

Notice of meeting and agenda

Governance, Risk and Best Value Committee

2:00pm, Monday, 24 October 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 September 2016 – submitted for approval as a correct record (circulated)

5. Outstanding Actions

- 5.1 Outstanding Actions – October 2016 (circulated)

6. Work Programme

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

7. Reports

- 7.1 The Edinburgh Partnership – Governance, Risk and Best Value Arrangements – report by the Chief Executive (circulated)
- 7.2 The City of Edinburgh Council – 2015/16 Annual Audit Report to members and the Controller of Audit – joint report by the Chief Executive and the Acting Executive Director of Resources (circulated)
- 7.3 External and Internal Audit Arrangements for the Edinburgh Integration Joint Board – report by the Chief Officer, Edinburgh Health & Social Care Partnership (circulated)
- 7.4 Home Care and Re-ablement Service Contact Time – report by the Chief Officer, Edinburgh Health & Social Care Partnership (circulated)
- 7.5 Place Risk Update – report by the Executive Director of Place (circulated)
- 7.6 Governance of Major Projects: progress report – report by the Chief Executive (circulated)

- 7.7 Committee Decisions – August 2015 – August 2016 – report by the Chief Executive (circulated)
- 7.8 Property Conservation – scope for shared owners, legislative change, ESRS consultation process with owners and Extra Judicial Agreement Process – report by the Acting Executive Director of Resources (circulated)

8. Motions

- 8.1 None.

Kirsty-Louise Campbell

Interim Head of Strategy and Insight

Committee Members

Councillors Mowat (Convener), Balfour, Child, Dixon, Edie, Keil, Main, Munro, Orr, Redpath, Ritchie, Robson, 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

2.00pm, Monday, 26 September 2016

Present

Councillors Mowat (Convener), Balfour (present for consideration of items 7.4 to B1.1), Child, Dixon, Keil, Munro, Orr, Ritchie, Robson, Rose (substituting for Councillor Balfour, present for consideration of items 7.1 to 7.3) and Tymkewycz.

1. Minute

Decision

To approve the minute of the Governance, Risk and Best Value Committee of 18 August 2016 as a correct record.

2. Outstanding Actions

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

Decision

- 1) To request that the report requested within Action 4 - Waste Collection, was referred back to GRBV following consideration at the Transport and Environment Committee in November 2016.
- 2) To otherwise note the outstanding actions.

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

3. Work Programme

Decision

To approve the Work Programme.

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

4. Whistleblowing Update

A high level overview was provided of the Council's whistleblowing hotline for the period 1 March to 30 June 2016.

Decision

- 1) To note the report.

- 2) To request that the information detailed in the Consultation and Engagement section be clarified in future reports as this referred to the overall policy rather than the specifics of the report.

(References – Governance, Risk and Best Value Committee, 21 April 2016 (item 16); report by the Chief Executive, submitted.)

5. Corporate Leadership Team Risk Update

Details were provided of the Corporate Leadership Team's (CLT) prioritised risks as of August 2016 alongside the key controls in place to mitigate these.

Decision

- 1) To review the prioritised risk information for the CLT and to invite relevant officers to discuss key risks as required.
- 2) To note that the Finance and Resources Committee was the Executive Committee with main reporting responsibility for property related matters.
- 3) To request that progress reports on the additional precautionary surveys currently being undertaken in buildings sharing similar design features to those of the PPP1 schools, be referred to the Governance, Risk and Best Value Committee for scrutiny.
- 4) That a workshop be arranged for members to examine the risk register with the appropriate officers in attendance to provide further information.

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

6. Internal Audit Quarterly Update Report – 1 April 2016 to 30 June 2016

The progress of Internal Audit between 1 April and 30 June 2016 was considered.

Decision

- 1) To note the progress of Internal Audit in issuing 10 internal audit reports during the quarter and to note the areas of higher priority findings for reviews issued in this quarter.
- 2) To refer the 5 reports noted in Appendix 1 of the report to the Audit and Risk Committee of the Edinburgh Integrated Joint Board (IJB) for interest.
- 3) To request that the final report on *Continuous Testing – Stand By, On Call and Disturbance Payments* was referred to the Governance, Risk and Best Value Committee for consideration under the B agenda; the report to include information on outcomes and findings, any management action taken and a detailed proposed action plan.

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

7. Internal Audit Follow-Up Arrangements: Status Report from 1 April 2016 to 30 June 2016

An overview of the status of audit recommendations was considered along with all open audit recommendations past their estimated closure date at 30 June 2016.

Decision

- 1) To note the status of the overdue outstanding recommendations.
- 2) To request a report to the Governance, Risk and Best Value Committee in October 2016 identifying any discrepancies and providing a breakdown of the schedule of rates within the Shared Repairs and Maintenance audit findings.

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

8. City of Edinburgh Council – Report to Those Charged with Governance on the 2015/16 Audit

The principal findings of the external auditor's statutory review of the Council's Annual Accounts were submitted.

Decision

- 1) To note that, following the audit process, an unqualified audit opinion has been issued on the Council's Annual Accounts for 2015/16.
- 2) To refer the audited Annual Accounts for 2015/16 to the Finance and Resources Committee for approval and thereon to Council for noting and to revise by £0.076m the level of in-year under spend transferred to the Council Priorities Fund.
- 3) To note that, following approval by the Finance and Resources Committee, the audited Annual Accounts would be signed and submitted to the external auditor.
- 4) To note the intention to consider the external auditor's more detailed Annual Audit Report at the Governance, Risk and Best Value Committee on 17 November 2016.
- 5) To request that information on the Common Good Fund and the General Fund be included in the full audit report scheduled to be submitted to the Governance, Risk and Best Value Committee on 17 November 2016.

(References – Act of Council No 6 of 30 June 2016 - report by the Acting Executive Director of Resources, submitted.)

9. Capital Monitoring 2015/16 – Outturn and Receipts

The Finance and Resources Committee on 18 August 2016 considered a report which presented the final outturn on the Council's Capital Programme for 2015/16 and included details of the capital receipts and spillage/acceleration on projects within the Capital Investment Programme. The report was referred to the Governance, Risk and Best Value Committee for consideration as part of the workplan.

Decision

To note the report.

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

10. Capital Monitoring 2016/17 – Month Three Position

The Finance and Resources Committee on 18 August 2016 considered a report which set out the overall position of the Council's capital budget at month three and the projected outturn of the year. The report was referred to the Governance, Risk and Best Value Committee for consideration as part of the workplan.

Decision

To note the report.

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

11. Revenue Monitoring 2015/16 – Outturn Report

The Finance and Resources Committee on 18 August 2016 considered a report which set out the provisional 2015/16 revenue outturn position for the Council based on the unaudited financial statements. The report was referred to the Governance, Risk and Best Value Committee for consideration as part of the workplan.

Decision

To note the report.

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

12. Revenue Monitoring 2016/17 – Outturn Report

The Finance and Resources Committee on 18 August 2016 considered a report which set out the projected three month revenue monitoring position for the Council, based on period two data. The report was referred to the Governance, Risk and Best Value Committee for consideration as part of the workplan.

Decision

To note the report.

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

13. Treasury Management – Annual Report 2015/16

The City of Edinburgh Council on 25 August 2016 considered a report on treasury Management activity in 2015/16. The report was referred to the Governance, Risk and Best Value Committee for consideration as part of the workplan.

Decision

To note the report.

(Reference – referral report by the City of Edinburgh Council, submitted.)

14. Committee Decisions – Finance and Resources Committee - Item 8.7- Proposed Lease and Conservation Burden at Tron Kirk

The following motion by Councillor Mowat was submitted in terms of Standing Order 16.1:

“To request that the report to the Finance and Resources Committee of 18th August and follow-up report regarding the Lease of the Tron Kirk is remitted to the Governance Risk and Best Value Committee for scrutiny of this matter.”

The motion was seconded by Councillor Balfour.

Decision

To request that the follow up report to the Finance and Resources Committee on the Tron Kirk is referred to the Governance, Risk and Best Value Committee for scrutiny.

(References – Finance and Resources Committee, 18 August 2016 (item 1d) - report by the Acting Executive Director of Resources, submitted.)

15. Resolution to Consider in Private

The Committee, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for consideration of item 17 below on the grounds that it involved the disclosure of exempt information as defined in Paragraphs 3, 12 and 14 of Part 1 of Schedule 7(A) of the Act.

16. Whistleblowing Monitoring Report

An overview was provided of the disclosures received and investigation outcome reports completed during the period 1 March 2015 to 30 June 2016.

Decision

To note the report.

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

Item 5.1 - Outstanding Actions

Governance, Risk and Best Value Committee

October 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.	Acting Executive 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. The delay was due to the inquiry not having commenced.</p>
2	19/10/2015	Committee Report Process	To investigate technology offered by the new IT provider with a view to	Chief Executive	December 2016		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			improving report format and reducing officer workload. To request a progress report back to Committee in one year.				
3	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	October 2016	October 2016	Recommended for closure – on October agenda
4	03/03/2016	Work Programme	To ask that a report detailing the background of 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.	Executive Director of Place	November 2016		Presentation went to June Committee. The full report will be referred back to GRBV after consideration at the Transport and Environment Committee in November 2016.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
5	03/03/2016	Place Risk Update	<p>1) To agree that a definition and examples of what constitutes a 'non housing asset' would be appended to the minute of the meeting.</p> <p>2) 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.</p>	Executive Director of Place	October 2016	October 2016	Recommended for closure – on October agenda
6	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>2) To note that an annual report detailing capital</p>	Acting Executive Director of Resources	September 2016	October 2016	Actions 2 and 3 were included in item 7.6 considered by GRBV on 26 September 2016 – Actions 2 and 3 recommended for closure.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>investment activity and lessons learnt would be submitted to the relevant executive committee and to request that this also be submitted to the Governance, Risk and Best Committee.</p> <p>3) 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>				
7	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	Date TBC		Appointments will be made to the Internal Audit Service following the Legal & Risk organisation review, this will be reported to GRBV in the near future

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							– date TBC
8	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 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	Acting Executive Director of Communities and Families	December 2016		This will be considered at E, C&F on 13 December and referred to GRBV for consideration on 22 December 2016.
9	26/05/2016	Governance of Major Projects: Progress Report	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.	Chief Executive	October 2016	October 2016	Recommended for closure – on October agenda

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			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 Governance, Risk and Best Value Committee on 18 August 2016.				
10	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	October 2016	Recommended for closure – on October agenda
11	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		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
12	23/06/16	Recent Developments in Gaelic Education Provision in Edinburgh	<p>1) To request a report to the Education, Children and Families Committee then to the Governance, Risk and Best Value Committee on the Council's current policy for GME access to secondary schools, the corresponding Government policy and an assessment on whether this was being met.</p> <p>2) To request that the current policy for GME access to secondary schools was published on the Council website and to review the appropriateness of the distance from school criteria for GME admissions to secondary school. A</p>	Acting Executive Director of Children and Families	December 2016		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			work-plan of how this would be achieved, including actions in place to avoid any future legal challenge, should be in place by November 2016.				
13	18/08/16	Corporate Governance Framework	<p>1) To request a report to the September Committee which provided:</p> <p>(a) Clarity of the quality assurance and scrutiny arrangements for the integration of health and social care.</p> <p>(b) Information on the current governance arrangements of the Edinburgh Partnership.</p>	Chief Executive	September 2016	October 2016	Recommended for closure – on October agenda

14	18/08/16	Property Conservation – Court Actions and Debt Recovery	<p>(1) To request a further report on the extra judicial settlements process, including:-</p> <p>(a) The governance and decision-making arrangements</p> <p>(b) Details of cases settled out of court, including the reasons for settlement; engagement with the Council prior to settlement; the sums settled versus original sums billed</p> <p>(c) Total recovery costs to date</p> <p>(d) Earlier commitments regarding the fairness of settlements across multi-owner blocks</p> <p>(2) That the report also addresses the scope</p>	Acting Executive Director of Resources	October 2016	October 2016	Recommended for closure – on October agenda
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			for legislative change regarding shared owners; how the Council was ensuring effective consultation with owners under the new Service, and the scope for ensuring that additional repair work should only be undertaken with the agreement of a majority of the owners.				
15	26/09/16	Corporate Leadership Team Risk Update	To request that progress reports on the additional precautionary surveys currently being undertaken in buildings sharing similar design features to those of the PPP1 schools, would be referred to the Governance, Risk and Best Value Committee for scrutiny.	Acting Executive Director of Resources	April 2017		

16	26/09/16	Internal Audit Quarterly Update Report – 1 April 2016 to 30 June 2016	To request that the final report on Continuous Testing – Stand By, On Call and Disturbance Payments is referred to the Governance, Risk and Best Value Committee for consideration under the B agenda. This should include information on outcomes and findings, any management action taken and a detailed proposed action plan.	Executive Director of Place	November 2016		
17	26/09/16	Internal Audit Follow Up Arrangements – Status Report from 1 April 2016 to 30 June 2016	To request a report to the Governance, Risk and Best Value Committee in October 2016 identifying any discrepancies and providing a breakdown of the schedule of rates within the Shared Repairs and Maintenance audit findings.	Chief Internal Auditor	October 2016	October 2016	Recommended for closure – on October agenda

18	26/09/16	City of Edinburgh Council – report to those charged with governance on the 2015/16 audit	To request that information on the Common Good Fund and the General Fund be included in the full audit report scheduled to be submitted to the Governance, Risk and Best Value Committee on 17 November 2016.	Acting Executive Director of Resources	November 2016		
19	26/09/16	Motion by Councillor Mowat – Committee Decisions – Finance and resources Committee – Item 8.7 – Proposed Lease and Conservation Burden at Tron Kirk	To request that the follow up report to the Finance and Resources Committee on the Tron Kirk is referred to the Governance, Risk and Best Value Committee for scrutiny.	Acting Executive Director of Resources	February 2017		

