £1,284,548 - Spend to 31 December 2015

3.43 The 2015/16 spend profile for each fund is included in Appendix 4.

3.44 Both Crisis Grant and Community Care Grant applications have been considered for medium and high priority cases since January 2015 and this will continue for the immediate future in 2015/16.

3.45 The monthly spend levels for both grants continue to be monitored on a daily basis to allow appropriate adjustments to be made to the priority levels or budget allocation.

3.46 The Furnishing Service has delivered approx 90% of ordered goods within agreed timescales. Positive feedback has been received from the SWF team and customers.

3.47 From April 2016, the review process for Scottish Welfare Funds decisions will change and second tier reviews will be looked at by the Scottish Public Services Ombudsman (SPSO). Under the new process, they will be able to review welfare fund decisions made by local authorities and, where appropriate, change those decisions. Initial discussions and consultations have taken place, and the service continues to work with the Ombudsman to ensure a smooth transition to the new function.

#### **Discretionary Housing Payments (DHP)**

3.48 The remaining £9m of the original £35m of Scottish Government funding available to Local Authorities to fully mitigate Under Occupancy will be distributed to councils based on actual DHP expenditure following the publication of the 2015/16 DHP statistics in

May 2016. Edinburgh's additional allocation to allow for mitigation was originally estimated at £784,440, making the estimated total DHP fund £4.7m for 2015/16.

- 3.49 Edinburgh's total DHP spend for 2015/16 is estimated at around £4.6m. Therefore a proportion of the remaining £9m will be required to cover all of Edinburgh's DHP expenditure. The Council will continue to monitor DHP spend on a monthly basis and an appropriate claim will be made to the Scottish Government.
- 3.50 There have been 6,307 DHP applications for 2015/16 considered up to 31 December 2015 of which 531 were refused. The overall refusal rate is 8.42%. The most common reasons for refusal is in the situation where a customer's income exceeds their expenditure.
- 3.51 At 31 December 2015, the Council's DHP financial position was:
- £3,914,405 total fund (£1,343,558 from the DWP & £2,570,847 from the Scottish Government, exclusive of additional 20% to be allocated in 2016)
  - £4,343,800.81 spend
- 3.52 Appendix 5 outlines the Council's DHP spend profile at December 2015. The additional Scottish Government funding is expected to mitigate under occupancy in 2015/16.

## **Foodbanks**

- 3.53 The Council continues to work with foodbanks to address immediate crisis of citizens in need.
- 3.54 A working party has been set up to look at foodbank provision across the City, with a view to better supporting those outlets who provide holistic services along with emergency food aid. This group is chaired by Councillor Alex Lunn, Deputy Convenor of Communities and Neighbourhoods, and its membership includes cross council services, foodbanks and representatives from DWP. The draft remit of this group is attached as appendix 6.
- 3.55 Cross-Council discussions are underway in an attempt to increase the number of referral agents to ensure easier access to emergency food provision where this is deemed the only alternative for a customer in need. However more is being done to raise the awareness of alternative funding to reduce the need for foodbank reliance and particularly the use of Scottish Welfare Fund.
- 3.56 A review of SWF processes will see the direct referral to foodbanks (as a last resort) when no other funding can be identified. This will provide improved accessibility for customers into this service for those who need it.
- 3.57 The map showing emergency food aid and related services such as advice agencies has been updated and is included again in Appendix 7. The map now identifies:
- Foodbanks in Edinburgh



- Foodbanks with CAB provision
- CAB Locations
- CAB Outreach at Housing Associations
- CAB Outreach at GP surgeries
- Food Co-ops
- Community Health Initiatives
- Employability Hubs

The updated map is also displayed on the Council Website.

### **Payday Loans**

- 3.58 The Council continues to be actively involved in the issue of payday loans and the working groups meet regularly to look at ethical alternatives to payday loans and consider longer term, sustainable solutions. There will be a greater focus on this area given the qualification period for those customers claiming UC, and will become part of the personal budgeting service being undertaken as part of the Delivery Partnership Agreement with the DWP.
- 3.59 The Welfare Reform team have facilitated a meeting between a local credit union and Broomhouse Community One Stop Shop, as well as attendance at an event at Gracemount Primary School.

### **The Welfare Reform Working Group**

- 3.60 The Welfare Reform Working Group continues to meet quarterly to monitor the impacts of Welfare Reform on the Council and its service user. The group met on the 17 December 2015. Items considered included:
- Personal budgeting Service
  - Strategic Plan – update on Outcomes
  - Universal Credit update
  - Summer Budget Report – Autumn Statement Updates

### **The Welfare Reform Core Group – Delivering Social Security in Edinburgh a strategic response to Welfare Reform**

- 3.61 The Welfare Reform Core Group continues to meet quarterly to agree the delivery of the key actions to achieve outcomes in terms of:
- Prevention of hardship and worsening inequality;
  - Effective response to crisis needs for housing heat and food;
  - Effective support for vulnerable individuals and families; and
  - Partnership action to sustain Edinburgh's social security.

- 3.62 The Communications Sub-Committee has been meeting regularly, particularly in the lead up to the roll out of UC to ensure key personnel, stakeholders and the public have an appropriate level of awareness.
- 3.63 Business Intelligence are reviewing the document Delivering Social Security in Edinburgh with a view to linking better with the Council's Policy Strategy and providing more detailed data on impacts of Welfare Reform across the City.

#### **The Welfare Reform Partners' Forum**

- 3.64 The Welfare Reform Partners' forum will now meet on a 6 monthly basis with a rolling host to create greater ownership and external partnership input. Members of the Welfare Reform Team are meeting with stakeholders to assess their needs and ensure appropriate reporting of achievements and issues in the Third Sector are included within the Strategic Plan.

#### **Child Poverty Initiative – Outreach Pilot**

- 3.65 The head teacher of Gracemount Primary School is keen to engage with parents and introduce Welfare Rights/Debt Advice as a pilot. The Welfare Reform team attended an event on 11 December 2015 which was attended by parents. Details for the dedicated Income and Advice Officer were introduced and of the Financial Inclusion and Advice services which can be accessed, A team of advisors from Capital Credit Union also attended to provide support and information around savings and access to affordable credit . The Welfare Reform Team will attend parents council evenings on 27 January, 17 March, 27 April, 15 June with support from Forth Sector Employability service.

The Income and Advice Team based in South area neighbourhood office are participating in outreach work and advertising their services within the school, and Dunedin Canmore, a major housing provider in the area have also agreed to outreach work from the School.

### **Measures of success**

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- 4.1 The success of the programme will continue to be measured through:
- reductions in forecast loss of income; and
  - customer satisfaction with advice and advocacy services relating to benefit changes, including increased benefit take up and minimises losses by ensuring people get their full entitlement under the new arrangements.

### **Financial impact**

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- 5.1 The increase in numbers of people experiencing hardship has led to increased demand for services across the Council and also partner advice agencies. There is a

risk to Council income, particularly in relation to rent arrears, changes to subsidy levels for temporary accommodation and service charges. Known risks include:

- loss of rental income to the Housing Revenue Account (HRA) arising from Housing Benefit under Occupation reforms and Direct Payment under Universal Credit;
- Scottish Welfare Fund and Discretionary Housing Payment budget will be insufficient to meet demand longer term;
- the spend on Council Tax Reduction Scheme exceeds the available funding;
- reduced DWP Administration Subsidy due to the abolition of Council Tax Benefit, the phasing out of Housing Benefit and Central Government budget savings;
- increased demand on advice and advocacy both for the Council and Third Sector advice agencies; and
- increase in homeless population where delays in payment of rent due to assessment periods for UC in the private sector.

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

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6.1 The financial risk to the Council as well as the risk to the Council's reputation is being monitored regularly. Actions taken to assess and mitigate these risks and ensure effective governance include:

- bi-monthly updates were provided to Corporate Policy and Strategy and Finance and Resources Committees, however, these will now be reported on a quarterly basis, to align with the Working Group meeting cycle;
- annual update to the Governance, Risk and Best Value Committee;
- dedicated teams introduced to provide support and assistance;
- quarterly meetings with Elected Members, Council Officers and External Partners; and
- a strategic approach and action plan for delivering Social Security in Edinburgh (A strategic response to Welfare Reform in Edinburgh).

## **Equalities impact**

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7.1 The UK Government has prepared Equalities and Human Rights assessments for the welfare reform proposals. The Council will undertake an EHRIA when necessary for any of its proposals.

## **Sustainability impact**

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8.1 Welfare Reform is expected to have general implications for environmental and sustainability outcomes, for example in relation to fuel poverty and financial exclusion.

## Consultation and engagement

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- 9.1 Council officials continue to engage with the UK and Scottish Governments, directly and through COSLA, with the DWP, the Third Sector, the NHS and other partners. The Council is also engaging with citizens, both in and out of work, who rely on benefit income and tax credits.
- 9.2 The Council continues to participate in groups with the looking at the impacts of Welfare Reform, namely Local Authority Transition Working Group (LATWG), and COSLA's Welfare Reform Local Authority Representative Group.

