

Notice of meeting and agenda

Governance, Risk and Best Value Committee

10.00am, Thursday, 23 June 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

Contact –

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1. Order of business

- 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

- 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

- 3.1 None.

4. Minutes

- 4.1 Minute of the Governance, Risk and Best Value Committee of 26 May 2016 – submitted for approval as a correct record (circulated)

5. Outstanding Actions

- 5.1 Outstanding Actions – June 2016 (circulated)

6. Work Programme

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

7. Reports

- 7.1 Internal Audit Opinion and Annual Report for the Year Ended 31 March 2016 – joint report by the Chief Internal Auditor and PricewaterhouseCoopers (circulated)
- 7.2 Internal Audit Quarterly Update report: 1 January 2016 – 31 March 2016 – report by the Chief Internal Auditor (circulated)
- 7.3 Internal Audit Follow up Arrangements: status report from 1 January 2016 to 31 March 2016 – report by the Chief Internal Auditor (circulated)
- 7.4 Corporate Leadership Team Action Plan to Address Matter Arising in the Internal Audit Opinion – report by the Chief Executive (circulated)
- 7.5 Corporate Leadership Team Risk Update – report by the Acting Executive Director of Resources (circulated)
- 7.6 Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service Update - report by the Acting Executive Director of Resources (circulated)

- 7.7 Recent Developments in Gaelic Education Provision in Edinburgh – referral from the Education, Children and Families Committee (circulated)
- 7.8 Waste Management – presentation by the Executive Director of Place

8. Motions

- 8.1 If any.

Kirsty-Louise Campbell

Interim Head of Strategy and Insight

Committee Members

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

Information about the Governance, Risk and Best Value Committee

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

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

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.

For the remaining items of business likely to be considered in private, see separate agenda.

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Item 4.1 - Minutes

Governance, Risk and Best Value Committee

10.00am, Thursday, 26 May 2016

Present

Councillors Balfour (Convener), Child, Dixon, Doran (substitute for Councillor Redpath), Gardner, Keil, Main, Mowat, Munro, Orr, Ritchie and Tymkewycz,

1. Order of Business

Councillor Balfour announced his intention to stand down as Convener for the Governance, Risk and Best Value Committee, a successor would be appointed at the City of Edinburgh Council meeting on 2 June 2016.

2. Minute

Decision

To approve the minute of the Governance, Risk and Best Value Committee of 21 April 2016 as a correct record.

3. Outstanding Actions

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

Decision

- 1) To agree to close items 2, 3, 4 and 5.
- 2) To otherwise note the outstanding actions.

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

4. Work Programme

Decision

To approve the Work Programme.

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

5. Governance of Major Projects: Progress Report

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

Decision

- 1) To note the current synopsis of the dashboard reports for the major projects portfolio set out in appendix 1 of the report
- 2) To note the updated assurance review schedule and findings of assurance review/health check's undertaken since previous reporting to Committee.
- 3) To note the Transformation Team under the new Strategy and Insight Division was operational from 2 May 2016 with a number of current vacancies.
- 4) To investigate the delay in the installation of cabinets to support the broadband infrastructure as part of the Connected Capital Programme.
- 5) To review projects included in the portfolio and how various smaller projects that come from one larger fund were reported, with an update to the meeting of the Governance, Risk and Best Value Committee on 18 August 2016.
- 6) To provide an update to members of the Governance, Risk and Best Value Committee on the progress of the Water of Leith Flood Prevention Scheme.

(References – Finance and Resources Committee, 17 March 2016 (Item 7); report by the Chief Executive, submitted.)

6. The Audit Arrangements for the Edinburgh Integration Joint Board

The audit arrangements Edinburgh Integration Joint Board and its duties compared to those still held by the City of Edinburgh Council were detailed.

Decision

- 1) To note the audit arrangements for the Edinburgh Integration Joint Board.
- 2) To note that the Governance, Risk and Best Value Committee would be informed if the Council's Internal Audit team were requested to undertake more than the three agreed reviews for the Edinburgh Integration Joint Board.
- 3) To request an update report on the audit arrangements of the Integration Joint Board to the Governance, Risk and Best Value Committee on 24 October 2016

(References – Edinburgh Integration Joint Board, 20 November 2015 (item 9); report by the Chief Officer, Edinburgh, Health and Social Care Partnership, submitted.)

7. Edinburgh Schools – referral from the Corporate Policy and Strategy Committee

The Corporate Policy and Strategy Committee on 17 May 2016 considered a report on the temporary closure of schools affected by structural issues and the work being carried out to identify and remedy defects. The report was referred to the Governance, Risk and Best Value Committee for scrutiny.

Decision

To note the report.

(Reference – referral report by the Corporate Policy and Strategy Committee, submitted.)

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

As requested by the Governance, Risk and Best Value Committee on 19 June 2015, results of a spot-check to ensure actions were undertaken by directorates and decisions communicated to staff were provided.

Also detailed were the numbers of late reports to Committee along with actions taken by directorates for the period November 2015 to April 2016.

Decision

- 1) To note the response to the staff survey on the dissemination of council policies and that further work would be undertaken to improve communication methods.
- 2) To note the number of late reports and actions taken by directorates to address the issue as detailed in appendix 1 of the report by the Chief Executive.
- 3) To request an update report to the Governance, Risk and Best Value Committee on 2 February 2017.
- 4) To include in future staff surveys, a question to clarify if a specific policy was relevant to the role of the respondent.

(References – Governance, Risk and Best Value Committee 12 November 2015 (item 11); report by the Chief Executive, submitted.)

9. Report by the Accounts Commission – An Overview of Local Government in Scotland 2016 – referral report from the Finance and Resources Committee

The Finance and Resources Committee on 12 May 2016 considered the national overview report from the Accounts Commission based on in-depth scrutiny and inspection across Scottish Local Authorities. The report was referred to the

Governance, Risk and Best Value Committee for consideration as part of its work programme.

Representatives from Audit Scotland were present for this item.

Decision

To note the report.

(References – Act of Council No 10 of 10 March 2016; report by the Chief Executive, submitted.)

Item 5.1 Outstanding Actions

Governance, Risk and Best Value Committee

June 2016

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	14.11.2013	Tram Project Update	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		<p>Inquiry now called by Scottish Government. Verbal Update on Tram project to be provided in 2015.</p> <p>Verbal Update to be provided by the Head of Legal and Risk in November 2016. This delay was due to the inquiry not having commenced.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
2	23/09/2015	Internal Audit Report: Integrated Health and Social Care	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			
3	19/10/2015	Committee Report Process	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		
4	15/12/2015	Home Care and Reablement Service Contact Time	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	August 2016		
5	03/03/2016	Work Programme	To ask that a report detailing the background of	Executive Director of	June 2016		Presentation on this item available

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			current waste collection difficulties across the City and action being taken to resolve them be submitted to the Transport and Environment Committee meeting in May prior to coming to the Governance, Risk and Best Value Committee in June 2016.	Place			for the June Committee. A full report will come to GRBV after consideration at the Transport and Environment Committee.
6	03/03/2016	Work Programme	To ask for a joint report from the Acting Executive Director of Resources and the Acting Executive Director of Communities and Families about recent developments in Gaelic education provision in Edinburgh. The report to contain detail of whether due process was followed and identify lessons learnt, and should be submitted to the Education, Children and Families Committee in May, prior to coming to the	Acting Executive Director of Resources and the Acting Executive Director of Communities and Families	June 2016		Recommended for closure, on June agenda

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Governance, Risk and Best Value Committee in June 2016.				
7	03/03/2016	Place Risk Update	To ask that an update report on the Place risk register be provided to Committee in August 2016 specifying action taken to mitigate high risks and whether it has been successful.	Executive Director of Place	August 2016		
8	21/04/16	Summary of the Account Commission's 'Major Capital Investment in Councils' Follow Up Report	<p>1) To note information regarding the design-life of schools currently under design/construction would be circulated to the Committee.</p> <p>1) To note that an annual report detailing capital investment activity and lessons learnt would be submitted to the relevant executive</p>	Acting Executive Director of Resources	September 2016		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>committee and to request that this also be submitted to the Governance, Risk and Best Committee.</p> <p>2) To request that the end of year capital report contain an analysis of the source of capital funding and how it impacted on the revenue budget.</p>				
9	21/04/2016	Internal Audit – Audit and Risk Service: Delivery Model Update	To ask that an update report on the internal audit function be provided to the Governance, Risk and Best Value Committee a year after implementation.	Acting Executive Director of Resources			
10	21/04/2016	Looked After Children: Transformation Programme Progress Report	To ask that the report into the implementation and effectiveness of the new arrangements be brought to the Governance, Risk and Best Value Committee	Acting Executive Director of Communities and Families			

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			following consideration by the appropriate committee. This report should be informed by the work carried out by the multi-agency partnership, contain detail of the delivery mechanisms and methods, and focus on outcomes				
11	26/05/2016	Governance of Major Projects: Progress Report	<p>1) To provide an update to members of the Governance, Risk and Best Value Committee on the progress of the Water of Leith Flood Prevention Scheme.</p> <p>2) To review projects included in the portfolio and how various smaller projects that come from one larger fund were reported with an update to the meeting of the</p>	Chief Executive	August 2016		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Governance, Risk and Best Value Committee on 18 August 2016.				
12	26/05/16	The Audit Arrangements for the Edinburgh Integration Joint Board	To request an update report on the audit arrangements of the Integration Joint Board to the Governance, Risk and Best Value Committee on 24 October 2016	Chief Officer, Edinburgh, Health and Social Care Partnership	October 2016		
13	26/05/16	Spot Checking on the Dissemination of Committee Decisions and Late Committee Reports	To request an update report to the Governance, Risk and Best Value Committee on 2 February 2017.	Chief Executive	February 2017		

Item 6.1- Work programme

Governance, Risk and Best Value

June 2016

N o	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
Section A – Regular Audit Items								
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	October 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	October 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 2017
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 2017
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
9	Audit Scotland	ISA 260	Annual ISA 260 Report	External Audit	Hugh Dunn	Council Wide	Annually	September 2016

N o	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
10	Accounts Commission	Annual report	Local Government Overview	External Audit	Hugh Dunn	Council Wide	Annually	May 2017
Section B – Scrutiny Items								
11	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	November 2016
12	Welfare Reform	Review	Regular update reports	Scrutiny	Danny Gallacher, Head of Corporate and Transactional Services	Council Wide	March 2016	March 2017
13	Review of CLT Risk Scrutiny	Risk	Quarterly review of CLT's scrutiny of risk	Risk Management	Chief Executive	Council Wide	Quarterly	October 2016
14	Whistle blowing Quarterly Report		Quarterly Report	Scrutiny	Chief Executive	Internal	Quarterly	August 2016
15	Pride in our People	Staff	Annual report of progress	Scrutiny	Chief Executive	Council Wide	Annual	October 2016
16	Workforce Control	Staff	Annual report	Scrutiny	Hugh Dunn	Council Wide	Annual	December 2016
17	Committee Decisions	Democracy	Annual report	Scrutiny	Chief Executive	Governance, Risk and Best Value Committee	Annual	August 2016
18	Disseminatio n of Committee	Democracy	Bi-annual report	Scrutiny	Chief Executive	Council Wide	Six-monthly	February 2017

No	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
	Decisions and Late Committee Reports							
19	Property Conservation – Legacy Closure programme and Defect Costs		Progress reports	Scrutiny	Hugh Dunn	All	June 2016 December 2016 April 2017	December 2016

GRBV Upcoming Reports

Appendix 1

Number	Report Title	Type	Flexible/Not Flexible
18 August 2016 Committee			
1	Audit Scotland – Annual Internal Controls Report	External Audit	Not Flexible
2	Committee Decisions - Annual Report	Scrutiny	Flexible
3	Place Risk Register	Scrutiny	Flexible
4	Audit Scotland – Annual Overview Report	External Audit	Flexible
5	Governance of Major Projects	Scrutiny	Flexible
6	Home Care and Reablement Service Contact Time	Scrutiny	Flexible
7	Whistleblowing Quarterly Update	Scrutiny	Flexible
8	Directorate Risk Register	Scrutiny	Flexible
26 September 2016 Committee			
1	External Audit Annual Report	External Audit	Not Flexible
2	Audited Council Annual Accounts	Scrutiny	Flexible
3	Treasury Annual Accounts	Scrutiny	Flexible
4	LPFE Ltd – Annual Accounts	Scrutiny	Flexible
24 October 2016 Committee			
1	Directorate Risk Register	Scrutiny	Flexible
2	Pride in our People	Scrutiny	Flexible
3	Committee report process	Scrutiny	Flexible
4	Audit Arrangements for the Edinburgh Integration Joint Board	Scrutiny	Flexible
5	IA Follow Up Arrangements	Internal Audit	Flexible
6	IA Quarterly Update	Internal Audit	Flexible
7	CLT Risk Register	Scrutiny	Flexible

Governance, Risk and Best Value Committee

10.00am, Thursday 23 June 2016

Internal Audit Opinion and Annual Report for the Year Ended 31 March 2016

Executive summary

Item number	7.1
Report number	
Executive/routine	
Wards	

This report provides the Internal Audit Annual Report and Opinion based on Internal Audit activity undertaken for the financial year ended 31 March 2016.

This report details the scope of internal audit, the opinion for the year ended 31 March 2016 and a note on the role and limitations of internal audit. This report is prepared per the requirement set out in the Public Sector Internal Audit Standards (PSIAS).

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	All

Internal Audit Opinion and Annual Report for the Year Ended 31 March 2016

Recommendations

- 1.1 It is recommended that the Committee note the internal audit opinion for the year ended 31 March 2016.

Background

- 2.1 The purpose of the Internal Audit function is to review and consider the City of Edinburgh Council's framework of governance, risk management and controls, and to make recommendations to management as to how any identified weaknesses might be addressed. Internal Audit also work with management to assist in the process of developing actions to rectify identified weaknesses. However, it is the responsibility of management to address and rectify the weaknesses identified and in doing so, improve the robustness of the framework of Governance, Risk Management and Control in place at the Council.
- 2.2 The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Internal Auditor delivers an annual opinion to the Governance, Risk and Best Value Committee, that can be used to inform the organisation's Annual Governance Statement. The purpose of this report is to present our opinion on the overall adequacy and effectiveness of the City of Edinburgh Council's framework of governance, risk management and controls, as relevant to our internal audit work performed for the financial year 1 April 2015 to 31 March 2016.
- 2.3 Whilst this report is a key element of the framework designed to inform the Annual Governance Statement, there are also a number of other important sources to which the Governance, Risk and Best Value Committee should look to gain assurance. This report does not supplant the Governance, Risk and Best Value Committee's responsibility for forming their own view on governance, risk management and control.

Internal Audit Opinion

Opinion

- 3.1 Internal Audit considers the framework of Governance, Risk Management and Control to be generally adequate but with enhancements required.
- 3.2 Internal Audit have not identified any fundamental weaknesses in the framework of governance, risk management and control at the Council.
- 3.3 However, based on our work performed in the year, (set out below) and the management recommendations that remain outstanding at the date of this report, Internal Audit considers that there are weaknesses in the framework of governance, risk management and controls. There were also instances during the year of non-compliance with existing controls. If not addressed, these weaknesses and instances of non-compliance may put the achievement of organisational objectives at risk. We consider that improvements are therefore required to address the matters identified, which will enhance the adequacy and effectiveness of governance, risk management and control.
- 3.4 This opinion is subject to the inherent limitations of internal audit (covering both the controls environment and the assurance over controls) as set out in Appendix 1. The nature and types of opinion considered by Internal Audit are set out in appendix 2.

Basis of opinion

- 3.5 Our opinion is based solely on our assessment of whether the governance, risk management and controls in place support the achievement of the Council's objectives.
- 3.6 The 2013 Audit Scotland report 'The Audit of Best Value and Community Planning' for The City of Edinburgh Council noted a number of weaknesses within the governance, risk management and control structure at the Council. This was accepted by Management who have focussed on the issues raised and sought to drive improvement. The improvements made to date were recognised in the 'Follow Up' reports issued by Audit Scotland in December 2014 and February 2016 and management recognise that further improvements continue to be required.
- 3.7 We have set out in Appendix 2 the 42 Internal Audit reports that have been issued in connection with the 2014/15 (5 reports carried forward) and 2015/16 Internal Audit programmes and which inform the 2015/16 opinion. Appendix 3 identifies 6 2015/16 programme reviews approaching completion. We have also considered the effect of any changes in the Council's systems and objectives as well as the level of resources available to Internal Audit.

3.8 We identified a total of 121 recommendations within the 43 reports issued in 2015/16. This is broadly consistent with 2014/15 despite the audit plan tackling more challenging areas in 2015/16 and these have been summarised below:

Service Area	Number of Reviews Completed	Number of findings			
		Critical	High	Medium	Low
Council Wide	3	-	2	5	2
City Strategy & Economy	1	-	-	1	3
Communities & Families	7	-	1	11	8
Health & Social Care	5	-	5	8	3
Place	3	-	2	8	3
Resources	16	-	3	28	15
Strategy & Insight	4	-	2	5	
Joint Boards	2	-	-	4	2
Other	2	-	-	-	
Total 15/16	43	-	15	70	36
<i>Total 14/15</i>	<i>39</i>		<i>13</i>	<i>66</i>	<i>64</i>

3.9 For all completed internal audit reviews, finalised action plans have been agreed with management for recommendations made. The Council is on a journey of improvement with regard to the governance, risk management and internal control framework of the Council and the completion of the recommendations identified by Internal Audit will assist with these improvements.

3.10 The total number of recommendations that are unresolved is set out below:

Service Area	Number of findings			
	Critical	High	Medium	Low
City Strategy & Economy	-	-	-	-
Communities & Families	-	1	3	6
Health & Social Care	-	1	5	1
ICT		2	7	1
Place	-	7	14	15
Resources	-	1	12	4
Strategy & Insight	-	1	2	-
Joint Boards	-	-	5	3
Total 15/16	-	13	48	30

<i>Total 14/15</i>	-	16	49	55
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Of these, there are 2 High and 15 Medium recommendations that currently remain open beyond an agreed 31 March 2016 or earlier closure date.

Service Area	Number of findings		
	Critical	High	Medium
City Strategy & Economy	-	-	-
Communities & Families	-	-	1
Health & Social Care	-	1	3
ICT		1	6
Place		-	1
Resources	-	-	5
Joint Boards	-	-	-
Total 15/16	-	2	15
<i>Total 14/15</i>	-	3	10

Tracking recommendations in this manner is relatively new and only commenced in December 2014. Since that date we have tracked overdue recommendations on a quarterly basis and the results for the last 12 months are set out in the table below:

Grading	Over due at 31 March 2015	Over due at 30 June 2015	Over due at 30 Sept 2015	Over due at 31 Dec 2015	Over due at 31 March 2016
High	3	3	5	4	2
Medium	10	12	14	18	15
Total	13	15	19	22	17

Further details of these overdue recommendations are contained within 'Internal Audit follow-up arrangements: status report from 1 January 2016 to 31 March 2016.

Comparison to prior year

3.11 We believe that the strength of the Governance Risk and Control environment at the Council has been broadly stable year on year and this is reflected in the generally consistent number of 'high' and 'medium' recommendations identified in 2014/15 and 2015/16. However, we note the deterioration over the year in the number of overdue actions shown above. We would encourage all those involved in Governance at the Council to assist in addressing and resolving these open items and reversing this trend.

3.12 While we consider that the strength of the framework of Governance, Risk Management and Control in place at the Council is in the 'Generally adequate but with some enhancements required' category (See Appendix 2), we continue

to consider that it is towards the lower end of this category. We consider that the Council should endeavour to improve its Governance Risk and Control environment and move towards a stronger position.

Conformance with Public Sector Internal Audit Standards

- 3.13 The PSIAS require us to report annually on conformance. Adoption of the PSIAS is mandatory for UK public sector organisations and they provide a coherent and consistent internal audit framework for the whole of the public sector.
- 3.14 The Chartered Institute of Public Finance and Accountancy (CIPFA) has prepared a Local Government Application Note and a Checklist for Assessing Conformance with the PSIAS in order to allow internal audit teams to evaluate the effectiveness of Internal Audit’s performance. The Checklist, which contains 334 best practice questions, was completed in Q4 2015 as part of the Internal Audit team’s quality programme.
- 3.15 The review identified two substantive areas of non-compliance with the PSIAS;

<i>Area of Non-compliance</i>	<i>Explanation</i>
The Internal Audit team had not evaluated the Risk function and Risk Management processes within the Council.	<p>The structure that the Council traditionally delivered Risk & Internal Audit Services resulted in the Internal Audit function not being sufficiently independent to evaluate the Risk function. During 2015/16, the Internal Audit function has moved towards greater autonomy as part of the transformation process and we now consider that we have reached a position where we are sufficiently independent to conduct a review of the Risk function.</p> <p>As a result our internal audit plan for 2015/16 includes for the first time, a review of the activities & operation of the Risk function and the outcome of this will be reported to this Committee in the normal manner.</p>
The Internal Audit team were not aware of any written terms with the Joint Boards & the Edinburgh Military Tattoo covering objectives, scope, responsibilities, distribution of results and access to records	The Council provides (& recharges) support services to each of these organisations, of which Internal Audit is one. The position in connection with Service Level Agreements (SLAs) with these organisations is unclear and the Internal Audit team are currently trying to establish the position for each of these organisations and whether any

	<p>documented SLAs contain sufficient detail in connection with Internal Audit Standards for the PSISAs to be met.</p> <p>The requirement for an SLA will also be relevant in connection with the work that Internal Audit expects to perform for the Edinburgh Integration Joint Board for Health & Social Care (EIJB) in 2016/17. An SLA that covers all services supplied by the Council to the EIJB is currently under consideration by the Council's legal team.</p>
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Internal Audit Self-Assessment

Quality Assurance and Improvement Programme

- 3.16 The PSIAS require an ongoing quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity, and that the results of this programme are included in the Internal Audit annual report. The QAIP must include both annual internal assessments and external assessments at least every 5 years.
- 3.17 Internal Assessments must include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. Ongoing monitoring is an integral part of the day-to-day supervision, review and measurement of the internal audit activity, and is incorporated in the routine policies and practices used to manage the internal audit activity. All work is reviewed by qualified staff prior to being issued to ensure it is of sufficient quality and complies with the methodology set out in the Internal Audit Manual.
- 3.18 The requirement for the periodic self-assessment is met by:
- An annual self review of compliance with the PSIAS via reviewing our conformance with the CIPFA Local Government Application Note and Checklist;
 - Analysis of Internal Audit KPI trends;
 - Analysis of feedback received from clients on completed reviews to identify any trends emerging; and
 - The completion of quality reviews checklists on a sample of reviews to ensure that they comply with the Audit Manual. These reviews will be undertaken by a team member independent of the reviews.
- 3.19 External assessments must be performed every 5 years with the current long-stop date being 31 March 2018. It is currently envisaged that we will take part in the External Quality Assessment (EQA) process of peer reviews that has being facilitated by the Scottish Local Authorities Chief Internal Auditors Group.

- 3.20 Our initial external assessment under this process is provisionally timetabled for the final quarter of 2016/17. The scope this assessment will be agreed with the Convenor Governance, Risk and Best Value Committee and the external assessor prior to work commencing.

Key performance indicators and client feedback scores

- 3.21 We reported our KPI results and client feedback scores for the first 6 months of the year (H1) to you in our Quarterly Update in December 2015. The results for the second 6 months of the year (H2) are set out below with H1 as a comparator.

	H2 2015/16	H1 2015/16
Staffing		
Chief Internal Auditor and Principal Audit Managers to be professionally qualified	Green	Green
Internal Audit training events to be held during the year	Green	Green
Operational		
Audits outlined in the annual plan to be completed in the year initially planned	Yellow	Green
Terms of Reference (ToRs) to be agreed for each audit before substantive field work commences	Green	Green
Exit meetings to be held at the end of the fieldwork	Green	Green
Draft reports issued to management for comment within 2 weeks of the exit meeting	Yellow	Yellow
Management comments received within 2 weeks of draft report being issued	Red	Red
Recommendations agreed with management prior to issue of the final report	Green	Green
Final report issued within 1 week of final management comments being received	Green	Red
Reporting		
Status of recommendations to be tracked, with overdue high and medium grade recommendations being reported	Green	Green

to the GRBV		
Wider Relationships		
Average client satisfaction score for quality		
Average client satisfaction score for efficiency		
Average client satisfaction score for timing		

We have included within Appendix 4 greater detail on the H2 Half Year KPI results for 2015/16.

3.22 The 'red' KPI indicator highlights that we continue to find it difficult to get agreed management responses to our findings and close out audits within our targeted timelines. We frequently experience delays in receiving management responses from auditees and it is not uncommon for initial management responses to be of insufficient quality and require additional input from the internal audit team. This impacts the efficiency of the closure process but has no impact on the quality of the work performed and the conclusions reached in the internal audit reports issued.

3.23 The remaining indicators are tracking either broadly in line with or above our expectations.

Internal Quality Reviews

3.24 As part of the revisions to the QAIP that we have introduced this year, we conducted internal reviews on a sample of 8 files completed though out the year. These files covered work performed by a number of different Auditors, both Principal Audit Managers and outsourced (PwC) work.

3.25 The work documented for each file was assessed against 12 different attributes which covered audit methodology and project management requirements contained within our Internal Audit Manual. The evidence threshold for each question was deliberately set at a high standard with a '*If it's not documented on the file, it didn't happen*' approach adopted, even if other supporting evidence was available.