Item 6.1 - Work programme

Governance, Risk and Best Value

October 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	Quarterly	December 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	Quarterly	December 2016

N o	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	Acting Executive Director of Resources	Council Wide	Annually	April 2017
7	Audit Scotland	Annual Audit Report	Annual audit report	External Audit	Acting Executive Director of Resources	Council Wide	Annually	October 2017
8	Audit Scotland	Internal Controls Report	Annual report on Council wide control framework	External Audit	Acting Executive Director of Resources	Council Wide	Annually	August 2017
9	Audit Scotland	ISA 260	Annual ISA 260 Report	External Audit	Acting Executive Director of Resources	Council Wide	Annually	September 2017
10	Accounts Commission	Annual report	Local Government Overview	External Audit	Acting Executive Director of Resources	Council Wide	Annually	June 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	April 2017

N o	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
12	Welfare Reform	Review	Regular update reports	Scrutiny	Acting Executive Director of Resources	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	December 2016
14	Whistleblowing Quarterly Report		Quarterly Report	Scrutiny	Chief Executive	Internal	Quarterly	December 2016
15	Pride in our People	Staff	Annual report of progress	Scrutiny	Chief Executive	Council Wide	Annual	TBC
16	Workforce Control	Staff	Annual report	Scrutiny	Acting Executive Director of Resources	Council Wide	Annual	December 2016
17	Committee Decisions	Democracy	Annual report	Scrutiny	Chief Executive	Governance, Risk and Best Value Committee	Annual	October 2017
18	Dissemination of Committee Decisions	Democracy	Bi-annual report	Scrutiny	Chief Executive	Council Wide	Six-monthly	February 2017
19	Late Submission of reports	Democracy	Bi-annual report	Scrutiny	Chief Executive	Council Wide	Six-monthly	February 2017
20	Property Conservation – Legacy Closure programme and Defect Costs		Progress reports	Scrutiny	Acting Executive Director of Resources	All	June 2016 December 2016 April 2017	December 2016

GRBV Upcoming Reports

Appendix 1

Number	Report Title	Type	Flexible/Not Flexible
24 October 2016 Committee			
	Audit Arrangements for the Edinburgh Integration Joint Board	Scrutiny	Flexible
	Home Care and Reablement Service Contact Time	Scrutiny	Flexible
	Annual Audited Accounts	Scrutiny	Flexible
	Governance of Major Projects	Scrutiny	Flexible
	Place Risk Register	Scrutiny	Flexible
	Committee Decisions	Scrutiny	Flexible
	The Edinburgh Partnership – Governance Arrangements	Scrutiny	Flexible
17 November 2016 Committee			
	Transformation Major Projects	Scrutiny	Flexible
	CEC - report to those charged with governance on the 2015/16 audit	Scrutiny	Flexible

	Common Good Fund	Scrutiny	Flexible
	Overtime and Standby Payments	Scrutiny	Flexible
22 December 2016			
	Internal Audit Quarterly Update	Internal Audit	Flexible
	Internal Audit Follow Up Arrangements	Internal Audit	Flexible
	Looked After Children – Transformation Programme progress	Scrutiny	Flexible
	CLT Risk Register	Scrutiny	Flexible
	Property Conservation – Legacy Closure Programme and Defect Costs	Scrutiny	Flexible
	Workforce Control	Scrutiny	Flexible
	Recent Developments in Gaelic Education	Scrutiny	Flexible
	Whistleblowing Update	Scrutiny	Flexible
2 February 2017 Committee			
	Committee Decisions - Annual Report	Scrutiny	Flexible
	Governance of Major Projects	Scrutiny	Flexible

Governance, Risk and Best Value Committee

2pm, Monday, 24 October 2016

The Edinburgh Partnership – Governance, Risk and Best Value Arrangements

Item number 7.1

Report number

Executive/routine

Wards

Executive Summary

This report updates members on the arrangements the Edinburgh Partnership Board has put in place to manage key governance, risk and best value matters.

Links

Coalition Pledges All

Council Priorities All

Single Outcome Agreement All

The Edinburgh Partnership – Governance, Risk and Best Value Arrangements

1. Recommendations

- 1.1 It is recommended that the Governance, Risk and Best Value Committee notes the arrangements put in place by the Edinburgh Partnership Board to manage governance, risk and best value matters.

2. Background

- 2.1 The Edinburgh Partnership was established in 2005, as a result of the Local Government (Scotland) Act 2003. The 'Act' placed a duty on local authorities to delivery community planning (defined as: 'engaging citizens and communities to inform public service planning, improving public service coordination and integration, and aligning community planning to the national performance framework).
- 2.2 Statutory guidance at this time required an 'accountable body' to be established to deliver community planning in each local authority area, and to develop, agree, deliver and report performance on a community plan (single outcome agreement). In response to this duty, the Edinburgh Partnership Board was established, to become the 'accountable body'. In order to develop, agree and deliver a community plan, the Board 'adopted' a number of strategic partnerships, advisory groups and all neighbourhood partnerships (which also act as advisory groups to the Council).
- 2.3 Since 2005, there have been numerous changes in board membership, strategic partnership arrangements and advisory groups that make up the Edinburgh Partnership, and, there have been four iterations of the community plan. The most current community plan runs from April 2015 to March 2018.
- 2.4 These changes have happened in response to the findings of the Christie Commission, changes in public sector legislation and associated statutory guidance, national policy and performance framework changes, public service reform, the COSLA and Scottish Government 'Joint Statement of Ambition for Community Planning', and Audit Scotland best value audit reports on community planning.
- 2.5 The Community Empowerment (Scotland) Act 2015 passed into law on 24 July 2015. The Act covers eleven topics, each of which come into force at different times subject to the passing of secondary legislation and the development of guidance. The Act aims to "empower community bodies through the ownership of

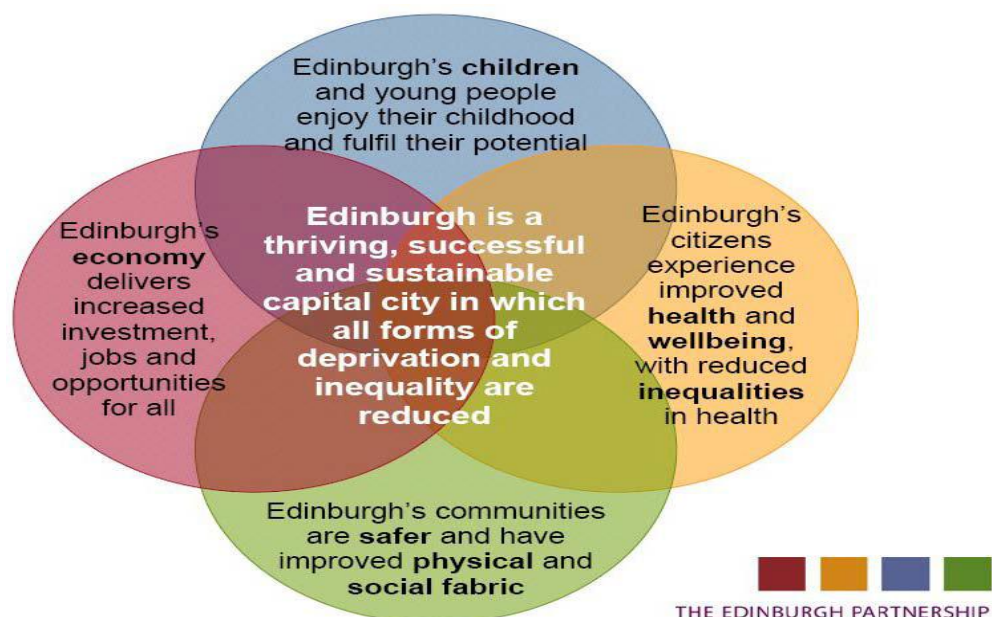
land and buildings and by strengthening their voices in decisions about public services”.

- 2.6 The [Council response to the Scottish Government consultation](#) on the draft regulations (between March and June 2016), and agreed by Corporate Policy and Strategy on 14 June 2016, supported the aims of the Act whilst identifying a number of areas where further detail and potential revision would be welcomed. The findings from this consultation are currently being used by the Scottish Government to inform the production of the final regulations, due to be set before Parliament in early November 2016, and preparation of the statutory guidance, with the new duties proposed to come into force in early January 2017.
- 2.7 The Community Empowerment (Scotland) Act 2015, City Vision 2050, and the City’s move to locality working will all require the Edinburgh Partnership to adapt again, and to reflect this in the new Community Plan 2018/2023 (Locality Outcome Improvement Plan) for October 2017. Progress is being made with developing Locality Improvement Plans for the Localities.
- 2.8 Throughout all of this significant change, the Board has continued to improve governance and risk management arrangements. This report provides details on these arrangements.

3. Main report

The Edinburgh Partnership Board and Community Plan 2015/18

- 3.1 The Edinburgh Partnership Board approved a new Community Plan in March 2015. This plan is based on the following strategic outcomes and community planning vision. It is important to note the emphasis on tackling deprivation and inequality, which is a central ambition of this plan:



- 3.2 All public performance reports, and a full copy of the community plan, can be found at: www.edinburgh.gov.uk/communityplanning. A summary version is attached at Appendix 1.
- 3.3 A new community plan will be developed by April 2018, informed by City Vision 2050 work, Locality Improvement Plans and other strategic plans in the City. The Board has already agreed that the current four community plan strategic outcomes (described in the diagram above), will be replaced by social sustainability, economic sustainability and environmental sustainability, which will ensure better alignment with the Council's Business Plan strategic themes, namely, quality of life, economic vitality and excellent places.

Audit Scotland Best Value Report on Community Planning

- 3.4 Successive Audit Scotland Best Value Reports on community planning have indicated that the Edinburgh Partnership exhibits many good practice elements of an effective community planning partnership. Specifically, elements relating to governance arrangements, partnership culture, community planning projects, community and citizen engagement and empowerment, third sector engagement, public service reform and coordination, neighbourhood partnership and locality working, and public performance reporting, were all assessed as continuously improving.
- 3.5 The most recent audit report of March 2016 can be found at: http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_160303_community_planning.pdf Recommendations from this report are described below. The three recommendations that relate directly to the Edinburgh Partnership have been discussed at the Board, and these are informing current partnership priorities:

The Scottish Government and COSLA should:

- Set out a clear route map for improving community planning with short, medium, and long-term steps that will be taken locally and nationally to implement the Statement of Ambition and the Community Empowerment (Scotland) Act 2015 including how the impact of these changes will be assessed.
- Work with the Improvement Service and others to establish a locally tailored national programme of improvement support for CPPs.
- Establish arrangements through which good practice within individual CPPs can be identified and shared.
- Establish a national forum which has the credibility and authority to address any national and local barriers to effective community planning.
- Put in place a 'test of change' within a CPP to assess the impact of greater local autonomy on improving outcomes and identify any barriers to effective locally focused partnership working.
- Evaluate the 'test of change' and implement the lessons learnt.

The Scottish Government should:

- Clarify its specific performance expectations for CPPs and partners through its statutory guidance on the Community Empowerment (Scotland) Act 2015.
- Streamline national performance management frameworks and create a better balance between short-term measures of individual service performance and the delivery of longer-term local outcomes through effective partnership working.
- Place the views of local communities at the heart of measuring success in public service delivery.
- Work with others to create a climate and culture where local public service leaders feel confident that they have autonomy and authorisation to decide how to respond to the specific needs of their communities.

Community Planning should:

- Target their resources on a larger scale towards their priorities and shift them towards preventative activity.
- Ensure local communities have a strong voice in planning, delivering and assessing local public services.
- Promote and lead local public service reform.

Edinburgh Partnership Board – Governance Protocols

- 3.6 Critical to the Edinburgh Partnership Board’s approach to the above has been the need to maintain and review Board governance protocols. The most recent version of Board’s governance protocols are attached at Appendix 2. These are currently under review in light of the Community Empowerment Act, and with recognition of the strategic Edinburgh roles of the Chair of the Integration Joint Board Health and Social Care and the Chief Officer of the Integration Joint Board Health and Social Care are recognised by the Edinburgh Partnership in the positions of Board member and adviser to the Board respectively and Skills Development Scotland as a Board member. To assist succession exit interviews are held with outgoing members. Induction meetings are offered to incoming members who also receive a Board briefing pack. The Partnership and Localities Manager meets Board members during the year to progress Board matters and offer support.
- 3.7 Given the likely changes in Council elected member representation on the Board, a revised version of these protocols will be presented to the Council and the Board in June 2017. It should be noted that the Edinburgh Partnership is not a political Board; its members all have equal standing as partners.

Edinburgh Partnership Board – Risk Management Framework

- 3.8 Attached at Appendix 3 is a detailed risk management report published by PWC, which was discussed and endorsed at the Board in March 2016. A six monthly risk management forum has been established by the Board to manage risks identified in this report. In addition, individual strategic partnerships, advisory groups and neighbourhood partnerships have developed their own bespoke risk management arrangements. Issues described in the Framework as ‘wicked’ are those that

partners consider to be entrenched, such as alcohol misuse, and those impact as wide ranging across partners' services and needs decisive collaborative action to address them.

4. Measures of success

- 4.1 The Edinburgh Partnership publishes annual community plan performance reports on its website (see above), which contain detailed information about the delivery of strategic priorities.
- 4.2 Each Locality Improvement Plan will have an outcome based performance framework. Public performance reporting will take place annually, and will be led by Locality Leadership Teams.