## Background reading / external references

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Recent reports to committee:

Welfare Reform – Update – Corporate Policy and Strategy Committee 20 January 2014

[Strategic Response to Welfare Reform in Edinburgh](#) – Corporate Policy and Strategy Committee 30 September 2014

Welfare Reform update – Corporate Policy and Strategy Committee [3 November 2015](#)

[Welfare Reform – update](#) – Finance and Resources Committee, 28 August 2014

[Discretionary Housing Payment Policy](#) – Corporate Policy and Strategy Committee, 5 August 2014

[Smith Commission](#)

[SLAB Annual Report](#)

Welfare Reform Update, report to Corporate Policy and Strategy, [23 February 2016](#)

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## Links

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**Coalition pledges**

**Council outcomes**

**Single Outcome**      **SO2** – Edinburgh's citizens experience improved health and

<b>Agreement</b>	wellbeing, with reduced inequalities in health
<b>Appendices</b>	Appendix 1 – Devolved Benefits to Scottish Government Appendix 2 – Autumn Statement 2015 Briefing Note Appendix 3 - Council Tax Reduction Scheme Spend Appendix 4 – Scottish Welfare Fund Spend Appendix 5 – Discretionary Housing Payment Spend Appendix 6 – Foodbank Working Group Draft Remit Appendix 7 - Foodbanks mapped with support services

## **Devolved Benefits to Scottish Government**

**Below is a list of all the welfare and social security benefits being devolved to the Scottish Parliament, as part of the recommendations made by the Smith Commission.**

The total monetary value equates to £2.6bn (14.6%) of all benefits expenditure in Scotland (2013/14). This excludes £400 million spent on the Council Tax Reduction Scheme and Scottish Welfare Fund, which are already devolved to the Scottish Parliament, and administered by Local Authorities.

### **Attendance Allowance**

To help with personal care for individuals aged 65 or over with a physical or mental disability.

### **Carer's Allowance**

To help an individual look after someone with substantial caring needs. To be eligible the individual must be 16 or over and spend at least 35 hours a week caring for them.

### **Disability Living Allowance (DLA)**

Help if your disability or health condition means one or both of the following are true:

- You need help looking after yourself
- You have walking difficulties

DLA is closed to new working age claimants and being replaced by PIP.

### **Personal Independence Payment (PIP)**

Helps with some of the extra costs caused by long-term ill-health or disability for individuals aged 16 to 64. Replacement for DLA for working age individuals.

### **Industrial Injuries Disablement Benefit**

For individuals who are ill or disabled as a result of an accident or disease caused by work or while you were on an approved employment training scheme or course.

### **Severe Disablement Allowance (SDA)**

For working age individuals who are unable to work due to illness or disability. SDA is closed to new entrants.

### **Cold Weather Payment**

A payment for individuals on certain benefits when the temperature is either recorded as, or forecast to be, an average of zero degrees Celsius or below over 7 consecutive days.

### **Funeral Payment**

For individuals on low income and needing help to pay for a funeral they are arranging.

### **Sure Start Maternity Grant**

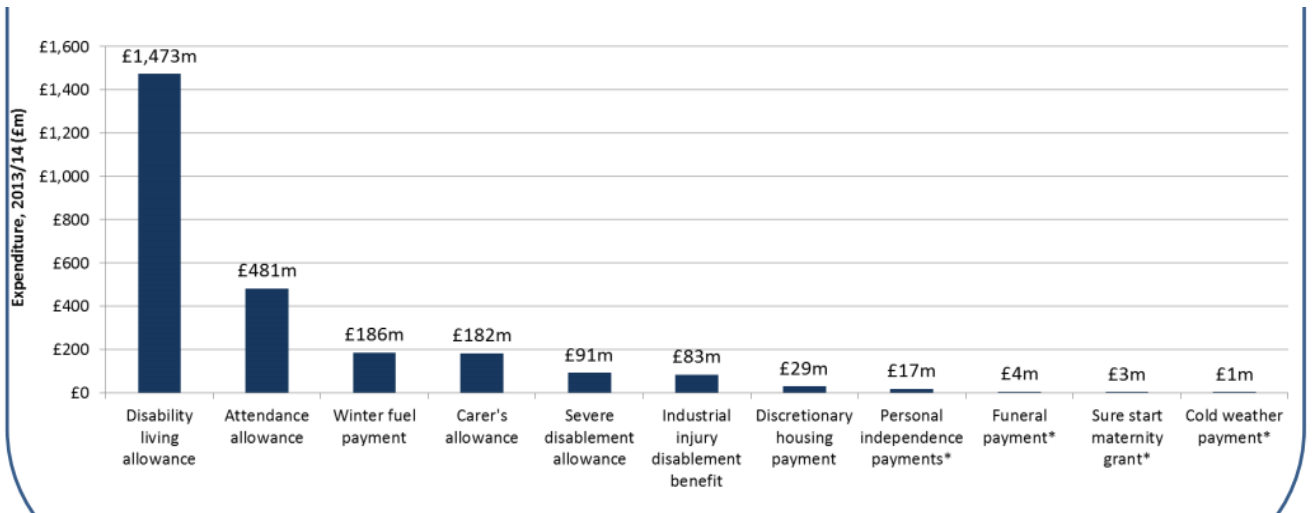
A one off payment of £500 to help towards the costs of having your first child for individuals who are in receipt of certain benefits.

### **Winter Fuel Payment**

A tax-free payment to help pay for heating bills if you were born on or before 5 July 1952 (Current State Pension Age for women).

## Discretionary Housing Payments

Additional help for those in receipt of Housing Benefit and having difficulty meeting their rent payments. Paid at the discretion of the Local Authority (LA)



(Costs based on 2013/14 spend)

## Summer Budget 2015 Briefing Note – Update on Review

# Briefing note – Autumn Statement 2015

## Business Intelligence

December 2015

### Introduction

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This note provides an overview of UK welfare reforms announced by the Chancellor of the Exchequer in the 2015 Summer Budget and subsequent announcements included in the November 2015 Autumn Statement. The note assesses the total value of planned cuts to welfare payments announced in these announcements, and provides a high level estimate of the potential value of these cuts for benefits claimants in the City of Edinburgh.

### Summary of main findings

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- In the July 2015 Summer Budget the Chancellor of the Exchequer announced total welfare spending cuts of £46.5 billion over six years. These spending reductions were to be phased in over time, with cuts rising from £4.9 billion in 2016/17 to £12.99 billion per annum by 2020/21.
- Edinburgh claimants account for some 0.6% of all UK claimants of benefits affected by these cuts. On this basis it was estimated that, from Summer Budget announcements, Edinburgh residents could face potential welfare payment reductions of £270 million over six years. On an annual basis these cuts were estimate to rise from £28 million in 2016/17 to some £77 million per annum from 2020/21.
- Following these announcements, the Chancellor's Spending Review and Autumn Statement in November 2015 introduced a number of additional measures on welfare spending. The key elements of this announcement were a reversal of previously announced changes to tax credit taper rates and income thresholds.
- The net impact of these changes is a reduction in planned welfare spending cuts compared to that announced in the Summer Budget. The changes restore an estimated £3.3 billion of welfare spending in 2016/17 across the UK as a whole, falling to £0.14 billion in 2020/21 in line with planned migration of tax credit claims to Universal credit.
- In Edinburgh, the Autumn announcements act to restore some £19 million of welfare payments to Edinburgh recipients in 2016/17, with this increase (relative to Summer budget announcements) falling to zero by 2020/21.
- As such, the Autumn Statement announcements on welfare payments do significantly reduce planned cuts in the short term, but have only little impact in the longer term.
- Overall, measures announced in the Summer Budget and Autumn Statement together are estimated to represent a £229 million cut in welfare payments made to Edinburgh residents



over six years. On an annual basis this represents a cut of £9 million in 2016/17, rising to £77 million by 2020/21 (compared to pre-July 2015 estimates)

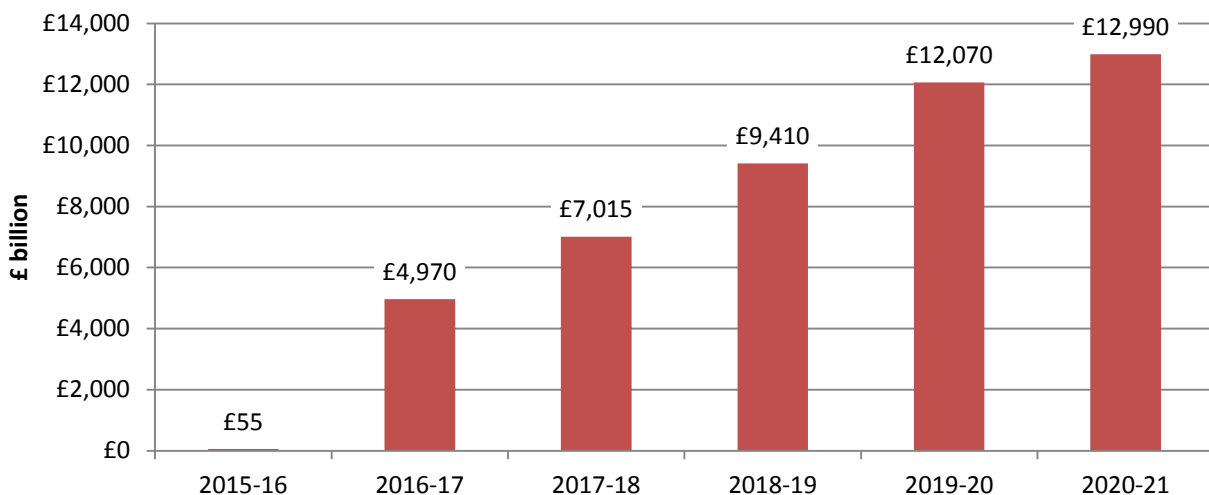
## Welfare Spending Reductions – Summer Budget and Autumn Statement

In the Summer Budget presented to Parliament on 8<sup>th</sup> July 2015, the Chancellor of the Exchequer announced plans to achieve a budget surplus by 2019/20. Central to this plan are £17 billion of measures designed to reduce the Government’s budget deficit over the next six years, including £12 billion of net savings to be achieved through welfare reforms.

The budget set out details of 14 specific policy measures through which these net savings will be made, including cuts to the value of current benefit payments, measures to reduce the number of eligible claimants, measures to limit the rate of growth in the value of benefit payments, and a lowering of the cap on the total value of benefits which can be claimed by any household.