The results of this exercise are set out below:

Planning attributes		
1	Is an understanding of the function's activities, set up, and their key objectives and risks demonstrated through scoping meeting minutes and planning documentation?	7/8 files were compliant.
2	Were the terms of reference reviewed by the	6/8 files were compliant.

	Chief Internal Auditor before it was issued to the key contacts?	
3	Was the Planning Risk Control Matrix reviewed by the Principal Audit Manager before controls testing began?	7/8 files were compliant.
Fieldwork attributes		
4	Was a walkthrough of the process completed? If not, is there evidence that this was discussed and agreed with the Principal Audit Manager?	8/8 files were compliant.
5	Have the key controls been identified?	8/8 files were compliant.
6	Were the sample sizes set out in the Internal Audit Manual used to test controls?	8/8 files were compliant.
7	Have all the objectives agreed in the Terms of Reference been addressed?	8/8 files were compliant.
Reporting attributes		
8	Was fieldwork reviewed by the Principal Audit Manager before the draft report was issued?	5/8 files were compliant.
9	Was the draft report reviewed by the Principal Audit Manager and the Chief Internal Auditor before the draft report was issued?	8/8 files were compliant.
10	Is there evidence of discussions with the appropriate level of management to confirm the factual accuracy of findings and agree management actions?	8/8 files were compliant.
11	Has the final report (including management actions) been approved by the Chief Internal Auditor before issue?	8/8 files were compliant.
Overall view		
12	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was	8/8 files were compliant.

	performed, to re-perform it if necessary and to support the conclusions reached?	
--	--	--

- 3.26 The results acted as a reminder of the necessity to maintain the core project management disciplines with both 'red' rated criteria being project management related. In reality, given our style of work, it is likely that these two criteria were met in practise, but the lack of documentary evidence in a number of files to evidence this has resulted in the 'red' status. These criteria which both related to the timely documentation of review procedures, have no impact on the overall audit quality of any audits as appropriate reviews were undertaken before the audits were finalised and released. They have been included within our quality review criteria as timely review can often increase audit efficiency.
- 3.27 This process also identified a weakness in our planning methodology surrounding the documentation of understanding our 'client' and as a consequence, we devised and adopted a new planning template to address this matter.
- 3.28 We will continue to perform internal reviews going forward and I would anticipate that additional learning points will emerge from future reviews.

Measures of success

- 4.1 Effective governance, risk management and internal control within the City of Edinburgh Council.

Financial impact

- 5.1 No direct financial impact.

Risk, policy, compliance and governance impact

- 6.1 No direct impact.

Equalities impact

- 7.1 No direct impact.

Sustainability impact

- 8.1 No direct impact.

Consultation and engagement

9.1 None.

Background reading/external references

10.1 [Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector](#)

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Mark Hoskyns-Abrahall

PricewaterhouseCoopers LLP

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	All
Appendices	Appendix 1 – Limitations and responsibilities of internal audit Appendix 2 – Opinion types Appendix 3 – Internal Audit Reports Supporting 2015/16 Opinion Appendix 4 – Reviews Nearing Completion from the 2015/16 audit plan Appendix 5 – Internal Audit KPIs for H2 2015/16

Limitations and responsibilities of internal audit and management responsibilities

Limitations and responsibilities of internal audit

The opinion is based solely on the internal audit work performed for the financial year 1 April 2015 to 31 March 2016. The work addressed the Terms of Reference agreed for each individual internal audit assignment as set out in the individual assignment reports. However, where other matters have come to the attention of Internal Audit which is considered relevant, they have been taken into account when forming the opinion.

There might be additional weaknesses in the system of internal control that were not identified because they did not form part of the programme of work, were excluded from the scope of individual internal audit assignments or were not brought to Internal Audit's attention. As a consequence Management and the Committee should be aware that the opinion may have differed if the programme of work or scope for individual reviews was extended or other relevant matters were brought to Internal Audit's attention.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

The assessment of controls relating to the Council is for the year ended 31 March 2016. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Audit

It is Management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for Management's responsibilities for the design and operation of these systems.

Internal Audit endeavour to plan its work so that it has a reasonable expectation of detecting significant control weaknesses and, if detected, it carries out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do

not guarantee that fraud will be detected, and examinations by internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix 2

Opinion types

The PSIAS require the provision of an opinion but do not provide any methodology surrounding the nature of that opinion. We have adopted the approach set out below in order to form an opinion for the Council.

We consider that there are 4 possible opinion types that could apply to the Council. These are set out in the table below:

1 Adequate <i>An adequate and appropriate framework of Governance, Risk management and Control is in place enabling the risks to achieving organisation objectives to be managed</i>	2 'Generally adequate but with enhancements required' <i>Areas of weakness and non-compliance in the framework of Governance, Risk management and Control that that may put the achievement of organisational objectives at risk</i>
3 'Significant enhancements required' <i>Significant areas of weakness and non-compliance in the framework of Governance, Risk management & Control that puts the achievement of organisational objectives at risk</i>	4 Inadequate <i>The framework of Governance, Risk management & Control is inadequate with a substantial risk of system failure resulting in the likely failure to achieve organisational objectives.</i>

Judgement is required to be exercised in determining the appropriate opinion to be given and it should be noted that in giving any opinion, assurance can never be absolute.

Appendix 3

Internal Audit Reports Supporting 2015/16 Internal Audit Opinion

Title of Review	High Risk Findings	Medium Risk Findings	Low risk Findings	Comments
Council Wide				
Management of Devolved Neighbourhood Environmental Programme & Community Grant Funding CW1503	2	2	-	
Procurement Arrangements – CW1501	-	2	2	
Implementation of 2016/17 Savings - CW15015	-	1	-	
City Strategy and Economy				
Sustainable Energy Action Plan – ED 1501	-	1	3	
Communities and Families				
Schools IT Systems – CF1513	1	3	1	
Access Control for SEEMis – CF1406	-	4	-	
Resilience Planning (Communities & Families) – CF1519	-	2	2	
Additional Support for Learning – CF1521	-	1	2	

Title of Review	High Risk Findings	Medium Risk Findings	Low risk Findings	Comments
PVG Checks and References – CF1501	-	1	1	
Implementation of the Children and Young People’s Act – CF1514	-	-	2	
Schools Assurance Pilot Framework- Thematic Response – CF1520	N/A	N/A	N/A	Thematic findings from 15 School visits.
Health and Social Care				
Personalisation and SDS – Stage 3 [SDS Option 2] – HSC 1402	2	2	-	
Integrated Health and Social Care – HSC 1501	2	1	1	
Swift Access Controls - HSC 1502	1	3	1	
Swift Data Quality – HSC 1405	-	2	1	
Health and Social Care - Service Matching Unit – Desktop review	N/A	N/A	N/A	
Place				
Contract Management – Roads – SFC 1505	2	4	-	
Planning Controls and the LDP - SFC 1502	-	4	2	
Management of Development Funding – SFC1501	-	-	1	
Resources				

Title of Review	High Risk Findings	Medium Risk Findings	Low risk Findings	Comments
Welfare Reform – CG1412	1	3	-	
Continuous Testing - One Time Payments – CG1503	1	3	-	
Review of Management Information Quality within CAFM – SFC 1513	1	2		
Edinburgh Shared Repairs Service – Emergency Repairs – SFC1507B	-	4	3	1 Advisory comment.
Occupational Health/Sickness Absence – CG1415	-	3	2	
Review of Carbon Reduction Commitment Scheme Compliance – CG1501	-	3	1	
LPF – Immediate Payments – CG1504	-	2	3	
LPF Pension Compliance – CG1509	-	2	2	
Anti-Fraud Arrangements – CG1507	-	2	1	
Property Disposals – SFC1503	-	2	1	
Use of demographics in the Budgeting Processes – CG1502	-	2	1	
Workforce Controls (Acting Up and Secondments) – CG1506	-	-	1	
Continuous Testing – Payroll – CG1512	-	-	-	
LPF – Externally Managed Investments – CG1510	-	-	-	

Title of Review	High Risk Findings	Medium Risk Findings	Low risk Findings	Comments
Review of Health and Safety Management System with a focus on Asbestos, Driving and Hand Arm Vibration Working Groups	N/A	N/A	N/A	
Review Recommend – Edinburgh Shared Repairs Services – SFC1507A	N/A	N/A	N/A	
Strategy and Insight				
Governance Arrangements – Arms Length Companies – CW1502	1	3	-	
Retention of Corporate Knowledge – CG1515	1	2	-	
Business Continuity Management – CW 1504	-	-	-	
Freedom of Information Requests – CG1508	-	-	-	
Joint Boards				
LBCJA – Information Governance – JB1504	-	3	1	
LVJB Annual Internal Audit Work – JB1501	-	1	1	
Other				
Parliament Hall Investigation	N/A	N/A	N/A	
CWSS Grant claim	N/A	N/A	N/A	
TOTAL (43 reports)	15	70	36	

Appendix 4

Reviews Nearing Completion

The following table shows the Internal Audit reviews from the 2015/16 Internal Audit plan that are nearing completion at the time of preparing this report.

Service Area	Title / Description
Council Wide	Continuous Testing – Disturbance payments
Health and Social care	Integration of Health and Social Care – Budgeting Process
Health and Social Care	Care Sector Capacity
Health and Social Care	Personalisation SDS Option 3
Joint Boards	SEStran – Annual Internal Audit Work
Resources	Information Governance

Internal Audit -KPIs for H2 2015/16

KPI	Target Level	Current status	Comments
Staffing			
Chief Internal Auditor & Principal Audit Managers to be professionally qualified	100%	100%	
Internal Audit training events to be held during the year	2	4	A full day soft skills training event for the entire team was held in September 2015. Subsequent to this 3 learning seminars with external presenters were held. In addition to this, we held a number of ad-hoc internal training sessions.
Operational			
Audits outlined in the annual plan to be completed in the year initially planned	90%	88%	Excluding Continuous Testing and the Schools Assurance project, the 2015/16 Audit plan contained 38 identified audits. 30 of which have been completed as planned during the year, 4 are in the completion phase with Internal Audit awaiting comments from Management and 4 were not undertaken due to events rendering them obsolete before they could commence. In addition there were 7 unplanned audits/reviews completed during the year. There were no planned audits which remained relevant that were not commenced.
Terms of Reference (ToRs) to be agreed for each audit before substantive field work commences	100%	100%	
Exit meetings to be held at the end of the fieldwork	100%	100%	
Draft reports issued to management for comment within 2 weeks of the exit meeting	90%	83%	We find more complex or controversial reports harder to turn round within the targeted timescale due to audit findings receiving a greater degree of challenge at the exit meeting stage.
Management comments received within 2 weeks of draft report being issued	90%	46%	We continue to experience difficulties in obtaining management comments within the targeted timescales. Management responses are often late and frequently are of insufficient quality and require additional input from the Internal Audit team as a consequence.
Recommendations agreed with management prior to issue of the final report	100%	100%	
Final report issued within 1 week of final management comments being received	80%	96%	

Reporting			
Status of recommendations to be tracked, with overdue high and medium grade recommendations being reported to the GRBV	100%	100%	
Wider Relationships			
Average client satisfaction score for quality	3.5	4.9	Our client satisfaction survey works on a 1-5 scoring system (5 being highest)
Average client satisfaction score for efficiency	3.5	4.8	
Average client satisfaction score for timing	3.5	4.7	

NB: The KPI results exclude Continuous Testing & the Schools Assurance programme (other than the Wider Relationships section which includes Continuous Testing reports) as a consequence of their differing natures to core internal audit reports. These items follow different pathways that do not map to these KPIs.

Governance, Risk and Best Value Committee

10.00am, Thursday 23 June 2016

Internal Audit Quarterly Update Report: 1 January 2016 – 31 March 2016

Item number	7.2
Report number	
Executive/routine	
Wards	

Executive summary

Internal Audit has made reasonable progress in the final quarter of the audit year. This report provides details of the activity from 1 January 2016 – 31 March 2016.

Links

Coalition pledges	PO30
Council outcomes	CO25
Single Outcome Agreement	

Internal Audit Quarterly Update Report: 1 January 2016 – 31 March 2016

Recommendations

- 1.1 Committee is requested to note the progress of Internal Audit in issuing 18 internal audit reports during the quarter and to note the areas of higher priority findings for reviews issued in this quarter.
- 1.2 Committee is requested to refer the 5 reports noted in Appendix 1 as potentially being of interest to the Audit & Risk Committee of the Edinburgh Integrated Joint Board to that Committee.

Background

- 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

- 3.1 Internal Audit has made reasonable progress in the final quarter of the audit year with 18 reports being issued for the quarter. These reports contain a total of 8 High, 28 Medium & 11 Low findings.
- 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 January 2016 to 31 March 2016'.
- 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

- 4.1 Once implemented, the recommendations contained within these reports will strengthen the Council's control framework.

Financial impact

- 5.1 None.

Risk, policy, compliance and governance impact

- 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

- 7.1 No full ERIA is required.

Sustainability impact

- 8.1 None.

Consultation and engagement

- 9.1 None.

Background reading/external references

- 10.1 None.

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Chief Internal Auditor

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Links

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 January 2016 – 31 March 2016. Appendix 2 – Summary of High Risk Findings and Management Actions for period of 1 January 2016 – 31 March 2016.

Appendix 1

Summary of Internal Audit reports issued for period 1 January 2016 – 31 March 2016

Internal Audit reports				
Title of Review	High Risk Findings	Medium Risk Findings	Low risk Findings	Advisory Comment
Contract Management – Roads – SFC 1505	2	4	-	-
Management of Devolved Neighbourhood Environmental Programme & Community Grant Funding CW1503	2	2	-	-
Schools IT Systems – CF1513	1	3	1	-
Continuous Testing - One Time Payments – CG1503	1	3	-	-
Governance Arrangements – Arms Length Companies – CW1502	1	3	-	-
Retention of Corporate Knowledge – CG1515#	1	2	-	-
Edinburgh Shared Repairs Service – Emergency Repairs – SFC1507B	-	4	3	1
LBCJA – Information Governance – JB1504	-	3	1	-
Resilience Planning (Communities & Families) – CF1519	-	2	2	-
Additional Support for	-	1	2	-

Learning – CF1521				
Implementation of 2016/17 Savings - CW15015#	-	1	-	-
Implementation of the Children & Young People's Act – CF1514	-	-	2	-
Continuous Testing – Payroll – CG1512#	-	-	-	-
<i>Total</i>	8	28	11	1
Other Internal Audit Outputs				
Business Continuity Management -Tattoo – JB1503*	2	1	1	-
Review Recommend – Edinburgh Shared Repairs Services – SFC1507A	N/A	N/A	N/A	N/A
Review of Health & Safety Management System with a focus on Asbestos, Driving and Hand Arm Vibration Working Groups#	N/A	N/A	N/A	N/A
Schools Assurance Pilot Framework- Thematic Response – CF1520	N/A	N/A	N/A	N/A
Health & Social Care - Service Matching Unit – Desktop review#	N/A	N/A	N/A	N/A

* Given that the Tattoo is an independent Charity and not part of the Council, the details of the High Risk Findings have not been included within Appendix 2.

These reviews may be of interest to members of the Audit & Risk Committee of the Edinburgh Integrated Joint Board and it is proposed these reviews are referred to that Committee.

City of Edinburgh Council

Internal Audit

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

(31 December 2015 - 31 March 2016)

Contents

- Section 1 – Contract Management - Roads 2
- Section 2 – Management of the Devolved Neighbourhood Environmental Programme and Community Grant Funding7
- Section 3 – Schools IT systems12
- Section 4 – Continuous Testing – One Time Payments15
- Section 5 – Governance Arrangements – Arms Length Companies18
- Section 6 – Retention of Corporate Knowledge21

Section 1 – Contract Management - Roads

SFC1505

Total number of findings

	Critical	High	Medium	Low
Total	-	2	4	-

Background

The Neighbourhood Roads Teams across the City are allocated an annual revenue budget of £4.9 million across the six Neighbourhoods (soon to be four Localities) for road repairs and renewal and a Capital budget of £0.9m to spend under the Neighbourhood Environmental Programme and on smaller projects such as carriageway enhancement, drainage improvements and bus stop maintenance.

The Neighbourhood Roads Teams are responsible for designing and commissioning works within the budgets allocated to them. Work is directed first to the Edinburgh Roads Service (ERS), before being sent to a framework contractor where ERS do not have the skills or capacity to complete the work.

This audit focussed on works completed by the ERS which were commissioned by the West Neighbourhood Office. However, the findings should be taken as indicative of areas where it is possible that adequate controls and processes have not been fully adopted by all the neighbourhood offices. Management have proposed actions to address our findings which will be rolled out across the new locality roads teams.

Scope

The scope of this review will be to assess the design and operating effectiveness of the Council's controls for the prioritisation of maintenance and improvement works and controls over works contract management. The sub-processes and related control objectives included in the review are:

- Prioritisation of work;
- Allocation of work; and
- Contract Management

Testing for this audit was limited to work completed by the internal Edinburgh Roads Service and commissioned by the West Neighbourhood Office. We also walked through the process used by the central Transport team to manage works carried out by Edinburgh Roads Service to assess the design and implementation of controls.

Local Roads Programme works completed by external framework contractors are included within the scope of the Neighbourhood Partnerships review.

Summary of High Risk Findings

Budgetary control and financial management

There is no consistent or robust process for managing the costs of works undertaken by ERS. Through discussions with officers at the West Neighbourhood Office and the Central Transport department we noted that:

- There is no schedule of rates for works carried out by ERS. This means budgets for works cannot be completed accurately;
- ERS are not required to obtain approval from the commissioning manager for an extension to approved works, or where additional labour, plant or materials are required;
- As ERS is part of the Planning and Transport service, payment for labour, plant and materials is by internal transfer which does not have to be authorised by the commissioning manager from the Transport department or the Neighbourhood Office;
- There was no evidence retained that costs charged by ERS are reviewed by the commissioning manager; and
- Costs are recorded on Axim, while the estimated works budget is recorded on the Confirm project management system. There is no link between the systems, so budget variances must be calculated manually.
- The additional costs of any remedial works are charged to the commissioning roads teams on top of the original budget. They are not able to reclaim those costs from ERS.

Quality

Reviews undertaken by the Transport Interim Quality Audit Team identified works and materials failures resulting in major remedial works at additional cost to the Council. The Transport Interim Quality Audit Team was a short-life working group and has now been disbanded.

Officers were unable to demonstrate that site visits are carried out as a matter of routine by project or commissioning managers to confirm that the quality and extent of works completed are satisfactory.

Recommendations and Agreed Management Action for High Risk Findings

Recommendations	Agreed Management Actions	Target Date	Status of Actions Due
<p>Contract Management - Financial Management</p> <p>The road and footway contract process should include robust monitoring of contract expenditure. This should include:</p> <ul style="list-style-type: none"> • Accurate budgeting of work assisted by a schedule of rates; • Documented approval of variations to agreed work; • Exception reporting to highlight overspend against budget; and • End of works review of expenditure to ensure commissioning managers are satisfied that all work and costs are appropriate. 	<ol style="list-style-type: none"> 1. For Locality (Revenue) Work, estimated works costs are prepared and noted on Confirm (Works Management System) making use of compound rates. Ensure that future works estimates make use of agreed and future schedule of rates. Responsible Officer: North-West Local Transport & Environment Manager 2. For Locality (Revenue) Works, introduce a protocol to ensure that additional works are agreed, where reasonably possible, with the Commissioning team prior to commencement. Responsible Officer: North-West Local Transport & Environment Manager 3. For all Capital and Revenue Work, introduce an internal contract process to manage works estimating, charging, completion sign off by the 	<p>30 June 2016</p> <p>1 October 2016</p> <p>30 October 2016</p>	<p>Not due</p> <p>Not due.</p> <p>Not due.</p>

Recommendations	Agreed Management Actions	Target Date	Status of Actions Due
	<p>client and final account closure.</p> <p>Responsible Officer: Transport Infrastructure Manager</p> <p>4. Establish remedial works protocol to ensure Commissioning teams are not charged for defective works.</p> <p>Responsible Officer: ERS Manager</p>	1 October 2016	Not due.
<p>End of Works Quality Assessment</p> <p>An end of works quality assessment should be conducted and documented before final payments are made to contractors and ERS. This review should be carried out by a qualified member of staff who can assess the work carried out against the industry standards and contract requirements.</p>	<p>1. Recommendation accepted – ongoing site visits to be adequately recorded and final quality inspection process to be developed, by the Locality Transport teams, for appropriate works.</p> <p>Responsible Officer: North-West Local Transport & Environment Manager</p> <p>2. Sample Inspections for Revenue works (commissioned by Locality Teams) are currently undertaken and will be recorded through Confirm. (Audits of above to be undertaken to ensure compliance)</p> <p>Responsible Officer: North West Local Transport & Environment Manager</p> <p>3. Site visits (and Final Inspections) to be carried out by commissioning teams for all Capital schemes and significant revenue works.</p>	<p>30 June 2016</p> <p>30 June 2016</p> <p>30 June 2016</p>	<p>Not due</p> <p>Not due</p> <p>Not due</p>

Recommendations	Agreed Management Actions	Target Date	Status of Actions Due
	<p>Responsible Officer: Transport Infrastructure Manager</p>		

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

Section 2 – Management of the Devolved Neighbourhood Environmental Programme and Community Grant Funding

CW1503

Total number of findings

	Critical	High	Medium	Low
Total	-	2	2	-

Background

Community Grant Funding

Devolved Community Grant Funding ('CGF') to Neighbourhood Partnerships aims to encourage community-run projects which benefit the local community and support the implementation of Local Community Plans. Constituted groups from the local area can apply for a grant of up to £5,000 for a project which demonstrates community benefit. Each Neighbourhood Partnership Board manages the annual fund according to local structures and priorities but all use the Council's approved community grant funding criteria, standard application form and Council Funding Conditions. Community Grant Funding available to local areas in 2015/16 totalled £405,678.

Following consultation, some Neighbourhood Partnerships have taken this a step further and have fully devolved the budget and responsibility for selecting successful bidders to local residents groups, who arrange open community voting for projects. This is known as 'participatory budgeting'.

Neighbourhood Environmental Programme

The Neighbourhood Environmental Programme ('NEP') covers two distinct work streams: Roads and Footways ('General Fund') and Housing Regeneration Projects ('HRA').

HRA is restricted to areas where there is Council housing and allocated on the basis of local Council rental income. Neighbourhood Partnerships decide how the HRA budget will be spent, but works are commissioned and managed by the central Housing Asset Management team.

The NEP is devolved to the neighbourhoods and managed by Area Roads teams. NEP Community groups and local inspectors identify potential projects in their local area. The Neighbourhood Partnership, community representatives and Area Roads team members then discuss each project and prioritise them to create a works programme. Projects are commissioned and managed by the Area Roads teams, and the processes followed vary from team to team.

In 2014/15, only 70% of the full £1.1 million General Fund budget was spent; HRA spend was 73% of the £2.2 million budget allocation. The projected spend in 2015/16 is 68% of the allocated budget for the General Fund and 59% of the HRA budget.

Scope

The scope of this review was to assess the design and operating effectiveness of the Council's controls for ensuring accountability and appropriate management of spend on behalf of Neighbourhood Partnerships and Council tenants. The audit concentrated on two funding initiatives, Community Grant Funding and the Neighbourhood Environmental Programme.

The sub-processes and related control objectives included in the review were:

- Accountability;
- Management of spend; and
- Performance management.

We visited four of the six Neighbourhood offices to review the CGF and NEP processes.

Summary of High Risk Findings

Project documentation and records retention on Edinburgh Roads Services projects

Neighbourhood Offices commission Edinburgh Roads Services (ERS) to deliver a proportion of General Fund projects and some HRA projects. Where ERS was used, officers from both services were unable to provide documents to demonstrate that key contract and legislative requirements had been met, including:

- Health and Safety risk assessments;

- Scope of works including costs;
- Project acceptance by a senior officer in the Neighbourhood Office;
- Project acceptance by Edinburgh Roads Service;
- Inspection of completed works by the project manager;
- Evidence that costs charged by Edinburgh Roads Service are reviewed by a senior officer in the Neighbourhood Office; and
- Final sign off of completed works by a senior officer in the Neighbourhood Office

The documents should have been retained to comply with the Council's Record Retention policy. It was unclear if they had ever existed and if so, whether they had been destroyed or archived in a manner which made them difficult to recover.

Budget monitoring

Expenditure against budget is not routinely reviewed by locality managers or reported to Neighbourhood Programme Boards. Internal Audit had to specifically request the preparation of financial information as at 29 February 2016 to establish the current financial position for NEP expenditure in each Neighbourhood. 'Committed spend', being the cost to the Neighbourhood Partnership if all planned projects were completed in the year, is reported. However, as indicated by the unspent budget in 2014/15, planned projects are often delayed or dropped. This means that:

- Financial reporting will often show an overspend against budget in the expectation that projects will be postponed or dropped later in the year;
- Budget carried forward from the previous year is not clearly identified; and
- Neither the neighbourhood manager nor the Neighbourhood Partnership Board has sight of actual spend against budget through the year.