5. Financial impact

- 5.1 The delivery of community planning strategic priorities requires significant joint resourcing and financial investment, much of which is contained in community planning partner mainstream budgets, or is available through specific funding streams recognise the Edinburgh Partnership as the community planning partnership for the city. These partnership monies are administered by the appropriate strategic partnership or cross agency group on behalf of the Partnership. Reports are provided to the Edinburgh Partnership and ultimately the funding provider with whom the Partnership has a contract. An overview of funding allocated to the EP for the period 2008/9 to 2015/16 is given below:

Funds Allocated to the Edinburgh Partnership 2008/09 - 2015/16

Fund	Funder	Totals
EP Enabling fund	Edinburgh Partnership	130,800
English for Speakers of Other Languages (ESOL) Funding	Scottish Funding Council	498,550
Electric Vehicle & Charging Point Funding	Transport Scotland	666,561
European Union Funding - Competitive Communities	European Union via ESEP	5,401,315
Fairer Scotland Fund	Scottish Government	5,142,644
European Union Funding - Strategic Skills Pipeline	European Union via ESEP	4,731,000
		16,570,870

The third sector plays a key role in ‘leveraging in’ external funding, through the National Lottery and other sources, into the City to deliver community plan priorities.

- 5.2 A key financial challenge for the Edinburgh Partnership is to create the partnership conditions for a shift in financial resources, from crisis intervention into prevention and early support (e.g. to the delivery of the strategic outcome to ‘ensure our children have the best start in life’, a shift in resources is required into pre birth support, 0-5 child health checks, early year’s service and child care expansion and flexibility, school readiness etc).

6. Risk, policy, compliance and governance impact

- 6.1 All strategic community planning risk, policy, compliance and governance arrangements are managed by the Edinburgh Partnership Board. Individual strategic partnerships also have embedded risk, policy, compliance and governance arrangements. For example, the Key risks will feature as part of the Council’s corporate risk register, and the Edinburgh Partnership Board’s risk register.

7. Equalities impact

- 7.1 Effective community planning enables the Council and community planning partners to better meet its public sector equality duty under the Equality Act 2010, by commitments to engage and empower communities of interest and place, and placing a focus on tackling poverty and inequality.

8. Sustainability impact

- 8.1 Delivery of the community plan contributes to the delivery of Sustainable Edinburgh 2020 social, environmental and economic objectives by including action and outcomes relating to environmental sustainability work (e.g. reducing GHG emissions, improving place making, promoting use of sustainable food, implementing local climate change adaptation projects, delivering community and renewable energy projects, and promoting active travel, plus other actions defined by citizens and communities).

9. Consultation and engagement

- 9.1 Consultation and engagement activity is central to the work of the Edinburgh Partnership, specifically the development and delivery of the Community plan and locality Improvement plans.

10. Background reading/external references

10.1 None

Andrew Kerr

Chief Executive

Contact: Kirsty – Louise Campbell – Head of Strategy and Insight (Interim)

E-mail: kirstylouise.campbell@edinburgh.gov.uk | Tel: 0131 529 3654

11. Links

Coalition Pledges	All
Council Priorities	All
Single Outcome Agreement	All
Appendices	Appendix 1 - Summary Version – Edinburgh Partnership Community Plan 2015/18 Appendix 2 - Edinburgh Partnership Board – Protocols Appendix 3 - Edinburgh Partnership Board – Risk Management report



The Edinburgh Partnership

Is the citywide strategic community planning partnership for Edinburgh and involves the public, private, community and third sector sectors

Our **partners** work together to plan and deliver better services and improve the lives of local people:

- Armed Forces based in Edinburgh
- Edinburgh Chamber of Commerce
- Edinburgh College and universities in the city
- Edinburgh Voluntary Organisations' Council
- NHS Lothian
- Neighbourhood Partnerships
- Police Scotland
- Scottish Enterprise
- Scottish Fire and Rescue Service
- Skills Development Scotland
- South East of Scotland Transport Partnership
- The City of Edinburgh Council

The Edinburgh Partnership **Community Plan** 2015-18

Community planning partnerships have to produce a three year community plan for the Scottish Government showing how they will tackle some of the big social, economic and environmental issues in their area. The Edinburgh Partnership has looked at local information and listened to what communities and partnerships say about services to arrive at our new plan.

Central to the plan is the EP's **Vision**

"Edinburgh is a thriving, successful and sustainable capital city in which all forms of deprivation and inequality are reduced".

There are four community planning **outcomes** - the changes we want to achieve, and **twelve priorities** - where we will focus our collective attention.

COMMUNITY PLANNING OUTCOMES

PRIORITIES

1. Edinburgh's economy delivers increased investment, jobs, and opportunities for all

i Reducing unemployment and tackling low pay

Job opportunities, training, skills, apprenticeships, businesses helping communities and schools, social enterprises, the living wage, literacy and numeracy

2. Edinburgh's citizens experience improved health and wellbeing with reduced inequalities in health

**ii Shifting the balance of care
iii Reducing alcohol and drug misuse
iv Reducing health inequalities**

Alcohol – reduce: availability, impact on individuals, families and communities, related violence and anti social behaviour, domestic violence

Balance of care, prevention, people have control of their lives, healthy and sustainable places, healthy standard of living, good mental and physical health

3. Edinburgh's children and young people enjoy their childhood and fulfil their potential

**v Improving early support
vi Improving outcomes for children in need
vii Improving positive destinations**

Building family capacity and confidence, family engagement and support, family learning, accessible, affordable, quality childcare, kinship care, prevention, caring, inclusive

Informed career choices, youth literacy

4. Edinburgh's communities are safer and have improved physical and social fabric

- viii Reducing antisocial behaviour, violence, harm
- ix Reducing re-offending
- x Improving community cohesion, participation and infrastructure
- xi Increasing availability of affordable housing
- xii Reducing greenhouse gas emissions

**Reduce: harm, violence and violent crime, dwelling fires, homelessness.
Safer communities and premises, active travel, road safety, fire safety, 20mph speed limit.
Co-produce services, co-operate, collaborate, volunteer,
improve community cohesion, participation and infrastructure
Increase housing supply, affordable homes, sustainable building and design, reduced heating bills, improved energy efficiency**

All priorities have associated:

- **actions** – what we will do
- **indicators** – measures that will show we are making progress
- **targets** – that we will achieve

Every six months in June and December

- we will report on the **progress** being made to deliver agreed actions and meet our indicator targets
- we will consider how poverty, inequality and prevention is being tackled

To improve service delivery, resource usage and engagement with communities, partners are developing a new '**four localities**' approach across Edinburgh

- This will assist partners to:
- act early on customer and community needs
 - plan and manage local services with communities
 - put clients and communities at the centre of deciding what to spend money on and who to involve
 - focus on prevention, tackling poverty and inequality

These **partnerships** work with the Edinburgh Partnership to deliver the outcomes

- Compact Partnership
- Economic Development Strategic Partnership
- Edinburgh Alcohol and Drug Partnership
- Edinburgh Children's Partnership
- Edinburgh Community Learning and Development Partnership
- Edinburgh Community Safety Partnership
- Edinburgh Sustainable Development Partnership
- Integration Joint Board for Health and Social Care
- Reducing Reoffending Strategic Group
- Neighbourhood Partnerships

They are **helped** by

- Chief Officer's Public Protection Group
- Edinburgh Collaborative Asset Management Group
- Edinburgh Partnership Lead Officer Group
- Edinburgh Transport Forum
- Poverty and Inequality Partnership
- Prevention Strategy Steering Group
- Total Craigroyston
- Total Neighbourhood East

Contact us

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<http://www.edinburgh.gov.uk/communityplanning>



THE EDINBURGH PARTNERSHIP



EDINBURGH PARTNERSHIP BOARD PROTOCOLS

Index

1. The Edinburgh Partnership Board
2. Membership of the Board
3. Vision
4. Mission Statement
5. Role and Responsibilities
6. Role of Partners on the Board
7. In Attendance at the Board
8. Business Arrangements
9. Guiding Principles

1. The Edinburgh Partnership Board

1.1 The Board is the governing body for community planning in Edinburgh, **members** are:

Post Holders

- ♦ Leader of the Council (Chair) *
- ♦ Opposition Leader
- ♦ Commander Edinburgh Garrison (Armed Forces representative)
- ♦ Convener of the Communities and Neighbourhoods Committee (Neighbourhood Partnership representative)
- ♦ Convener of the Police and Fire Scrutiny Committee *
- ♦ Chair of Lothian NHS Board *
- ♦ Principal of Edinburgh College (Further Education representative)

Representatives

- ♦ Edinburgh Chamber of Commerce
- ♦ Scottish Enterprise *
- ♦ EACC (Community of Place representative) ^
- ♦ HE representative ^
- ♦ Third Sector Interface representative ^

Appointees

- ♦ Equality and Rights Member

key

^ denotes elected representatives

* denotes statutory partners

- 1.2 The membership of the Board shall reflect the concept of **equal partnership** and will comprise elected representatives from the major public agencies, and lead representatives of business, community, education and voluntary sectors.
- 1.3 Each Board **member is an equal partner**.
- 1.4 From time to time, and dependent upon agenda items, other organisations and individuals may be invited to address the Board on specific matters under discussion by the Board. They shall have no voting rights.
- 1.5 New members to existing Board positions should be notified in writing to the Chair.
- 1.6 New requests to join the Board, as an **additional member**, should be made in writing to the Chair and will be considered at a Board meeting. Applicants should demonstrate that they:
- represent the strategic views of their stakeholder group / Board / community representation forum
 - support the mission and vision of the EP and
 - contribute to the delivery of the Community Plan.
- 1.7 The Board may agree to establish a new Board position or recommend that the applicant join an appropriate Strategic or Cross Cutting Partnership or Neighbourhood Partnership.
- 1.8 Any member may step down from the Board at any time by giving in writing to the Chair. Recruitment of fixed tenure positions should be commenced to allow for handover where possible.
- 1.9 The Board will monitor members' attendance.

2 Vision

The Edinburgh Partnership's vision, as agreed in 2012, is that:

“Edinburgh is a thriving, successful and sustainable capital city in which all forms of deprivation and inequality are reduced.”

3 Mission Statement

“The Edinburgh Partnership Board will provide the strategic direction, prioritisation and accountability for community planning in Edinburgh.”

4 Remit of the EP Board

- 4.1 The Board is accountable to the National Community Planning Group for the delivery of the Edinburgh Partnership Community Plan (Single Outcome Agreement) through partnership working. The remit of the Board is to:

- ♦ set the tone and culture of the partnership
- ♦ set community plan priorities against resource forecasts
- ♦ determine and prioritise the work of the EP family (see Appendix 1) in relation to community planning matters
- ♦ consider and call for reports, monitoring, evaluation and updates from the EP family and other relevant parties
- ♦ support the work of the EP by communicating with partner organisations and the EP family to ensure cooperation and collaboration
- ♦ develop further ideas for partnership working
- ♦ approve on behalf of the Partnership the EP's Community Plan and Community Plan Annual Reports before sending to the Scottish Government for final agreement and
- ♦ guarantee commitment from partner organisations represented on the Board to the aims and objectives of the Edinburgh Partnership and to the effective functioning of the Board

4.2 To fulfil this remit the Board will work collectively to:

- ♦ determine the strategic direction of the EP family, and maintain the focus of the family on priority policy issues
- ♦ take joint action to meet jointly agreed aims and objectives
- ♦ have specific responsibility for all joint commitments for major service and infrastructure projects
- ♦ maintain a strategic oversight of the funding streams attributed to community planning in Edinburgh
- ♦ delegate management of said funds, where appropriate, to a nominated partner/partnership
- ♦ ask partnerships to undertake work on behalf of the EP, or establish working groups for specific tasks.
- ♦ monitor city level progress on EP plans and agreements
- ♦ meet jointly agreed aims and objectives
- ♦ respond to items of consultation as the Community Planning Partnership for Edinburgh. Such items will be signed by the Chair of the Edinburgh Partnership and
- ♦ undertake tasks as directed by the National Community Planning Group

5 Role of Partners on the EP Board

5.1 Board members should attend and **represent the strategic views** of their stakeholder group / Board / community representative forum, at the Board and other EP meetings.

5.2 All Board members are required to provide **feedback** to their relevant stakeholder group / Board / community representative forum, etc on Partnership business. Thus enabling and facilitating dialogue.

- 5.3 To uphold and promote the aims and objectives of the Edinburgh Partnership and to act in the interests of the public at all times.
- 5.4 To champion more effective partnership working, where required.
- 5.5 To be 'critical friends' for each other and constructively challenge each other's' thinking.
- 5.6 To consider the effect and/or impact of their decisions on the city and other partners/citizens.

6 In attendance at the Board

6.1 The Board is **advised** in a supporting role by the:

- ♦ Chair of the Compact Partnership
- ♦ Chief Executive of NHS Lothian
- ♦ Chief Executive of the City of Edinburgh Council
- ♦ Director Health and Social Care
- ♦ Edinburgh Police Scotland Commander
- ♦ Scottish Government Location Director
- ♦ Senior Officer Edinburgh Fire and Rescue Service

6.2 Practical support is provided to the Board by the:

- ♦ Lead Officer Edinburgh Partnership
- ♦ Lead Officer Neighbourhood Partnerships

6.3 Board meetings may be attended by:

- ♦ Agenda Item Owners and Advisers who have no representational rights
- ♦ Members of the public may attend as observers. Advance notice of attendance is required.