Overall, these policy measures amount to a total reduction in welfare payments of £46.5 billion over six years compared against a baseline position which assumes no change in policy. These cuts are phased in over the period, rising from an annual reduction of £4.9 billion in 2016/7 to £12.99 billion per annum in 2020/21. For context, these cuts are made from total UK Government benefits and personal tax credit payments of £207.6 billion in 2014/15.

**Figure 1: Summer Budget 2015 - Value of planned welfare cuts per annum, £ million**



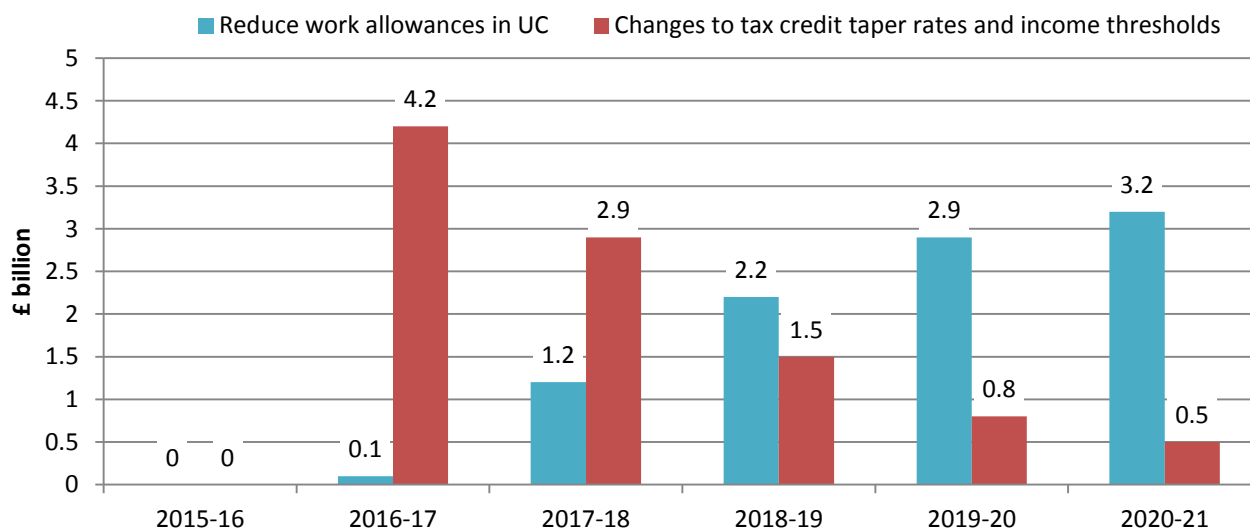
Source: HM Treasury – Summer budget policy decisions

These cuts were spread across 14 individual policy decisions including cuts to tax credits, universal credit, housing benefit, employment and support allowances and other measures. Within this package of measures, one of the key announcements (accounting for over 40% of the total savings planned over the period) included policies to:

- Change tax credit taper rates and income thresholds**– These measures increase tax credits taper rate to 48%, and reduced income thresholds in tax credits. The policy was projected to save a total of £4.2 billion in payments across the UK in 2016/17, falling to £0.5 billion in 2020/21 in line with planned migration of claims to Universal Credit, and

- Reduce Work allowances in Universal Credit** – This measure cut universal credit (UC) work allowances to £4,765 for those without housing costs, £2,305 for those with housing costs, and removed them altogether for non-disabled claimants without children. The policy was projected to save a total of £0.1 billion in 2016/17, rising to £3.2 billion per annum in 2020/21.

**Figure 2: Summer Budget 2015 – Tax Credit and Universal Credit savings announcements**



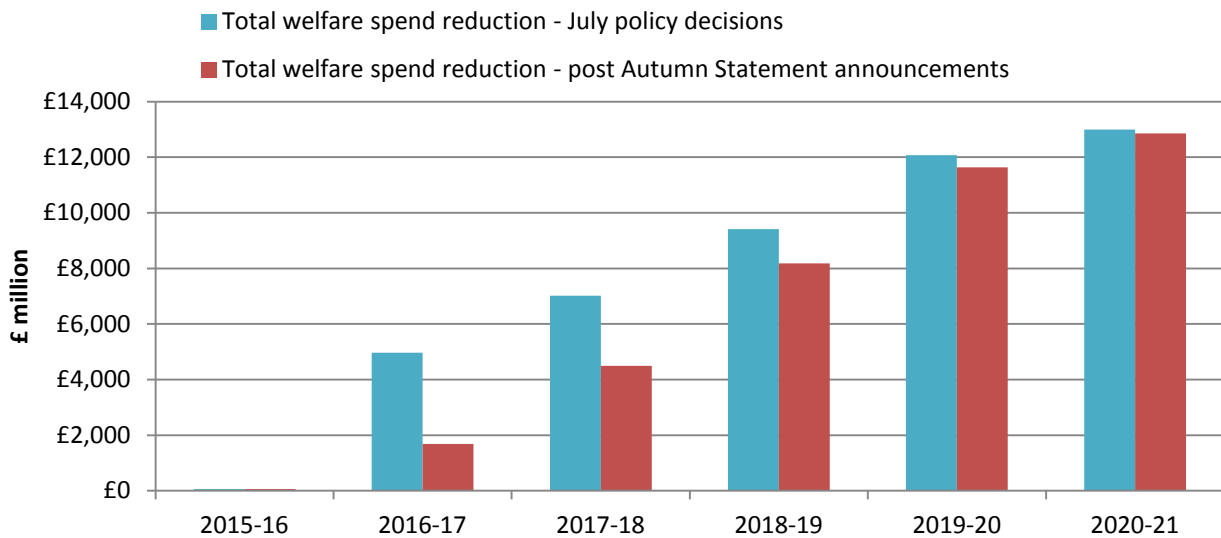
Source: HM Treasury – Summer budget policy decisions

Following the Summer Budget, the Chancellor’s Spending Review and Autumn Statement in November 2015 included a number of additional announcements on welfare spending. The key elements of this announcement were a reversal of previously announced changes to tax credit taper rates and income thresholds, alongside relatively small cuts to housing benefit, universal credit and child benefit. Notably, existing policies on universal credit work allowances, alongside other policy measures announced in the Summer budget, remain unchanged.

Overall, the net impact of these changes was a reduction in planned welfare spending cuts compared to that announced in the Summer Budget. The changes restore an estimated £3.3 billion of welfare spending in 2016/17 across the UK as a whole, falling to £0.14 billion in 2020/21 in line with planned migration of tax credit claims to Universal credit.

Figure 3 provides a comparison of planned welfare spending cuts before and after the announcements made in the Autumn Statement. The reversal of tax credit policy decisions has a significant impact on the scale of cuts planned in the short to medium term, with total cuts planned for 2016/17 falling from the £4.9 billion announced in July to £1.7 billion announced in November. In the longer term, however, as a result of the planned migration of tax credits to universal credits, the impact of the November announcements is minimal. By 2020/21 the total value of planned welfare spend reductions remains at £12.85 billion per annum following the Autumn Statement, only slightly down on the £12.99 billion announced in the Summer Budget.

**Figure 3: Total welfare spending reductions – pre and post Autumn Statement**



Source: HM Treasury – Summer budget policy decisions; Autumn Statement policy decisions

### Welfare Spending Reductions – Potential Edinburgh Impact

No analysis is provided by HM Treasury or the Office for Budget Responsibility on the likely geographical pattern of these spending cuts. This paper aims to provide a high level estimate of the share of total UK cuts likely to be felt by benefits recipients in the City of Edinburgh. These estimates are provided for illustrative purposes only and are based on available data on the number of Edinburgh based benefits claimants in each group affected by policy measures announced in the Summer Budget.

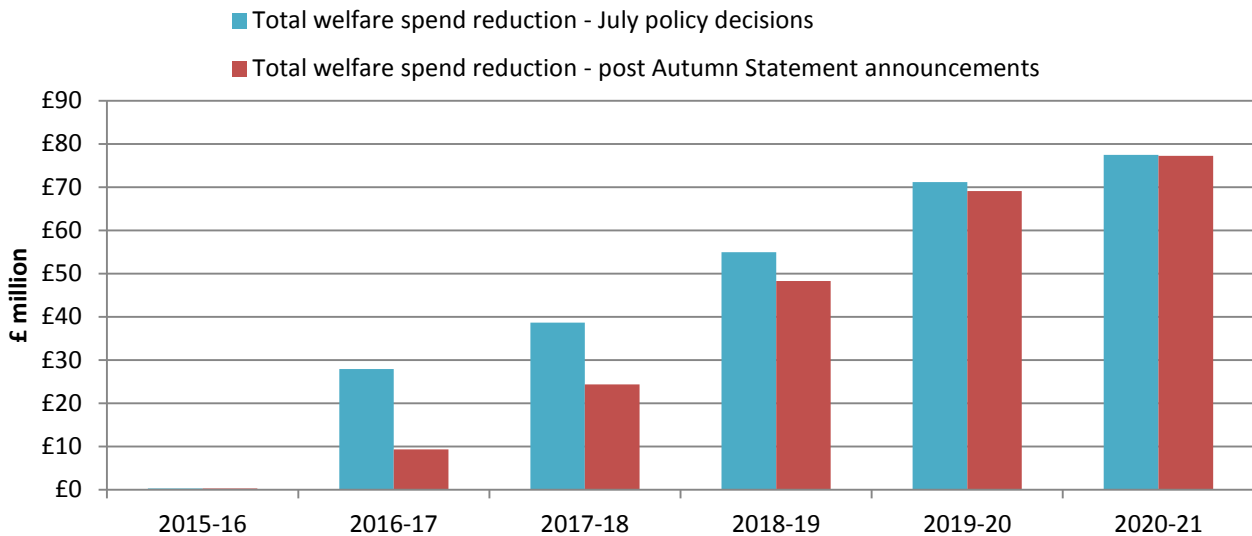
Following the Summer budget, the analysis estimated that of total UK welfare payment cuts of £46.5 billion over six years, the total value of cuts to recipients based in City of Edinburgh was likely to be some £270 million, or 0.6% of the UK total. These cuts were expected to phase in over time, rising from some £28 million in 2016/17 to £77 million in 2020/21.