Recommendations and Agreed Management Action for High Risk Findings

Recommendations	Agreed Management Actions	Target Date	Status of Actions Due
<p>Retention of project documentation</p> <p>The process for commissioning and managing NEP projects undertaken by ERS should be mapped, with key documents such as a schedule of works, a health and safety risk</p>	<p>1. The process for managing NEPs projects (commissioned by locality teams) should comply with the current Locality Quality Assurance Operational Guide, which covers Construction</p>	<p>31 October 2016</p>	<p>Not due</p>

Recommendations	Agreed Management Actions	Target Date	Status of Actions Due
<p>assessment and final project sign off identified.</p> <p>Key documents must be retained in accordance with the Council's records management policy.</p>	<p>Design & Management. The Operational Guide will be reviewed and updated by Locality Teams with assistance and support from the core Transport Team to ensure it is fit for purpose and reflects current CDM regulations 2015.</p> <p>Responsible Officer: Locality Manager with support from the Transport & Infrastructure Manager</p> <p>2. Refresher training will be targeted to all locality roads managers and relevant ERS and local roads team members.</p> <p>Responsible Officer: Locality Manager</p> <p>3. Increase awareness of the Council's record management system by ensuring that all team members complete Council-wide mandatory training on information governance.</p> <p>Responsible Officer: Locality Manager</p>	<p>30 November 2016</p> <p>31 July 2016</p>	<p>Not due.</p> <p>Not due.</p>
<p>Budgeted and actual expenditure monitoring</p> <p>A robust budget monitoring process should be introduced for use consistently across the neighbourhoods and localities. This should give neighbourhood managers a clear view of actual spend against budget through the year.</p> <p>Performance should be reported regularly to the</p>	<p>A budget monitoring tool has now been developed to monitor the progress of Locality Commissioned work, including NEPS. This will give Neighbourhood Partnerships up-to-date information on actual and budgeted spend for each project and will be completed and shared with all NEP budget holders each month.</p>	<p>30 June 2016</p>	<p>Not due.</p>

Recommendations	Agreed Management Actions	Target Date	Status of Actions Due
<p>Neighbourhood Partnership Board. This should include:</p> <ul style="list-style-type: none"> • Actual expenditure against allocated grant funding; • Projects not completed within the year; • Explanations where there is a significant variance against budget on approved projects; and • Budget carried forward from the previous year. 	<p>Monthly meetings to be established with all Localities NEP budget holders to review job progress, spend to date and budget forecast and budget profile. Progress of projects should be agreed with any variance in costs agreed. Re-profiling of budgets will also be discussed and agreed at the meetings. These meetings should promote best practice and consistent approach throughout all Localities.</p> <p>Responsible Officer: RAMP Planning & Programme Manager</p>		

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

Section 3 – Schools IT systems

CF1513

Total number of findings

	Critical	High	Medium	Low
Total	-	1	3	1

Background

The school IT estate consists of hardware acquired centrally by the Council under a BT service contract and hardware purchased directly by schools. Schools are responsible for managing all devices purchased outside the BT service contract using school funds.

School-managed devices are predominantly iPads purchased for classroom use. Models vary from single classroom iPads to 'one-to-one' schools where each pupil is assigned an iPad. The Digital Learning Team encourages schools to use Meraki to manage iPad use. This is mobile device management software which enables schools to monitor the use of devices and enforce passwords and security settings.

Access to school servers is restricted to devices purchased under the BT service contract. All other devices, including school-managed computers and tablets, only have web access. Office 365 is being introduced to schools to facilitate remote working. Office 365 is a web-based application which allows secure access to emails and cloud storage, and enables users to share documents securely.

Scope

The scope of this review was to assess the design and operating effectiveness of controls relating to access to applications and data in the school IT estate. The review was focussed on school-managed devices and covered:

- Security requirements for access to applications and data;
- IT policy;
- Tracking of hardware; and
- Reporting of security issues.

Summary of High Risk Finding

Use of Non-BT Devices

Teaching staff commonly use personal and school-managed computers for work purposes, which may on occasion involve personal and sensitive data. These are not supported by BT and as such may not have full security such as passwords and anti-virus and encryption software installed. We identified one instance where sensitive personnel data was held on an unencrypted memory stick.

Office 365 has been introduced to all schools. However, use of Office 365 is still limited in some schools and there is evidence that data is still stored on personal and school-managed hard drives.

While staff are required to comply with the corporate Acceptable Use of IT policy, the policy does not specify security required when staff are using their own device for work purposes. We further note that staff at six of 14 schools visited by Internal Audit had not completed mandatory training on information governance at time of our audit visits between September and November 2015.

Recommendation and Agreed Management Action for High Risk Finding

Recommendation	Agreed Management Action	Target Date	Status of Actions Due
<p>School staff should be encouraged to use Office 365 exclusively when using a non-BT managed device for work, and ensure that their device is password protected.</p> <p>Guidance on the use of non-BT managed devices for work should be issued to schools</p>	<p>We will prepare concise, easy-to-use guidance on the use of non-BT managed devices for work, specifying security requirements. The guidance will be introduced to schools at head teachers' and ICT co-ordinators' forums. The guidance will be circulated to schools. Staff will be asked to sign to confirm that they have read and understood the guidance annually.</p> <p>Responsible Officer: Systems Admin Lead Officer –</p>	31 March 2016	This process has been delayed with the revised implementation date now 31 August 2016

Recommendation	Agreed Management Action	Target Date	Status of Actions Due
<p>staff, including</p> <ul style="list-style-type: none"> • Secure storage of data on Office 365 or an encrypted device; • Anti-virus software; • Passwords; and • Physical security. <p>All staff should be required to confirm understanding of and compliance with the guidance.</p>	Digital Learning Team		

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

Section 4 – Continuous Testing – One Time Payments

CG1503

Total number of findings

	Critical	High	Medium	Low
Total	-	1	3	-

Background

A one time payment request is a request for payment that does not relate to any contract for the supply of goods and services. Typical examples of their use are: refunds, (including housing benefits, council tax or parking fines), damage and loss claims, and payroll corrections. Payments are generally made by the completion of a 'One Time Payment' Form. Payments can be made by cheque through the Oracle payment system or by raising a payment through the RBS Bankline system with a 'dummy invoice' being raised within the Oracle payment system.

The payments are processed centrally by the Payments Services Team; with the exception of Benefits, Council Tax, Non-Domestic Rates (NDR), and Payroll. However cancellations or corrections to the subsets above fall to the central team to process. In 2014/15 the activity for one time payments was 20,315 transactions to the value of just under £10.3 million pounds.

Scope

The scope of the review was to assess the design and operating effectiveness of the Council's controls over one time payments. The sub-processes and related control objectives included in the review are:

- Appropriateness;
- Multiple Payments; and
- Channel Shift.

Summary of High Risk Finding

Authorisation controls

There are no effective controls around authorisation and approval of the 'One Time Payment' (OTP) payments.

The current Oracle payment system does not record the name of the person who is authorising the payment; thereby OTP bypasses hierarchy controls. A paper form, requiring two signatures, is sent from the service area to the Payments Services Team, however.

- Some forms are 'pp' by a member of staff within the authorisation field; and.
- Some signatures are illegible therefore it is unclear who the signature belongs to.

These payments are processed by the Payments Services Team as the current assumption is that they have been authorised by the service area; and there is no authorised signatory list or delegated authority level for the team to refer to.

Recommendation and Agreed Management Action for High Risk Findings

Recommendation	Agreed Management Action	Target Date	Status of Actions Due
<p>Effective authorisation controls should be implemented immediately. Each Service area should be required to provide a delegated authority level, for example Level 4 Manager, Team Leader, etc. and advised of the requirement for forms to be completed fully and legibly.</p> <p>Payments Services should act as the key control in this system and the default position should be to return inappropriate or incomplete forms to service area.</p>	<p>With immediate effect, no one time payment form with a 'pp' within the authorisation field will be accepted for payment process by Payment Services, and will be returned to originator.</p>	18 January 2016.	Satisfactorily completed
	<p>Payment Services will take control and act on a new process which will include contacting departmental Heads of Service and requesting an updated signature list of staff (Tier 4 or Team Leader grade), who will be responsible and authorise all One Time Payments relating to their area(s).</p> <p>Payment Services staff will check all OTP's received</p>	29 February 2016	Satisfactorily completed

Recommendation	Agreed Management Action	Target Date	Status of Actions Due
	<p>against agreed authorisation list before processing for payment.</p> <p>Any OTP application received by Payment Services without proper authorisation and backing documentation will be returned to department requester.</p> <p>Service to replace signature confirmation with email confirmation – with OTP requests/approvals only being accepted from agreed email addresses consistent with agreed departmental approval lists. This will remove uncertainty created by signature checks and move away from a paper based system. Emails will be stored in agreed archive to allow for audit checks and ongoing compliance monitoring. Activity to be phased in to ensure no inappropriate interruption to service.</p> <p>Responsible Officer: Payment Services Manager</p>	30 April 2016	Satisfactorily completed
One Time Payment functionality should be considered as part of any on-going review process and / or the new payment system implementation.	The Council will review one-time payment functionality within the new systems being introduced in October 2016 through the new ICT contract. Where opportunities exist to strengthen internal controls, for example, through the use of workflow, these will be explored	31 December 2016	Not due.

Section 5 – Governance Arrangements – Arms Length Companies

CW1502

Total number of findings

	Critical	High	Medium	Low
Total	-	1	3	-

Background

The Council has a significant interest in or provides significant funding to a number Subsidiaries, Associates and Trust Companies and the Council register (at the time of our review) had 20 'Companies' and 38 'Subsidiary companies' listed within the register.

The Council is responsible for ensuring that any company it sets up or funds can demonstrate best value in its use of public money. It is therefore critical that sound governance arrangements are in place for these organisations. Experience has shown how poor governance of Council companies can result in significant financial and reputational cost to the Council and an adverse impact on delivery.

A Capital Coalition working group of elected members ("Members' Working Group") considered officer recommendations and set out the arrangements that members wished to put in place in relation to Council companies. The proposals of the Members' Working Group were summarised within section 2 of the Council Companies report which was presented to 'Full Council' on 13.12.12. This report has formed the basis for the existing governance arrangements in place in respect of Arms Length Companies, concluded that:

- The funding agreements or shareholder agreements (between the Council and the company) should set out the objectives of the company linked to the outcomes the Council wishes to achieve, and specify the services and any other return the Council expects in exchange for funding.
- They should also set out the financial, performance reporting, accounting and audit requirements.
- Appropriate KPI's should be put in place to ensure the efficiency of the company's operations and demonstrate best value.

- The Council should receive monthly information from Council companies providing a level of detail which is appropriate.
- Existing agreements should be reviewed in line with these recommendations and monitoring rights should be rigorously enforced by the Council.
- The director of the relevant service area will be responsible for ensuring that the governance and performance of the companies is managed appropriately.

Scope

The scope of this review was to assess the design and operating effectiveness of the Council's controls relating to governance arrangements over 'Council Controlled Companies'. The sub-processes and related control objectives included in the review were:

- Roles and responsibilities
- Governance Arrangements (entity)
- Governance Arrangements (Council Wide)

Summary of High Risk Finding

Independence

Conflicts of interest are difficult to define due to their inherent subjectivity and are often the subject of public scrutiny.

Elected members routinely sit on the Boards of Arms Length Companies and the linked executive Council Committee that oversees them. This results in a number of Councillors who are responsible for scrutinising Arms Length Companies also being directors of the companies, who are legally responsible for the actions of these companies.

This could be perceived as a conflict of interest as individual councillors are responsible for scrutinising actions that they are responsible for. This could result in the perception that Councillors' decisions are influenced by the Arms Length Companies and this situation does not in our opinion, meet best practice governance standards.

Councillors who are directors of EDI and EICC and scrutinising these companies could be perceived as being outwith the spirit of "The Standards Commission for Scotland Guidance on the Councillors' Code of Conduct".

This code defines holding office in a company as a 'Non-Financial Interest' (4.22). The code determines that an elected member with a non-financial interest should withdraw from any discussion (or vote) impacting the interest until the discussion (or vote) has concluded (5.7) unless the Interest is covered by a general or specific exclusion defined by 5.18 (d) of the code. An exclusion would only apply for a company if it was:

- I. established wholly or mainly for the purpose of providing services to the councillor's local authority; and

II. entered into as a contractual arrangement with that local authority for the supply of goods and / or services to that local authority.

It is not clear that EDI and EICC would meet these conditions. The minutes of the Economy committee do not suggest that Councillors who are directors of EDI & EICC withdraw when these companies are being discussed. .

Recommendation and Agreed Management Action for High Risk Findings

Recommendation	Agreed Management Action	Target Date	Status of Actions Due
<p>To avoid the perception that conflicts of interests exist at Committees' scrutinising Arms Length Companies;</p> <ul style="list-style-type: none"> • We would not recommend elected members being directors of Arms Length Companies, which are subject to scrutiny by committees on which they sit. • Where elected members are directors of an Arms Length Company that is being scrutinised by a committee on which they sit, we would consider that it would be good practise for them to withdraw when the relevant arms length company is being discussed. To facilitate this, we would recommend that the committee clerk's should invite all elected members to consider their position prior to any discussion on Arms Length Companies. 	<p>A report including this recommendation will be presented to Council on 28 April 2016. Any consequent adjustment to Board membership will be undertaken at the Council meeting on 2 June 2016.</p> <p>Committee clerks will immediately act in accordance with the decision taken by Council on 28 April when they consider governance arrangements for the Council's ALEOs and, specifically thereafter in reminding at Committee meetings the actions agreed on declaring interests and minimising the risk of potential conflicts of interest.</p> <p>Responsible Officer: Governance & democratic services manger</p>	<p>2 June 2016</p> <p>28 April 2016</p>	<p>A report proposing changes in line with the IA findings is now due to go to Council on 30 June.</p>

Section 6 – Retention of Corporate Knowledge

CG1515

Total number of findings

	Critical	High	Medium	Low
Total	-	1	2	-

Background

The Council is about to under-go a period of significant change as the restructuring programme gathers pace. This will see a significant number of individuals either change roles within or leave the organisation.

The retention of Corporate Information has historically been problematic for the Council and this has been highlighted in a number of incidents recently. Given the level of significant changes anticipated, it is important to ensure that Corporate Information is retained and managed consistently throughout the restructuring process.

Scope

The scope of this review will be to assess the Record Management (RM) controls in place to ensure that important Corporate Knowledge is retained when individuals change roles or leave the CEC. The sub-processes and related control objectives included in this review are:

- Joiners & Leavers; and
- IT Risk Management Access Controls.

Summary of High Risk Findings

Records Management Procedures

The Council's Records Management (RM) policy has been in force since September 2014 but the mandated local procedures to support compliance have yet to be fully embedded across the organisation.

The Council Records Management policy states that staff must follow local administrative procedures which are documented within local Records Management Manuals. Whilst records management practices are documented and controlled in some Council services, there are, as of yet, no formally approved records management manuals within the Council. We understand these will be developed over the next five years. The large transformation program underway in the council will stress the current local documentation and processes in place and the Council would benefit from approved Records Management Manuals being in place.

The Council Records Management policy states that the Information Governance Unit (IGU) will conduct rolling, periodic reviews of Records Management Manuals but this has not been included in the annual information governance plan.

Recommendation and Agreed Management Action for High Risk Findings

Recommendation	Agreed Management Action	Target Date	Status of Actions Due
<ul style="list-style-type: none"> • Develop a plan for roll out and review which must be tracked by the Information Council and appropriate senior management; • A review of the 'state of play' of any RM documentation needs to be undertaken by each Directorate; • Directorates / teams without a completed and approved RM manual must set a deadline and track through to completion; and • The Council should develop common Records Management procedures for services such as Finance, Health and Safety and HR that can then be 	<p>Development and roll out of a 5 year implementation plan by the IGU for the creation and review of records management manuals across the Council to be included in this year's information governance annual plan</p> <p>The IGU will work with DROs this year to review existing RM documentation – this will be incorporated into the implementation plan. Subsequent reviews will be split between the annual information governance maturity assessment and the IGU's rolling risk based review of RM manuals</p> <p>The IGU will work with the relevant service areas to investigate whether common procedures can be developed – this will be incorporated into the implementation plan</p>	<p>29 February 2016 for implementation plan development</p> <p>31 December 2016</p> <p>30 September 2016</p>	<p>Satisfactorily completed</p> <p>Not due.</p> <p>Not due.</p>

Recommendation	Agreed Management Action	Target Date	Status of Actions Due
<p>implemented in local directorates and teams.</p>	<p>The IGU to regularly report to the Information Council on progress with initial pilots, then the wider roll out and eventually a review and audit schedule</p> <p>Responsible Officers: Information Council / IGU members Directorates Records Officers</p>	<p>Ongoing</p>	

Governance, Risk and Best Value Committee

10.00am, Thursday 23 June 2016

Internal Audit follow-up arrangements: status report from 1 January 2016 to 31 March 2016

Item number	7.3
Report number	
Executive/routine	
Wards	None

Executive summary

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 March 2016 that are past their initial estimated closure date.

Links

Coalition pledges
Council outcomes
Single Outcome Agreement

Internal Audit follow-up arrangements: status report from 1 January 2016 to 31 March 2016

Recommendations

- 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

- 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

- 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 2 high recommendations and 11 medium recommendations that remain open past their due date at 31 March 2016. These are split as follows:

Grading	Over due at 31 Dec 2015	Closed	Management now tolerating risk	Newly overdue	Total
High	4	(3)	-	1	2
Medium	18	(13)	-	10	15
Total	22	(16)	-	11	17

- 3.4 The details of these recommendations are shown in Appendix 1, with the 9 items previously reported to GRBV separately identified.
- 3.5 We have also tracked the number of overdue recommendations each quarter since we moved to the current approach of tracking overdue recommendations.

Grading	Over due at 31 March 2015	Over due at 30 June 2015	Over due at 30 Sept 2015	Over due at 31 Dec 2015	Over due at 31 March 2016
High	3	3	5	4	2
Medium	10	12	14	18	15
Total	13	15	19	22	17

- 3.6 From this it is evident that the overall trend during year has been an increase in over-due actions. While there was a net reduction of five in the three months to 31 March 2016, six of the over-due items at 31 December 2015 remain unresolved at 31 March 2016.

Measures of success

- 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

- 5.1 Not applicable.

Risk, policy, compliance and governance impact

- 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

7.1 Not applicable.

Sustainability impact

8.1 Not applicable.

Consultation and engagement

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

None.

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Chief Internal Auditor

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Links

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 – 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
Communities and Families					
1	Additional Support for Learning CF 1521 ISS. 3 Medium	<p>There were 50 children at independent special schools during 2014/15, of whom 16 were new admissions. These places are funded by the Council because the child has complex care needs rather than for purely educational reasons. As such, the Additional Support for Learning decision-making process will not always apply and a child may be placed in an independent special school by a social worker at short notice in response to a care crisis. Of 5 new admissions in 2015/16 sampled there was no evidence of budget approval by Head of Service or Service Manager in 3 cases.</p> <p><i>Independent school admissions funded by the Council should be approved by an appropriate officer before the admission date or soon after in the case of an emergency admission. Children's Services should define and implement an approval process for expenditure on independent school places. Evidence of approval must be retained.</i></p>	A policy which covers the authorisation and monitoring of independent school places had already been largely devised prior to this audit. Management will ensure the policy is completed and applied.	Acting Head of Children's Services 29 February 2016	
Health & Social Care					
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>Packages of care are currently not checked against the relevant budgets during the approval process .</p> <p><i>System control to be implemented to ensure that no package of care service be concluded without the appropriate approval being met. Exception Reports should be produced which highlight any services that have been attached to the system, which do not have the appropriate approval.</i></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.	Strategic Planning, Service Re-Design and Innovation Manager 30 June 2015	<p>This work is being taken forward through the H&SC Transformation Project 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. Further consideration of any additional risks that the implementation of a new threshold & decision making process has the potential of introducing further delay to the decision making process. [Revised Implementation date 31/12/16]</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 3 HSC1402 ISS.2 ## Medium	The audit review has highlighted that there is no overall ownership of the documented processes and procedures which encompass the "Option 2" of SDS. A number of procedures require to be updated. All business processes should be brought up to date; control issues addressed where indicated and rolled out to the appropriate responsible officers.	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.	Research & Information Manager 31 December 2015	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. 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. Movement to Localities model will require process change.
4	Personalisation & SDS - Stage 2 RS1245 ISS.5 ## Medium	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. 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.	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.	Strategic Planning, Service Re-Design and Innovation Manager 30 June 2015	This work is being taken forward through the H&SC Transformation Project which will identify and oversee all the workstreams required to implement delegated budget management. Interim reports are being enhanced to include financial information for budget managers to inform their decision making in relation to purchasing care. Training on these reports has been given (by Corporate Finance colleagues). [Revised Implementation date 31/12/16]
5	Integration - Health and Social Care HSC1501 ISS. 6 Medium	The cost of services and how they will be allocated between CEC and NHS Lothian after the EIJB takes over responsibility for services has not yet been agreed. Therefore, the budget contribution which has been designated for the EIJB by CEC cannot be assessed to understand whether it is aligned to the services for which CEC will be responsible, or whether the funding is in line with what the EIJB considers will be required to provide an appropriate level of service provision. Although the Integration Scheme states that both parties will "work together in the spirit of openness and transparency" in relation to finances, both are experiencing significant financial pressures, adding to the risk of insufficient funds being available for effective operation of the EIJB based on services assessed as being required.. The EIJB needs to complete the Strategic Commissioning Plan and identify the budget they believe is required to fulfil their remit. The alignment of services with this plan should be clearly documented and a responsible party for each service agreed.	Agree with recommendations. KPMG has been commissioned to support H&SC to prepare a transformational programme for adult social care services to address current budget pressures. A due diligence process will also be undertaken for the 2016/17 budget.	Integration Project Manager 31 March 2016	The Council Transformation Programme and re-structuring programme has made this a complex matter. Work is ongoing on the detail of resources in and out of scope. There is currently a risk that the proposals in various elements of the Council Transformation programme will mean a measure of non compliance with Integration Scheme. e.g. Social Care Direct, Out of Hours functions, some adult protection functions, some substance misuse functions and some support functions to frontline adult social care services. Work continues.

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
Place					
6	Planning Controls & the Local Development Plan SFC1502 ISS.2 Medium	<p>Numbered clauses are set up on the Uniform database for each planning agreement covering key tasks, such as site inspections, receipt of an agreement, forward of agreement to relevant functions etc. Within each clause, notes, key dates and value are entered, and supporting documents are attached to provide a detailed summary of all actions taken. Reports can be produced by planning application reference detailing all open and closed clauses for each agreement monitored. It was noted that clauses are not set up in a standard format. From a review of 11 developments, 7 files were satisfactorily completed but in the remaining 4, clauses were still active but future visits had not been scheduled or details of scheduled visits with past dates not recorded. We would have expected these four sites to have been detected during a supervisory review process, and addressed. For one education contribution reviewed, the amount payable had not been indexed to 2009 in error. The contribution was received in March 2015 but no action has yet been taken to rectify this.</p> <p><i>Standardising and rationalising clauses set up to record tasks and prompting future actions would provide better management information. There should be regular supervisory review to gain assurance that required standards are maintained.</i></p>	<p>i. The monitoring system is robust but it is accepted that further standardisation could be achieved. This will be reviewed and where appropriate changes made. In particular standardisation of 'checking clauses' will be explored and introduced</p> <p>ii. Team managers can already review progress. this arrangement will be formalised and recorded so it can be evidenced</p> <p>iii. This will be taken forward as part of exercise outlined above</p>	P&BS Senior Manager (East Area) 01 January 2016	<p>Scope for improving the standardisation of clauses, records, task and actions has been identified and the relevant processes are being modified. A spreadsheet system is being developed to enable review and regular monitoring of agreements by team managers.</p> <p>It is expected that the agreed management actions will be fully in place by August 2016.</p>
ICT Function					
7	Access Controls - Schools IT Systems CF1513 ISS.1 High	<p>Teaching staff commonly use personal and school-managed computers for work purposes, which may on occasion involve personal and sensitive data. These are not supported by BT and as such may not have full security such as passwords and anti-virus and encryption software installed. We identified one instance where sensitive personnel data was held on an unencrypted memory stick. Office 365 has been introduced to all schools. It enables staff and pupils to work remotely on a secure web-based platform and eliminates the need for data to be stored on hard drives. However, use of Office 365 is still limited in some schools and there is evidence that data is still stored on personal and school-managed hard drives. The corporate Acceptable Use of IT policy, does not specify security required when staff are using their own device for work purposes. We further note that staff at six of 14 schools visited had not completed mandatory training on information governance at time of our audit visits between September and November 2015.</p> <p><i>School staff should be encouraged to use Office 365 exclusively when using a non-BT managed device for work, and ensure that their device is password protected. Guidance on the use of non-BT managed devices for work should be issued to schools staff who should confirm understanding of and compliance with the guidance.</i></p>	<p>We will prepare concise, easy-to-use guidance on the use of non-BT managed devices for work, specifying security requirements. The guidance will be introduced to schools at head teachers' and ICT co-ordinators' forums. The guidance will be circulated to schools. Staff will be asked to sign to confirm that they have read and understood the guidance annually.</p>	ICT Development Manager 31 March 2016	<p>The guidance is covered in the 'Checklist for Schools'. Need to test the ability of new MDM Intune to ensure security on any devices that are not school managed. Propose new implementation date of 31/8/16 Action will remain 'open' with revised implementation date of 31/08/2016. Proposed checklist provided to demonstrate progress.</p>