7 Business Arrangements for Board Meetings

7.1 The Board will work towards **consensus** (all members of the Board contribute to a shared proposal and shape it into a decision that meets all the concerns of the Board members as much as possible¹) in its decision making but members shall agree to respect the right of individual members to disagree. In general, business will be conducted to ensure clarity and responsibility for completion

7.2 Where consensus cannot be reached on an agenda item, members may ask the item owner for further information or clarification. This may be provided at the meeting, or in a report back to the next Board meeting. If a consensus can

Definition <http://www.scotland.gov.uk/Topics/Government/PublicServiceReform/CP>

1

still not be reached, a vote of members in attendance will be taken. If there is a split result the Chair will have the casting vote.

7.3 Quorum

Meetings of the Board will take place where a minimum of 2/3rds of the members are present including;

- ♦ at least one community representative and
- ♦ two partner bodies, plus
- ♦ the Chair or Vice Chair

As at June 2014 there are 13 members; therefore the current quorum is **9**.

7.4 Meeting Arrangements

7.4.1 A programme of Board meetings will be agreed in the spring of the preceding year. Board meetings will normally be held every three months

7.4.2 To allow for proper consideration and scrutiny of agenda items meetings will be scheduled for three hours duration (1400 -1700)

7.4.3 Additional meetings will be arranged as necessary

7.4.4 Board meetings will be fully accessible

7.4.5 Meetings will adopt a “round table” layout and style of engagement

7.5 Chairing

7.5.1 The current Leader of the Council chairs the Edinburgh Partnership, recognising the duty for local authorities to initiate, facilitate and maintain Community Planning.

7.5.2 The Chair presides over the Edinburgh Partnership and the Edinburgh Partnership Board. The role of the Chair will be to ensure the efficient conduct of each EP and EPB meeting and Edinburgh Partnership in Conference.

7.5.3 A Vice Chair may be drawn from any partner body, other than the Council and will serve for a term of 24 months but shall then be eligible for re-election.

7.6 Declarations of Interest

Board members will declare an interest in items of business where appropriate and take no further part in deliberation of the item. Declarations will be noted in the minutes of meetings.

7.7 Papers and Minutes

The arrangements for meeting papers are as follows:

- ♦ Board papers will usually be made available one week prior to the meeting date and will be posted on the EP's webpage
- ♦ a record of each meeting will be made and a draft minute distributed to Board members, usually within three weeks of the meeting
- ♦ a list of action points arising from each Board meeting will be circulated to Board members within 10 working days of the meeting. Contributors will be advised of decisions made on their items and
- ♦ once minutes are agreed at the subsequent Board meeting, they will be placed on the Edinburgh Partnership's webpage.

7.8 Agenda setting

7.8.1 The EP **Lead Officer Group** will assist with agenda planning.

7.8.2 A **draft agenda** will be forwarded to the Board (after agreement from the Chair) 6 weeks in advance of the next scheduled meeting.

7.8.3 To ensure appropriate consideration and weight is given to business items, the Board has introduced a system of categorising agenda items as being either:

- ♦ Consent items – ie items that do not require Board discussion, eg minutes, items to note, those asking for straightforward agreement and those for information only: or
- ♦ Decision items – ie items that require the Board to discuss its response to the item, or decide upon a course of action.

7.8.4 Report authors should suggest which category they consider their items to be and agree a final categorisation with the Community Planning Team.

7.8.5 Papers for the Board should be submitted at least **7 days before the papers are due to be issued** (ie 14 days before the meeting).

7.8.6 The **final agenda** and supporting papers will be sent to members 1 week in advance of the meeting, to allow for full/proper consideration.

7.8.7 Consent items will be taken first on the Board agenda. If a Board member requests to discuss such an item the Chair will consider moving it to the relevant part of the main agenda.

7.8.8 Exceptionally papers not available by the 1 week deadline will be forwarded no later than 3 days prior to the meeting date.

7.8.9 Only papers '**for information**' will be tabled at the meeting itself.

7.8.10 At the discretion of the Chair, papers may be issued outside the normal timescale, but Board members may decide not to consider them if they feel they have had insufficient time to do so.

7.8.11 **Additional business items** of immediate concern may arise, for example, the need to respond to a consultation generated by the Scottish Government. Where possible the Partnership will allow consideration of such items by general agreement, following advance notification.

7.8.12 If such a business item requires attention before the next scheduled meeting, the item together with a briefing note will be emailed around Board members asking for a response. Such 'remote' responses will have the same effect as they would have done had they been made at a Partnership Board meeting.

7.8.13 It may be felt necessary to convene a **special Board meeting**, which will take account of any comments received from Board members unable to attend. The **quorum** and other **business matters** will apply.

7.8.14 **Themed Lunch Presentations and EP Board Meetings** - In the main **presentations** will be held over lunch prior to Board meetings in a 50 minute slot. The Edinburgh Partnership Board, Strategic Partnership Cross Cutting Partnership and Neighbourhood Partnership Chairs and lead officers will be invited to attend.

7.8.15 Otherwise, as ordinary Board agenda items presentations should last for no longer than 10 minutes and allow for 10 minutes of questions afterwards. PowerPoint presentations should be supplied electronically to the CP Team the day prior to meetings.

7.9 EP Annual Meeting

The Board will hold an annual meeting of the Edinburgh Partnership family usually in the third financial quarter of each year. It will consider progress against the Community Plan outcomes and evidence for future partnership priorities. Members must be given at least twenty one days notice of the annual meeting.

8 Guiding Principles

8.1 Legislative dimension - Community planning was given a statutory basis by the **Local Government in Scotland Act 2003** which established community planning as the key means of leading and coordinating partnership working and initiatives at the regional, local and neighbourhood level.

8.2 All groups of the Edinburgh Partnership and in particular the Board will:

- ♦ comply with the Seven Principles of Public Life and the Good Governance Standard for Public Services

- ♦ and engage appropriately in all matters and consider the impact of their operation on:
 - sustainability issues
 - equalities issues
 - promoting prevention

8.3 A successful partnership depends upon the sharing of information and the EP will operate on that basis. Generally EP Board proceedings and paperwork (once ratified) **are open to the public**.

8.4 The Partnership will maintain a **Register of Interests** for its Board members, which will be updated annually. **Declarations of Interest** will be noted in the minutes of meetings (see Appendix 5).

8.5 The Edinburgh Partnership is subject to the requirements of the **Freedom of Information** (Scotland) Act 2002 ('FOIA'). Access to information will only be restricted in cases of commercial confidentiality or where exceptional circumstances apply. Where discussions, documents and other information should be treated in a confidential manner it is necessary for Partners to observe the requirements for **confidentiality**. The Edinburgh Partnership Community Planning Team will co-ordinate Partnership responses.

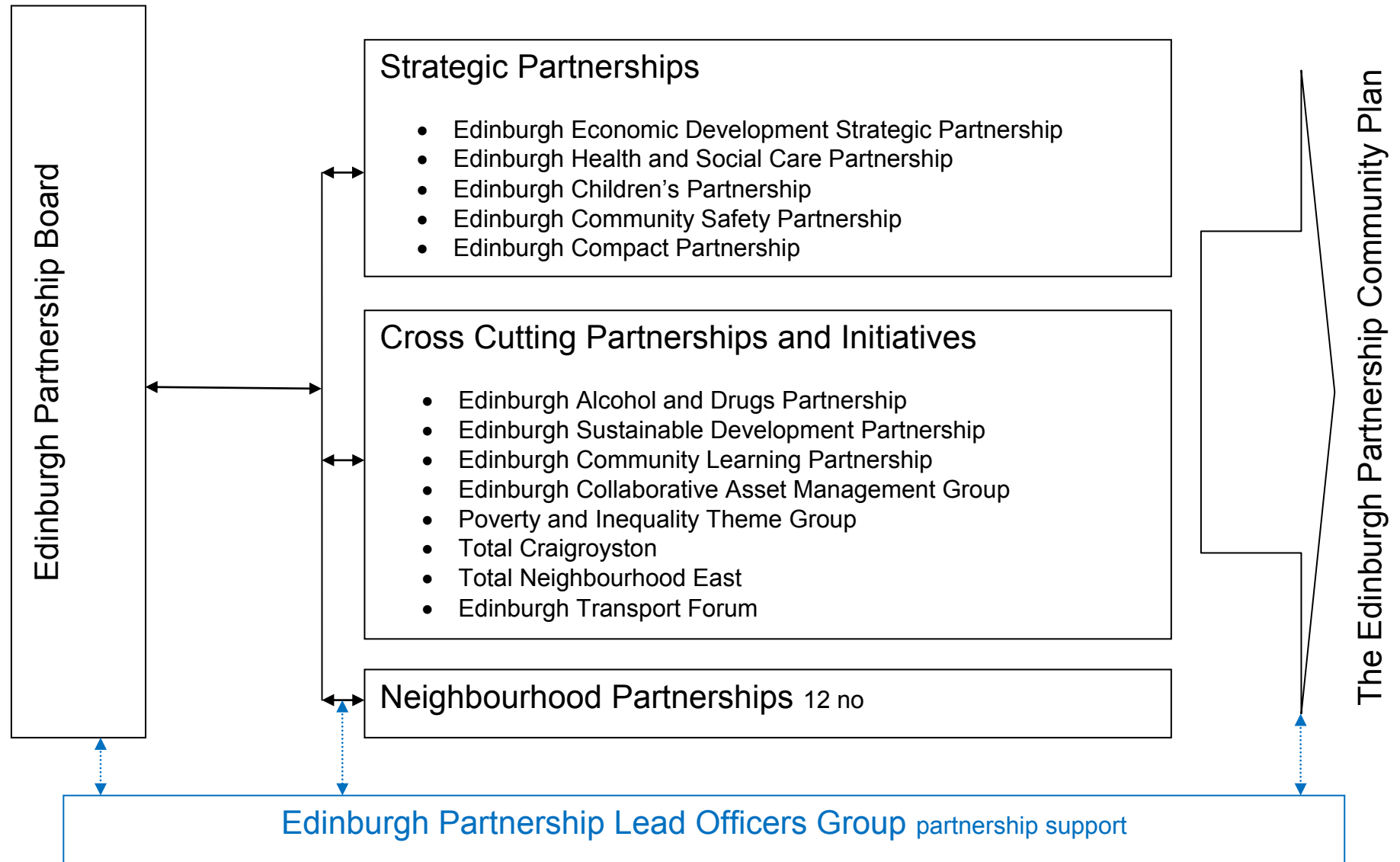
8.6 Members will recognise the importance of and take an active role in **effective consultation** and **dissemination of information** and the need to consult as widely as possible with all relevant public sector bodies and wider participants in the Edinburgh Partnership.

Agreed by EP Board on 11 September 2014

Signed by EP Chair

Appendices

- 1 The Edinburgh Partnership Family
- 2 The Seven Principles of Public Life
- 3 The Good Governance Standard for Public Services
- 4 Outline Edinburgh Partnership Board Agenda
- 5 Declaration of Interest



The Seven Principles of Public Life

Selflessness

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Committee on Standards in Public Life

The Good Governance Standard for Public Services

The Good Governance Standard for Public Services is intended for use by all organisations and partnerships that work for the public, using public money. It sets out six core principles of good governance for public service organisations.

- 1 Good governance means focusing on the organisation's purpose and on outcomes for citizens and service users**
 - 1.1 Being clear about the organisation's purpose and its intended outcomes for citizens and service users
 - 1.2 Making sure that users receive a high quality service
 - 1.3 Making sure that taxpayers receive value for money
- 2 Good governance means performing effectively in clearly defined functions and roles**
 - 2.1 Being clear about the functions of the governing body
 - 2.2 Being clear about the responsibilities of non-executives and the executive, and making sure that those responsibilities are carried out
 - 2.3 Being clear about relationships between governors and the public
- 3 Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour**
 - 3.1 Putting organisational values into practice
 - 3.2 Individual governors behaving in ways that uphold and exemplify effective governance
- 4 Good governance means taking informed, transparent decisions and managing risk**
 - 4.1 Being rigorous and transparent about how decisions are taken
 - 4.2 Having and using good quality information, advice and support
 - 4.3 Making sure that an effective risk management system is in operation
- 5 Good governance means developing the capacity and capability of the governing body to be effective**
 - 5.1 Making sure that appointed and elected governors have the skills,

knowledge and experience they need to perform well

5.2 Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group

5.3 Striking a balance, in the membership of the governing body, between continuity and renewal

6 Good governance means engaging stakeholders and making accountability real

6.1 Understanding formal and informal accountability relationships

6.2 Taking an active and planned approach to dialogue with and accountability to the public

6.3 Taking an active and planned approach to responsibility to staff

6.4 Engaging effectively with institutional stakeholders

The Independent Commission on Good Governance in Public Services



EDINBURGH PARTNERSHIP BOARD

Meeting: Date

Time: 14.00 – 17.00

Venue: Details

AGENDA

Apologies and Introductions

Item		Owner
1	Minutes of XX for approval	Chair
1.1	Matters Arising:	
2	EP Strategic Outcomes	
2.1	Edinburgh's economy delivers increased investment, jobs, and opportunities for all	
2.2	Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health	
2.3	Edinburgh's children and young people enjoy their childhood and fulfil their potential.	
2.4	Edinburgh's communities are safer and have improved physical and social fabric	
3	Cross Cutting Partnerships and Initiatives	
4	Neighbourhood Partnerships	
5	Joint Planning and Resourcing	
6	EP Improvement Plan	
7	National Updates	
8	Any Other Business	
9	Date of Next Meeting – Thursday	



DECLARATION OF INTEREST

1. Your interests

- 1.1 Interests which should be declared may be financial or non financial. They may or may not be interests covered under the categories of a Register of Interests.
- 1.2 Interests which are registered should be declared.
- 1.3 Where a private or personal interest might be seen by a member of the public to be in a different light to that of an ordinary member of the public because of your standing in the Edinburgh Partnership the interest should be declared.