In line with findings across the UK as a whole, the impact of Autumn Statement announcements is to significantly reduce planned cuts in the short term, but have only little impact in the longer term. Following the Autumn Statement, the analysis suggests that of total UK welfare payment cuts of £38.9 billion over six years, the total value of cuts to recipients based in City of Edinburgh is likely to be some £229 million. These cuts are planned to be phased in over time, rising from £9 million in 2016/17 to £77 million in 2020/21.

In this way, the net effect of Autumn Statement announcements is to restore some £19 million of welfare payments to Edinburgh recipients in 2016/17, with this increase (relative to Summer budget announcements) falling to zero by 2020/21.

No data is published on the actual value of current benefits and tax credit payments to recipients in Edinburgh, but based on available data on the number of benefits recipients in the city it is estimated that these cuts are made from current benefits payments of some £1.6 billion per annum.

**Figure 4: Total welfare spending reductions (potential Edinburgh impact) – pre and post Autumn Statement**



Source: City of Edinburgh Council estimates

## Notes and Caveats

These estimates are made for illustrative purposes and with a number of important caveats:

- The analysis considers only the value of benefits cuts announced in the Summer Budget 2015 and does not include any analysis of other changes to tax thresholds, minimum wage and other measures which may impact on the income of benefits recipients
- The analysis is presented only as a broad estimate of the potential share of benefits cuts likely to be felt by Edinburgh claimants, and does not represent a full analysis of the economic impact of welfare reforms or of the measures introduced in the Summer Budget. For instance, no analysis has been made on potential behaviour effects of welfare reforms, either on employment status of claimants, spending patterns, or on applications for other benefits.
- Edinburgh level estimates are based only on available data on the number of benefits claimants in the city in each affected benefits group. This approach provides only a broad guide to the potential impact of cuts in the city, and expenditure pattern may not precisely follow the spatial pattern of claimant numbers.
- The data presented here are projections built from a number of modelling assumptions made by HM Treasury in production of the Summer Budget. In particular, the estimates made here are considered highly sensitive to assumptions made around CPI inflation over the next six years and to assumptions made around the likely scale of Universal Credit caseloads.

## Contact details

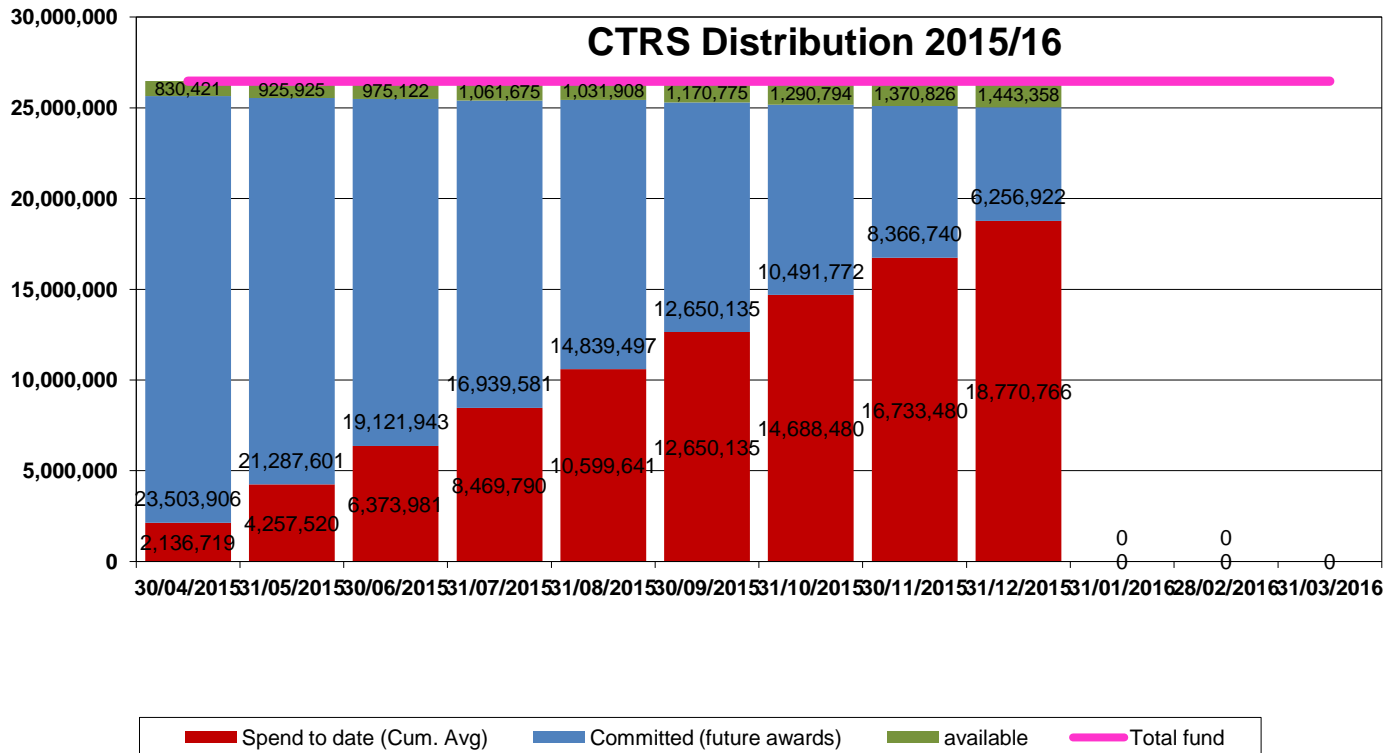
**Chris Adams**

Senior Business Intelligence Officer, T: 0131 529 6258, E: [chris.adams@edinburgh.gov.uk](mailto:chris.adams@edinburgh.gov.uk)

<b>Table A1 – Welfare Policy decisions, impact on UK exchequer (£million)</b>						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Summer Budget Policy Decisions, July 2015</b>						
Uprating: freeze working-age benefits, tax credits and Local Housing Allowances for 4 years from 2016-17	£0	£90	£940	£2,325	£3,885	£4,010
Benefit cap: reduce to £20,000, and £23,000 in London	£0	£100	£310	£360	£405	£495
Limit child element to 2 children for new births in tax credits and new claims in UC	£0	£0	£315	£700	£1,055	£1,365
Remove family element in tax credits and UC, and the family premium in Housing Benefit, for new claims	£0	£55	£220	£410	£555	£675
Increase tax credits taper rate to 48%	£0	£1,475	£1,035	£600	£345	£245
Reduce income thresholds in tax credits and work allowances in UC	£0	£2,880	£3,060	£3,180	£3,310	£3,440
Reduce income rise disregard in tax credits	£0	£170	£225	£250	£180	£110
End automatic entitlement for out-of-work 18-21 year olds	£0	£0	£25	£35	£35	£40
Reduce social sector rents by 1% each year for 4 years from 2016-17	£0	£165	£475	£875	£1,320	£1,445
Pay to stay: higher income social housing tenants to pay market rents	£0	£0	£365	£185	£245	£240
Limit backdating awards to 4 weeks	£0	£10	£0			
Support for Mortgage Interest: change from welfare payment to loan; maintain capital limit at £200,000	£0	-£30	-£35	£270	£255	£255
Align Work-Related Activity Group rate with JSA for new claims	£0	£0	£55	£225	£445	£640
UC parent conditionality from when youngest child turns 3	£0	£0	-£5	-£5	£35	£30
Fraud, error and debt: tax credits changes	£60	£55	£30			
<b>Total impact on UK exchequer - Summer Budget</b>	<b>£60</b>	<b>£4,970</b>	<b>£7,015</b>	<b>£9,410</b>	<b>£12,070</b>	<b>£12,990</b>
<b>Autumn Statement Policy Decisions, November 2015</b>						
Tax credits: maintain taper and income threshold	£0	-£3,385	-£2,875	-£1,735	-£910	-£465
Universal Credit: updated delivery schedule	£0	£60	£250	£225	£70	-£215
Universal Credit: uprate Minimum Income Floor with National Living Wage	£0		£10	£55	£120	£180
Housing Benefit: limit social sector rates to the equivalent private sector rate	£0	£0	£0	£120	£170	£225
Housing Benefit and Pension Credit: limit temporary absence	£0	£25	£20	£15	£10	£10
Childcare: revised eligibility criteria	£0	£10	£70	£90	£110	£125
<b>Total impact on UK exchequer - Autumn Statement</b>	<b>£0</b>	<b>-£3,290</b>	<b>-£2,525</b>	<b>-£1,230</b>	<b>-£430</b>	<b>-£140</b>
<b>Total net reduction in UK welfare payments, post Autumn Statement</b>	<b>£60</b>	<b>£1,680</b>	<b>£4,490</b>	<b>£8,180</b>	<b>£11,640</b>	<b>£12,850</b>
Source: HM Treasury						