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
8	Access Controls - Schools IT Systems CF1513 ISS.2 Medium	iPads bought as part of the technology in schools pilots are now reaching the end of their useful lives. Schools reported uncertainty about how they should dispose of redundant technology, resulting in unused iPads and laptops stored in schools pending confirmation of disposal arrangements and unused iPads sold to school staff with proceeds returned to the school fund. In each case, ICT technicians confirmed that all data was removed when the device was returned. Arrangements for the safe disposal and recycling or reallocation of iPads, laptops and other school-managed devices should be clarified and communicated to schools.	A Computer Reselling and Recycling Scheme is being set up for Edinburgh schools. The contract will be finalised by the end of January 2016. The new contract will be introduced as a pilot at one secondary and one primary school before the new arrangements are rolled out to all schools in April 2016.	Development Officer 31 March 2016	Contract agreed by both sides and just needs to be signed. Action will remain 'open' with revised implementation date of 31/08/2016. Will provide a 'clean' copy of the contract once it is delivered by XMA.
9	Access Controls - Schools IT Systems CF1513 ISS.4 Medium	We selected a sample of 25 schools and compared the number of iPads registered on the Meraki mobile device management software to the number of iPads purchased from the preferred supplier and verified the password settings. Eight of the 25 schools reviewed had not registered all iPads purchased on Meraki. In one case only 21% of the iPads purchased had been registered on Meraki. Only nine of 25 schools reviewed enforce alphanumeric passwords of 6 to 8 characters on iPads registered on Meraki. All iPads should be registered on Meraki and protected by a complex password (8-character, alphanumeric).	Use of Meraki, or the replacement CGI mobile device management system, will be made mandatory. It may not always be appropriate to use a complex password, for example for classroom iPads. However, complex passwords will be required where an iPad is allocated to an individual: this will be stipulated in the guidance staff are asked to read and agree to annually (see issue 1).	Development Officer 31 March 2016	Mandatory guidance will be communicated from the Head of Schools and Lifelong Learning to all Head teachers. Revised implementation date of 31/08/2016
10	MI Quality within FM CG1513 ISS. 2 Medium	Corporate Property are unable to produce robust reporting, due to numerous data quality issues, both within its own data and also within the wider Council data it uses. Inconsistencies in reporting are often caused by staff that do not fully comprehend the need for accuracy when capturing data. A good example is the multiple teams that input data into the finance system. These individuals do not understand the importance of using the appropriate cost code and have on occasion reported staff remuneration against a building code or recorded building costs against a team code. Other examples include rooms being recorded as buildings or a single toilet block being recorded as a two separate buildings. There is no evidence that these issues are being raised to the central Information Governance Unit and managed across the organisation. Pro vide verification to and gain sign off by the Data Council for the correct and accurate source of data within the Corporate Property data reference document; <input type="checkbox"/> Corporate Property data stewards to raise data quality concerns to the Data Council for centralised management and resolution; and <input type="checkbox"/> Data Council to promote the need for accurate data entry/processing across all Directorates.	1)The AMS proposes that the data cleansing and validation exercise is fully resourced and prioritised, as part of the delivery of the wider programme. 2)Additional resource to be procured to provide additional project management, training and consultancy support in the areas of data cleansing, validation, migration, system interface builds and performance reporting requirements etc. 3) Teams across the Corporate Property Division have been tasked with cleansing existing data, e.g all estates data that is recorded in AIS. 4) Action Tracker now in place within the SAM team which is reviewed and monitored on a weekly basis. 5) Data Quality Manager to be recruited within Corporate Property for CAFM.	Head of Corporate Property 31 March 2016	Estates and Operational data currently being cleansed with a view to migration to TF test environment Apr - Jun 2016. Points 1 - 4 = complete 5. Data quality Manager to be recruited. Job Graded and to be approved by Board/. revised implementation date 30/6/16

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
11	CAFM - Corporate Property SFC1406 ISS.2 ## Medium	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 used. 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 The Council should ensure that Phase 1 of the CAFM project is completed within the revised timetable.	We will close out all outstanding issues relating to Phase 1 and ensure Head of Service signs off phase 1 as complete.	Management Information Officer 31 March 2015	It is anticipated that Phase 1 of the CAFM implementation will be completed by 09.05.16. at which point this outstanding action can be closed off.
12	CAFM - Corporate Property SFC1406 ISS.3 ## Medium	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. 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.	We will produce an agreed training plan for all Corporate Property staff and ensure that the correct resource is made available to roll out the training, including areas of risk, governance and reporting.	Management Information Officer 30 May 2015	A training programme for the rollout of the full CAFM solution will be developed internally with the assistance of our software supplier TF Cloud Estimated Implementation Date 31.08.16
Resources					
13	Flexible Working Hours Processes and Procedures CG1304 ISS.5 Medium	The scheme of Flexible Working Hours procedure is out of date having last been updated in 2000. This is of particular concern given the many changes to the number of flexible working options that are now available to Council employees many of whom work within the Scheme of Flexible Working Hours in addition to one of the other flexible working options. The Scheme of Flexible Working hours procedure be updated and brought into line with other flexible working processes and procedures as a matter of urgency. This would allow for development of best practice and consistencies. All administrators should be trained on this to allow for consistent application.	Review the Scheme of Flexible Working Hours Procedure and develop and deliver appropriate implementation arrangements for the revised Procedure.	Head of Human Resources 31 March 2016	As transformation of Council Services is now well underway across the organisation, a review of flexible working hours as part of our overall value proposition would deliver the best return on investment for the Council. The HR team will develop proposals around flexible working which takes account of both service demands and the needs of our people for flexible approaches to work which support their well-being and service delivery needs within an overall reward framework. This will be delivered following the Reward and Recognition project which is planned to complete in April 2017

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
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><i>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.</i></p> <p><i>Where required, the systems should be updated or reporting methods changed to ensure that the same information can be presented for all properties to allow direct comparisons to be made, ensuring that the strategic plan is correct and making best use of the Council's properties.</i></p>	<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</p>	Asset Strategy Manager 31 March 2015	<p>It is anticipated that Phase 1 of the CAFM implementation will be completed by 30.04.16 at which point this outstanding action can be closed off. It is anticipated that performance reporting based on specific agreed PI's for P&FM will commence post Phase 1 go live.</p> <p>Estimated implementation date for PI reporting 30.06.16.</p>
15	Planning Controls & the Local Development Plan SFC1502 ISS.5 Medium	<p>More effective monitoring of spend is required for all developer contributions contributions to ensure they are managed appropriately and to mitigate wherever possible the risk of them expiring or not being credited against the correct departmental budget. Finance do not currently receive any feedback in relation to spend. The Accountant proposes to put in place an effective monitoring and review process, aligned to the annual budget planning process. From a review of a number of individual monitoring spreadsheets maintained by Service areas, it was noted that only Children and Families recorded specific timescales for spend in line with individual agreements. Other areas tend to use a five year expiry as a catch all.</p> <p><i>One central point is required for recording details of spend, with a mechanism for flagging expiries with the Benefiting Services 18 months prior to deadline for spend.</i></p>	<p>A formal process will be designed by Finance and put into place to monitor developer contribution spend with Service areas. This is envisaged to include creating a secure standalone control spreadsheet that contains the relevant details regarding the developer contribution. A timescale flag with an 18 month lead time to expiry in order to highlight those that may be at risk of being unutilised. The process will consider how this monitoring can be included along with current arrangements e.g. as a standing item at management team meetings.</p>	Senior Accountant 31 January 2016	<p>The developer contribution monitoring spreadsheet has now been fully populated and tested. It has been 'road showed' to relevant officers within each service area responsible for utilising the developer contributions. It will now be sent to relevant officers by email by 20 May 2016 for their review seeking update where applicable. Monitoring through the use of this spreadsheet will now be embedded into the wider capital monitoring process and be done on a quarterly basis.</p>

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
16	Planning Controls & the Local Development Plan SFC1502 ISS.8 Medium	<p>Contributions received must be repaid if unspent within timescales designated in the legal agreement. Timescales vary between individual agreements, but contributions are generally refundable with interest if not utilised within either five or ten years from the date of payment (or date of commencement or completion of the development). The legal agreement generally stipulates that it is the responsibility of the contributor to request reimbursement. As at March 2014, contributions held in investment accounts totalled £7,377,870. Of this balance, funds aged in excess of 5 years total £5,090,108. All of these historic contributions relate to Transport. £3,499,850 has been identified as ' other infrastructure ', ring-fenced for specific projects ongoing. Finance is currently engaging with Transport Planning to establish the position in relation to the remaining historic contributions totalling £1,590,258. Where this review establishes that funds have not yet been spent, and the timescale for spend exceeded, Finance will liaise with Legal Services to determine the Council's position in terms of refunding contributions or establish if any other works have been done in the area that the funds could be matched to, within the terms of the legal agreement. Where it is established that work has been done by the spending areas, but not matched to the contribution, an appropriate accounting adjustment will be required. Details of historic contributions not transferred to investment accounts, totalling £706,410, have also been issued to Transport Planning for review, and have been moved to an investment account pending this update.</p> <p><i>The current position in relation to a number of historic contributions invested requires to be established, and appropriate follow on actions taken.</i></p>	<p>This process began at the start of this year. Finance asked officers within Transport to review the list of unused developer contributions with a view to stating if infrastructure has been delivered in line with the S.75 conditions. In doing this, we asked officers to consider any historical works that may have been carried out that may meet the S.75 conditions. The aim is to maximise as much of this unspent contribution as possible and get legal opinion on if we should reimburse developers for any unspent contribution received. A partial return has been provided but more information is required before a final decision on how to treat this historical developer contribution can be made. Finance will set some clear timescales to officers within Transport so that this exercise may be brought to a conclusion. Following on from this, Finance will then liaise with Legal Services to determine what action is required – either to bank the income on the basis of infrastructure delivery or consideration of paying back unused contribution to developers.</p>	Senior Accountant 31 January 2016	<p>A report will be presented to CLT (currently scheduled to go to a meeting in June) presenting the position on outstanding contributions where spend date has expired, with approval being sought to initiate a payback process. Following approval being granted, a covering letter will be sent to applicable developers explaining the situation and seeking BACs information for pay back.</p>

No	Review and Risk Level	Initial Finding & <i>Recommendation</i>	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
17	Procurement Arrangements CW1501 ISS.1 Medium	<p>It is the responsibility of Service Areas to submit online complete, accurate and up to date contract information for the contract register. A sample of 12 contracts awarded by the Finance & Resource Committee in 2014/15 were selected to establish if details were reflected in the register. In four cases further validation was required by C&PS before the contract register could be updated. The registers are currently held in excel with shared open access within C&PS. There are plans to set up the pipeline register as a web application. Bi-monthly contract register overviews sent to each Directorate include lists of all contracts due to expire within 18 months. Service Areas are required to provide a note of actions being taken against each expiring contract. Feedback received by the Commercial Partners is forwarded to the Senior Commercial Operations Officer to update the contract and pipeline registers, and to the relevant Category Manager to note any new tendering requirements. It is recognised that data issued to Service Areas need to be more refined prior to issue; checks need to be made to the pipeline and contract registers to ensure that only contracts that C&PS require updates on are followed up.</p> <p>Robust data validation checks are required to ensure the accuracy and completeness of contract register entries, including framework contract details. Action should be taken to secure the integrity of the pipeline and contract registers. Improvements need to be made to the process to ensure more targeted information in respect of expiring contracts is sent out focusing attention on areas where management feedback is required.</p>	<p>(i) Validation checks are now in place. Each Category manager has reviewed the Register to validate entries aligned to their Category.</p> <p>(ii) The transfer of the pipeline to a Sharepoint database provides an audit trail reducing vulnerability to deliberate or accidental manipulation. In the short term we will introduce password protection for the contracts register or move the live version into a folder with restricted access, but in the medium term intend also to move the register to a database that provides an audit trail and provide wider access to staff to input their updates.</p> <p>(iii) Reporting of contracts approaching expiry is a recent development. The early reports have identified gaps in our procedures for capturing the current status of actions being taken against each expiring contract. We will address this by developing and documenting a clear process for recording status updates. In addition we will ensure that both Delivery Teams and Commercial Partners review reports before they are circulated to services.</p>	Commercial Insight & Development Manager 31 March 2016	<p>(i) Completed prior to issue of final report.</p> <p>(ii) Short-term - the pipeline register is now held on the Sharepoint database. The contract register is now password protected; only 4 members of the Commercial Operations Team now have access to update the master. Completed. Medium-term - the original intention was to move the contract register to Sharepoint, an Ernst & Young database, but it was considered too risky to hold so much CEC data with a contractor. The register will be held within Business World 4 (the system that is replacing Oracle and Trent) when this goes live in October 2016 with appropriate log in & password controls in place. The design phase for this is the end of November 2015, with build and testing in February 2016. Revised estimated completion date 31st October 2016.</p> <p>(iii) Weekly Demand meetings have been held since the beginning of September between the Delivery & Pipeline Manager, Category Managers and a representative from the Commercial Operations Team.</p>
	## = Issue Previously Reported				

Governance, Risk and Best Value Committee

10:00am, Thursday 23 June 2016

Corporate Leadership Team action plan to address matters arising in the Internal Audit Opinion

Item number	7.4
Report number	
Executive/routine	
Wards	

Executive summary

Internal Audit has made reasonable progress in the final quarter of the audit year. This report provides details of the activity from 1 January 2016 – 31 March 2016.

Links

Coalition pledges	PO30
Council outcomes	CO25
Single Outcome Agreement	

Corporate Leadership Team action plan to address matters arising in the Internal Audit Opinion

Recommendations

- 1.1 Committee is requested to note this report and the actions that it outlines.

Background

- 2.1 In December 2014 the Audit of Best Value and Community Planning of The City of Edinburgh Council noted that “the Council had made good progress in a number of areas, such as risk management and scrutiny.” The Best Value Audit 2016 stated that “some important elements are now in place to help such a drive for improvement. We are particularly encouraged by the progress made by the Council in embedding its governance arrangements, notably around elected member scrutiny of performance. Improved risk management and internal audit is also valuable”
- 2.2 The 2015/16 Internal Audit annual report assesses the Council’s governance, risk and control environment as *‘generally adequate but with enhancements required’*. The Internal Audit annual report advises that the current position is broadly similar to the position in 2014/15 but notes that the Council’s governance, risk and control environment remains *‘towards the lower end of this category’*.
- 2.3 The Corporate Leadership Team (CLT) would like to take the opportunity to reiterate their support for the activities of the Internal Audit team and welcome the independent challenge that they provide.
- 2.4 The CLT are pleased to note that there appears to have been no deterioration in the governance, risk and control environment during a period of the significant change through the Transformation programme.
- 2.5 Nevertheless, the CLT recognises that the governance, risk and control environment is not as fully robust they would like it to be and recognise that they need to address any current areas of weakness. This report sets out the actions that the CLT intend to take to help strengthen the Council’s governance, risk and internal control environment.

Main report

Strengthening the 2nd Line of defence

- 3.1 The CLT recognises the value of Internal Audit in identifying weakness and promoting improvements in the Council's governance, risk and control environment but appreciates that Internal Audit is the Council's 3rd line of defence. The CLT recognises the necessity for the Council to strengthen its 2nd line of defence (management assurance and risk management) and that it is management who are responsible for designing and implementing an adequate controls framework. Strengthening the 2nd line of defence will have a positive impact upon the effectiveness of the 1st line of defence (operational management) and the overall control framework.
- 3.2 The Council has undergone, and will continue to undergo, significant change as the Transformation project is fully implemented. These changes have resulted in different ways of operating and require changes to the controls framework to be implemented to ensure that the business is fully controlled in an appropriate manner.
- 3.3 CLT have identified three key actions for driving improvement in the controls framework:

<i>Mechanism</i>	
Increased internal challenge	<p>CLT will challenge each service to self review its own internal control framework, subsequent to the completion of Transformation, to ensure that it remains appropriate.</p> <p>CLT will encourage all services to review their controls framework on an ad-hoc basis and to develop a culture of continuous internal consideration and improvement.</p>
Investment in the Risk Function	<p>CLT are investing in the centralised Risk oversight and facilitation function. Risk register reviews/risk discussions will also be given greater prominence at CLT.</p> <p>Risk has an important role to play in indentifying and highlighting areas of potential concern (including those that cross lines of service). This assists the Directorates to focus their efforts on the areas of greatest significance.</p>
Strengthening of the Council's Annual Assurance process	<p>The Council has a self assessment assurance process to support the Annual Governance Statement given by the Council each year in their Audited Annual Accounts. As</p>

	<p>reflected by the improved scrutiny and change referenced in the Best Value Audit, the Assurance process has been refined and strengthened on an ongoing basis. As part of this process, each Director is required to self assess the controls framework within their Directorate.</p> <p>Working with Risk and Governance, CLT will be encouraging each Directorate to invest in that process to obtain a more detailed understanding of the underlying controls framework and areas for improvement.</p>
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- 3.4 The CLT recognise that improving the Council’s controls framework will be a ongoing process but would expect these actions to generate improvements over the short to medium term.

Increasing responsiveness to Internal Audit’s activities

- 3.5 The CLT recognises that the Internal Audit report contains a number of areas that do not reflect well on the Council’s responsiveness to addressing concerns raised by Internal Audit. In particular CLT are uncomfortable with the number of over overdue actions being reported each quarter by Internal Audit (while accepting that in a period of change there will inevitably be some recommendations in this category) and the apparently low level and/or inadequacy of responsiveness by Management to certain draft recommendations issued by the Internal Audit function.

- 3.6 In order to mitigate these issues, CLT are proposing to increase Internal Audit presence at CLT meetings by way of a monthly update on the position. Internal Audit currently present their draft Governance, Risk & Best Value report quarterly to CLT. It is proposed that Internal Audit will continue to do this but in the other two months, Internal audit will be requested to present:

- Current over-due audit actions and recommendations that will fall due in the next 3 months; and
- Internal Audit reports that have been issued in draft to Management.

Directors will provide an update on the outstanding or significant matters for CLT discussion.

- 3.7 CLT believe that this enhanced reporting will give CLT much greater visibility over the Directorates’ response to Internal Audit recommendations and that this visibility will increase accountability and responsiveness. This should result in Internal Audit recommendations being actioned earlier with a corresponding improvement to the Council’s control framework.

Measures of success

- 4.1 Once implemented, the recommendations contained within these reports will strengthen the Council's control framework.

Financial impact

- 5.1 None.

Risk, policy, compliance and governance impact

- 6.1 Strengthening the Council governance, risk & internal control framework will reduce the likelihood of the Council facing a negative shock.

Equalities impact

- 7.1 No full ERIA is required.

Sustainability impact

- 8.1 None.

Consultation and engagement

- 9.1 None.

Background reading/external references

- 10.1 Internal Audit Opinion for 2015/16.

Andrew Kerr

Chief Executive

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Links

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	

Governance, Risk and Best Value Committee

10.00am, 23 June 2016

Corporate Leadership Team Risk Update

Item number	7.5
Report number	
Executive/routine	
Wards	

Executive summary

The risk information attached is the Corporate Leadership Team's (CLT) prioritised risks as at May 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 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 Senior Management Team (SMT) Risk Committees.

Corporate Leadership Team Risk Update

Recommendations

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

Background

- 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 (GRBV) Committee on the key corporate level risks facing the Council.
- 2.2 The CLT last presented its Corporate Risk Register to the GRBV Committee in March 2016.

Main report

- 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 The Risk Committee in May 2016 discussed renewed arrangements for assessing risk under the new Locality model. It was agreed that an engagement by the central risk management team with the 4 Locality Managers and 4 IJB Managers on a quarterly basis was appropriate to ensure that risks were aggregated and escalated to the CLT Risk Committee.
- 3.3 A new risk was identified with respect to the data migration programme from the legacy BT data centre to the new CGI data centre. This was noted as a high residual risk and the Committee would have a detailed brief of the transition and associated communications to affected individuals. This risk would replace the previous 'Service Provider Degradation' risk.
- 3.4 Specific risks relating to PPP1 were discussed. It was agreed that a risk should be captured in relation to the timeline for return to schools, which is exacerbated due to reliance on a third party: Edinburgh Schools Partnership (ESP).
- 3.5 Good progress was noted in relation to improvements in essential learning throughout the Council.

- 3.6 The CLT discussed the benefits of the Schools Assurance project and the learning points that it identified for the Schools estate. It was noted that Internal Audit will be making a number of enhancements to the process for the 2016/17 school visits, including bringing in officers from the Records Management team to act as specialists alongside the existing Health and Safety personnel involved in the project. CLT noted that there will be a broader scope of establishments visited to include early years provision and community centres. CLT also noted the need to move this from a 3rd line of defence to a 2nd line of defence. Communities & Families are considering how they may be able to facilitate a transition to self/peer assessment for the 2017/18 cycle.
- 3.7 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.
- 3.8 The risk register is a dynamic working document and is updated regularly to reflect the changing risks of the Council.

Measures of success

- 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

- 5.1 None.

Risk, policy, compliance and governance impact

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

Equalities impact

- 7.1 None.

Sustainability impact

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

Consultation and engagement

- 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

None.

Hugh Dunn

Acting Executive Director of Resources

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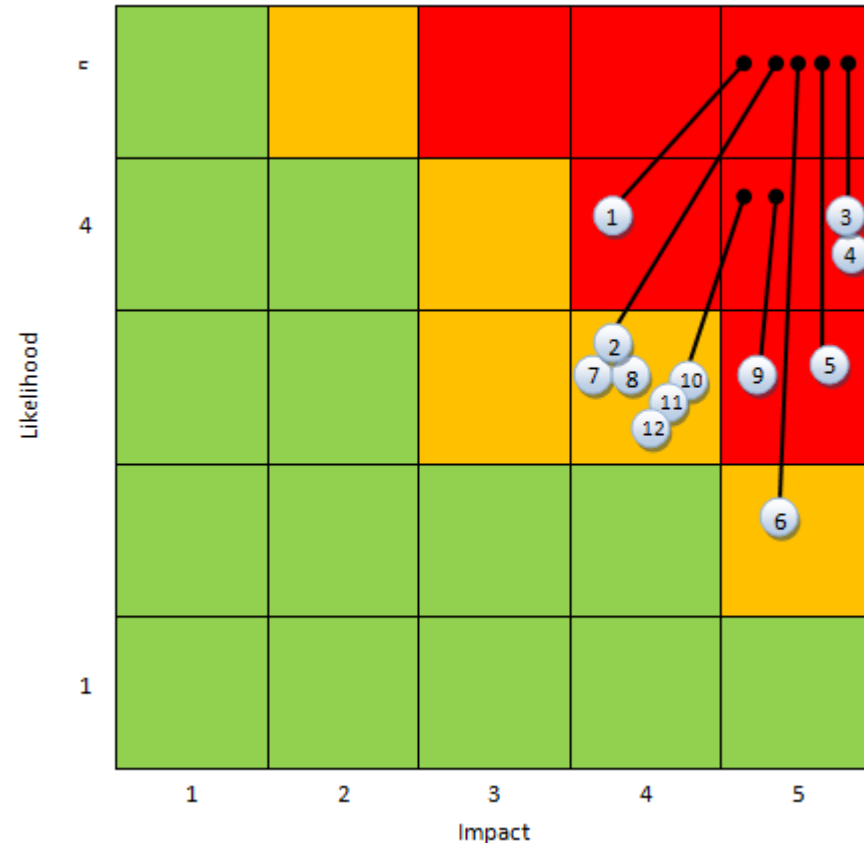
Links




Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning Council outcomes CO25 - The Council has
Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	
Appendices	Appendix 1 – CLT Prioritised Inherent risks at May 2016

Appendix 1 - CLT prioritised inherent risks heat map

Profile

1. **PPP1 (New)**
Risk that timelines to return to establishments are not met or are partially met resulting in continued disruption for pupils, staff and parents. The primary management of this risk is in the hands of a third party: ESP. 
2. **Data Centre Migration (New)**
Risk of ICT disruption and outages as a result of Data Migration from BT to CGI data centre. This could impact the Council's ability to deliver critical services as expected. 
3. **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. 
4. **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. 
5. **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. 
6. **ICT Infrastructure**
Risk that the ICT infrastructure is not fit for purpose and doesn't meet the present or future needs of the Council impacting the Council's ability to deliver services as expected and to meet savings targets. 
7. **Transformational Change Agenda**
Risk that the Council's transformational change agenda is not implemented effectively and that during the change process business continuity plans are no longer fit for purpose could result in the Council failing to meet service delivery outcomes. 
8. **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. 
9. **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. 



10. **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. 
11. **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. 
12. **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. 