2. Interests of other persons

- 2.1 Where financial interests and non financial interests are known to you of your spouse or your cohabiter, you will need to consider if these should be declared, where a member of the public might reasonably regard the interests as effectively your interests.
- 2.2 The interests, both financial and non financial, known to you of relatives and close friends may have to be declared under the principle of transparency, where the interest might objectively be regarded by a member of the public acting reasonably, to be affecting your responsibilities in the EP.

3. Making a Declaration

- 3.1 Your declaration of interest must be made as soon as practicable, when a particular item is being discussed you must declare the interest as soon as you realise it is necessary.
- 3.2 an oral declaration should identify the item or items of business to which it relates and give sufficient information to enable those at the meeting to understand the nature of your interest. You do not need to give a detailed description.

4. Effect of Declaration

- 4.1 Declaring a financial or non financial interest will have the effect of prohibiting participation in discussion or voting on the item. You may be asked by the Chair to leave the room until the business item is concluded.
- 4.2 A conclusive test of whether you should declare an interest is whether knowing all the relevant facts, a member of the public would reasonably regard your interest as so significant that it is likely to prejudice your discussion or decision making in your role in the Edinburgh Partnership.
- 4.3 If in doubt you should take no part in the discussion of the business item, and leave the room until the item is concluded.

The Edinburgh Partnership Risk Management Initiative

February 2016

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1. Introduction

We were invited to work with the Board of the Edinburgh Partnership (EP) to identify and assess the key risks it faces through individual stakeholder meetings and a facilitated workshop session with the Board. The scope of work was agreed through our engagement letter dated 28 August 2015 and this report presents the findings of the workshop for consideration. The workshop utilised ThinkTank a web enabled tool, within which the Board successfully captured key strategic risks currently facing the business. Mitigating control activities were then articulated for all risks identified with residual scoring completed for the top 10 inherent risks, the results of which are provided in this report.

1.1 Objectives

The ultimate goals of the risk identification exercise are:

- The identification and rating of key risks that have the highest potential to impact achievability of the Edinburgh Partnership Community Plan 2015-18;
- A valuable tool and reference source for the Board to manage risks; and
- To formalise an initial risk profile, which will form the basis of an ongoing assessment of key risks for the Edinburgh Partnership.

Participants to the workshop comprised members of the Edinburgh Partnership Board, plus Richard Bailes, Paul Brewer and Robert Barr from PwC.

The business categories or risk categories, used as focus areas during the risk assessment workshop were determined by management prior to commencement of the workshop and confirmed as appropriate by the attendees to the workshop.

1.2 Use of this report

In line with our engagement letter this report has been prepared solely for the Board of the Edinburgh Partnership and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

2. Executive Summary

The population of risks identified by category are as follows:

	Risk Population (pre workshop)	Risk Population (workshop)	Top 10 Inherent Risks	Top 10 Residual Risks
Strategic Risks	5	3	2	2
Board Structure	6	5	1	2
Legal & Regulatory	1	1	1	1
Operations – General	12	10	5	4
Operations – Formal Meetings	7	4	1	1
TOTAL	31	23	10	10

Key themes noted are:

- There was **good engagement** throughout the process to identify and assess the risks facing the Edinburgh Partnership and there was unanimous feedback that the debate/dialogue through the **individual stakeholder meetings and workshop was helpful** to develop the overall risk profile of the Partnership;
- The Board recognises the benefits and overall discipline that a robust risk management brings. **Continued momentum is important** and the Board should ensure that **risk management is built into the Board's annual agenda** to ensure the work of the Board is aligned to risk. The adoption of risk-based management information in line with the Board's overall dashboard may help to provide focus on performance against the Community Plan. There was also an appetite to have **more focus on less issues** at the quarterly board meetings;
- **Individual ownership was assigned to each risk**, enhancing the specific level of accountability to priority areas;
- A **risk 'lens' may be helpful** to re-engage the Community Plan with respect to areas where the Partnership may assume **'primary' responsibility versus delegation to the family members**;
- The **most prioritised risks are strategic and operational in nature** with the top inherent risk relating to the **lack of clear authority and accountability** of the Edinburgh Partnership Board, meaning it is difficult to deliver change on wicked issues impacting the services provided by partners that would benefit from a collaborative approach; and
- The full risk register is included in appendix 1 and details the **further actions and resources identified to support the risk owners** to manage the current mitigating controls and to drive the future actions to help further mitigate the risk.

Further details on our key findings with proposed actions for the Board to consider are noted in section 3 of this report.

3. Findings

3.1 Risk Framework – conceptual overview

Structure – Board or Senior Steering Committee

The Edinburgh Partnership Board is the governing body for community planning in Edinburgh. It is accountable to the National Community Planning Group for the delivery of the Edinburgh Partnership Community Plan (Single Outcome Agreement) through partnership working. More specifically, the remit of the Board is to:

- set the tone and culture of the partnership;
- set community plan priorities against resource forecasts;
- determine and prioritise the work of the EP family in relation to community planning matters;
- consider and call for reports, monitoring, evaluation and updates from the EP family and other relevant parties;
- support the work of the EP by communicating with partner organisations and the EP family to ensure cooperation and collaboration;
- develop further ideas for partnership working;
- approve on behalf of the Partnership the EP's Community Plan and Community Plan Annual Reports before sending to the Scottish Government for final agreement; and
- guarantee commitment from partner organisations represented on the Board to the aims and objectives of the Edinburgh Partnership and to the effective functioning of the Board.

Action 1: The question of whether the EP Board is a formal Board or senior Steering Group was raised consistently through the individual meetings and in group sessions. In light of this and the key risks identified, the Board should consider reassessing its' remit to ensure the productivity and effectiveness of the Board in the future.

Risk scoring

The risk register (see appendix 1) includes key mitigating controls currently in place and future actions to enhance or add to the controls in place to address the risk. 11 of the 23 risks have future actions to mitigate the risks but no current controls in place to address the risk now. 4 of the risks with no current mitigating controls are in the top 10 inherent list so there is an exposure that the Board should prioritise. The movement from the inherent to residual score for these risks suggests there are mitigating controls that may exist.

What is a Board?

A board is typically a group of people constituted with the owner to make specific decisions on the future direction of an organisation. The Board is the strategic decision making body for the Edinburgh Partnership but as the Board has limited resources and is represented by a family of member organisations there are limitations over the Board's ability to directly make decisions that impact member organisations.

What is a Steering Committee/Group?

A steering committee decides on the priorities of an organisation and manages the general course of its operations. Normally, the members of a steering committee are individuals in positions with the ability and authority to make strategic decisions. However, it must also be recognised that regardless of the make-up of the Steering Committee it is not intended to be a voting democracy. In reality a steering committee often exists as a group of individuals who should share a common purpose but whose opinions and agendas may not always be aligned.

Action 2: The Board should assess the mitigating controls and future actions listed in the risk register to ensure accuracy. Where there are no current controls in place, consideration should be given to the risks scores particularly where the residual score is significantly lower than the inherent risk score.

A swing risk is one whereby the mitigating activities significantly reduce the inherent level of risk. Formal identification of inherent and residual risk is commonly used to determine the significance and value of the controls in place, allowing assessment of whether further investment in control is advisable. By identifying, say, the top five swing risks across the whole risk population, the Board can create a prioritised focus on where the greatest control investment is and assess more prescriptively how to gain sufficient assurance. A static risk on the other hand displays little movement from inherent to residual score and indicates where action may be required to further reduce the risk or where the controls as articulated are not creating valuable return (note the residual position may also indicate where management have accepted or agreed to 'tolerate' the risk).

Action 3: The Board should ensure that risk is built into its annual agenda of the Edinburgh Partnership Board meetings so that the full risk population remains current and scoring (inherent and residual) is completed by all Board members for all risks. All risks should be allocated owners.

Action 4: Consider the concept of risk profile as a simple method of assessing the 'direction' of the risk (increasing, decreasing or steady state and an associated traffic light system are helpful data points for the reader).

3.2 Risk Register - key observations

The top inherent risk concerns the lack of clear authority and accountability of the Edinburgh Partnership Board meaning it is difficult to deliver change on wicked issues impacting the services provided by partners that would benefit from a collaborative approach. Further, there are a number of risks relating to the structure and operations of the EP Board (for example inherent risks 1, 2, 3, 6 and 8 per page 13) which all arise from the uncertainty over the role and authority of the Partnership Board. There are individual controls and actions noted in the risk register which address multiple risks and therefore by completing individual key actions many of the risks can be mitigated.

There are two risks with a probability of occurrence between 4 and 5 at inherent level. Mitigation of these risks relies heavily on personal responsibility by Board members – the need to 'do the right thing'. When linked in with the 11th ranked risk around succession planning this puts added focus on the need to develop formal continuity arrangements in advance of the 2017 electoral cycle.

It appears that there is an appetite to have more focus on less issues within the quarterly board sessions. This was acknowledged by all in individual discussions and the group workshop. Related to this point there was a constructive debate around the opportunity to review the Community Plan 2015-18 and determine selective/wicked issues towards which the EP could create a directly positive impact (e.g. demographic change assumptions for long term planning by all family members).

The issue of strategic focus (inherent risk 4 on page 13) becomes more compelling in light of an inevitable reduction in resources by family members due to budgetary pressures.

Action 5: Consider the forward agenda for the Edinburgh Partnership Board to ensure there is appropriate focus on the priority issues.

Action 6: Re-engage the Community Plan and determine where primary focus might lie (versus delegation to the family members and monitoring oversight)

Action 7: Implement future mitigation activities to 'tighten' the collective benefit of the EP, an example being the proposal to ask family members to sign off an annual certification acknowledging the Community Plan 2015-18 and congruence with its specific objectives.

Action 8: Consider the information 'community' in the form of, for example, a newsletter to keep the Board members informed and engaged.

3.3 Maintaining Risk Management

Having invested in the effort to generate the initial risk register for the Board, you may wish to consider how the risk management process might be developed further and used as a tool for management decisions. We would gladly help you explore the options. In the meantime please consider the following:

Risk management is the responsibility of the Board collectively so it will be important that the Board ensures there are sufficient resources to manage and drive the framework for risk and governance. The primary objective is to embed risk logic in the discussions and decisions of the Board and to prioritise actions in response to current and potential future exposures (mitigation and assurance).

Action 9: The Board should consider the merits of establishing an annual plan and structure to discuss and monitor risk through the year by developing appropriate risk management information to present at the quarterly Board meetings.

Action 10: Consider allocating the responsibility of risk to an individual. Based on our experience, the benefit of a dedicated person chairing the risk forum lies in that individual's ability to provide objective challenge to the Board and the Partnerships family members. In addition, the Board might consider utilising external assistance on a short to midterm basis, in order to take advantage of tools, frameworks and industry good practice.

3.4 Enhancing overall resilience

Developing an assurance map would provide a clear blueprint of how assurance resources are being deployed across the Partnership Family. Please refer to Appendix 3 for the Lines of Defence Model which summarises how governance, risk and control can be presented for an organisation.

Action 11: The Board should also consider key process risks ('What Could Go Wrong' analysis) and critical control identification to improve the consistency of design and operating effectiveness of controls of the Partnership.

Mitigating Controls

Whilst management's understanding of the design and intention of existing control activities was generally high, it is important that the articulation of risks and controls in the register are relevant and appropriate.

Action 12: It is recommended that the Board assess each control activity within the priority risks where the evidence is inadequate and look to establish a more robust and formal audit trail.

Refresher training in relation to risk and controls is often a successful way of refreshing the Boards understanding of risk and control. Are the Board members consistent in their understanding of what the key risks and controls facing the EP are?

Management Information

Quality of management information is important so that risk data is collected, reported, monitored and escalated appropriately. Dashboard reporting may help with this however there should be consideration of the reliability of underlying data.

Action 13: The Board should consider options to integrate risk management information into the performance monitoring report presented in December to allow the Board to perform its role effectively.

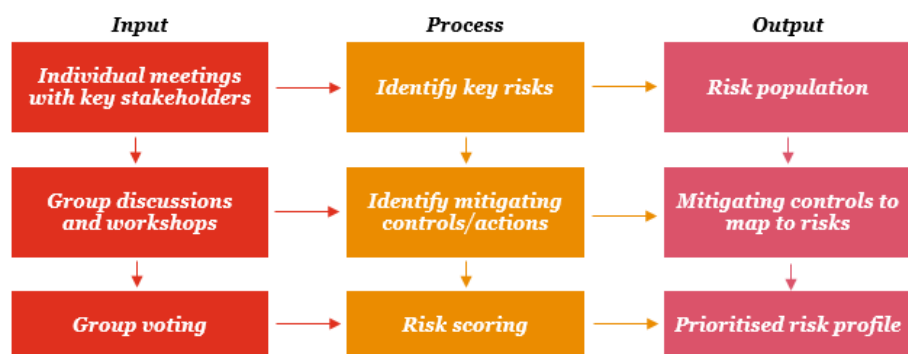
4. Scope and approach

We were engaged to assist The Edinburgh Partnership Board in:

- Raising the understanding and awareness of risk and its management in support of embedding risk thinking in day to day activities;
- Identifying and prioritising the key risks facing the Edinburgh Partnership Board;
- Establishing a risk register and risk action plan.