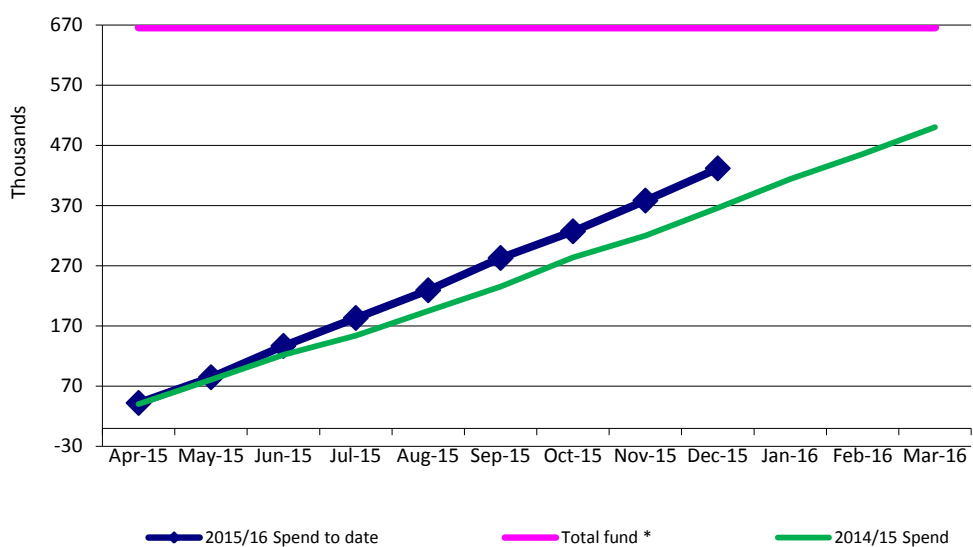
Table A1 – Welfare Policy decisions, potential impacts on Edinburgh claimants (£million)							
	Edinburgh share of UK claimants*	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Summer Budget Policy Decisions, July 2015</b>							
Up-rating: freeze working-age benefits, tax credits and Local Housing Allowances for 4 years from 2016-17	0.73%	£0	£1	£7	£17	£28	£29
Benefit cap: reduce to £20,000, and £23,000 in London	1.14%	£0	£1	£4	£4	£5	£6
Limit child element to 2 children for new births in tax credits and new claims in UC	0.57%	£0	£0	£2	£4	£6	£8
Remove family element in tax credits and UC, and the family premium in Housing Benefit, for new claims	0.57%	£0	£0	£1	£2	£3	£4
Increase tax credits taper rate to 48%	0.57%	£0	£8	£6	£3	£2	£1
Reduce income thresholds in tax credits and work allowances in UC	0.57%	£0	£16	£17	£18	£19	£20
Reduce income rise disregard in tax credits	0.57%	£0	£1	£1	£1	£1	£1
End automatic entitlement for out-of-work 18-21 year olds	0.79%	£0	£0	£0	£0	£0	£0
Reduce social sector rents by 1% each year for 4 years from 2016-17		£0	£0	£0	£0	£0	£0
Pay to stay: higher income social housing tenants to pay market rents		£0	£0	£0	£0	£0	£0
Limit backdating awards to 4 weeks	0.73%	£0	£0	£0	£0	£0	£0
Support for Mortgage Interest: change from welfare payment to loan; maintain capital limit at £200,000	0.73%	£0	£0	£0	£2	£2	£2
Align Work-Related Activity Group rate with JSA for new claims	1.13%	£0	£0	£1	£3	£5	£7
UC parent conditionality from when youngest child turns 3	0.57%	£0	£0	£0	£0	£0	£0
<b>Fraud, error and debt: tax credits changes</b>	<b>0.57%</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Total impact on UK exchequer - Summer Budget</b>		<b>£0</b>	<b>£28</b>	<b>£39</b>	<b>£55</b>	<b>£71</b>	<b>£77</b>
<b>Autumn Statement Policy Decisions, November 2015</b>							
Tax credits: maintain taper and income threshold	0.57%	£0	-£19	-£16	-£10	-£5	-£3
Universal Credit: updated delivery schedule	0.57%	£0	£0	£1	£1	£0	-£1
Universal Credit: uprate Minimum Income Floor with National Living Wage	0.57%	£0	£0	£0	£0	£1	£1
Housing Benefit: limit social sector rates to the equivalent private sector rate	0.79%	£0	£0	£0	£1	£1	£2
Housing Benefit and Pension Credit: limit temporary absence	0.79%	£0	£0	£0	£0	£0	£0
Childcare: revised eligibility criteria	0.57%	£0	£0	£0	£1	£1	£1
<b>Total impact on UK exchequer - Autumn Statement</b>		<b>£0</b>	<b>-£19</b>	<b>-£14</b>	<b>-£7</b>	<b>-£2</b>	<b>£0</b>
<b>Total net reduction in UK welfare payments, post Autumn Statement</b>		<b>£0</b>	<b>£9</b>	<b>£24</b>	<b>£48</b>	<b>£69</b>	<b>£77</b>
*: Edinburgh share based different claimant groups depending on scope of each policy decision Source: City of Edinburgh Council estimates							

**Council Tax Reduction Scheme (30 September 2015)**

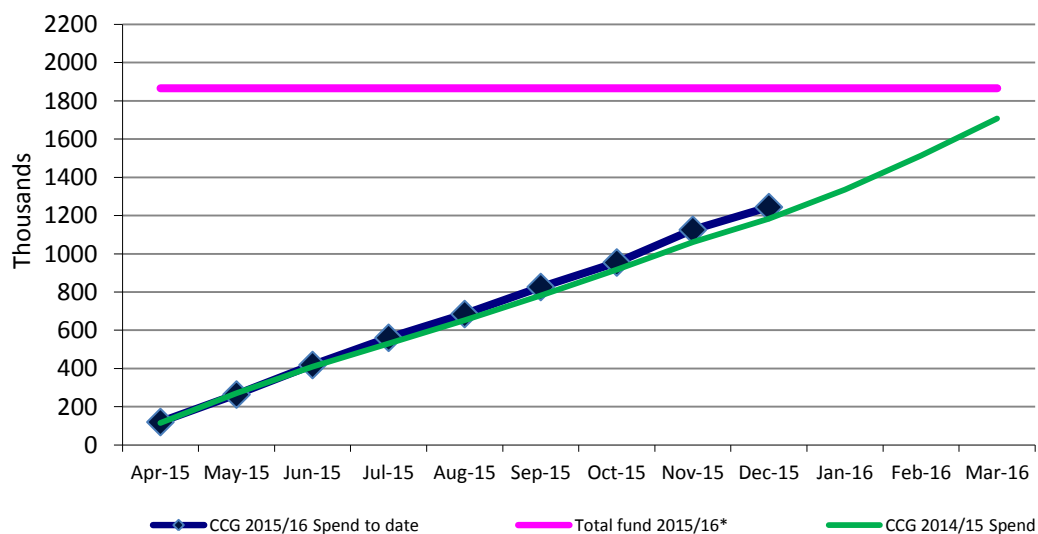


**Scottish Welfare Fund Payments (31 December 2015)**

**Crisis Grant Allocation 2015/16**

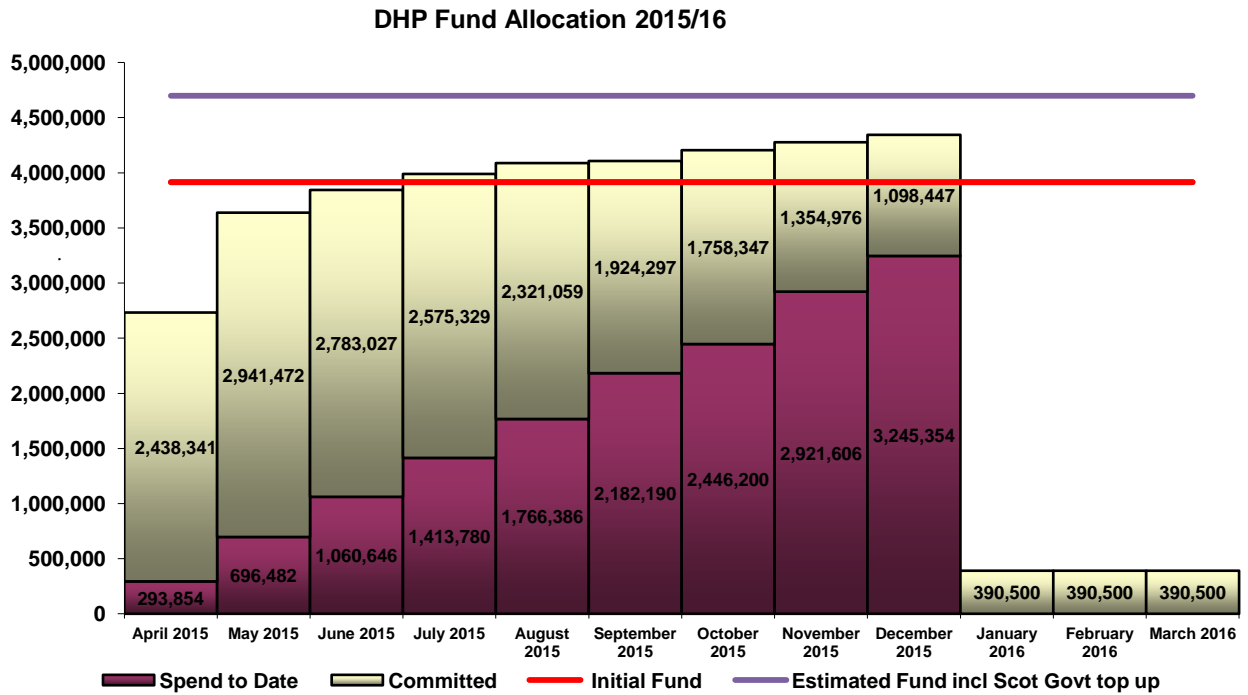


**Community Care Grant Allocation 2015/16**





**Discretionary Housing Payments (31 December 2015)**



## **Foodbank Working Group Draft Remit**

### **1. Key Aim**

The Foodbank Working Group have the overall responsibility to scrutinise the use of foodbanks by Edinburgh's Citizens. This will include exploring best practice amongst foodbanks, and considering ways in which the Council can support these organisations who provide a holistic response to food crisis by support and prevention of future instances. As well as this the group will investigate alternative funding streams across the Council to support citizens at times of crisis and ensure these are fully utilised, preventing a reliance of foodbank use, considering referral as a last resort to this issue.