CLT prioritised inherent risks with mitigating actions

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions
		I	L		I	L	
1	Operational PPP1 Risk that timelines to return to establishments are not met or are partially met resulting in continued disruption for pupils, staff and parents. The primary management of this risk is in the hands of a third party.	5	5	<ul style="list-style-type: none"> Daily contact with ESP to ensure progress Regular incident management meetings (chaired by Chief Executive) and service level incident management meetings Regular liaison between service area, corporate communications, schools and media 	4	4	<ul style="list-style-type: none"> Ongoing reassessment of approach to and levels of communication and management
2	Operational Data Centre Migration Risk of ICT disruption and outages as a result of Data Migration from BT to CGI data centre. This could impact the Council's ability to deliver critical services as expected.	5	5	<ul style="list-style-type: none"> Regular meetings between CGI and CEC include notable expertise in data centre migrations Process includes in-built controls and resilience inc multiple contingency options Sizeable testing planned and in progress 	4	3	<ul style="list-style-type: none"> Continue constant process of probe, double check and debrief
3	Operational 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.	5	5	<ul style="list-style-type: none"> Property Management (IPFM) report to CLT Condition surveys performed routinely Property Rationalisation work-stream 	5	4	<ul style="list-style-type: none"> Consistent response to condition surveys across portfolio Reassess the level of the budget for repairs Risk based framework to manage the capital portfolio
4	Operational 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.	5	5	<ul style="list-style-type: none"> Laptop and media encryption Data awareness campaign Service automation controls in place Dedicated review session supported by industry experts Leavers process includes removal of access to IT applications 	5	4	<ul style="list-style-type: none"> Assess priority and exposure of systems across the whole ICT environment Early engagement with new ICT supplier on cyber security to review testing regime. Rolling Internal Audit of system
5	Strategic 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.	5	5	<ul style="list-style-type: none"> Integration Scheme Strategic Commissioning Plan Establishment of Shadow Board Establishment of Leadership Group 	5	3	<ul style="list-style-type: none"> Integrate organisational arrangements across NHS and Social Care, clarifying roles and responsibilities of all parties

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions		
		I	L		I	L			
6	Operational	ICT Infrastructure 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"> • Consultation with staff to design correctly • Output specifications clearly identified • Engagement with staff, management & service providers • Change controls built into new contract • Single provider has been selected 	5	2	<ul style="list-style-type: none"> • A single centre of excellence for ICT in the Council • Business Continuity/ICT report on criticality of systems
7	Strategic	Transformational Change Agenda Risk that the Council's transformational change agenda is not implemented effectively and that during the change process business continuity plans are no longer fit for purpose could result in the Council failing to meet service delivery outcomes.		5	5	<ul style="list-style-type: none"> • Transformational governance with full time resource • External assurance and skills utilised as required • CLT monitoring & reporting on Council projects • Governance of major projects/CPO status reports • Council performance dashboards • Ongoing consultations with Trade Unions 	4	3	<ul style="list-style-type: none"> • Dialogue by CLT with Elected Members • Encourage collegiate interactions between officers and elected members • Provide resilient advice to Elected Members to support decision making process and risk exposure
8	Financial	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.		5	5	<ul style="list-style-type: none"> • Service Area budget proposals include a cost pressure contingency • Savings MI reported monthly to CLT • External assistance to help drive the benefits realisation programme 	4	3	<ul style="list-style-type: none"> • Monthly budget monitoring and challenge meetings • Prioritisation of service spend
9	Strategic	Planning for Increased Demand Risk of lack of strategic planning in relation to increasing demand for critical services, taking into account growth in the City's population and changing demographics, leading to a shortfall in funding and a lower quality of service.		5	4	<ul style="list-style-type: none"> • Demographic funding built into long term financial plans • Provision for demographics • Strategic workforce planning Board reporting to CLT 	5	3	<ul style="list-style-type: none"> • Continuing agenda item for CLT's consideration • Improved MI to deliver stronger business case for support
10	Operational	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.		5	4	<ul style="list-style-type: none"> • Established multi-agency public protection procedures • Infrastructure of multi-agency governance through protection committees and Edinburgh's Chief Officers' Group - Public Protection • Detailed audit and practice evaluation programmes for each area of risk • Performance & quality assurance frameworks in place, include regular reporting to chief officers, elected members, Scottish Government 	4	3	<ul style="list-style-type: none"> • No current further actions identified

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions
		I	L		I	L	
11 Organisation and people	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.	5	4	<ul style="list-style-type: none"> Workforce Strategy to support design of a flexible, motivated and high performing workforce with the right capabilities, capacity and culture Line by line funded establishment Transformation workforce workstream 	4	3	<ul style="list-style-type: none"> No current further actions identified
12 Service Delivery	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.	5	4	<ul style="list-style-type: none"> Service Areas' clearly defined Service delivery plans SMT KPI's to assess progress against objectives Prioritisation of resources through strategic workforce planning initiatives 	4	3	<ul style="list-style-type: none"> Internal Audit reviews annually to track performance against stated service plans

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 23 June 2016

Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service Update

Item number	7.6
Report number	
Executive/routine	
Wards	

Executive summary

This report provides the Governance, Risk and Best Value Committee with a progress update for Programme Momentum and the Edinburgh Shared Repairs Service (ESRS).

Links

Coalition pledges	P40 , P41
Council outcomes	CO7 , CO19
Single Outcome Agreement	SO4

Property Conservation – Programme Momentum Progress Report and Edinburgh Shared Repairs Service Update

Recommendations

- 1.1 Committee is requested to:
 - 1.1.1 Note the management information dashboard reports in Appendix 1.
 - 1.1.2 Note the progress of debt recovery work.
 - 1.1.3 Note the progress of the settlement process.
 - 1.1.4 Note the update on the pilot progress and phased implementation of the Edinburgh Shared Repairs Service (ESRS).

Background

- 2.1 Programme Momentum has been established as a robust end-to-end process across all workstreams relating to the legacy Statutory Notice issues, including the development of the blueprint for the new enforcement service.
- 2.2 This report gives details of progress to the end of March 2016.

Main report

Management information

- 3.1 Management Information as at 25 March 2016 is attached in Appendix 1.

Delegated Authority – Irrecoverable Sums & Settlements

- 3.2 The provision for impairment and for settlement repayments is £17.9m.
- 3.3 As at 25 March 2016 a total of £11.6m has been approved for write-off against the provision comprising irrecoverable sums of £6.9m, aged debt of £0.5m and a total value of £4.2m for settlements to date.
- 3.4 The provision remains subject to regular review by the Head of Edinburgh Shared Repairs and the Acting Executive Director of Resources.

Billing and Recovery Update

- 3.5 Billing on Deloitte reviewed projects is now complete at a total of £17.8m.

- 3.6 To 25 March 2016, £11.4m has been received in payment from individual owners. A further £1.3m has been secured in payment plans and inhibitions. Total recovery rate in debt collected and secured debt is £12.7m (71%).
- 3.7 The balance of debt of £5.1m (29%) is being actively pursued, predominantly through Morton Fraser, and is at various stages of recovery.

Debt Recovery – Morton Fraser

- 3.8 Under the extended contracted arrangements, instructions continue to be sent to Morton Fraser for statutory notice debt recovery. Since 1 April 2015, 651 instructions have been issued to Morton Fraser with a total value of £6.7m for debt collection.
- 3.9 From April 2015 to 25 March 2016 the overall sums recovered or in payment plans secured by Morton Fraser total £1.9m (28%) over 231 customers (35%).
- 3.10 The costs of Morton Fraser to date in return for the £1.9m recovery is £50,000. As at 25 March 2016 the percentage solicitor's fees against sums recovered is 2.7%. The solicitor's fee to debt recovery ratio is £38 recovered for every £1 spent. These figures will vary from month to month.
- 3.11 Monthly review meetings are now established between the Council and Morton Fraser with performance measures, standards and reporting in place.
- 3.12 All Project Joule Statutory Notice debt related instructions are now with Morton Fraser to progress recovery action.

Debt Recovery - Suspended Debt

- 3.13 Suspended debt relates to historic Property Conservation projects which have been billed and where a customer or legal representative has raised a dispute leading to the invoice being put on hold.
- 3.14 Between January 2015 and March 2016 the suspended debt has reduced from £6.4m to £1.5m.
- 3.15 Of the remaining £1.5m suspended debt, 2 projects carry a combined value of £0.8 debt outstanding (53%). The settlement of both projects is currently being actively progressed.
- 3.16 Following Deloitte review, settlement credit notes will be raised for £0.3m against invoices which are currently suspended. The remaining suspended debt balance of £0.4m relates primarily to old legacy invoices which are at various stages of investigation and recovery.

Complaints Resolution and Settlements

- 3.17 All 407 customers who raised specific concerns relating to 155 Statutory Notice projects and had their cases reviewed by Deloitte have been issued with settlement letters. 1,731 additional owners were identified as being affected by the 155 projects. All of these owners have also been issued with settlement letters which brings this part of the settlement process to an end.

Projects – Legacy

- 3.18 The Thomson Bethune contract completed in December 2015. The remaining projects have been handed over to ESRS for completion. The schedule for this is as follows:-
- 3 projects are due to be re-programmed for completion in Spring. There are 25 projects still in the defect period to be signed off by ESRS.
 - 1 project currently requires intervention, where leaks are still present after defects works has been completed.
- 3.19 1 consultant run defect project handed over to CEC late in 2015 has still to be completed.

New Service Update

Phased Implementation of ESRS

- 3.20 A phased launch of the new service is taking place from 1 April 2016. The customer contact area of the service has already adopted a change in script to customers calling for assistance with repairs to their properties.
- 3.21 We plan to revisit the website information provided online for the Shared Repairs Service. We have developed a series of slides which were circulated to stakeholders at the beginning of April.

Pilot Progress

Customer Contact: 2 new cases

- 3.22 This area of the service is where a customer will contact the service to request assistance with a problem on their property. The customer contact team will gather information on the reported defect to determine at a high level whether the defect is within the scope of the service. If the defect reported does appear to be within scope, the team will then ask the customer to evidence what efforts have been made by the property owner to engage with their fellow neighbours. This evidence is requested to be sent to the service for further review before the case is passed to the Intervention part of the service.
- 3.23 At present the customer contact team inform customers that the service can provide advice and guidance for customers trying to organise a repair privately. If the customer is having difficulty then we may consider including the case in the phased implementation of the ESRS service.
- 3.24 Customer contact staff are currently offering advice and guidance on one additional potential case from last month, making two in total.

Facilitation: 3 cases

- 3.25 This area of the service is used when a customer has approached the service for assistance with defects on a property but for reasons of financial or reputational risk the service cannot assist at an enforcement level. The service can however

assist the property owner in others ways, for example, corresponding with other owners at the property or contacting other Council departments to help progress matters.

- 3.26 There are three cases in facilitation at present. One involves a very significant boundary wall between a railway line and residential estate. The Council are facilitating an agreed approach to the issue involving owners, factors and Network Rail. Another case involves a mural on the gable end of a tenement and the service is working closely with Culture & Sport on this matter.

The Intervention Service: 8 cases

- 3.27 The intervention service is made up of the activity undertaken following the identification of an essential repair and prior to taking a decision to enforce the repair, where the objective is to support owners to take responsibility for progressing the repair privately. Included in this area of work is diagnosis of the defect reported, tailored communication to owners, site visit and in some cases a stair meeting.
- 3.28 Case officers currently have eight cases with correspondence on-going with the lead owner and other owners engaging at each of these properties.
- 3.29 The case officers are currently finding that not all owners are willing to engage within our process and as a result we intend to review the mandate forms and processes to encourage more engagement from owners.

Successful Intervention: 3 cases

- 3.30 The phased Implementation service has successfully intervened in an additional case this month. A follow up will be undertaken to check work has been undertaken privately after three months has passed.

Panel Cases Rejected for enforcement: 1 case

- 3.31 The ESRS Panel has rejected one case after it was considered that the financial and reputational risk was too high for the Council to progress the works.

The Enforcement Service: 3 projects

- 3.32 The Enforcement service is activated when all intervention services have failed to provide a platform for owners to procure the works privately. Upon internal Panel approval the project will be allocated to the surveying department for progression through the standard operating procedures. The procedures include carrying out a full survey, preparation of cost estimates, preparation of risk registers, issue of the Statutory Notice, tender preparation including design and specification, tender approvals and award and contract administration on site.
- 3.33 Three projects have been approved by the ESRS Panel to progress to the enforcement process. Two are at survey stage and one is on site.
- 3.34 The major project at Gorgie Road has commenced. The scheduling of ordering of stonework is on-going. The stonework condition at the property is very poor and as such we have arranged a site visit for all the owners to come up the

scaffold to view it for themselves. A photographic report will be sent to all owners following this. The roof works have also commenced with the replacement of the Cupola and flat roof.

- 3.35 We have successfully engaged with all flat owners now and carried out the dilapidations and fireplace survey's required in all flats.

Measures of success

- 4.1 Conclusion of reviewing statutory notice projects.
- 4.2 Collection of outstanding debt.
- 4.3 Resolution of complaints.
- 4.4 Launch of new replacement enforcement service.

Financial impact

- 5.1 The associated revenue cost in resolution of the legacy closure programme from April 2013 forecast to March 2016 totals £7.7m. A current assessed need of £1m has been budgeted for 2016/17 towards the closure of the legacy programme.
- 5.2 The financial statements include a provision of £17.9m for impairments and settlement repayments of which £11.6m has been approved as at 25 March 2016.
- 5.3 The adequacy of the impairment and settlement provision remains under regular review by the Head of Edinburgh Shared Repairs Service and the Acting Executive Director of Resources.
- 5.4 The overall 2015/16 available budget for both the legacy and Edinburgh Shared Repairs Service is £3.8m. The current year forecast expenditure, subject to final account, is £3.2m.
- 5.5 A budget of £1.6m has been set for the ESRS for 2016/17.

Risk, policy, compliance and governance impact

- 6.1 This area of work represents a significant financial and reputational risk for the Council.

Equalities impact

- 7.1 There is no equalities impact arising from this report.

Sustainability impact

- 8.1 There is no adverse environmental impact arising from this report.

Consultation and engagement

9.1 Not applicable.

Background reading/external references

[Report to Finance and Resources Committee, 19 March 2015 -Property Conservation - Programme Momentum Progress Report](#)

[Report to City of Edinburgh Council, 12 February 2015, Shared Repairs Services - Development of a New Service.](#)

[Report to City of Edinburgh Council 11 December 2014, Shared Repairs Services - Development of a New Service -](#)

Hugh Dunn

Acting Executive Director of Resources

Contact: Andrew Field, Head of Edinburgh Shared Repairs Service

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Links

Coalition pledges	P40 – Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage P41 – Take firm action to resolve issues surrounding the Council’s Property Services
Council outcomes	CO19 – Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	Appendix 1: Management Information Dashboards

Edinburgh Shared Repairs Service Dashboard

March 2016

Monthly progress update (for reporting purposes month end is 25 March)

LEGACY PROGRAMME			NEW SERVICE		
A number of legacy workstreams continue to draw to a close with the billing and the settlements processes now complete and historic projects on site reaching completion. Significant volumes of work remain in customer service and debt recovery.			The phased implementation of the pilot for the new service commenced on 1 September 2015 and will run until the end of March 2017. We are engaging with stakeholders in preparation for the Soft Launch of the New Service after the 1 st April 2016.		
TOP RISKS	MITIGATION	RAG	TOP RISKS	MITIGATION	RAG
1. Debt Recovery	Morton Fraser are leading on Debt Recovery.	Yellow	1. No. of Phased Implementation Cases	Communications to be increased with customers to identify additional cases for Implementation Phase, linked to soft-launch after 1st April. Business plan identifies £3.5m workload of enforcement cases in 16/17 which is unlikely to be achieved. Review this figure six months after launch.	Yellow
2. Bad Debt Provision	The provision will continue to be monitored and reported monthly.	Yellow	2. Tender returns at ITT stage	Twelve PQQs were returned. These will be reviewed with ITT to be issued in April 2016.	Yellow
3. Settlement Process	Settlement process completed.	Green	3. People	All staff that are permanent to the Council will be undergoing review. Following review the Business Plan will be implemented.	Yellow
4. Loss of legacy staff through service reviews	Discussion with relevant Directors to ensure service is maintained.	Yellow	4. Staffing Structure not established for New Service	Senior Management Team in place for Phased Implementation of the New Service. Ongoing review of Business Plan.	Yellow
			5. ICT Project Manager Support	ICT Project Manager contract due to end in March 2016. There will be no dedicated ICT Project resource putting delivery of the Project at risk. Three Month Extension now confirmed until 30 th June 2016.	Green
OVERALL STATUS	COMMENTS	RAG	OVERALL STATUS	COMMENTS	RAG
Case Reviews and Settlements	The settlement process is complete. At this time 100% of complainants have been issued with settlement with an acceptance rate of 58%.	Green	Governance	The Edinburgh Shared Repairs Service and Legacy Programme will be managed overall within the Corporate Property Service in the new Council structure.	Green
Debt Recovery	Debt outstanding is currently £10.9m. Of this debt £8.3m is being pursued through active billing, Morton Fraser recovery or other legal action. The remaining debt is either being pursued for legal action or is suspended debt.	Yellow	IT	Database for Pilot Service is up and running and being tested with Pilot Projects. Data cleansing report to be submitted in early 2016. Uniform System IDOX update took place mid January with management training currently ongoing.	Yellow
Projects	From the TB projects handed over to ESRS from 1 January : <ul style="list-style-type: none"> • 1 project has construction related issues which has delayed completion • 3 project is due to be re-programmed for completion in spring • 25 projects are in the defect period to be signed off by ESRS 	Yellow	Processes	Draft procedure are being tested during Pilot phase. Proposed changes are being tracked, procedures will be updated internally and reissued by the end of June 2016. An internal audit is currently being carried out by PWC.	Yellow
Customer services	There remains a high volume of customer contact across the legacy service.	Yellow	Procurement	ITT document being prepared. Contractors framework is programmed to be in place by July 2016.	Green
			People	13 Applications were received for the Building Surveyor post following advertisement on My Job Scotland. Two suitable candidates identified. Recruitment of suitable technical resource will continue to be reviewed.	Yellow
KEY PLANNED ACTIVITIES			INFORMATION / DECISIONS		
Continuation of debt recovery programme. Continuation of legacy projects. Records Manger commencing 4 April 2016 Management of closure programme timelines			Continuation of ESRS pilot activity. underway Recruitment of a surveyor in for ESRS		
			Service review to be undertaken 2016/17 closure programme staffing under continual review		



Settlements & Customer Service

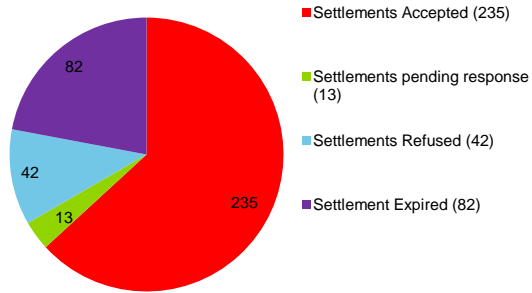
Programme dashboard as at 25 March 2016



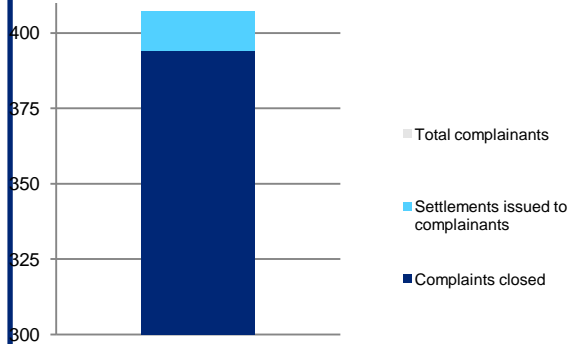
PROGRESS

The settlement process for complainants has now been completed. Closure in respect of half of all settlement cases has now been reached, with 100% of all complainants issued with settlement. Acceptance rates from complainants are at 58%. Settlements to other affected owners have also been reached with 1,731 owners communicated, so settlements to all other affected owners is also now completed.

Complainant Closure Status



Settlements Issued to Complainants



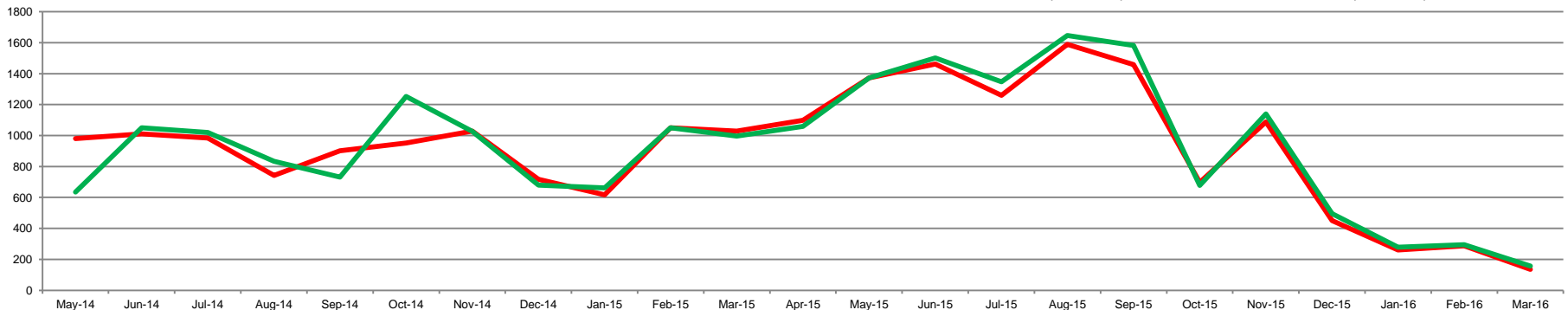
Settlement Value

Total Value of projects reviewed	£12.9m
Total settlements approved under delegated authority	£4.2m
Settlements paid/credited to date	£4.1m

PROGRESS

Customer Services has seen a continued dip in March on overall customer enquiries, complaints and FOI requests. Response rate for enquiries / complaints achieving 87% closed on time.

Property Conservation Enquiries complaints Raised / Closed





Finance and Debt Recovery Overview

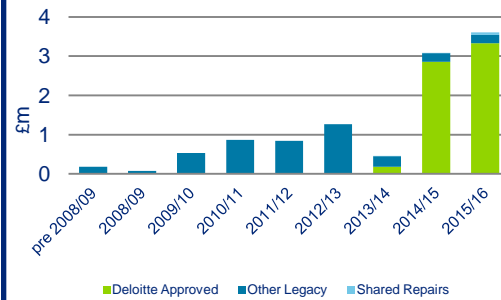
Programme dashboard as at 25 March 2016

PROGRESS

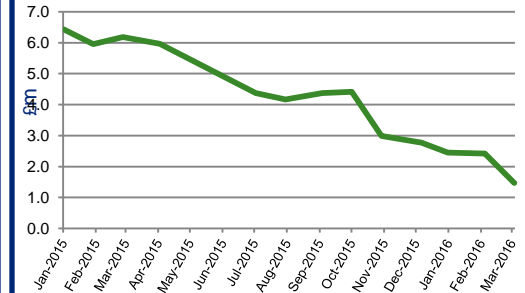
The current level of debt outstanding is £10.9m of which £6.4m is Deloitte (Project Joule) reviewed debt and £4.5m of Legacy and Shared Repairs debt. A total of £8.3m is being pursued through active billing. Debt of £2.6m is either being prepared for legal action or is suspended debt. Since Jan 2015 suspended debt has reduced from £6.4m to £1.5m as disputes are resolved and settlements processed.

Debt Status	Deloitte Project Joule (Reviewed)	Legacy And Shared Repairs	Total
Total debt being pursued	£6.3m	£2.0m	£8.3m
Total debt scheduled for action	£0.1m	£2.5m	£2.6m
Total Debt	£6.4m	£4.5m	£10.9m
Payment plans and inhibitions agreed within debt total	£1.3m	£0.4m	£1.7m

Aged Debt As At 25 March 2016 By Year



Suspended Invoice Balance Outstanding As At 25th March 2016

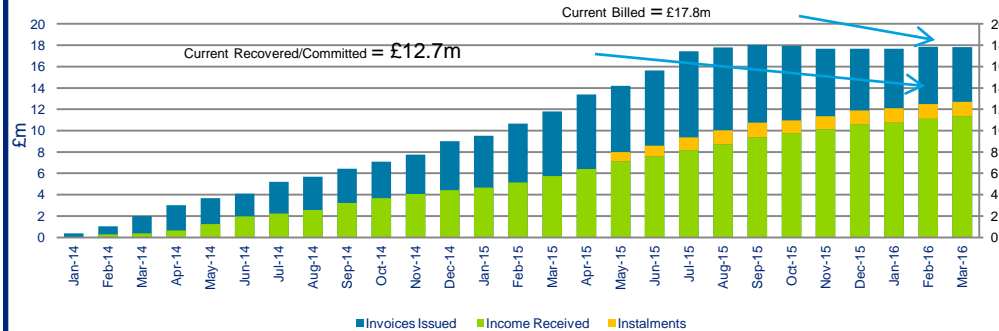


Project Joule Billing and Recovery Progress

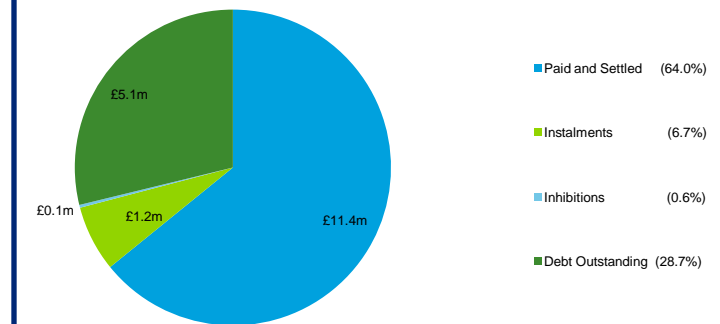
PROGRESS

Billing on Deloitte reviewed (Project Joule) cases is complete and totals £17.8m. £11.4m has been received in settlement and a further £1.3m of secured debt in payment plans and inhibitions giving a total of settled and secured debt of £12.7m. This represents a current collection rate of 71%. The balance of debt of £5.1m is at various stages of recovery.