Approach

The following process was followed ahead of and during the workshop and is summarised in the diagram shown here:



In advance of the workshop all participants had a planning discussion with Richard Bailes and/or Robert Barr explaining the objectives of the workshop session and to identify key risks. The participants were asked to carefully consider their input to the workshop ahead of 6 November 2015.

Top down risks

The individual stakeholder interviews generated 191 separate risks which were analysed and consolidated into 31 key risks of the EP Board. During the workshop the group was asked to review the 31 risks to consider further consolidation and wording of the final key risks facing the Board that may impact the Edinburgh Partnership in achieving its strategic outcomes and priorities (as included in the Community Plan). This resulted in 23 key risks for the EP Board to consider.

The 4 strategic outcomes underpinned by 12 strategic priorities that are articulated throughout the Community Plan are:

Strategic Outcomes

Strategic Priorities

Strategic Outcomes**Strategic Priorities**

Edinburgh's economy delivers increased investment, jobs, and opportunities for all

- Reducing unemployment and tackling low pay

Edinburgh's citizens experience improved health and wellbeing with reduced inequalities in health

- Shifting the balance of care
- Reducing alcohol and drug misuse
- Reducing health inequalities

Edinburgh's children and young people enjoy their childhood and fulfil their potential

- Improving early support
- Improving outcomes for children in need
- Improving positive destinations

Edinburgh's communities are safer and have improved physical and social fabric

- Reducing antisocial behaviour, violence, harm
- Reducing re-offending
- Improving community cohesion, participation and infrastructure
- Increasing availability of affordable housing
- Reducing greenhouse gas emissions

Risk categories

Risk was defined as: 'possibility of any event, either internally or externally generated (where the impact may be internal or external), which may critically impact on the achievement of the strategic outcomes of the EP Board'. Risks were considered in the following categories:

Strategic Risks	(e.g. Strategic outlook, partner alignment, succession planning)
Board Structure	(e.g. Roles and responsibilities, representation)
Legal & Regulatory	(e.g. Compliance, Community Empowerment Act)
Operations – General	(e.g. Resources, Community Plans, processes, decision making)
Operations – Formal Meetings	(e.g. management information, KPI's, agenda, papers)

During this process attendees were asked to focus primarily on risks that impact on the achievement of the strategic outcomes and attendees were specifically asked to ignore controls in place to mitigate the risks.

The group then reviewed and discussed the identified risks in order to merge and clarify risks. This process ensured that attendees were in a position to vote on identified risks and that risks were clearly and concisely presented.

Rating of risks

In order to rank the identified risks, the group was asked to vote on each risk with respect to:

- probability (the probability of the occurrence of the risk event); and
- impact (the potential effect on the partnership of the risk event).

The following scoring guidance was provided in order to allow consistency of discussion. Participants were encouraged to avoid an evenly prescriptive approach to assessment as many strategic risks are vastly subjective.

<i>Description</i>	<i>Statistical likelihood</i>	<i>Narrative likelihood</i>	<i>Likelihood Score</i>					
Likely within 1 year	>80%	Almost certain	5					
Likely in a 3 year period	60-80%	Likely	4					
Likely in a 5 year period	35-60%	Possible	3					
Likely in a 10 year period	15-35%	Unlikely	2					
Not likely in 10 years	<15%	Rare	1					

Key:

Critical
High
Moderate
Minor

1	2	3	4	5	
Negligible	Minor	Moderate	Major	Catastrophic	Impact narrative
Minimal effect	Minor short term effect	Part failure to achieve outcomes	Significant failure to achieve obligations	Unable to fulfil obligations	Effect on Outcomes
None	Minor	Moderate loss of confidence and embarrassment	Major loss of confidence and adverse publicity	Severe loss of confidence and public outcry	Reputational Damage

Participants and quality of findings

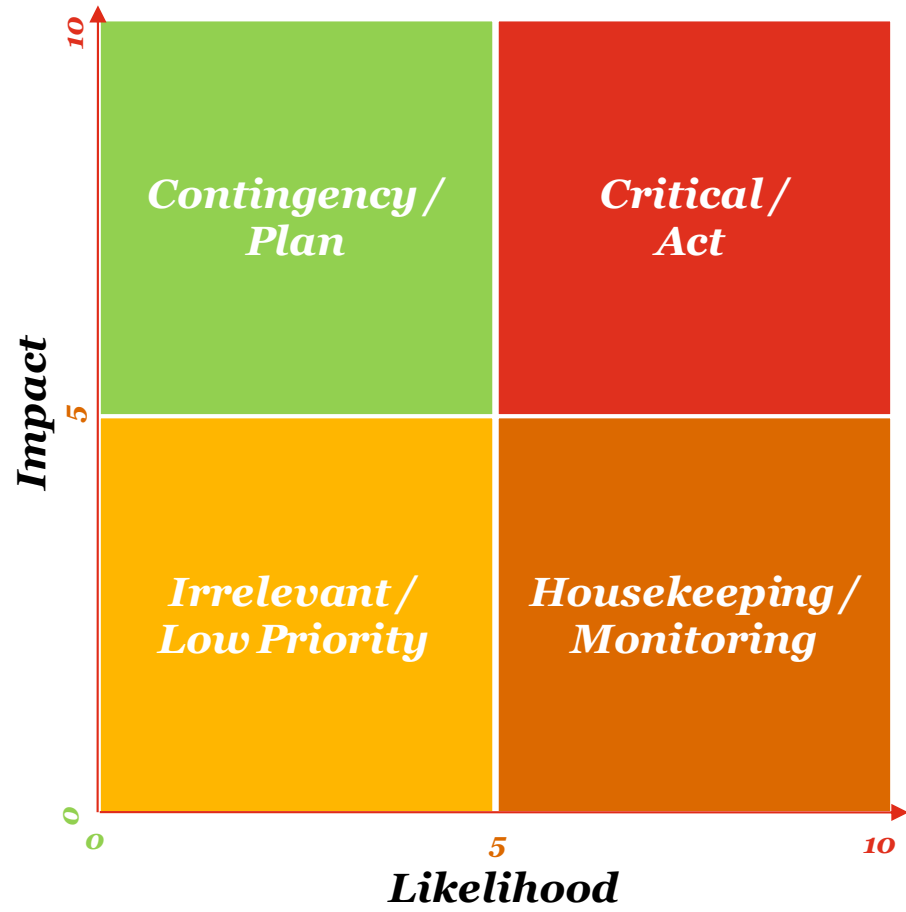
The results of this process represent the participants' interpretation and perception of the nature and quantum of the risks impacting the organisation. The wording of risks was agreed to by the workshop participants. The quality of the results therefore depends on the knowledge, experience and quality of input of the participants.

The following people from the Edinburgh Partnership and PwC respectively participated in the workshop and risk identification process:

Edinburgh Partnership	PwC
Andrew Burns (<i>Leader of The City of Edinburgh Council</i>)	Richard Bailes (<i>Director</i>)
Brian Houston (<i>Chair of Lothian NHS Board</i>)	Paul Brewer (<i>Partner</i>)
Cameron Rose (<i>Leader of the Opposition The City of Edinburgh Council</i>)	Robert Barr (<i>Manager</i>)
Charlie Jeffery (<i>Higher Education Sector Representative</i>)	
Craig Wilson (<i>Further Education Sector Representative</i>)	
Danny Logue (<i>Skills Development Scotland</i>)	
David Birrell (<i>Business Sector Representative - Chamber of Commerce</i>)	
David Griffiths (<i>Board Member for Equality and Rights</i>)	
Douglas Mackay (<i>Armed Forces representative - Commander Edinburgh Garrison</i>)	
Ella Simpson (<i>Voluntary Sector Interface Representative - Edinburgh Voluntary Organisations' Council</i>)	
Gary Todd (<i>Strategic Community Planning</i>)	
Lesley Fraser (<i>Scottish Government Location Director</i>)	
Maureen Child (<i>Neighbourhood Partnerships</i>)	
Patricia Eason (<i>Community of Place Representative - Edinburgh Association of Community Councils</i>)	
Rhona Allison (<i>Scottish Enterprise</i>)	

5. Risks identified during the workshop

The nature of the risks and resultant management action can also be depicted as follows:



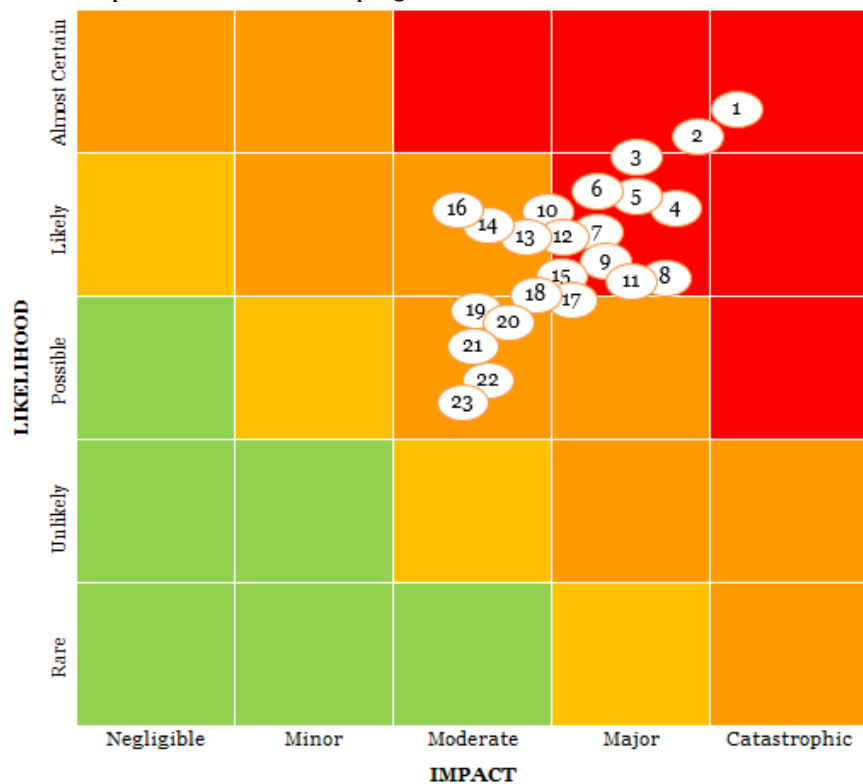
5.1 Top 10 inherent risks

Below are the top 10 inherent risks as identified and voted on during the workshop:

	Category	Risk	Inherent Impact	Inherent Probability	Score
1	Operations – General	There is a risk that the EP Board does not have clear authority and accountability meaning it is difficult to deliver change on wicked issues (e.g. alcohol) which impacts the services provided by partners that would benefit from a collaborative approach.	4.09	4.36	17.85
2	Operations – General	There is a risk of conflicts between the EP and the respective members' plans which cannot be resolved as the EP Board does not have the authority to intervene which reduces the ability of the Board to have ownership and oversight over all its' objectives.	3.91	4.09	15.99
3	Operations – General	There is a risk that the EP Board decisions are secondary to those of the individual partners meaning the EP Board has limited authority to influence its' collective outcomes.	3.36	3.91	13.15
4	Strategic	There is a risk that the EP Board is overly focussed on tactical issues and does not prioritise strategic issues resulting in uninformed decisions over the strategic direction of the EP Board to meet its objectives over the short and longer term	3.73	3.36	12.54
5	Operations – Formal Meetings	There is a risk that the EP Board outcomes are qualitative mission statements which are not easily measurable meaning it will be difficult to monitor the specific progress and effectiveness of the EP Board against all of its' objectives and outcomes.	3.36	3.73	12.54
6	Operations – General	There is lack of clarity around the relationship between the IJB and the EP in particular the IJB's accountability to the EP Board and also EP's responsibility with respect to allocation of resources over the IJB arrangements;	3.27	3.82	12.50
7	Board Structure	Risk of not harnessing the power of joint resourcing between all community planning partners leads to the EP Board not acting in silos undermines the achievement of community planning outcomes	3.18	3.45	10.99
8	Legal and Regulatory	There is a risk that the EP Board does not collectively and individually fully understand and formalise its legal duties as set out in the Community Empowerment Act , meaning the Board is not able to fulfil its responsibilities	3.64	3.00	10.91
9	Board Structure	There is a risk that the EP Board does not use the significant resources available through its members and associated relationships across all sectors to understand issues and obtain credible management information meaning the full potential of the Board is not leveraged and decisions are not fully informed.	3.28	3.29	10.80
10	Operations – General	There is a risk that the outcomes and objectives of the EP Community Plan are not sufficiently aligned to the outcomes of all the respective EP family members' plans meaning there could be conflicts in the discussions and decisions at the EP Board meetings;	2.85	3.72	10.62

5.2 Top 23 inherent risks heat map

The heat map below shows the top 23 inherent risks:



6	There is lack of clarity around the relationship between the IJB and the EP in particular the IJB's accountability to the EP Board and also EP's responsibility with respect to allocation of resources over the IJB arrangements;
7	Risk of not harnessing the power of joint resourcing between all community planning partners leads to the EP Board not acting in silos undermines the achievement of community planning outcomes
8	There is a risk that the EP Board does not collectively and individually fully understand and formalise its legal duties as set out in the Community Empowerment Act, meaning the Board is not able to fulfil its responsibilities
9	There is a risk that the EP Board does not use the significant resources available through its members and associated relationships across all sectors to understand issues and obtain credible management information meaning the full potential of the Board is not leveraged and decisions are not fully informed
10	There is a risk that the outcomes and objectives of the EP Community Plan are not sufficiently aligned to the outcomes of all the respective EP family members' plans meaning there could be conflicts in the discussions and decisions at the EP Board meetings;
11	A lack of succession planning arrangements to deal with changes to the EP Board's membership could result in gaps in the membership leading to discontinuity in the actions and work of the EP Board
12	There is a risk that restructuring or changes in family partners leads to the EP support resources being reduced or removed as part of a much wider service review programmes resulting in a significant gap in the governance of the Board. The Board does not currently have any opportunity to be consulted or involved in this review process and would then be expected to react to any proposed or actual resource change.
13	There is a risk that the EP Board cannot obtain accurate or sufficient management information on a timely basis to allow the EP Board to accurately monitor the progress against the outcomes in the Community Plan.
14	There is a risk that similar issues are addressed in isolation by respective partners resulting in duplication of efforts and potentially conflicting data arising from different organisations across the city
15	There is a perceived risk that the roles and responsibilities of the Board collectively and as individual members is unclear meaning the Board does not operate as effectively as expected
16	There is a risk that the EP Board relies on the EP family members to provide resource to drive the work and absorb new initiatives to help deliver the outcomes of the EP Community Plan
17	The management information used by the EP Board is reliant on the systems and processes embedded in the various family members. There is a risk that the data points are treated inconsistently between family members and an overarching trust that information has enough integrity to allow informed decisions to be made and outcomes to be monitored;
18	There is a risk that the role of the EP Board does not continue to evolve in a dynamic way to ensure it is best placed to meet the outcomes of the EP Community Plan and the requirements set out in the Community Empowerment Act
19	The agenda and time at EP Board sessions is driven by personal rather than collective interest and represents a summary of work completed by respective partners resulting in a fragmented discussion between some members and not a collective discussion on key strategic issues
20	Inappropriate deputation and authority with representation across all sectors on the Board results in the Board not being aware of key issues facing the city, disjointed conversations, disruption to the flow of work and actions limiting the effectiveness of collaboration
21	There is a risk that the EP Board does not have sufficient financial resource contributions to enable it to continue with its business meetings and community planning activities, in its current format and scale. The budget of the EP Board represents legacy funding which may not be renewed.
22	The broad representation and number of Board members, as well as the open forum of a Board meeting may result in constituent members feeling unconfident or unwilling to speak up on specific issues
23	Informal processes / authority levels over expenditure of the Board's reserves leads to significant gaps in the audit trail and unnecessary speculation.

1	There is a risk that the EP Board does not have clear authority and accountability meaning it is difficult to deliver change on wicked issues (e.g. alcohol) which impacts the services provided by partners that would benefit from a collaborative approach
2	There is a risk of conflicts between the EP and the respective members' plans which cannot be resolved as the EP Board does not have the authority to intervene which reduces the ability of the Board to have ownership and oversight over all its' objectives;
3	There is a risk that the EP Board decisions are secondary to those of the individual partners meaning the EP Board has limited authority to influence its' collective outcomes;
4	There is a risk that the EP Board is overly focussed on tactical issues and does not prioritise strategic issues resulting in uninformed decisions over the strategic direction of the EP Board to meet its objectives over the short and longer term
5	There is a risk that the EP Board outcomes are qualitative mission statements which are not easily measurable meaning it will be difficult to monitor the specific progress and effectiveness of the EP Board against all of its' objectives and outcomes.

5.3 Key mitigating controls

The EP Board went on to document their response and action plans to mitigate and manage the top 10 risks. They described the existing mitigating activities and/or specific controls in place for either:

- Avoiding/Reducing the probability of the risk occurring, and/or
- Minimising the impact to the business if an event should occur.

Board members are encouraged to consider whether a mitigating control is:

- manual or automated, preventative or detective, clearly owned, understood re KPIs, and historically effective.

5.4 Top 10 residual risks and mitigating controls

Below are the top 10 residual risks with identified mitigating actions and controls:

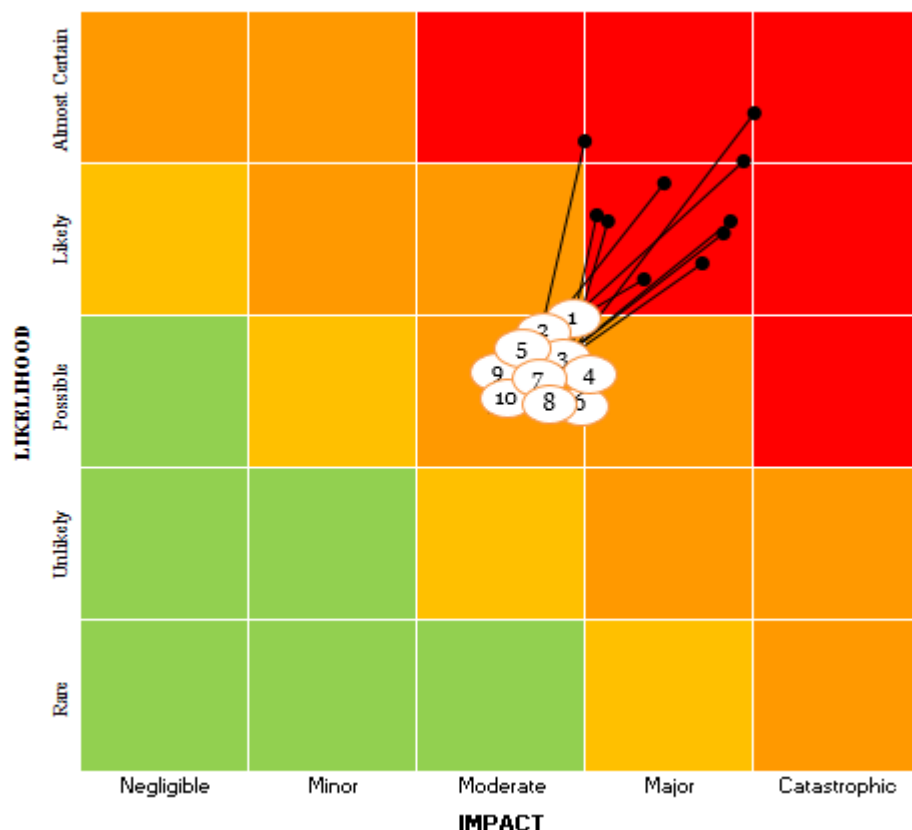
Residual Rank	Inherent Rank	Category	Risk	Risk Owner	Inherent Score	Mitigating Controls (<i>future actions in italics</i>)	Residual Score	Type
1	16	Operations – General	There is a risk that the EP Board relies on the EP family members to provide resource to drive the work and absorb new initiatives to help deliver the outcomes of the EP Community Plan	Charlie Jefferies	9.37	<ul style="list-style-type: none"> • No current mitigating controls identified • <i>Board needs early discussion with Executive Officers to raise awareness of resourcing the Board itself and understanding of potential impacts on CP partnerships and supporting structures in the City.</i> • <i>Partners need to share information on their plans to allow colleagues in other partner organisations to comment on the consequences to them of proposed actions. This may need to happen in a confidential way that leads to changes in EP protocols.</i> • <i>Sharing of individual organisations' plans and budget plans in the way envisaged in the National Community Planning Group's agreement of September 2013.</i> 	9.00	External Long Term
2	3	Operations – General	There is a risk that the EP Board decisions are secondary to those of the individual partners meaning the EP Board has limited authority to influence its' collective outcomes;	Ella Simpson	13.15	<ul style="list-style-type: none"> • Utilise Board's communications strategy, key messages to raise awareness of importance of CP, coproduction & partnership working 	7.76	Internal Short Term
3	1	Operations – General	There is a risk that the EP Board does not have clear authority and accountability meaning it is difficult to deliver change on wicked issues (e.g. alcohol) which impacts the services provided by partners that would benefit from a collaborative approach	Andrew Burns	17.85	<ul style="list-style-type: none"> • Utilise Board's communications strategy, key messages to raise awareness of importance of Community Planning, coproduction & partnership working. • <i>Use Scottish Government Guidance to inform a refresh the Board's Terms of Reference governance document to reflect Board's new legal duties.</i> 	7.73	Internal Short Term

Residual Rank	Inherent Rank	Category	Risk	Risk Owner	Inherent Score	Mitigating Controls (<i>future actions in italics</i>)	Residual Score	Type
4	7	Board Structure	Risk of not harnessing the power of joint resourcing between all community planning partners leads to the EP Board not acting in silos undermines the achievement of community planning outcomes	David Griffiths	10.99	<ul style="list-style-type: none"> • Coterminous boundaries of localities will assist but we need to identify how to engage voluntary, private and HE/FE sectors and the Armed Forces in localities as their resources are also important • Staff at all levels in partners to have better understanding of community plan aims & actions, to allow them to alert partners and senior staff when actions may impinge on community plan outcomes. • Reducing the number of areas of work/targets could make the previous bullets easier to achieve • Strong sense of personal responsibility and passion to deliver the outcomes of the Partnership Plan • <i>Identifying ways that previous bullet can be achieved in multi-organisation partners (e.g. third and private sectors)</i> • <i>There is also a need at strategic level to engage more fully with voluntary, private and HE/FE sectors and the Armed Forces whose resources need to be included in community planning</i> • <i>National insight</i> 	7.32	Internal Short Term
5	2	Operations – General	There is a risk of conflicts between the EP and the respective members’ plans which cannot be resolved as the EP Board does not have the authority to intervene which reduces the ability of the Board to have ownership and oversight over all its’ objectives.	Brian Houston	15.99	<ul style="list-style-type: none"> • Formal Edinburgh Partnership Board protocols exist • Formal communication of the protocols to partners • Plan derived with input from family members • Monitoring the environment of family members against the outcomes of the plan • <i>Sign off of EP Plan within family</i> • <i>Ongoing engagement with partners on development of Locality planning model.</i> • <i>Establish MoUs with key strategic partnerships e.g. Reducing Reoffending, IJB, Children’s, to clarify relationship on CP matters.</i> 	7.17	Internal Short Term
6	11	Strategic	A lack of succession planning arrangements to deal with changes to the EP Board’s membership could result in gaps in the membership leading to discontinuity in the actions and work of the EP Board	Andrew Burns	10.45	<ul style="list-style-type: none"> • No current mitigating controls identified • <i>Clear succession plan, and common understanding thereof, to be developed prior to the May 2017 Local Government electoral cycle</i> 	7.00	Internal Long Term
7	15	Board Structure	There is a perceived risk that the roles and responsibilities of the Board collectively and as individual members is unclear meaning the Board does not operate as effectively as expected	Maureen Child	9.55	<ul style="list-style-type: none"> • Utilise Board’s communications strategy, key messages to raise awareness of importance of CP, coproduction & partnership working • <i>Refresh to Board’s Terms of Reference document to reflect new Statutory Duties requirements</i> 	6.86	Internal Short Term

Residual Rank	Inherent Rank	Category	Risk	Risk Owner	Inherent Score	Mitigating Controls (<i>future actions in italics</i>)	Residual Score	Type
8	8	Legal and Regulatory	There is a risk that the EP Board does not collectively and individually fully understand and formalise its legal duties as set out in the Community Empowerment Act, meaning the Board is not able to fulfil its responsibilities	Maureen Child	10.91	<ul style="list-style-type: none"> • <i>Use Scottish Government Guidance to inform a refresh the Board's Terms of Reference governance document to reflect Board's new legal duties.</i> 	6.77	Internal Short Term
9	4	Strategic	There is a risk that the EP Board is overly focussed on tactical issues and does not prioritise strategic issues resulting in uninformed decisions over the strategic direction of the EP Board to meet its objectives over the short and longer term	Lesley Fraser	12.54	<ul style="list-style-type: none"> • Enhanced formality to promote discussion topics • Annual review of strategic risks and opportunity and performance by Board. • <i>Partner involvement to drive the agenda</i> • <i>Ability to have an equitable balance of resource v scale of operation</i> • <i>Structure of papers and agenda to focus on key items</i> • <i>Align the agenda to the priorities of the plan</i> 	6.61	Internal Short Term
10	5	Operations – Formal Meetings	There is a risk that the EP Board outcomes are qualitative mission statements which are not easily measurable meaning it will be difficult to monitor the specific progress and effectiveness of the EP Board against all of its' objectives and outcomes.	Gary Todd	12.54	<ul style="list-style-type: none"> • Establish single community planning performance framework that integrates city wide, Locality and Neighbourhood community planning performance monitoring and reporting. • Use performance results from 'Highlight' and Annual Performance reporting to identify Strategic Priorities for closer scrutiny. • Use case study model to illustrate impact of 'commitments to action' at city wide, Locality & Neighbourhood levels. • Actively distribute and promote the CP Performance Reports with communities, agency partners and broader CP family. • <i>Establish clear scrutiny/challenge function across the Board</i> 	6.43	Internal Short Term

5.5 Top 10 residual risks heat map

The heat map below shows the top 10 residual risks:



- 1 There is a risk that the **EP Board relies on the EP family members to provide resource to drive the work** and absorb new initiatives to help deliver the outcomes of the EP Community Plan;
- 2 There is a risk that the **EP Board decisions are secondary to those of the individual partners** meaning the EP Board has limited authority to influence its' collective outcomes;
- 3 There is a risk that the **EP Board does not have clear authority and accountability** meaning it is difficult to deliver change on wicked issues (e.g. alcohol) which impacts the services provided by partners that would benefit from a collaborative approach
- 4 Risk of **not harnessing the power of joint resourcing between all community planning partners** leads to the EP Board not acting in silos undermines the achievement of community planning outcomes
- 5 There is a risk of **conflicts between the EP and the respective members' plans** which cannot be resolved as the EP Board does not have the authority to intervene which reduces the ability of the Board to have ownership and oversight over all its' objectives.
- 6 **A lack of succession planning arrangements to deal with changes** to the EP Board's membership could result in gaps in the membership leading to discontinuity in the actions and work of the EP Board
- 7 There is a perceived risk that **the roles and responsibilities of the Board collectively and as individual members is unclear** meaning the Board does not operate as effectively as expected
- 8 There is a risk that the EP Board **does not collectively and individually fully understand and formalise its legal duties** as set out in the Community Empowerment Act, meaning the Board is not able to fulfil its responsibilities
- 9 There is a risk that the EP Board is **overly focussed on tactical issues** and does not prioritise strategic issues resulting in uninformed decisions over the strategic direction of the EP Board to meet its objectives over the short and longer term
- 10 There is a risk that the EP Board **outcomes are qualitative mission statements** which are not easily measurable meaning it will be difficult to monitor the specific progress and effectiveness of the EP Board against all of its' objectives and outcomes.