### **2. Objectives**

The overall aim of the group is to optimise opportunities for citizens to address crisis and prevent this in the future with adequate debt advice, budgeting support and access to alternative funding streams. Where foodbank use is necessary, it is imperative the council works with foodbanks to ensure adequate signposting to organisations who can address the initial crisis and prevent recurrence.

The Council will seek to work with those foodbanks offering support and advice and ensure adequate referral systems are in place for access to additional support and advice.

The Council will also seek to work with colleagues in DWP in relation to hardship funding and support into employment.

The key objectives of the FBWG are to:

- Agree strategic priorities to ensure foodbank use as a last resort
- Establish mutual priority referral processes between foodbanks and the Council
- Ensure citizens are encouraged to address their financial situation with adequate support and advice
- Look at options for alternative funding streams for citizens via multiple sources and maximise opportunities for utilisation
- Strengthen relationships between foodbanks and Council Service to ensure hard to reach customers are not put in further risk of food poverty

### **3. Group Members**

The Group will be comprised of elected members, chaired by Councillor Lunn, Vice Convenor of Communities and Neighbourhood committee, a selection of senior staff from multiple Council Services, representatives of Edinburgh's Foodbanks offering holistic support and colleagues from DWP.

### **4. Governance**

There will be clear governance through relevant reporting lines for the group back in to Communities and Neighbourhoods Committee as relevant.

Reporting will also take place via the quarterly Welfare Reform Update to Corporate Policy and Strategy Committee, as well as the Welfare Reform Working Group, chaired by Councillor Ricky Henderson.

## **5. Administration**

The FWG will aim to meet on a bi-monthly basis initially. Additional meetings can be arranged as required.

The management of the administration of the FWG will be the responsibility of the Welfare Reform Team.

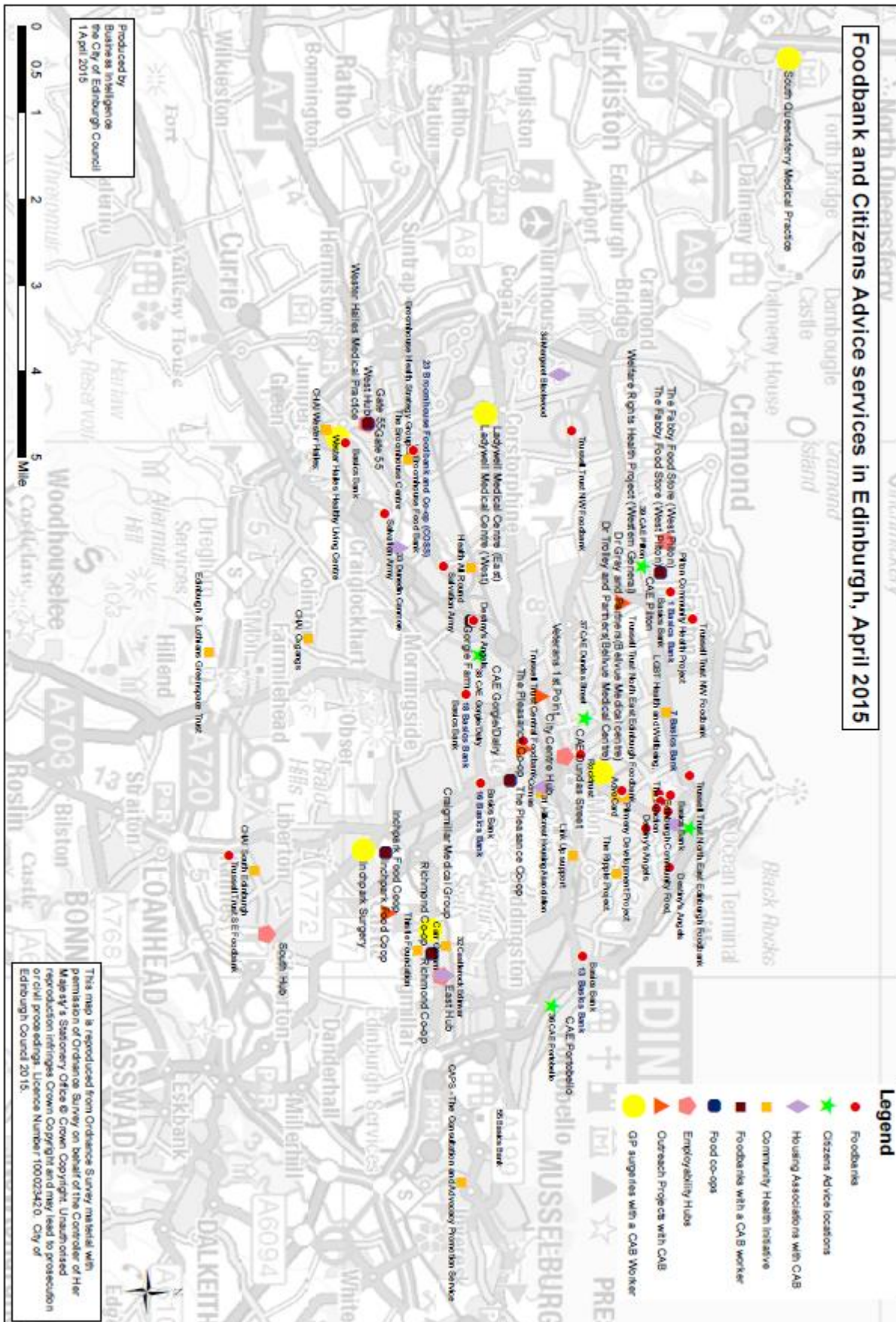
## **6. Agenda Setting**

Standard agenda items will be agreed by the FWG and additional items can be agreed /requested as required.

The following will be included as standard items for discussion.

- Decisions/actions from meetings
- Update on citizens accessing Foodbanks on a monthly basis and details of the nature of this access (eg Multiple food fulfilment, advice and other support taken up as result of foodbank use)  
2.1
- Scottish Welfare Fund applications and successful claims for food crisis  
3.1
- Action Plan  
4.1
- Project Updates

**Foodbank and Advice Services Map**



# Governance, Risk and Best Value Committee

10.00am, Thursday 3 March 2016

## Corporate Leadership Team Risk Update

Item number	7.5
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 January 2016. 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 review 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 December 2016.

### 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 A further presentation was made to the CLT Risk Committee on the ICT infrastructure. Further risks were considered concerning the current governance arrangements, policies and key control processes in place. Steps were agreed to further enhance oversight arrangements round information security.
- 3.3 The Risk Committee in January 2016 discussed an update on the action included in the Internal Audit Leavers report from 2015. Improved controls around leavers through completion of a new single online leavers form will ensure that payroll and ICT will be informed immediately. The new process is due to go live in February and will improve overall asset management of ICT devices. In addition, the new CGI contract will ensure that such assets are

registered and managed centrally via a hub. A further update will be provided to the next quarter's CLT Risk Committee meeting.

- 3.4 In response to issues being escalated from Service Areas around completion levels of mandatory training an update was provided to the CLT risk committee to review current management information. CLT will continue to monitor mandatory training statistics until the direction and control environment has been embedded.
- 3.5 The risk assessment work for the Edinburgh Partnership is being concluded in February 2016 and will be considered at next quarters CLT risk committee meeting to explore opportunities for engagement on key issues across the Edinburgh Partnership's family member organisations.
- 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.

### Hugh Dunn

Acting Executive Director of Resources

Contact: Richard Bailes, Chief Risk Officer

E-mail: [richard.bailes@edinburgh.gov.uk](mailto:richard.bailes@edinburgh.gov.uk) Tel: 0131 469 3144

## Links

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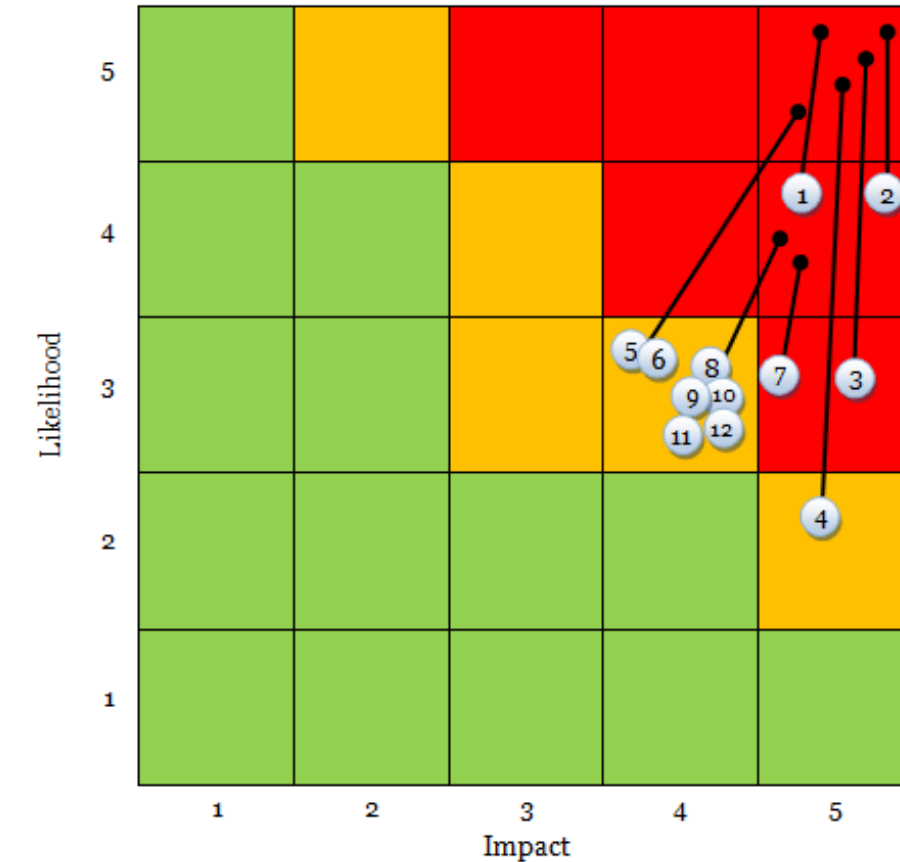
<b>Coalition pledges</b>	P30 - Continue to maintain a sound financial position including long-term financial planning Council outcomes CO25 - The Council has
<b>Council outcomes</b>	CO25 - The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	
<b>Appendices</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. ↓