Cumulative Analysis of Deloitte approved stat repair debt



Deloitte Project Joule Debt from January 2014 to March 2016

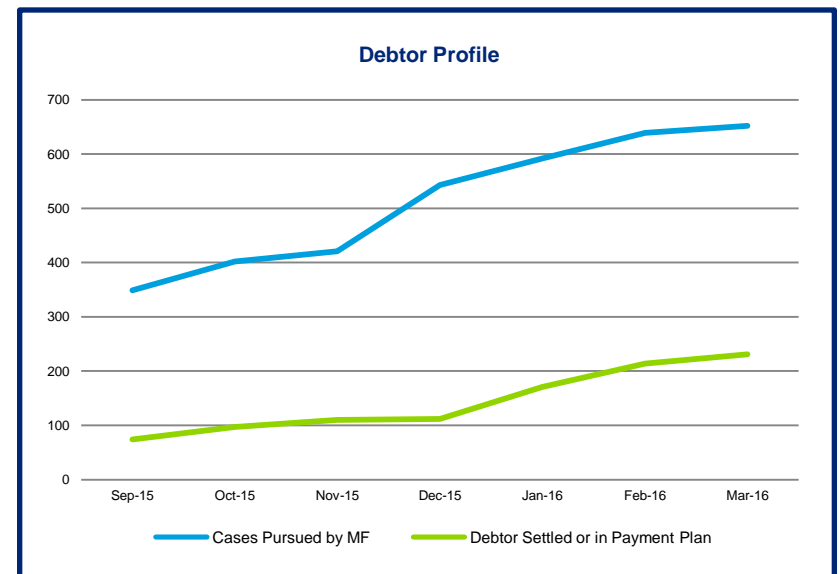
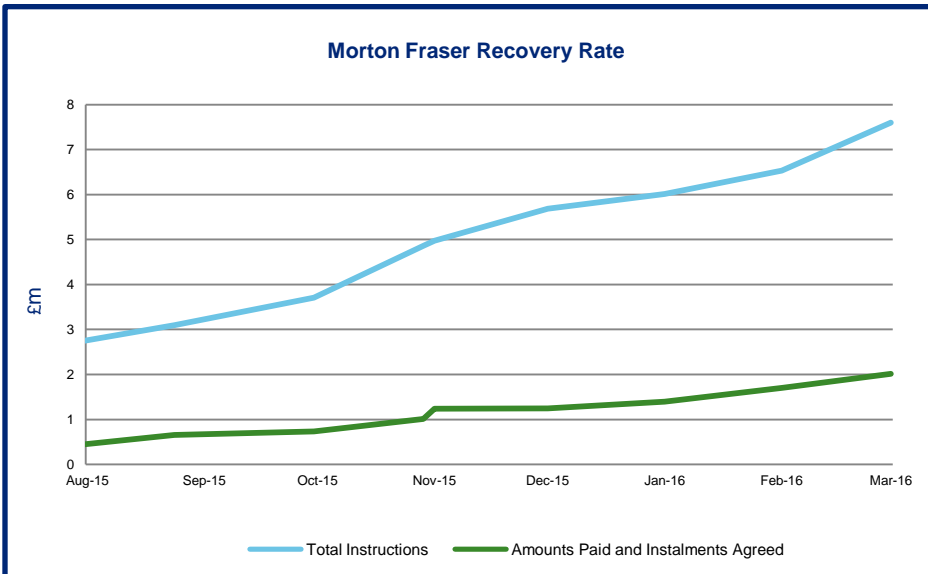
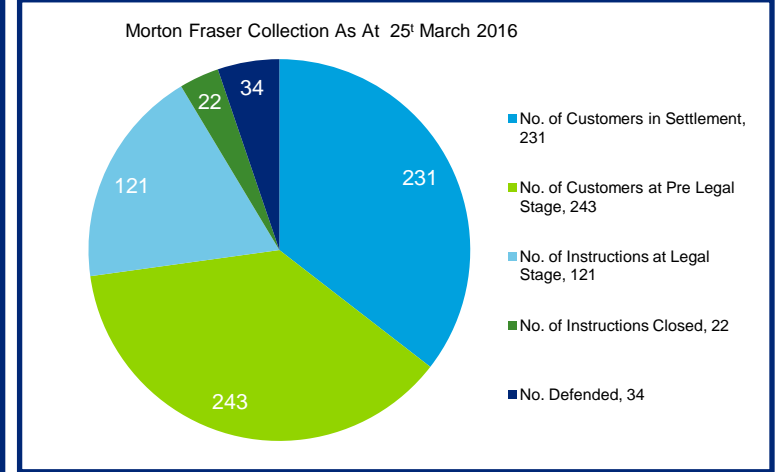




PROGRESS

Under the extended contracted arrangements, Morton Fraser took on responsibility for statutory notice debt recovery in April 2015. To date, 651 instructions have been issued to Morton Fraser with a total value of £6.7m for debt collection. From April 2015 to date the overall sums settled or in payment plans total £1.9m over 231 customers, 246 cases are at pre legal stage, 121 at legal stage with 22 cases closed and 34 being defended.

Morton Fraser Debt Recovery Cases pursued by the Council	December	January	February	March
Total debt recovery cases pursued by Morton Fraser	543	592	639	651
Total value of instructions issued	£5.7m	£6.0m	£6.5m	£6.7m
Total debtors settled or in payment plan	112	171	214	231
Total sum recovered or in payment plan	£1.1m	£1.4m	£1.7m	£1.9m
Total sum recovered in payment plan as % of debt recovery	22%	23%	26%	28%





Provision for Impairment and Settlements

Programme dashboard as at 25 March 2016

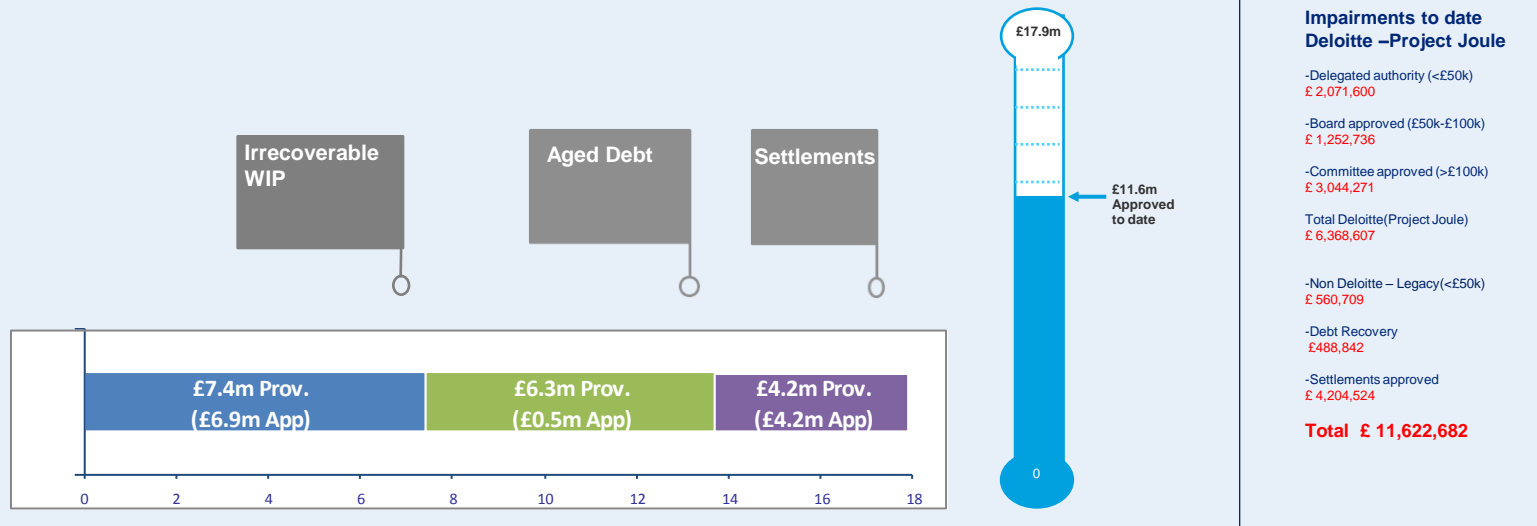


PROGRESS

The provision recommended for impairment and settlement repayments is £17.9m. The basis of the provisions are as follows:

- **Irrecoverable WIP (£7.4m)** – This is based on the actual final sum of £6.4m for the Deloitte (Project Joule) Review outcomes on Irrecoverable Work-In Progress. In addition £1.0m has been made, based on Irrecoverable WIP for Non-Deloitte old legacy work for remedial projects, old unbilled Emergency Work and door closed entry systems.
- **Aged Debt (£6.3m)** –An overall collection rate of 47% is required to ensure adequacy of provision. Current recovery rate is 64%.
- **Settlements (£4.2m)** –Work on settlements is nearing completion with an expected write off sum of £4.2m.

Provision for Impairment and Settlements





ESRS Pilot Phase and Emergency Service Dashboard

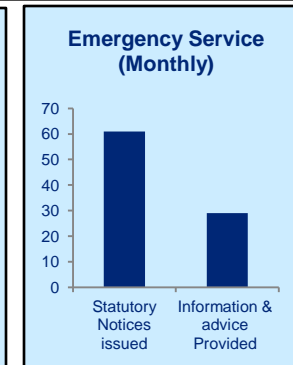
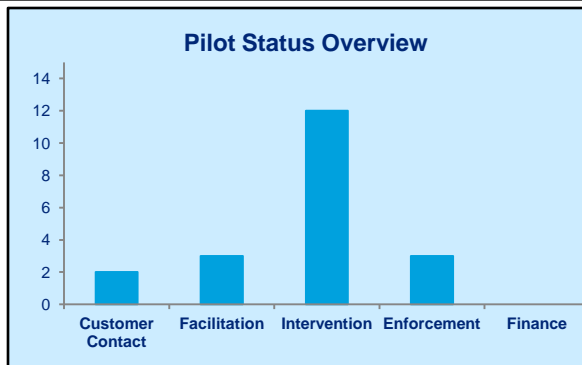
Programme dashboard as at 25 March 2016



OVERVIEW OF PROGRESS

The phased implementation of the new service started in September 2015. The Pilot Phase currently consists of sixteen open cases with successful intervention achieved on three projects. The ESRS Panel has rejected one case after it was considered that the financial and reputational risk was too high for the Council to accept. We are working towards a soft launch of the new service on 1 April 2016. The customer contact area of the service has already adopted a change in script to customers calling for assistance with repairs to their properties.

CASE WORKLOAD PROGRESS		NO.
Customer Contact:	• Customer Services Enquiry	2
	• Collating Information from Lead Owner	
Facilitation:	• Advice and Information	
	• Council Correspondence	3
Intervention:	• Case Officer	
	• Communication 1 issued	3
	• Communication 2 issued	5
	• Panel Report pending	
	• Panel Cases Rejected for Enforcement	1
	• Closed with successful intervention	3
Enforcement:	• Site Survey / S24 Notice / S26 Notice	2
	• Procurement	
	• Projects on site	1
Finance:	• Final Account issued	
	• Invoices issued to owners	



EMERGENCY SERVICE

ESRS Property Officers have responded to 90 requests for service in this period. The majority of requests were drainage and sewage issues however 17 of the requests were related to building roof defects with reports of loose slates, chimney pots and loose lead made safe. The number of requests this month is consistent with the same period received last year.

PROJECTS WORKLOAD	MAJOR	MINOR	ESTIMATED VALUE
1. Major Stonework / Roof (Procurement)	1		£364k (CEC)
2. Roof Works		1	Under £30k (Owner Quote)
3. Roof Works		1	Under £40k (Owner Quote)
TOTAL	1	2	£434K

FACILITATION WORKLOAD (TYPE OF PROJECT)	MAJOR	MINOR	ESTIMATED VALUE
1. Major Stonework / Roof	1		£1m
2. Railway Wall	1		£1m
3. Mural		1	< £100k
TOTAL	2	-	£2.1m

EMERGENCY SERVICE	Jan 16	Feb 16	Mar 16	Trend
No of requests for advice/ info only.	264	451	265	↓
No. of service requests	78	104	90	↓
No of emergency repair inspections resulting in statutory notices issued	57	64	61	↓
No. of Emergency service requests where information/ advice was provided	21	40	29	↓
Value of invoices issued to owners for emergency repairs (cumulative)	£778,848	£800,732	£847,259	↑
Value of income received from owners for emergency repairs (cumulative)	£685,778	£707,736	£732,192	↑
No of visits to SRS webpage (Google Analytics)	4153	5322	3920	↓
Solicitors Enquiries Received	392	653	648	↓
Solicitors Enquiries Completed	289	653	558	↓

Governance, Risk and Best Value Committee

10am, Thursday, 23 June 2016

Recent Developments in Gaelic Education Provision in Edinburgh – referral from the Education, Children and Families Committee

Item number	7.7
Report number	
Executive/routine	
Wards	

Executive summary

As previously requested by the Governance, Risk and Best Value Committee, the Education, Children and Families Committee on 24 May 2016 considered a report on recent developments in Gaelic education provision in Edinburgh. The Committee agreed to note the report and to refer it to the Governance, Risk and Best Value Committee for consideration.

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report

Terms of Referral

Recent Developments in Gaelic Education Provision in Edinburgh

Terms of referral

- 1.1 The Governance, Risk and Best Value Committee on 3 March 2016 had requested that a report be submitted to the Education, Children and Families Committee on recent developments in Gaelic education provision in Edinburgh, prior to being submitted to that Committee for consideration.
- 1.2 The request related to capacity issues identified at James Gillespie's High School in the 'Strategic Management of School, Places: P1 and S1 Intake for August 2016' report which was submitted to, and subsequently withdrawn from, the meeting of the Education, Children and Families Committee on 1 March 2016. The Governance, Risk and Best Value Committee asked that the report contain detail on whether due process was followed and identify lessons learned.
- 1.3 On 24 May 2016, the Education, Children and Families Committee considered a joint report by the Acting Executive Directors of Communities and Families and Resources on this matter.
- 1.4 The Education, Children and Families Committee agreed:
 - 1.4.1. To note the contents of the joint report by the Acting Executive Director of Communities and Families and the Acting Executive Director of Resources.
 - 1.4.2. To note that due process was followed in the 'Strategic Management of School, Places: P1 and S1 Intake for August 2016' report which was submitted for consideration to the Education, Children and Families Committee meeting on 1 March 2016 but was subsequently withdrawn.
 - 1.4.3. To note the lessons which had been learned as set out in the joint report, and the possible actions identified which would be subject to consultation with the Head Teachers Executive and the Consultative Committee with

Parents prior to decisions being taken regarding the implementation, or otherwise, of any changes for the 2016/17 School Placements process.

1.4.4. To note that, since 1 March 2016, the Acting Executive Director of Communities and Families and the Head of Operational Support have had very constructive discussions and engagement with Bòrd na Gàidhlig and representatives of the Gaelic community. A Working Group had been established to consider options to address the projected capacity issues at James Gillespie's High School and allow a sustainable position to be reached regarding which excellent progress had been made and a clear way forward established.

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

For Decision/Action

2.1 The Governance, Risk and Best Value Committee is asked to consider the attached joint report by the Acting Executive Director of Communities and Families and the Acting Executive Director of Resources.

Background reading / external references

[Minute of the Governance, Risk and Best Value Committee - 3 March 2016](#)

Kirsty-Louise Campbell

Interim Head of Strategy and Insight

Contact: Ross Murray, Acting Committee Clerk

E-mail: Ross.Murray@edinburgh.gov.uk | Tel: 0131 469 3870

Links

Coalition pledges

Council outcomes

**Single Outcome
Agreement**

Appendices

Recent Developments in Gaelic Education Provision in
Edinburgh – joint report by the Acting Executive Director of
Communities and Families and the Acting Executive Director of
Resources

Education, Children and Families Committee

10am, Tuesday, 24 May 2016

Recent Developments in Gaelic Education Provision in Edinburgh

Item number

Report number

Executive/routine

Executive

Wards

Not applicable

Executive summary

At its meeting of 3 March 2016 the Governance, Risk and Best Value Committee asked for a joint report from the Acting Executive Director of Resources and the Acting Executive Director of Communities and Families about recent developments in Gaelic education provision in Edinburgh. Committee requested that the report contain detail of whether due process was followed and identify lessons learnt, and that it should be submitted to the Education, Children and Families Committee in May, prior to going to the Governance, Risk and Best Value Committee in June 2016.

This relates to the capacity issue at James Gillespie's High School identified in the 'Strategic Management of School Places: P1 and S1 Intakes for August 2016' report which was submitted for consideration to the Education, Children and Families Committee Meeting on 1 March 2016 but was subsequently withdrawn. This report has been prepared on that basis and responds to the request from the Governance, Risk and Best Value Committee.

Links

Coalition pledges

Not applicable

Council outcomes

Not applicable

Single Outcome Agreement

Not applicable

Recent Developments in Gaelic Education Provision in Edinburgh

Recommendations

- 1.1 Note the content of this report.
- 1.2 Note that due process was followed in the 'Strategic Management of School Places: P1 and S1 Intakes for August 2016' report which was submitted for consideration to the Education, Children and Families Committee Meeting on 1 March 2016 but was subsequently withdrawn.
- 1.3 Note the lessons which have been learned as set out in this report and the possible actions identified which will be subject to consultation with the Head Teachers Executive and the Consultative Committee with Parents prior to decisions being taken regarding the implementation, or otherwise, of any changes for the 2016/17 School Placements process.
- 1.4 Note that, since 1 March 2016, the Acting Director of Communities and Families and Head of Operational Support have had very constructive discussions and engagement with Bòrd na Gàidhlig and representatives of the Gaelic community. A Working Group was established to consider options to address the projected capacity issues at JGHS and allow a sustainable position to be reached regarding which excellent progress has been made and a clear way forward established.
- 1.5 Refer this report to the Governance, Risk and Best Value Committee.

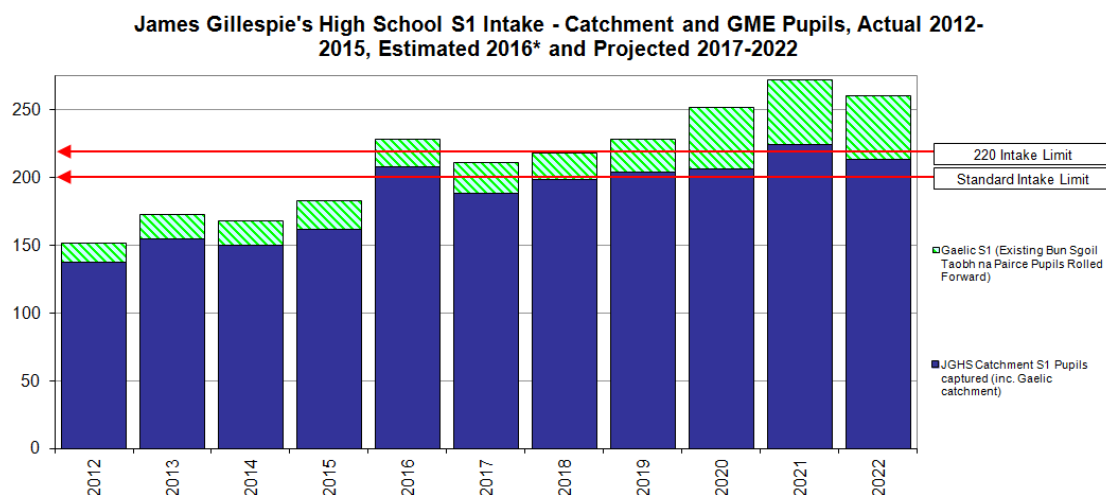
Background

- 2.1 At its meeting of 3 March 2016, the Governance, Risk and Best Value Committee asked for a joint report from the Acting Executive Director of Resources and the Acting Executive Director of Communities and Families about recent developments in Gaelic education provision in Edinburgh. Committee requested that the report contain detail of whether due process was followed and identify lessons learnt, and that it should be submitted to the Education, Children and Families Committee in May, prior to going to the Governance, Risk and Best Value Committee in June 2016.
- 2.2 The request from the Governance, Risk and Best Value Committee relates to the capacity issue at James Gillespie's High School (JGHS) identified in the 'Strategic Management of School Places: P1 and S1 Intakes for August 2016'

report (the 'SMSP 2016' report) which was submitted for consideration to the Education, Children and Families Committee Meeting on 1 March 2016 but was subsequently withdrawn. This report has been prepared on that basis and responds to the request from the Governance, Risk and Best Value Committee.

- 2.3 The 'SMSP 2016' report highlighted that, due to an exceptionally high number of catchment registrations for entry into S1 in JGHS in August 2016 including those pupils transferring from Bun-sgoil Taobh na Pàirce, it was possible that some pupils might not have been successful in gaining a place at the school. Committee was asked to note the report and that Gaelic Medium pupils unsuccessful in gaining a places at JGHS would be offered a place at Tynecastle High School or may accept a place at their mainstream catchment school.
- 2.4 Whilst the 'SMSP 2016' report was withdrawn, to provide the necessary context and background information for this report the elements within it relating to the potential capacity issue at JGHS have been extracted and are included in Appendix 1.
- 2.5 Since the 'SMSP 2016' report was withdrawn, a solution has been identified which will allow all eligible S1 registrations into JGHS for August 2016 to be accommodated. During March, as a consequence of further detailed analysis work undertaken by the school regarding timetabling, the Head Teacher of JGHS confirmed that an S1 intake of 240 could be accommodated in the school for August 2016 without any adaptations to the existing buildings being required.
- 2.6 At the time of issuing this report, the number of eligible S1 registrations to JGHS for August 2016 was 229 on the basis of which an intake limit of 240 would require to, and would, be set. This would allow all eligible S1 registrations to be accommodated and permit a number of placing requests into the school to be accepted.
- 2.7 The position regarding what S1 intakes can be sustained for JGHS on an ongoing basis, and if a level in excess of the current defined limit of 200 can be accommodated, has been reviewed. As a consequence of further detailed analysis work undertaken by the school regarding timetabling and a risk assessment and consideration of the ability to implement an appropriate fire strategy, the Head Teacher of JGHS has confirmed that an annual S1 intake of 220 could be accommodated on a permanent, sustained basis without any adaptations to the existing buildings being required.
- 2.8 However, given the continuing pressure on the school due to rising school rolls and other factors, even with an increased S1 intake limit, the current arrangements at JGHS are not sustainable and the S1 intake limit could not be increased to a level which could accommodate all future demand without there being some change required to the current arrangements.

2.9 The table below shows both the historic and latest projected catchment S1 intakes for JGHS, (taking into consideration known and projected housing developments in the area) and illustrates that based on the latest roll projections (which could obviously still change in the future) it is forecast that the standard intake limit of 200 will be breached in each year from 2016 onwards and an increased S1 limit of 220 breached in each year from 2019 onwards (with the limit being met in 2018).



*Based on available registration data as at April 2016 and therefore subject to change

- 2.10 A Working Group involving elected members, Council officers and key stakeholders was established to allow the Council to engage with key stakeholders to consider options to address the projected capacity issues at JGHS and allow a sustainable position to be reached.
- 2.11 A separate report on the agenda for this Committee provides an update regarding the matters considered by the Working Group, the conclusions reached and the proposed way forward.
- 2.12 Since 1 March 2016 excellent progress has been made and a clear way forward established. A solution has been found to the potential capacity issue at JGHS for August 2017. This allows time to more fully consider the best medium term solution which is likely to be a proposal to establish the Darroch facility as a permanent annexe of both James Gillespie's High School and Boroughmuir High School (BHS). This would allow the capacity issues at both JGHS and BHS to be addressed whilst retaining the provision of secondary GME at JGHS until an estimated 2021.
- 2.13 The future strategy for the provision of GME at early years, nursery, primary and secondary levels will be considered and will form part of the wider revised Council Gaelic Language Plan. This strategy will be co-produced between Council officers from Communities and Families and representatives of the Gaelic community through the Gaelic Implementation Steering Group and will be

taken to a future meeting of the Education, Children and Families Committee for consideration.

- 2.14 This strategy will assist in informing the future provision of GME at all levels allowing the Council to consider ways in which the already very considerable investment in, and successes arising from, the provision of GME in the City can be further enhanced. Indeed, one of the conclusions arising may be the necessity to expand the level of existing GME provision.

Main report

Due Process

- 3.1 The first question posed by the Governance, Risk and Best Value Committee is whether due process was followed. This question has been considered in two parts; firstly an assessment of compliance with Council requirements and secondly the extent to which any relevant legislative requirements were followed.
- 3.2 Turning first to the question of compliance with Council requirements, the 'SMSP 2016' report was submitted for consideration to the Education, Children and Families Committee Meeting on 1 March 2016 but was subsequently withdrawn. This was the latest in a series of annual reports which sets out accommodation and placement issues for the anticipated P1 and S1 intakes for the forthcoming school year, on this occasion for 2016/17.
- 3.3 This annual report provides an analysis of capacity and identifies any accommodation issues that may arise across the primary and secondary school estates as a result of the anticipated P1 and S1 intake numbers, in this instance for August 2016. The revised and updated 'Strategic Management of School Places: P1 and S1 Intakes for August 2016' report is a separate item on the agenda for this Committee.
- 3.4 The annual report is based on the findings of a Communities and Families Officer Working Group that meets in January each year as part of the annual P1 and S1 intake process. As has been the case in previous years, the most recent report to Committee in March 2016 identified strategies to address any issues identified to ensure that a consistent and equitable approach is taken to accommodating catchment pupil numbers and, where possible, placing requests across the school estate.
- 3.5 The annual report is produced in February each year for consideration at the Education, Children and Families Committee Meeting in March and is based on the most up to date information available at the time, however it highlights that the pupil intake numbers will change prior to the start of session in August.
- 3.6 The sequence and timing of events which was followed for the draft 'SMSP 2016' report was as follows:

- Following completion of the assessment by the Communities and Families Working Group and the identification of any issues arising, the draft 'SMSP 2016' report was produced and circulated to all Committee members on 18 February 2016 in advance of consideration at the Agenda Planning Meeting on 22 February 2016.
- The draft report was considered at the Agenda Planning Meeting on 22 February 2016 with the only action arising being a request that Appendix 3 be amended to include comparative figures for previous years, a change which was reflected in the final report.
- The report was published, together with the other papers for the Committee meeting, on 24 February 2016.
- On 25 February 2016 a letter was sent to the parents or guardians of all pupils who had registered for an S1 place at JGHS for August 2016. The purpose of this letter was to draw attention to the 'SMSP 2016' report; to highlight the possibility that an estimated nine catchment pupils may not be successful in gaining a place at JGHS in August 2016 and highlight the allocation process which would be followed should it be necessary to prioritise (within all eligible catchment pupils) for places in JGHS for August 2016.
- The letter also advised that it was likely that, based on distance, those pupils who may be unsuccessful would be pupils currently attending P7 in Bun-sgoil Taobh na Pàirce. It then highlighted that, in such an eventuality, if any pupils were unsuccessful in getting a place at JGHS and they wished to continue their Gaelic studies they would be offered a place at Tynecastle High School otherwise they could choose to attend their local denominational or non-denominational catchment school. Any other pupils would be offered an alternative place in a nearby school.
- On 29 February 2016 a very slightly amended version of the 'SMSP 2016' report was circulated to members of the Committee which removed an incorrect hyperlink in the background reading section.
- On the morning of 1 March 2016 members of the Committee were advised that the 'SMSP 2016' report had been withdrawn by the Acting Executive Director of Communities and Families and that all organisations which had made a deputation request regarding this item had been notified.
- On 1 March 2016 a letter was sent to the parents or guardians of all pupils who had registered for an S1 place at JGHS for August 2016. The letter advised that all catchment pupils registered for S1 at JGHS, including those from Taobh na Pàirce, could attend JGHS from August 2016. It advised that arrangements would be put in place to manage the increased S1 roll for 2016/17 and that an update on these arrangements, and any potential implications, would be provided in the near future.

- 3.7 The foregoing was the normal due process which requires to be followed for Committee reports in advance of publication therefore the way in which the 'SMSP 2016' report was produced and submitted to Committee for consideration was fully compliant with all Council requirements.
- 3.8 There was a series of other related events, as follows:
- On 29 February [2016] a letter was sent to the Chief Executive by Bòrd na Gàidhlig which, in accordance with its request, was circulated to members of the Education, Children and Families Committee. A copy of this letter is included in Appendix 2.
 - At 14:57pm on 29 February 2016 a letter was sent to the Council by Anderson Strathern LLP, acting on behalf of Bòrd na Gàidhlig, a copy of which is included in Appendix 4. The letter advised that Anderson Strathern LLP had been instructed to raise judicial review proceedings against the Council regarding decisions it was purported to have either taken, or was intending to take, and sought a written undertaking by 15:30pm that afternoon that the Council would not progress these.
 - Under the threat of Anderson Strathern seeking interim interdict from the Court that evening to secure the withdrawal of the report, at 17:23pm on 29 February 2016 the Council confirmed to Anderson Strathern LLP that the 'SMSP 2016' report had been withdrawn from the agenda of the Education, Children & Families Committee on 1 March 2016. This removed the threat of interim interdict.
- 3.9 The action to withdraw the report was not due to there having been considered to be substantive issues raised by Anderson Strathern which could not have been defended by the Council if that had proved to have been necessary. The Council's position and opinion regarding these matters differs from that expressed by Anderson Strathern and is explained in Appendices 4 and 5.
- 3.10 The report was withdrawn as there was considered to have been a significant risk that, if sought, an interim interdict would have been granted. As there was actually no pressing requirement for the 'SMSP 2016' report to be considered by Committee on 1 March 2016 as it provided members with an update rather than seeking any decisions, it would have been difficult for the Council to have presented an argument regarding why an interim interdict should not have been granted, pending the determination of the Judicial Review.
- 3.11 In answering the question posed by the Governance, Risk and Best Value Committee regarding whether due process was followed, it is necessary to respond to the suggested issues which were raised in the letters from both Bòrd na Gàidhlig and Anderson Strathern LLP.
- 3.12 Responses to the suggested issues which were raised in these letters - the majority of which had been considered by, and were the subject of discussion between, Council officers in Communities and Families and Legal Services in

advance of the 'SMSP 2016' report being published - are included in Appendices 4 and 5.

- 3.13 These responses exemplify that due process was followed and that it is the Council's opinion that the approach which had been intended to address the capacity issue at JGHS (as set out in the 'SMSP 2016' report which was withdrawn) involved no breaches of legislation.

Lessons Learned

- 3.14 The circumstances which arose at JGHS were as a result of an unprecedented and unexpected high level of S1 intake requests into the school for August 2016 from both local catchment pupils and those wishing to transfer from Bunscoil Taobh na Pàirce.
- 3.15 The capacity of any school is not unlimited and, whilst discussions with the management team of JGHS had identified that the S1 intake could have been increased from the standard 200 to (at that time what was considered to have been a maximum of) 220, this would have been insufficient to meet the projected demand for eligible places which was 229. Therefore the Council was faced with a very real and significant issue regarding a lack of available capacity at JGHS as there were anticipated to be more pupils than the school could accommodate, the potential consequences of which could have affected some of those pupils wishing to transfer from Taobh na Pàirce.
- 3.16 An alternative option for GME pupils to attend a different secondary school if they wished was identified, specifically due to the fact that it was acknowledged that the circumstances relating to any GME pupils who might be affected by the intake cap required an approach to be taken that recognised their particular educational needs. Simply referring those pupils back to their mainstream catchment schools would neither acknowledge nor meet these needs. Consideration of an option at Tynecastle High School was a means to provide pupils with a possibility to still pursue Gaelic learning at secondary level, albeit at a different school.
- 3.17 It is fully accepted that from an educational perspective the circumstances were far from being satisfactory. The nine children who it was estimated would have potentially been affected had already commenced their induction and transfer process to JGHS. Whilst the provision of a place in S1 at JGHS was still provisional and had not yet been confirmed, these children would have had an understandable expectation of being able to attend the school as they had planned and intended.
- 3.18 Rising school rolls have been a challenge in the school estate for some years. To date this had predominantly been a feature in the primary school estate however, despite the significant growth which has been experienced, the planned delivery of additional accommodation and other actions taken through the Council's rising rolls programme has resulted in there being very few

accommodation issues. However, the effects of rising rolls continue to be felt across the whole primary school estate which demonstrates the growing challenge faced by the Council and the value in maintaining a responsive rising rolls programme.

- 3.19 In the secondary sector, following a period of decline, S1 intakes have begun to increase. The S1 intake in August 2015 was the highest since 2010 and is likely to be matched by a similar intake in August 2016. However, the overall secondary school roll continues to fall with the 2016/17 session expected to mark its lowest point. Beyond 2016/17 it is expected that rolls will begin to grow quickly as larger numbers in the primary sector begin to filter into secondary. There will be further pressures on the school estate as a consequence of the significant level of housing which is planned in the city over the next five to ten years.
- 3.20 The potential capacity issue at JGHS was identified relatively late and, whilst a solution was ultimately identified to address the issue, this did not happen until after the potential issue, and the likely consequences arising as a result of it, had been (by necessity due to the publication of the 'SMSP 2016' report) very publicly communicated.
- 3.21 Council officers involved in the process met to consider what lessons could be learned from the recent experience and to identify any areas regarding which there may be the opportunity/necessity to change in the future. Whilst this was an unprecedented set of circumstances which arose, given the increasing pressures on the school estate it is not inconceivable that this could very possibly arise at a different school in the future.
- 3.22 A number of possible areas for improvement were identified which have been summarised below.

What could the Council do to identify any such issues, or the risks of them occurring, earlier in the school year? Should the timing of any Council processes be brought forward?

- 3.23 Address checks have been undertaken which, whilst not yet complete, have already identified three fraudulent registrations regarding the JGHS S1 intake which contributed to the capacity issue (but have since been removed thus contributing to the reduction in the S1 registrations which are now at 229).
- If the capacity to do so was available the Council could undertake these address checks earlier in the year.
 - Whilst seeking a prosecution in such circumstances would be difficult, greater awareness of this issue may act as a deterrent.
 - There may already be issues in other year stages within the JGHS feeder primaries and those for other high demand secondary schools e.g. families moving out of the area and not notifying the school of a change of address,

perhaps deliberately. Consideration could be given to undertaking a blanket check for all year stages in some key schools areas.

- In the secondary sector there is an automatic allocation of a place into the S1 catchment school and parents are not required to sign any documentation to formally confirm their current address. The Council could make this mandatory, perhaps using an online registration system, as this might force any parents who have moved (but had not advised the Council) to concede that they have, or it would support a case for prosecution if they confirmed an address which was invalid.
- In some local authority areas if a family moves out of a catchment area the entitlement for their children to attend the catchment school ceases immediately. This is considered to perhaps be too extreme a measure.

3.24 The school roll forecast data is updated in November each year when the annual school census data is received. The school catchment data could be extracted earlier, most logically at the end of September, to provide an earlier indication regarding any potential S1 issues.

3.25 The entire placing process could be brought forward:

- The closing date for providing catchment places, based on being resident in the area by that point, could be brought forward from the end of February to the end of December to reduce the risk of changes happening in the demand for catchment places in January and February. There is considered to be logic in this as the timescale would align with the existing deadline for non-catchment placing requests.
- The entire process, including the closing date for non-catchment placing requests, could be further brought forward by a (further) month from the end of December to the end of November. This would allow the Communities and Families Officer Working Group to meet in December rather than in January and would also allow more informed decision making regarding any rising rolls issues. This would require a change to how we manage placing in denominational schools.

3.26 The [Council Policy on Admissions to Mainstream Schools](#) does not include any reference to a catchment guarantee but states (in paragraph 4.2.4) that “the Council aims to provide places for P1 and S1 pupils at their catchment school if they are living in the catchment area by the end of February of the year that they will start in P1 and S1”. In paragraph 4.2.12 the policy then states “First year intake limits, classroom size restrictions and limits on the overall pupil numbers will be applied where necessary to assist in managing school provision.”

3.27 However, the related procedure and accompanying Placements Timeline goes further and makes reference to a catchment guarantee. It states “28 February. Catchment guarantee date. All children who are resident in the catchment area

by this date are guaranteed a place in their non-denominational catchment school unless they move address before the start of the coming session. New Intake Registration screen and Delete Registration screen locked from this date – schools to email late P1 registrations after this date to School Placements team.”

- 3.28 This is inconsistent with the Council policy which provides no such guarantee as there may be circumstances which are entirely outwith the Council’s control which may mean that this could not be honoured. The wording in the procedure and accompanying Placements Timeline should be amended to bring it into line with the Council policy.

How could the Council ensure that it has exhausted all possibilities to deal with any capacity issues arising, including those which might have an impact on future years, to ensure that these could at least be considered?

- 3.29 The S1 intake limit for a school does not necessarily reflect its capacity to accommodate S1 pupils in any given year which will be a function of the other cohort. We could review our capacity methodology to have a more dynamic approach to S1 intake limits each year rather than them always being fixed.
- 3.30 Schools (or at least those very popular schools which are at particular capacity risk) could undertake scenario planning at the very start of each year to explore if and how (should the eventuality arise) an additional S1 intake of either 20 or 40 pupils could be accommodated (if that was possible). The remaining school cohort would be known and assumptions could be made regarding S5/S6 drop-off rates.
- 3.31 Any implications arising from such circumstances (e.g. creating a restriction in future subject provision) could then be discussed with the school parent council. By considering this early in the school year it would allow sufficient time to consider complex timetabling requirements well in advance of when any issues may arise and provide certainty regarding what would, and would not, be possible.
- 3.32 Were an issue to subsequently arise the decision regarding what an appropriate S1 intake limit should be would then be for the school to make in the full knowledge of the implications and consequences of any decision to increase it beyond the standard level.

On identifying any issue and having exhausted all options to deal with it, how should the Council engage with the wider school community?

- 3.33 This has been covered above to an extent. Earlier awareness of potential issues would clearly be beneficial coupled with prior thinking regarding the ability of the school to accommodate any S1 capacity issues arising.

- 3.34 The Council has a process in place where Primary Head Teachers are asked to share class organisations/organise special Parent Council meetings in early February to discuss any potential issues but that currently does not happen at secondary level. This could, perhaps, be incorporated in the future if potentially other secondary schools are starting to see increased S1 intakes in future years.
- 3.35 The production of the annual Strategic Management of School Places - P1 and S1 Report itself and the timing thereof is an issue. Being published in late February and not long after the Communities and Families Officer Working Group has met in January leaves little time to identify any issues and consider options to deal with them, particularly when they are so unexpected (as was the case for JGHS this year).
- 3.36 The necessity to publicise and communicate the potential issue which was identified at JGHS was driven by the timing of the 'SMSP 2016' report being published. As the annual report is now predominantly an update report with no decisions being required other than noting, could it perhaps be produced for the May Committee meeting or is it required at all as any key rising rolls issues are dealt with through the separate reports to Committee regarding rising rolls?
- 3.37 Once the potential issue regarding capacity at JGHS was identified, although it was anticipated to have a potential impact on only nine pupils, the Council wrote to all 243 potentially affected sets of parents and guardians to highlight the issue and the potential impact. Details were available regarding sibling and distance therefore it would have been possible to have written a more targeted letter to a much smaller number of parents and carers for whom the risk of there being an impact was the greatest. Whilst there is a necessity to ensure that all parents are kept informed, perhaps a different approach could have been taken which would have avoided all parents and guardians having the same level of uncertainty.

Next Steps and Consultation

- 3.38 A number of lessons learned and possible actions have been identified above. These will be subject to consultation with the Head Teachers Executive and the Consultative Committee with Parents (at the next scheduled meeting on 19 May 2016) prior to decisions being taken regarding the implementation, or otherwise, of any changes for the 2016/17 School Placements process.

Measures of success

- 4.1 There are no measures of success associated with this report.

Financial impact

- 5.1 There are no financial implications arising directly from this report.

Risk, policy, compliance and governance impact

6.1 There are no risk, policy, compliance or governance issues arising directly from this report.

Equalities impact

7.1 There are no equalities issues arising directly from this report.

Sustainability impact

8.1 There are no sustainability issues arising directly from this report.

Consultation and engagement

9.1 A number of lessons learned and possible actions have been identified above. These will be subject to consultation with the Head Teachers Executive and the Consultative Committee with Parents (at the next scheduled meeting on 19 May 2016) prior to decisions being taken regarding the implementation or otherwise of any changes for the 2016/17 School Placements process.

Background reading/external references

None

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Links

Coalition pledges	Not applicable
Council outcomes	Not applicable
Single Outcome Agreement	Not applicable
Appendices	<ol style="list-style-type: none">1. Extracts from the 'Strategic Management of School Places: P1 and S1 Intakes for August 2016' report to the Education, Children and Families Committee on 1 March 2016 which was withdrawn2. Letter of 29 February [2016] from Bòrd na Gàidhlig3. Council response to matters raised in the letter of 29 February [2016] from Bòrd na Gàidhlig4. Letter of 29 February 2016 from Anderson Strathern LLP, acting on behalf of Bòrd na Gàidhlig5. Council response to matters raised in the letter of 29 February 2016 from Anderson Strathern LLP, acting on behalf of Bòrd na Gàidhlig

Appendix 1

Extracts from the 'Strategic Management of School Places: P1 and S1 Intakes for August 2016' report to the Education, Children and Families Committee on 1 March 2016 which was withdrawn

Executive summary

In the secondary sector, the number of registrations for S1 in August 2016 is comparable with the equivalent time in August 2015. However, the S1 figures include a high number of catchment registrations, including those pupils transferring from Bun-sgoil Taobh na Pàirce, for James Gillespie's High School where it is possible that some pupils may not be successful in gaining a place at the school.

Recommendations

- 1.1 Note the content of this report.
- 1.2 Note that Gaelic Medium pupils unsuccessful in gaining a place at James Gillespie's High School will be offered a place at Tynecastle High School or may accept a place at their mainstream catchment school.

Main report

- 3.57 James Gillespie's High School currently has 243 S1 catchment registrations and an S1 intake limit of 200 pupils. Between January 2015 and August 2015 the school experienced a 6% drop in its registration numbers and a similar scale of drop off is anticipated between January 2016 and August 2016. Accordingly, by August 2016 it is estimated that there will be demand for 229 catchment S1 places at the school.
- 3.58 A review of the accommodation and timetabling requirements of the school suggests that the standard intake limit of 200 S1 pupils may, for 2016/17, be increased to a maximum of 220 pupils. This means there is a possibility that an estimated nine catchment pupils may not be successful in gaining a place at James Gillespie's High School in August 2016.
- 3.59 James Gillespie's High School is the designated secondary school to which pupils transferring from the city's Gaelic Medium Primary School, Bun-sgoil Taobh na Pàirce, currently feed. Pupils from Bun-sgoil Taobh na Pàirce account for 24 of the 243 S1 registrations for August 2016 with one of these pupils living outwith the city.
- 3.60 It is Council policy that, where there is a need to prioritise within catchment pupils, having provided places for those with siblings already in the school, pupils entitlement to a place will be assessed on the basis of distance from the school. Accordingly, should it be necessary to consider prioritisation of places

within catchment pupils, as the Gaelic Medium Education (GME) catchment area covers the entire city and the Lothians it is anticipated that the pupils unsuccessful in gaining a place at James Gillespie's High School are likely to be some of those transferring from Bun-sgoil Taobh na Pàirce.

- 3.61 GME pupils unsuccessful in gaining a place at James Gillespie's High School would be offered a place at Tynecastle High School which also offers some Gaelic provision or may choose instead to attend their mainstream catchment school.
- 3.62 The number of S1 pupils residing in the James Gillespie's High School catchment area and attending that school has not exceeded 163 pupils in the last five years and, while an increase was anticipated for the 2016/17 session, the number of registrations suggests that the scale of the increase will exceed expectations. Projections would suggest that this is a spike. However, there are several factors which mean high intakes should be anticipated in the years that follow:
- (i) there has been an increase in the percentage of pupils transferring from P7 to S1 within the James Gillespie's High School catchment area. For example, in 2010 there were 178 P7 pupils registered at a Council run non-denominational primary school residing in the James Gillespie's High School catchment area. In 2011 there were 153 non-denominational S1 pupils residing in the same area. This represented a drop of 14% in the population between P7 and S1 and is principally attributed to loss to the private sector. By 2012 this drop off had reduced to 9.9% and last year this reduced further – to 7.6%.
 - (ii) the percentage of the available S1 population within the James Gillespie's High School catchment choosing to attend James Gillespie's High School has increased. This is as a result of a drop in the number of pupils requesting and gaining a place at another non-denominational secondary school and a fall in the percentage of pupils from the James Gillespie's High School catchment area choosing to attend St Thomas of Aquin's RC High School. Between 2010 and 2015 the percentage of the S1 catchment population attending another non-denominational school fell from 12.6% to 4.2% while the percentage attending St Thomas of Aquin's RC High School fell from 15.9% to 10.0%.
- 3.63 The changes in attendance patterns identified above are the same as were identified in the Strategic Management of School Places report in 2015 as factors contributing to pressure on the S1 intake at Boroughmuir High School at the equivalent time last year. Accordingly, while catchment populations at both schools are forecast to rise, changing patterns of attendance represent an equal challenge and, in part at least, may be explained by the draw of new, state of the art school buildings which both schools will shortly occupy.

3.64 In the short term, further work will be undertaken with school management at James Gillespie’s High School to establish the extent to which an intake level of 220 pupils may be sustained. However, it should be noted that even with this level of intake, the challenge posed by rising rolls and the changing patterns of attendance outlined above is significant and does not take account of the annually increasing demand for Gaelic Medium Education places. Accordingly, further work will be undertaken as part of the review of secondary school capacities to identify means of addressing rising rolls in the secondary sector.

Actions:

- *Increase the S1 intake limit to 220 pupils and review the sustainability of this level for future intakes;*
- *Offer those Gaelic Medium pupils unsuccessful in gaining a place at James Gillespie’s High School a place at Tynecastle High School.*

Gaelic Medium Education

3.66 In the primary sector Gaelic Medium Education (GME) is provided at the dedicated GME Primary School, Bun-sgoil Taobh na Pàirce. The catchment area for this school is Edinburgh and the Lothians; this being a legacy from Lothian Regional Council. Pupils from Bun-sgoil Taobh na Pàirce then have the option to transfer into James Gillespie’s High School.

3.67 Demand for places at Bun-sgoil Taobh na Pàirce continues to be very healthy with there currently being 64 registered pupils for the P1 intake in August 2016 including four from outwith Edinburgh. However there are three placing requests out and a number of deferrals are anticipated therefore an intake limit of 60 has been set.

3.68 The table below shows an analysis of the pupil roll at Bun-sgoil Taobh na Pàirce as at the September 2015 census. This shows, by year group, the total pupils by locality and shows a growing trend emerging of a significant proportion of the pupils attending the school coming from the north of the city, particularly the North East which is the locality in which the primary school is located. Within the P1 intake in August 2015, 63.1% of the pupils were from the North East locality with 82.5% being from the north of the city. Of the 60 Edinburgh pupils registered for P1 in August 2016, 38.3% are from the North East locality with 73.3% being from the north of the city.

Locality	P1	P2	P3	P4	P5	P6	P7	Total	% Total
North East	36	20	16	8	4	3	5	92	35.1%
North West	11	16	16	10	5	8	10	76	29.0%
South East	7	13	10	9	9	9	5	62	23.7%
South West	2	5	8	5	4	5	3	32	12.2%

Locality	P1	P2	P3	P4	P5	P6	P7	Total	% Total
Sub-Total CEC	56	54	50	32	22	25	23	262	100.0%
Out of Council	1	9	6	1	3	4	1	25	
Total	57	63	56	33	25	29	24	287	

- 3.69 Under section 5 (1) of the recently introduced Education (Scotland) Act 2016, a person who is the parent of a child who is under school age and has not commenced attendance at a primary school may request the education authority in whose area the child is resident to assess the need for Gaelic medium primary education. The City of Edinburgh Council has already made a very significant commitment to the development and delivery of Gaelic medium primary education through the establishment of Bun-sgoil Taobh na Pàirce which is a double-stream school with an annual intake limit of 60 which could be increased by exception to 66 should circumstances require it. There is currently no evidence to suggest that the demand for GME at a primary level would require any expansion of the existing capacity at primary level however this will be kept under review.
- 3.70 At secondary school level, as is explained earlier in this report, there is pressure on the capacity available at James Gillespie's High School to meet both local catchment demand and GME pupils transferring from Bun-sgoil Taobh na Pàirce. For 2016/17 this may result in some pupils not being able to be accommodated at James Gillespie's High School and, in such circumstances, should it be necessary to consider prioritisation of places within catchment pupils it is anticipated that those pupils who would be unsuccessful in gaining a place at James Gillespie's High School are likely to be some of those transferring from Bun-sgoil Taobh na Pàirce.
- 3.71 For 2016/17 the impact has been, to an extent, mitigated by increasing the S1 intake limit from 200 to 220 pupils however, the sustainability of this level for future S1 intakes requires to be reviewed. In future years it is likely that, as both the numbers of local catchment pupils and those transferring from Bun-sgoil Taobh na Pàirce increase, a number of pupils will be unsuccessful in gaining a place at James Gillespie's High School and, due to prioritisation based on distance from the school, are likely to be some of those transferring from Bun-sgoil Taobh na Pàirce.
- 3.72 Any proposals to change the existing arrangements for Gaelic Medium Education at secondary level may, depending on what is proposed, require a statutory consultation to be undertaken in accordance with the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014.
- 3.73 The potential issue of capacity at James Gillespie's High School was identified several years ago and, at its meeting of [16 December 2010](#), Council approved

that a statutory consultation should be carried out proposing the relocation of GME provision for future S1 intakes from James Gillespie's High School to Tynecastle High School.

- 3.74 A [short life cross-party working group](#) with representatives from relevant stakeholders was established to consider the various key factors which would have arisen regarding the re-location of Secondary Level GME provision from James Gillespie's High School to Tynecastle High School. This included consideration of the content and timing of the necessary statutory consultation process including transition arrangements and costs. The short life working group met three times between February and April 2011 however the statutory consultation was ultimately never progressed.
- 3.75 There remains a necessity to assess future delivery models for Gaelic Medium Education at a secondary level to address the issue of capacity at James Gillespie's High School however, it would be premature to progress a statutory consultation at this point for the following principal reasons:
- The families which are accessing Bun-sgoil Taobh na Pàirce appear to be increasingly those who are local to the school or are elsewhere in the north of the city. This suggests that a location for secondary GME provision in the north of the city would perhaps be more logical and would significantly reduce transport costs.
 - Whilst the capacity of Bun-sgoil Taobh na Pàirce does not appear to currently be a limitation on the accessibility to primary level GME in the city; with the increasing emphasis on the adoption of the language the level of demand may change over time which will have a consequential impact on the capacity which may be required at a secondary level.
 - The level of current Gaelic provision at James Gillespie's High School is not significant and could be relatively easily replicated, at least in part. There continue to be significant issues nationally with the recruitment of Gaelic speaking staff which limit what could actually be delivered at a secondary level, regardless of where it was provided.
 - In considering what physical accommodation would be required at any secondary school to meet GME provision it will be essential to understand what the demand for Gaelic specific curricular and educational development opportunities will be. The issue regarding recruitment of appropriate staff makes it very difficult to determine what might be feasible.
 - The rising school rolls which have been experienced in the primary sector will very shortly work through to the secondary sector. The impact of this, and the significant new housing development reflected in the second proposed Local Development Plan, will mean that many secondary schools will experience significant pressure on their accommodation. Careful consideration will be required regarding what secondary schools might be

able to either accommodate GME provision within their existing capacity or would be capable of expansion to do so which would almost inevitably require significant cost.

3.76 In light of the above, it is not possible to carry out a meaningful statutory consultation at this time however the position will be kept under regular review. At the time when a fully informed position on actual GME demand can be established; the availability of appropriately qualified teachers can be determined and the most appropriate location(s) for any provision can be assessed, a proposal for a statutory consultation will be recommended to Committee for consideration.