## Profile



- 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	<b>Maintenance of Capital Assets</b> 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	<b>Cyber Security and Data Privacy</b> 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> <li>Implemented recommendations from Internal Audit Leavers Report</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>Rolling role for Internal Audit to audit system access for key systems</li> </ul>
3	Strategic	<b>Integrated Care Programme</b> 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> <li>Formal risk review being performed in February</li> </ul>
4	Operational	<b>ICT Infrastructure</b> 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>

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions
		I	L		I	L	
5	Strategic	<b>Transformational Change Agenda</b> 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.		<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>	5	5	<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	<b>Savings Targets</b> 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.		<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>	5	5	<ul style="list-style-type: none"> <li>Monthly budget monitoring and challenge meetings</li> <li>Prioritisation of service spend</li> </ul>
7	Strategic	<b>Planning for Increased Demand</b> 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.		<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	4	<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>
8	Operational	<b>Public Protection</b> 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.		<ul style="list-style-type: none"> <li>Established multi-agency public protection procedures</li> <li>Agreed infrastructure of multi-agency governance through protection committees and Edinburgh's Chief Officers' Group - Public Protection</li> <li>Detailed audit and practice evaluation programmes for each area of risk</li> <li>Performance and quality assurance frameworks in place, which include regular reporting to chief officers, elected members and Scottish Government</li> </ul>	5	4	<ul style="list-style-type: none"> <li>No current further actions identified</li> </ul>

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions
		I	L		I	L	
9 Organisation and people	<b>Workforce Planning</b> 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	<b>Service Provider Degradation</b> 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	<b>Delivering Council Commitments</b> 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>
12 Hazard	<b>Health and Safety Management</b> 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 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 embarrassment	Major loss of confidence and adverse publicity	Severe loss of confidence and public outcry

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

# Governance, Risk and Best Value Committee

10:00am, Thursday, 3 March 2016

## Place Risk Update

Item number	7.6
Report number	
Executive/routine	
Wards	

### Executive summary

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The attached risk information is the Place Senior Management Team's (SMT's) prioritised risks as at January 2016. It reflects the current highest priority risks of the Service Area along with the key controls in place to mitigate these risks.

The attached risk summary paper has been challenged and discussed by the Place SMT and a plan has been developed for further review and scrutiny at future SMT and Risk Committee meetings.

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

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 Corporate Leadership Team (CLT) and SMT Risk Committees.

### Links

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Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	

## Place Risk Update

### Recommendations

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- 1.1 To review the attached prioritised risk information for Place SMT and to invite relevant officers to discuss key risks as required.

### 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 risks facing the Place Service Area.

### Main report

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- 3.1 The Place SMT risk summary in Appendix 1 reflects the current prioritised risks of the Service Area and demonstrates the compensating controls in place to mitigate the risks.
- 3.2 The implementation of the Transformation Programme is a major change programme with a separate risk register which is currently managed, monitored and reviewed alongside the SMT Risk Register.
- 3.3 Following relocation of Corporate Property and Asset Management within the Council, an issue has come to light with regard the adequacy of resources and budgets to meet the repairs and maintenance requirements, for non-housing assets, owned by the Service. A legacy of organisational changes, reducing budgets and external influences have led to gaps within asset registers. This has resulted in reactive repair strategies and an unknown level of risk with regard condition of assets and budgetary requirements to address the risk. For this reason the Place Risk and Assurance Committee have commissioned a report to ascertain the scope and scale of these gaps and identify the potential budget implications for the Service.
- 3.4 Each Place 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 recent activity.
- 3.5 The risk register is a dynamic working document and is updated regularly to reflect the changing risks for Place.

## 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 Place SMT and Place Risk Committee and a plan has been developed for further review and scrutiny.

## Background reading/external references

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None.

## Paul Lawrence

Executive Director of Place

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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 – Place Prioritised Inherent risks at Feb 2016

# Appendix 1 – Place prioritised top 10 inherent risks heat map

## 1. Non-housing assets repairs and maintenance

Legacy issues of non-housing asset management has resulted in gaps in current asset registers. There is a risk that current R&M budgets are insufficient to meet requirements for the Service.



## 2. Body holding capacity at Mortuary

In the event of a localised major or escalating incident, or increase in demand beyond normal operating parameters we would be unable to meet statutory/contractual obligations and incur substantial financial and reputational loss.



## 3. Mandatory Training

Due to diverse nature of services within Place and the incumbent training requirements to meet various statutory/regulatory obligations, there is a risk that the process for identification, provision and recording of training requirements are not appropriate, clear, consistent or sufficiently robust to meet Service requirements.



## 4. Growth investment for LDP across all service areas over short to long-term.

Significant growth within the City and increased service demand has resulted in substantial service pressures with risk that we are unable to meet future growth demand.



## 5. Counter Fraud and Anti-Bribery process

Monitoring and assurance of AB&F risks and controls varies across the service potentially resulting in poor implementation, gaps in control environment and increased opportunity for bribery and fraud to occur.



## 6. Capital Investment impact to Service revenue budget

Capital investment does not provide robust assurance that all lifecycle costs are appropriately captured as part of expenditure appraisal process leading to unplanned and increased pressure on Revenue budgets within the Service.



## 7. BAU service sustainability

There is a risk that Service demand exceeds capacity to deliver due to demographic changes, budgetary cuts, reduced investment in resources and infrastructure as well as potentially reducing staff morale



## 8. HR - Recruitment & Retention

Competition within the employment market and current levels of change and uncertainty in the organisation, there is a risk that the Council are unable to attract or retain suitably skilled and qualified staff; potentially resulting in insufficient resources to deliver services to acceptable standards, costs increasing for agency staff or outsourcing and inability to meet statutory targets and requirements.



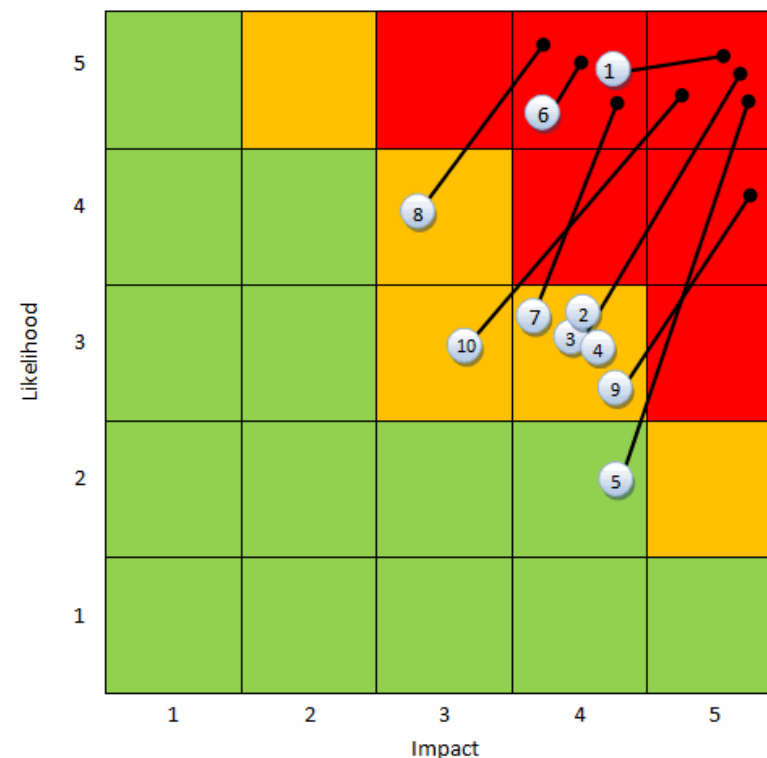
## 9. Health and Safety Controls

Risk that non-compliance with Council Health and Safety policies & procedures and legal & regulatory requirements leads to avoidable employee or 3rd party injury or ill health and/or regulatory fines and liability claims.



## 10. Transformation programme

Transition to the new service structures and delivery model may lead to disruption to or reductions in levels of service.