3.77 However, in the interim, it is important to ensure that the Council continues its already significant commitment to support the development of the Gaelic language at (both primary) and secondary level. Any GME pupils who are unsuccessful in gaining a place at James Gillespie's High School would be offered a place at Tynecastle High School which already offers some Gaelic provision or may choose instead to attend their mainstream catchment school.

3.78 At present, the level of Gaelic Medium Education provision at James Gillespie's High School is as follows:

- There are currently 81 young people in the GME programme which is delivered through to the end of the broad general education.
- There is an option to continue into the senior phase (S4–S6) and onto certificate level (National 5, Higher and Advanced Higher).
- There is good uptake of GME in the senior phase (Nat 5/Higher/Advanced Higher); the vast majority of students go on to complete Higher Gàidhlig, and many also continue to do Advanced Higher Gàidhlig. Attainment is strong and above the national average.
- Subjects being taught through the medium of Gaelic are PE, Art, Modern Studies and RME however, no subjects are currently taught through the medium of Gaelic at SQA qualification level. National 5 Modern Studies (N5 Nuadh-Eolas) through the medium of Gaelic is being offered as a choice for session 2016/17 and this class is expected to run.
- Gaelic has been embedded into the school's life and ethos with a visible profile in multi cultural events.
- Students participate in various creative writing and cultural competitions at national level including Scottish Book Trust Young Writers' Award, the 'National Gàidhlig Debate and the National Mod. Partnerships include Comunn na Gàidhlig (CNAG), Historic Scotland and Glasgow Gaelic School.

3.79 There is currently no provision of GME in the Tynecastle High School cluster however, two of the cluster primary schools currently deliver Gaelic Learner

Education (GLE); at Stenhouse Primary School from nursery onwards and in P5 to P7 in Balgreen Primary School. At Tynecastle High School itself, the current provision is as follows:

- Since August 2015, GLE is delivered in S1 and S2 for all learners. GLE provision at the school has doubled in 2015/16 with provision now continuing into S2. It is planned for this model to progress into S3.
- Half of the year group continues with a progressive programme of GLE from primary and the other half who have previously studied Mandarin follow a beginners GLE programme.
- Staffing is already shared across Tynecastle High School and James Gillespie's High School. This is a consideration for Tynecastle High School in moving forward and planning for the development of S3 courses.
- There are a range of GLE projects include partnership projects with Historic Scotland in both Stenhouse Primary and Tynecastle High School.
- Gaelic has been embedded very successfully into the life and ethos of many of the schools delivering both GME and GLE provision. Stenhouse Primary school has visible Gaelic signage throughout the school and a Gaelic choir.

3.80 In addition to the Gaelic provision which already exists at Tynecastle High School, consideration will be given to ways in which this can be further expanded, perhaps using consortium or peripatetic arrangements for the delivery of certain subjects. In this way, the Gaelic experience will be enhanced for those progressing to the school from Bun-sgoil Taobh na Pàirce and an opportunity would be created to more fully establish Tynecastle High School as an additional secondary school in the city offering an improved Gaelic experience which would be available to pupils within the school catchment and those who may wish to seek a placing request into the school.

Equalities impact

7.2 The Council will endeavour to make available places for all registered S1 pupils at James Gillespie's High School. However, where it is not possible to provide places for S1 pupils at James Gillespie's High School seeking Gaelic Medium Education, a place will be offered at Tynecastle High School which also offers Gaelic classes.

Appendix 2

Letter of 29 February [2016] from Bòrd na Gàidhlig

29 February

Andrew Kerr
Chief Executive
Edinburgh City Council
City Chambers
High Street
Edinburgh
EH1 1YJ

Andrew a charaid,

You will no doubt be aware of the serious concerns surrounding the paper before the Education, Children & Families Committee on Tuesday 1 March. This we find very disappointing because we have been heartened by the support of the Council to date for Gaelic-medium education (GME) and how successful Bun-sgoil Taobh na Pàirce was turning out to be. You can imagine my surprise and real disappointment to hear of the plans regarding the P7 transfer to James Gillespie's High School (JGHS). I would like you and your colleagues to consider the views expressed below as a matter of some urgency. You will perhaps know that I am a former Director of Education of some 12 years standing and someone who is well versed in the situations which the Council will consider on Tuesday.

I have very serious concerns over this matter on a number of fronts:

1 From an educational point of view, it is simply bad and unacceptable practice to consider denying some of the Primary 7 pupils a place in JGHS and suggest that they could go to a school that offers no GME provision. These children have commenced their induction and transfer process to be told that they now may not attend their designated school for Secondary GME. If this comes to pass, the children involved will have wasted seven years in GME. This is quite unprecedented in my 40 years in education, 23 of these spent in educational administration. I think these children will be significantly disadvantaged educationally if the Council approves the paper on Tuesday.

2 All Councils have standards and processes that they are expected to follow when making the sorts of decisions that Members are being asked to take on Tuesday. To take this proposal to Tuesday's Committee without any consultation with parents is unacceptable by any standards and I would have expected better from the officials of the Council. I am sure that Audit Scotland would be of this view as would other local authority regulators. In summary due process has not been followed and the Council officials are demonstrating a lack of accountability to the parents and pupils involved.

3 If the Committee accept the proposals before them on Tuesday, then the children who are denied a place will be the subject of significant equalities discrimination. To allow them to have their education to date delivered through the medium of Gaelic, build a culture and ethos of learning and social activity that is unique to GME, develop personal and peer group links in their school, and, some 12 weeks before they're due to transfer to their zoned school, be told they're not going to JGHS with their peers, is morally wrong and in my view, discriminatory on equalities grounds.

4 The report to the Committee does mention educational legislation, quite correctly. The 2010 School Consultation Act is clear on the requirements of Education Authorities in situations such as this. If Tynecastle High School is to become a designated school for Gaelic Medium Education, then a formal consultation under the terms of the Act is required. That has not taken place and therefore the proposals in the paper contravene the Legislation and should be dropped. I would also question the use of distance from school which founds on the 1980 Act in placing request terms. The whole of the City is the catchment area for JGHS for GME purposes and therefore distance from the school is an invalid criterion to use.

I hope that in reading this, the authors of the report and the Director will think carefully about the status of the paper before Elected Members. I think there is enormous risk to the Council if the proposals are adopted. I am genuinely trying to use my good offices in this email to you. The Council in recent years has been enormously supportive of Gaelic and in particular GME but these proposals, if accepted, will be detrimental in a number of ways, but most importantly for the children involved.

I should also advise you that the Bòrd is taking legal advice on the proposals which we feel are fundamentally flawed for the reasons outlined above.

I am, as always, more than happy to discuss further but I would also ask that this email is forwarded to the Acting Director, the Chief Executive, Group Leaders and members of the Committee.

Leis gach deagh dhùrachd,

A white rectangular box redacting the signature of Bruce Robertson OBE.

BRUCE ROBERTSON OBE
Interim CEO, Bòrd na Gàidhlig

Appendix 3

Council response to matters raised in the letter of 29 February [2016] from Bòrd na Gàidhlig

1 Point 1

- 1.1 Bòrd na Gàidhlig stated *“From an educational point of view, it is simply bad and unacceptable practice to consider denying some of the Primary 7 pupils a place in JGHS and suggest that they could go to a school that offers no GME provision. These children have commenced their induction and transfer process to be told that they now may not attend their designated school for Secondary GME. If this comes to pass, the children involved will have wasted seven years in GME. This is quite unprecedented in my 40 years in education, 23 of these spent in educational administration. I think these children will be significantly disadvantaged educationally if the Council approves the paper on Tuesday.”*
- 1.2 The circumstances which arose at JGHS were as a result of an entirely unprecedented and unexpected high level of S1 intake requests into the school for August 2016 from both local catchment pupils and those wishing to transfer from Bun-sgoil Taobh na Pàirce (TnP). The consequence was that there were anticipated to be more pupils than the school could accommodate.
- 1.3 The capacity of any school is not unlimited therefore the Council was faced with a very real and significant issue regarding (what was understood at that time to have been) a lack of available capacity at JGHS. It is that lack of capacity which could have meant that some P7 pupils could potentially not have been accommodated at JGHS if the available capacity would have been exceeded.
- 1.4 The standard annual S1 intake limit for JGHS is 200 and the discussions which had taken place in advance of the publication of the report between the management of JGHS and the school estate planning team had collectively concluded that a maximum intake limit of 220 was possible. This resulted in the very difficult decision having been taken to cap the S1 intake limit at 220, in itself a 10% increase, as a consequence of which there was then a possibility that some children might not be accepted into JGHS at S1 in August 2016. The potential consequences of this could have affected some of those pupils wishing to transfer from TnP.
- 1.5 The Council recognised the demand that exists and has a strong commitment to developing Gaelic Medium Education (GME) across the city as evidenced by the success of its Gaelic immersion primary school. The purpose of identifying an entirely discretionary alternative option at Tynecastle High School (THS) was to actively seek a solution which would have allowed pupils from TnP who might not have had the opportunity to attend JGHS to continue with their Gaelic studies.

- 1.6 The alternative option for GME pupils to attend a different secondary school if they wished was identified specifically due to the fact that it was acknowledged that the circumstances relating to any GME pupils who might be affected by the intake cap required an approach to be taken that recognised their particular educational needs.
- 1.7 Simply referring those pupils back to their mainstream catchment schools would neither acknowledge nor meet these needs. Consideration of an option at Tynecastle High School (THS) was a means to provide pupils with a possibility to still pursue Gaelic learning at secondary level, albeit at a different school. Tynecastle had been the focus of discussion for GME in 2010/11 and, indeed, the Council had previously approved that a statutory consultation be progressed regarding the transfer of secondary GME from JGHS to THS albeit this was ultimately never progressed. Due to the level of existing Gaelic provision it was considered to be the most logical alternative.
- 1.8 The statement that the proposed model would have “wasted seven years in GME” fails to recognise the Council’s continuing commitment to developing and enhancing GME provision. As was explained in the report (extracts from which are provided in Appendix 1), the level of Gaelic provision at JGHS, GME or otherwise, is relatively minor and many of these elements could, it was considered, have been successfully replicated at THS, building on the Gaelic provision which already exists at the school.

2 Point 2

- 2.1 Bòrd na Gàidhlig stated *“All Councils have standards and processes that they are expected to follow when making the sorts of decisions that Members are being asked to take on Tuesday. To take this proposal to Tuesday’s Committee without any consultation with parents is unacceptable by any standards and I would have expected better from the officials of the Council. I am sure that Audit Scotland would be of this view as would other local authority regulators. In summary due process has not been followed and the Council officials are demonstrating a lack of accountability to the parents and pupils involved.”*
- 2.2 Regarding the criticism of a lack of consultation with parents and a suggested lack of adherence to Council standards and processes, as has been exemplified earlier in this report the approach which was taken was entirely in accordance with all Council requirements and due process was followed.
- 2.3 There was no proposal to Committee. As is clearly evidenced in the various recommendations in the report, members of the Committee were being asked to note the position, this being the latest such annual report to Committee which explains the expected position regarding forthcoming P1 and S1 intakes and any issues arising. Members of the Committee were not being asked to take decisions regarding any proposals and none were presented to them.

- 2.4 The issue at JGHS was one of a lack of sufficient capacity at the school and it is unclear what consultation Bòrd na Gàidhlig considers could have been taken regarding this matter in any event. Having identified it as a potential issue once the anticipated intake position was determined in January, it was considered to be appropriate to advise both parents and elected members at the earliest opportunity.

3 Point 3

- 3.1 Bòrd na Gàidhlig stated *“If the Committee accept the proposals before them on Tuesday, then the children who are denied a place will be the subject of significant equalities discrimination. To allow them to have their education to date delivered through the medium of Gaelic, build a culture and ethos of learning and social activity that is unique to GME, develop personal and peer group links in their school, and, some 12 weeks before they're due to transfer to their zoned school, be told they're not going to JGHS with their peers, is morally wrong and in my view, discriminatory on equalities grounds.”*
- 3.2 Members of the Committee were not being asked to accept any proposals and none were presented to them.
- 3.3 The suggestion that any children (from TnP) who would have been denied a place would have been the subject of significant equalities discrimination is not correct; discrimination would require for them to be treated less favourably than others, this was not the case here.
- 3.4 In the circumstances of having insufficient capacity to meet catchment demand, prioritisation for places would have been based first on siblings and then on distance. This would have been a fair, consistent and equitable approach to considering the circumstances of all pupils who were entitled to attend JGHS. The provision of an alternative option at THS was a way in which the Council believed the impact on any children from TnP who might have been affected could have been mitigated.

4 Point 4

- 4.1 Bòrd na Gàidhlig stated *“The report to the Committee does mention educational legislation, quite correctly. The 2010 School Consultation Act is clear on the requirements of Education Authorities in situations such as this. If Tynecastle High School is to become a designated school for Gaelic Medium Education, then a formal consultation under the terms of the Act is required. That has not taken place and therefore the proposals in the paper contravene the Legislation and should be dropped. I would also question the use of distance from school which founds on the 1980 Act in placing request terms. The whole of the City is the catchment area for JGHS for GME purposes and therefore distance from the school is an invalid criterion to use.”*
- 4.2 Bòrd na Gàidhlig suggested that if Tynecastle High School (THS) was to become a designated school for Gaelic Medium Education then a formal

consultation under the act would be required. However the report did not include any such proposal for THS to become a designated school for Gaelic Medium Education and no formal consultation under the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014 was required.

- 4.3 What the report stated was “In addition to the Gaelic provision which already exists at Tynecastle High School, consideration will be given to ways in which this can be further expanded, perhaps using consortium or peripatetic arrangements for the delivery of certain subjects. In this way, the Gaelic experience will be enhanced for those progressing to the school from Bun-sgoil Taobh na Pàirce and an opportunity would be created to more fully establish Tynecastle High School as an additional secondary school in the city offering an improved Gaelic experience which would be available to pupils within the school catchment and those who may wish to seek a placing request into the school.”
- 4.4 The purpose of identifying an entirely discretionary alternative option at THS was to actively seek a solution which would have allowed pupils from TnP who might not have had the opportunity to attend JGHS to continue with their Gaelic studies.
- 4.5 The only relevant proposals under Schedule 1 of the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014 which specifically reference Gaelic Medium Education are those within part 1 which relate to closure.
- 4.6 The subsequent letter from Anderson Strathearn did not include any reference to a suggestion of THS becoming a designated school for Gaelic Medium Education but identified several other aspects of the approach which it was suggested were relevant proposals i.e. that part of JGHS was being relocated to THS; that there was a variation to an existing admission arrangement and finally that there was a variation of the arrangements for the transfer of some pupils from a primary school to a secondary school. These points are addressed in Appendix 5. There was no contravention of the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014.
- 4.7 Bòrd na Gàidhlig questioned the use of distance from school for prioritisation, referenced the 1980 Act and stated that the whole of the City is the catchment area for JGHS for GME purposes and therefore distance from the school is an invalid criterion to use.
- 4.8 The relevance of, and reference to, the Education (Scotland) Act 1980 is unclear as this legislation contains no provisions which suggest that distance would not be an appropriate criterion to use and, indeed, it is one which the Council uses consistently in its placing arrangements. It is difficult to comment

further on this point as the letter from Bòrd na Gàidhlig does not explain why it was considered to be invalid or what it would have suggested a more appropriate criterion would have been.

- 4.9 Bòrd na Gàidhlig is incorrect in suggesting that the whole of the City is the catchment area for JGHS for GME purposes. There is no catchment area for secondary GME in Edinburgh. JGHS is the secondary school which pupils transferring from TnP can attend if there is capacity and should they wish to continue with GME; it is not possible for a pupil to enter S1 in JGHS (or at any year stage) for GME without them having already attended TnP. The catchment area for those pupils who wish to attend TnP is currently Edinburgh and the Lothians.

Appendix 4

Letter of 29 February 2016 from Anderson Strathern LLP, acting on behalf of Bòrd na Gàidhlig



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By email and fax

Your Ref: BnG
 Date: 29 February 2016

Dear Mr Smith

Gaelic Medium Pupil Entry to James Gillespie’s High School

We are contacting you on behalf of our client, Bòrd na Gàidhlig (the Bòrd).

We understand that the Council has issued a report (the report) that will be considered by the Education, Children and Families Committee (the Committee) at its meeting on 1 March 2016. The report sets out certain matters in respect of S1 intakes for August 2016, in particular in relation to Gaelic Medium Education at James Gillespie’s High School. The report states that two actions will be taken: (1) to increase the S1 intake limit to only 220 pupils and review the sustainability of this level for future intakes; and (2) offer those Gaelic Medium pupils unsuccessful in gaining a place at JGHS a place at Tynecastle High School [see § 3.64]. The Committee is invited to note the contents of the report and to note that Gaelic medium pupils unsuccessful in gaining a place at JGHS will be offered a place at Tynecastle High School or may accept a place at their mainstream catchment school [see § 1.2].

The Bòrd is a statutory consultee. The interests of a number of pupils are affected. It is apparent that a number of GME pupils expecting to start at JGHS in August 2016 are unlikely to be permitted to do so. They are directly affected. The precise number is not known, nor are the identities of the pupils thus affected. In addition, the GME pupils starting at JGHS are indirectly affected insofar as an overall reduction in numbers of GME pupils is likely to result in diminished benefits of GME.

The nature of the decision before the Committee on 1 March 2016 is unclear. It appears that an administrative decision has been made. To the extent that noting the decision will have the consequence that it is ratified, the Bòrd seeks to prevent such a step being taken. In any event, the Bòrd seeks review of the decision.

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EDINBURGH

GLASGOW

EAST LOTHIAN



The Council will be aware of the existing arrangements in respect of GME provision at secondary level. JGHS is the only secondary school in Edinburgh that provides GME. Tynecastle High School does not provide GME.

The Bòrd is concerned that the decision has been taken on an unlawful basis. In particular:

- The Council is in breach of its statutory obligations under the Schools (Consultation) (Scotland) Act 2010. The Council is required to consult on a “relevant proposal”, as defined in section 2 of and Schedule 1 to the Act.
- The proposed action is a relevant proposal within the meaning of paragraph 3 of Schedule 1. Insofar as the decision purports to transfer the provision of some Gaelic Medium education to Tynecastle High School, it is relocating part of the school.
- It is also a relevant proposal within the meaning of paragraph 4 of Schedule 1. It is a variation of an existing admission arrangement.
- It is also a relevant proposal within the meaning of paragraph 5 of Schedule 1. It will vary the arrangements for the transfer of some pupils from a primary school to a secondary school.
- The Council has failed to consult in accordance with its statutory obligations.
- Separately, the Council has not followed proper procedures at common law. Insofar as the decision has been made, that has happened without giving an adequate opportunity for those affected to make representations.
- Parents potentially affected were advised by letter dated 25 February 2016. The Bòrd was first made aware of the present situation by the parents of pupils currently attending Bun Sgoil Taobh na Pairce in Edinburgh, on Thursday 25 February 2016. The Bòrd received no direct notification about the matter from the City of Edinburgh Council.
- Further, the decision is in breach of legitimate expectations. Those pupils affected are within the category of pupils for whom a place at JGHS in GME was provided. The catchment area for GME pupils is Edinburgh-wide. They have already made plans.
- Further, the decision is unreasonable. The Council has an existing policy in respect of GME. It is acting inconsistently with its policy. Pupils who have studied in GME throughout primary school, and in many cases also attended council-provided gaelic nursery provision, may now be required to leave GME.

We have therefore been instructed by the Bòrd to raise judicial review proceedings against the City of Edinburgh Council in respect of this matter. We are concerned about the potential impact of a decision by the Committee to note the proposed action taken, or to be taken. The proceedings are being raised under necessity of seeking interim interdict against the Council in respect of this matter.

We are seeking a written undertaking from the Council by 3.30pm today that neither it, nor its Committee, will proceed to make the proposed decision, or take the proposed action, referred to in the report.

It is clearly preferable for the Bòrd not to have to raise proceedings against the Council and for interested parties to seek to discuss the matter with the Council and to decide how to take matters forward. Given the impact on the pupils concerned in respect of the S1 intake for JGHS in 2016, the only course of action that is acceptable is for the Council not to implement the actions in the report.

Looking to the future, the Council will wish to consider its options and to do so within the correct statutory framework and to act in accordance with its statutory and other obligations.

We look forward to receiving your response by 3.30pm today.

Yours sincerely

For and on behalf of Anderson Strathern LLP

Appendix 5

Council response to matters raised in the letter of 29 February 2016 from Anderson Strathern LLP, acting on behalf of Bòrd na Gàidhlig

1 Suggestion of Unlawful Decisions

- 1.1 The letter from Anderson Strathern LLP focused on two decisions or actions which they asserted that the Council had either taken, or were intending to take, which they suggested were as follows:
- (1) To increase the S1 intake limit to only 220 pupils and review the sustainability of this level for future intakes; and
 - (2) To offer those Gaelic Medium pupils unsuccessful in gaining a place at JGHS a place at Tynecastle High School.
- 1.2 The letter asserted that these decisions had been taken on an unlawful basis.
- 1.3 Whilst the respective arguments regarding these matters could obviously only have been fully considered in the event that they were debated in Court, the Council's position regarding them both differs from that expressed by Anderson Strathern on behalf of Bòrd na Gàidhlig.

2 Limitation on Available Capacity at JGHS

- 2.1 Whilst Anderson Strathern stated that the decision to increase the S1 intake limit to (to use their words "only") 220 pupils and review the sustainability of this level for future intakes was unlawful, they did not explain the basis for that assertion therefore it is not possible to specifically comment on this.
- 2.2 Their use of the term "to only 220 pupils" implied that they believed there was a higher inherent capacity available within James Gillespie's High School (JGHS) than the 220 which had been identified (which in itself, represented a 10% increase in the standard S1 intake) however they did not specify why they considered this to be the case.

3 Relevant Proposals for Statutory Consultation

- 3.1 Anderson Strathern then identified several aspects of the approach which they suggested were 'relevant proposals' under the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014 i.e. that part of JGHS was being relocated to Tynecastle High School (THS); that there was a variation to an existing admission arrangement and finally that there was a variation of the arrangements for the transfer of some pupils from a primary school to a secondary school. Their suggestion that these were changes which necessitated statutory consultation and which, in turn, should have involved Bòrd na Gàidhlig as a statutory consultee is incorrect.

- 3.2 There are, indeed, certain changes in circumstances regarding the arrangements for a school which would require to be subject to statutory consultation; these are defined in the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014 <http://www.legislation.gov.uk/asp/2010/2/contents>. This legislation applies where there are any 'relevant proposals' which are defined in Schedule 1 of the Act. To the extent that any such proposal for a statutory consultation did involve GME, Bòrd na Gàidhlig would be one of the designated statutory consultees.
- 3.3 The specific area within the legislation which applies regarding Gaelic Medium Education (GME) is any proposal to permanently discontinue the provision of any stage of GME in a school which was not the case here. Other areas - such as establishing a new school or a new stage of education; relocating (in whole or in part) a school; varying admission arrangements (including changing the catchment area) or the arrangements for transferring from primary to secondary - similarly did not apply as no changes of that nature were actually proposed.
- 3.4 The Council was not proposing to transfer part of the provision of GME from JGHS to THS. The offer which would have been made to those GME pupils who might have been unsuccessful in gaining a place at JGHS of a place at THS was entirely discretionary and did not purport to represent GME. The option at THS should not be (or have been) construed, and was never intended, as having been a formal alternative approach to the delivery of GME at secondary level but rather an alternative option which might have been of more interest to any GME affected pupils who could not be accepted into JGHS than the alternative which would have been for them to attend either their denominational or non-denominational catchment secondary school.
- 3.5 There would have been no changes to the catchment, admission or primary to secondary transfer arrangements nor were any such changes either suggested or proposed in the report.
- 3.6 The report identified an issue with the capacity of JGHS to accommodate the anticipated S1 intake for August 2016 for eligible pupils and that a maximum intake of 220 was possible (in other words the intake would require to be capped at that level). The arrangement that TnP pupils were able to transfer to JGHS was self evidently predicated on there being capacity at JGHS. If JGHS lacked capacity then places would have to be allocated within existing arrangements. There was therefore no proposal to vary existing transfer or admission arrangements.
- 3.7 The policy, procedure and arrangements for admission would have remained unchanged. What would have happened was that, if the final number of eligible pupils who wished to enter S1 at JGHS had exceeded 220, it would not have been possible to accommodate all of these eligible pupils within the capacity of the school. The issue related to the level of demand for S1 places following the

current arrangements and the capacity of JGHS to deal with it, not the arrangements themselves regarding which there were no changes.

- 3.8 This is not a unique situation and is one which the Council faces regularly when there is insufficient capacity in many of the denominational schools to accommodate demand from non-denominational catchment pupils. In such circumstances, when intake limits are capped, no statutory consultation is undertaken as there is no necessity to do so.
- 3.9 There would have been no contravention of the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014. It would be inconceivable that a local authority did not have the ability, without the requirement to follow a lengthy statutory consultation process, to exercise any controls to limit the intake into one of its schools in exceptional circumstances where there was insufficient capacity in the school to accommodate all pupils who wished to attend.

4 Other Matters

- 4.1 Regarding the other matters raised in the letter, it is worth noting that the Council was not withdrawing or rescinding an offer of a school place as no unconditional offer had ever been provided for those wanting to attend either JGHS or, indeed, any other school in the city.
- 4.2 At the time of publishing the 'SMSP 2016' report, no places within any school across the city had been confirmed. The letter which was sent in November 2015 to the parents/carers of all P7 pupils clearly stated 'your child has been provisionally reserved a place' and 'schools will normally contact parents after the Easter break in April 2016 to confirm places for catchment'. At time of publishing the 'SMSP 2016' report the indication of a place was therefore still entirely provisional.