# Place Prioritised Inherent Risks with Mitigating Actions

	Risk Description	Inherent		Current Mitigating Actions	Residual		Further Actions
		I	L		I	L	
1.	<p><b>Non-housing assets repairs and maintenance</b> Legacy issues of non-housing asset management has resulted in gaps in current asset registers. There is a risk that current R&amp;M budgets are insufficient to meet requirements for the Service.</p>	5	5	<ul style="list-style-type: none"> <li>Asset registers in place with prioritised budget spend on those deemed of greatest risk to public safety.</li> <li>Frontline staff are encouraged to report structural concerns, and surveyors within Strategic Asset Management are commissioned to survey those of greatest concern where there is perceived risk.</li> <li>Realignment of management resources to focus on the assessment, and mitigation of infrastructure risks and proactive engagement with stakeholders for some buildings and service areas to monitor and manage issues.</li> <li>General Inspections carried out annually as part of asset management programme (for known assets).</li> <li>Regular budget reporting taking place to CLT and F&amp;R Committee.</li> </ul>	4	5	<ul style="list-style-type: none"> <li>A contract is being let for an inventory and inspection of retaining walls throughout the city. This is programmed to be undertaken over a 2 year period.</li> <li>Risk analysis being undertaken to ascertain scope and scale of asset gaps.</li> </ul>
2.	<p><b>Body holding capacity at Mortuary</b> In the event of a localised major or escalating incident, or increase in demand beyond normal operating parameters we would be unable to meet statutory/contractual obligations and incur substantial financial and reputational loss.</p>	5	5	<ul style="list-style-type: none"> <li>Staff Training and participation in Services QAG.</li> <li>Mortuary Plan in place, agreement with funeral directors in place to minimise storage period.</li> <li>Funeral Directors contacted to increase collection rates / speed up collections.</li> <li>A plan in place to transfer bodies to alternative sites for temporary storage (Royal Infirmary, Southern General) depending on availability in event of major emergency.</li> <li>Erect additional in-house nutwell units when required.</li> <li>Request additional nutwell units from Police (7 units potentially available) if required. Note - nutwell units are a national resource therefore in event of multi-regional or national incident this resource is likely to be restricted.</li> <li>Capacity log is maintained.</li> </ul>	4	3	<ul style="list-style-type: none"> <li>Feasibility study being carried out with regard building a new Mortuary in partnership with NHS Lothian and University of Edinburgh at the Bio Quarter. Next partnership meeting beginning of March (date to be confirmed).</li> <li>Alternative storage sites being investigated. Currently awaiting outcome of suitability analysis (delayed due to handover of Management of Service Area)</li> </ul>
3.	<p><b>Mandatory Training</b> Due to diverse nature of services within Place and the incumbent training requirements to meet various statutory/regulatory obligations, there is a risk that the process for identification, provision and recording of training requirements are not appropriate, clear, consistent or sufficiently robust to meet Service requirements.</p>	5	5	<ul style="list-style-type: none"> <li>Corporate Mandatory training list published annually and managers asked to complete training record on MyPeople.</li> <li>Periodic reminders send from SMT to line managers to ensure mandatory training completed and recorded.</li> </ul>	4	3	<ul style="list-style-type: none"> <li>Cross-departmental working group has been set up to review mandatory requirements and delivery programme (led by Gillian Hunt).</li> </ul>

	Risk Description	Inherent		Current Mitigating Actions	Residual		Further Actions
		I	L		I	L	
4.	<p><b>Growth investment for LDP across all service areas over short to long-term.</b></p> <p>Significant growth within the City and increased service demand has resulted in substantial service pressures with risk that we are unable to meet future growth demand.</p>	5	5	<ul style="list-style-type: none"> <li>Budget planning and monitoring in place. £900k identified in 2015/16 budget to fund feasibility studies for priority infrastructure projects.</li> <li>Consultation with infrastructure bodies at key stages.</li> <li>Lobbying Scottish Government through NPF3 etc.</li> <li>Action programme reported to and monitored by C&amp;PS Committee.</li> <li>Joint working improvements being implemented.</li> <li>Partnership working programmes in place.</li> <li>Long-term financial planning process undertaken by CLT.</li> <li>Through the LDP Action Plan delivery steering group, identify and provide resources required to deliver improvements.</li> </ul>	4	3	<ul style="list-style-type: none"> <li>External funding options being considered through City Deal project and new financial models.</li> <li>Management Team to prioritise budgets, including deferred activities.</li> <li>Present case for reallocation of spending where necessary.</li> </ul>
5.	<p><b>Counter Fraud and Anti-Bribery process</b></p> <p>Monitoring and assurance of AB&amp;F risks and controls varies across the service potentially resulting in poor implementation, gaps in control environment and increased opportunity for bribery and fraud to occur.</p>	5	5	<ul style="list-style-type: none"> <li>Mandatory Training which includes; Fraud Policy, Anti-Bribery Policy and Process, Staff Code of Conduct. (currently being reviewed)</li> <li>Operational AB&amp;F Risks captured in team risk registers where necessary.</li> </ul>	4	2	<ul style="list-style-type: none"> <li>Short life working group has been called to prepare a protocol that defines the roles and responsibilities of all key Council services with a fraud detection role.</li> <li>Tactical level AB&amp;F risk register to be produced for the Service.</li> </ul>
6.	<p><b>Capital Investment impact to Service revenue budget</b></p> <p>Capital investment does not provide robust assurance that all lifecycle costs are appropriately captured as part of expenditure appraisal process leading to unplanned and increased pressure on Revenue budgets within the Service.</p>	4	5	<ul style="list-style-type: none"> <li>Financial management programme in place.</li> </ul>	4	5	<ul style="list-style-type: none"> <li>R&amp;M costs will be provided by BPT as part of any feasibility. Lifecycle capital is a specialist piece of analysis which clients will need to fund. Revenue costs need to be identified in any Committee Reports promoting new build, extensions etc (if no separate business case is being produced).</li> </ul>
7.	<p><b>Service sustainability</b></p> <p>There is a risk that Service demand exceeds capacity to deliver due to demographic changes, budgetary cuts, reduced investment in resources and infrastructure as well as potentially reducing staff morale.</p>	4	5	<ul style="list-style-type: none"> <li>Long term strategy in place to identify priority spending areas.</li> <li>3 year budget set with monitoring and management process in place.</li> <li>Performance monitoring and reporting of KPIs and RTCs undertaken on a continual basis.</li> <li>Community engagement and consultation taking place through various channels.</li> <li>Reallocation of resources where practical / necessary</li> <li>Alternative delivery models being implemented such as Channel Shift.</li> <li>Workforce planning being undertaken as part of Transformation strategy.</li> <li>Long-term planning process for Place services implemented and reviewed regularly.</li> </ul>	4	3	<ul style="list-style-type: none"> <li>Transformation programme - restructuring of Services and delivery model to achieve cost reductions.</li> <li>Asset Management plans being developed to enable maintenance strategies to be identified, assessed and implemented in order to achieve most effective and efficient use of existing resources.</li> <li>Implementation of Channel Shift</li> </ul>

	Risk Description	Inherent		Current Mitigating Actions	Residual		Further Actions
		I	L		I	L	
8.	<b>HR - Recruitment &amp; Retention</b> Competition within the employment market and current levels of change and uncertainty in the organisation, there is a risk that the Council are unable to attract or retain suitably skilled and qualified staff; potentially resulting in insufficient resources to deliver services to acceptable standards, costs increasing for agency staff or outsourcing and inability to meet statutory targets and requirements.	4	5	<ul style="list-style-type: none"> <li>• Service delivery prioritisation (H&amp;S) where staff shortages occurring.</li> <li>• Staff redeployment.</li> <li>• In-house training programmes available.</li> <li>• Reviews being carried out.</li> <li>• Monitoring of the strategy and reporting to CMT.</li> <li>• Agency backfill where appropriate.</li> <li>• Training requirements identified through the PRD process.</li> <li>• Working with HR to prioritise recruitment requirements.</li> <li>• Mentor programmes available.</li> <li>• Redeployment of staff where possible.</li> </ul>	3	4	<ul style="list-style-type: none"> <li>• Graduate / apprentice programme to be implemented.</li> <li>• Develop options for train staff to required qualification level.</li> <li>• Workforce plan to be developed.</li> <li>• Transformation change programme to maximise flexible use of staff</li> </ul>
9.	<b>Health and Safety Controls</b> Risk that non-compliance with Council Health and Safety policies & procedures and legal & regulatory requirements leads to avoidable employee or 3rd party injury or ill health and/or regulatory fines and liability claims.	5	4	<ul style="list-style-type: none"> <li>• Place OHS programme plan of continual improvement established.</li> <li>• Individual Divisional Improvement Plans established to address findings of external and internal audits, incident reports and Workplace Regulation Inspections.</li> <li>• Place OHS Policy outlining policy statement, responsibilities and arrangements signed off Oct 2012. Reviewed annual until the development of a Corporate H&amp;S policy in 2015.</li> <li>• Place OHS Programme board and team established and meets regularly.</li> <li>• Place Divisional Lead Officers identified and meet regularly.</li> <li>• Joint Place and Trade Union H&amp;S and Wellbeing Committee established.</li> <li>• Programme of internal audits carried out by Corporate Health &amp; Safety</li> </ul>	4	3	<ul style="list-style-type: none"> <li>• New Governance to be implemented.</li> <li>• HoS H&amp;S Board to define Place requirements for reporting and monitoring.</li> <li>• Next British Safety Audit Council audit planned for Feb 2016</li> </ul>
10.	<b>Transformation programme</b> Transition to the new service structures and service delivery model may lead to disruption to or reductions in levels of service.	4	4	<ul style="list-style-type: none"> <li>• Detailed costed new structures finalised and approved.</li> <li>• Budget consultation has taken place and budgets have now been set for 2016/17.</li> <li>• Tier 3 structure now in place to support implementation of programme with HoS now leading the reviews for their Area of Responsibility. Project boards with and detailed project plan are in place.</li> <li>• Transformational leads for workstreams invited to SMT on regular basis.</li> <li>• Team/Divisional Risk Assessments being carried out.</li> <li>• Contingency planning and preparation work ongoing.</li> <li>• Performance reporting and management to reflect transformational outcomes being developed.</li> <li>• Programme of staff engagement implemented.</li> <li>• Transformation Risk Register in place and reviewed on regular basis.</li> </ul>	3	3	<ul style="list-style-type: none"> <li>• Stakeholder management plan.</li> <li>• Leadership Development/Engagement Learning Sets being rolled out.</li> <li>• New performance KPIs to be developed and agreed.</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

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