5.6 Swing to static risks

The tables below shows the top 5 swing and top 5 static risks from the population of 23 key risks identified. The risks with the largest movement from inherent to residual scores (swing risks) are where the mitigating controls are assumed to be stronger and assurance/comfort could be gained by testing the controls are operating as expected. The risks with smaller movements (static risks) are where controls are less effective and further actions might be appropriate to further mitigate the risk.

	Inherent Score	Residual Score	Movement
Top 5 static risks			
There is a risk that the EP Board relies on the EP family members to provide resource to drive the work and absorb new initiatives to help deliver the outcomes of the EP Community Plan	9.37	9.00	0.37
There is a risk that the EP Board does not have sufficient financial resource contributions to enable it to continue with its business meetings and community planning activities, in its current format and scale. The budget of the EP Board represents legacy funding which may not be renewed.	6.69	6.16	0.53
Informal processes / authority levels over expenditure of the Board's reserves leads to significant gaps in the audit trail and unnecessary speculation.	5.79	4.53	1.26
The agenda and time at EP Board sessions is driven by personal rather than collective interest and represents a summary of work completed by respective partners resulting in a fragmented discussion between some members and not a collective discussion on key strategic issues	7.4	5.47	1.93
Inappropriate deputation and authority with representation across all sectors on the Board results in the Board not being aware of key issues facing the city, disjointed conversations, disruption to the flow of work and actions limiting the effectiveness of collaboration	7.14	4.5	2.64
Top 5 static risks			
There is a risk that the EP Board does not have clear authority and accountability meaning it is difficult to deliver change on wicked issues (e.g. alcohol) which impacts the services provided by partners that would benefit from a collaborative approach	17.85	7.37	10.48
There is a risk of conflicts between the EP and the respective members' plans which cannot be resolved as the EP Board does not have the authority to intervene which reduces the ability of the Board to have ownership and oversight over all its' objectives;	15.99	7.17	8.82
There is lack of clarity around the relationship between the IJB and the EP in particular the IJB's accountability to the EP Board and also EP's responsibility with respect to allocation of resources over the IJB arrangements;	12.5	6.25	6.25
There is a risk that the EP Board outcomes are qualitative mission statements which are not easily measurable meaning it will be difficult to monitor the specific progress and effectiveness of the EP Board against all of its' objectives and outcomes.	12.54	6.43	6.11
There is a risk that the EP Board is overly focussed on tactical issues and does not prioritise strategic issues resulting in uninformed decisions over the strategic direction of the EP Board to meet its objectives over the short and longer term	12.54	6.61	5.93

Appendix 1: Risk register and action plan

Inherent rank (residual)	Category	Risk	Risk owner	Inherent impact	Inherent probability	Inherent product	Current Mitigating Controls	Residual impact	Residual probability	Residual product	Future actions to be completed	Resource support
1 (2)	Operations – General	There is a risk that the EP Board does not have clear authority and accountability meaning it is difficult to deliver change on wicked issues (e.g. alcohol) which impacts the services provided by partners that would benefit from a collaborative approach	Andrew Burns	4.09	4.36	17.85	<ul style="list-style-type: none"> Utilise Board's communications strategy, key messages to raise awareness of importance of Community Planning, coproduction & partnership working. 	2.71	2.71	7.37	<ul style="list-style-type: none"> Use Scottish Government Guidance to inform a refresh the Board's Terms of Reference governance document to reflect Board's new legal duties. 	Gary Todd
2 (4)	Operations – General	There is a risk of conflicts between the EP and the respective members' plans which cannot be resolved as the EP Board does not have the authority to intervene which reduces the ability of the Board to have ownership and oversight over all its' objectives;	Brian Houston	3.91	4.09	15.99	<ul style="list-style-type: none"> Formal Edinburgh Partnership Board protocols exist Formal communication of the protocols to partners Plan derived with input from family members Monitoring the environment of family members against the outcomes of the plan 	2.71	2.64	7.17	<ul style="list-style-type: none"> Sign off of EP Plan within family Ongoing engagement with partners on development of Locality planning model. Establish MoUs with key strategic partnerships e.g. Reducing Reoffending, IJB, Children's, to clarify relationship on CP matters. 	Gary Todd - support EPLOG
3 (1)	Operations – General	There is a risk that the EP Board decisions are secondary to those of the individual partners meaning the EP Board has limited authority to influence its' collective outcomes;	Ella Simpson	3.36	3.91	13.15	<ul style="list-style-type: none"> No current mitigating controls identified 	2.79	2.79	7.76	<ul style="list-style-type: none"> Utilise Board's communications strategy, key messages to raise awareness of importance of CP, coproduction & partnership working 	Nicola Elliott

Inherent rank (residual)	Category	Risk	Risk owner	Inherent impact	Inherent probability	Inherent product	Current Mitigating Controls	Residual impact	Residual probability	Residual product	Future actions to be completed	Resource support
4 (6)	Strategic	There is a risk that the EP Board is overly focussed on tactical issues and does not prioritise strategic issues resulting in uninformed decisions over the strategic direction of the EP Board to meet its objectives over the short and longer term	Lesley Fraser	3.73	3.36	12.54	<ul style="list-style-type: none"> Enhanced formality to promote discussion topics Annual review of strategic risks and opportunity and performance by Board. 	2.57	2.57	6.61	<ul style="list-style-type: none"> Align the agenda to the priorities of the plan Structure of papers and agenda to focus on key items Partner involvement to drive the agenda Ability to have an equitable balance of resource v scale of operation 	Gary Todd Support - Rebecca Tatar
5 (7)	Operations – Formal Meetings	There is a risk that the EP Board outcomes are qualitative mission statements which are not easily measurable meaning it will be difficult to monitor the specific progress and effectiveness of the EP Board against all of its' objectives and outcomes.	Gary Todd	3.36	3.73	12.54	<ul style="list-style-type: none"> Single community planning performance framework that integrates city wide, Locality and Neighbourhood community planning performance monitoring and reporting. Use performance results from 'Highlight' and Annual Performance reporting to identify Strategic Priorities for closer scrutiny. Use case study model to illustrate impact of 'commitments to action' at city wide, Locality & Neighbourhood levels. Actively distribute and promote the CP Performance Reports with communities, agency partners and broader CP family. 	2.50	2.57	6.43	<ul style="list-style-type: none"> Establish clear scrutiny/challenge function across the Board 	Gary Todd – support Gavin King
6 (9)	Operations – General	There is lack of clarity around the relationship between the IJB and the EP in particular the IJB's accountability to the EP Board and also EP's responsibility with respect to allocation of resources over the IJB arrangements;	Brian Houston	3.27	3.82	12.50	<ul style="list-style-type: none"> No current mitigating controls identified 	2.50	2.50	6.25	<ul style="list-style-type: none"> Prepare an MoU to clarify the interface relationship between the EPB & IJB. 	Gary Todd/ Rob McCulloch- Graham/ Wendy Dale

Inherent rank (residual)	Category	Risk	Risk owner	Inherent impact	Inherent probability	Inherent product	Current Mitigating Controls	Residual impact	Residual probability	Residual product	Future actions to be completed	Resource support
7 (3)	Board Structure	Risk of not harnessing the power of joint resourcing between all community planning partners leads to the EP Board not acting in silos undermines the achievement of community planning outcomes	David Griffiths	3.18	3.45	10.99	<ul style="list-style-type: none"> Coterminous boundaries of localities will assist but we need to identify how to engage voluntary, private and HE/FE sectors and the Armed Forces in localities as their resources are also important Staff at all levels in partners to have better understanding of community plan aims & actions, to allow them to alert partners and senior staff when actions may impinge on community plan outcomes. Reducing the number of areas of work/targets could make the previous bullets easier to achieve Strong sense of personal responsibility and passion to deliver the outcomes of the Partnership Plan 	2.93	2.5	7.32	<ul style="list-style-type: none"> There is also a need at strategic level to engage more fully with voluntary, private and HE/FE sectors and the Armed Forces whose resources need to be included in community planning Identifying ways that previous bullet can be achieved in multi-organisation partners (e.g. third and private sectors) National insight 	Nick Croft/ Lesley Fraser
8 (5)	Legal and Regulatory	There is a risk that the EP Board does not collectively and individually fully understand and formalise its legal duties as set out in the Community Empowerment Act , meaning the Board is not able to fulfil its responsibilities	Maureen Child	3.64	3.00	10.91	<ul style="list-style-type: none"> No current mitigating controls identified 	2.79	2.43	6.77	<ul style="list-style-type: none"> Use Scottish Government Guidance to inform a refresh the Board's Terms of Reference governance document to reflect Board's new legal duties. 	Gary Todd – support Ian Murray (SG)

Inherent rank (residual)	Category	Risk	Risk owner	Inherent impact	Inherent probability	Inherent product	Current Mitigating Controls	Residual impact	Residual probability	Residual product	Future actions to be completed	Resource support
9 (10)	Board Structure	There is a risk that the EP Board does not use the significant resources available through its members and associated relationships across all sectors to understand issues and obtain credible management information meaning the full potential of the Board is not leveraged and decisions are not fully informed	David Birrell	3.28	3.29	10.80	• No current mitigating controls identified	2.21	2.43	5.38	<ul style="list-style-type: none"> • Use performance results from 'Highlight' and Annual Performance reporting to identify Strategic Priorities for closer scrutiny. • Establish programme of Board member visits to Strategic Partnerships/ Advisory Groups/ Agency partners to promote improved interface and dialogue on community planning priorities 	Gary Todd/ EP Performance Sub Group
10 (8)	Operations – General	There is a risk that the outcomes and objectives of the EP Community Plan are not sufficiently aligned to the outcomes of all the respective EP family members' plans meaning there could be conflicts in the discussions and decisions at the EP Board meetings;	Doug Mackay	2.85	3.72	10.62	• Utilise Board's communications strategy, key messages to raise awareness of importance of CP, coproduction & partnership working	2.50	2.57	6.43	<ul style="list-style-type: none"> • Use performance results from 'Highlight' and Annual Performance reporting to identify Strategic Priorities for closer scrutiny. 	Gary Todd - EP Performance Sub Group / Support BIS
11	Strategic	A lack of succession planning arrangements to deal with changes to the EP Board's membership could result in gaps in the membership leading to discontinuity in the actions and work of the EP Board	Andrew Burns	3.36	3.11	10.45	• No current mitigating controls identified	3.00	2.33	7.00	<ul style="list-style-type: none"> • Clear succession plan, and common understanding thereof, to be developed prior to the May 2017 Local Government electoral cycle 	Gary Todd

Inherent rank (residual)	Category	Risk	Risk owner	Inherent impact	Inherent probability	Inherent product	Current Mitigating Controls	Residual impact	Residual probability	Residual product	Future actions to be completed	Resource support
12	Operations – General	There is a risk that restructuring or changes in family partners leads to the EP support resources being reduced or removed as part of a much wider service review programmes resulting in a significant gap in the governance of the Board. The Board does not currently have any opportunity to be consulted or involved in this review process and would then be expected to react to any proposed or actual resource change.	David Griffiths (Gary Todd)	2.95	3.50	10.33	<ul style="list-style-type: none"> No current mitigating controls identified 	2.67	2.33	6.22	<ul style="list-style-type: none"> Board needs early discussion with Executive Officers to raise awareness of resourcing the Board itself and understanding of potential impacts on CP partnerships and supporting structures in the City. Partners need to share information on their plans to allow colleagues in other partner organisations to comment on the consequences to them of proposed actions. This may need to happen in a confidential way that leads to changes in EP protocols. Sharing of individual organisations' plans and budget plans in the way envisaged in the National Community Planning Group's agreement of September 2013. 	Andrew Kerr (Hugh Dunn) Tim Davison (Susan Goldsmith) Kenny Rogers CS Kenneth MacDonald Michelle Miller (Rhona Allison, Craig Wilson, Danny Logue, Ella Simpson, Charlie Jeffries) – Lead Officer Support -Gary Todd
13	Operations – Formal Meetings	There is a risk that the EP Board cannot obtain accurate or sufficient management information on a timely basis to allow the EP Board to accurately monitor the progress against the outcomes in the Community Plan.	Gary Todd	2.82	3.54	9.98	<ul style="list-style-type: none"> Establish single community planning performance framework that integrates city wide, Locality and Neighbourhood community planning performance monitoring and reporting. Use case study model to illustrate impact of 'commitments to action' at city wide, Locality & Neighbourhood levels. 	2.56	2.38	6.09	<ul style="list-style-type: none"> Use performance results from 'Highlight' and Annual Performance reporting to identify Strategic Priorities for closer scrutiny. Establish clear scrutiny/challenge function across the Board Actively distribute and promote the CP Performance Reports with communities, agency partners and broader CP family. 	Gary Todd/ Maureen Child

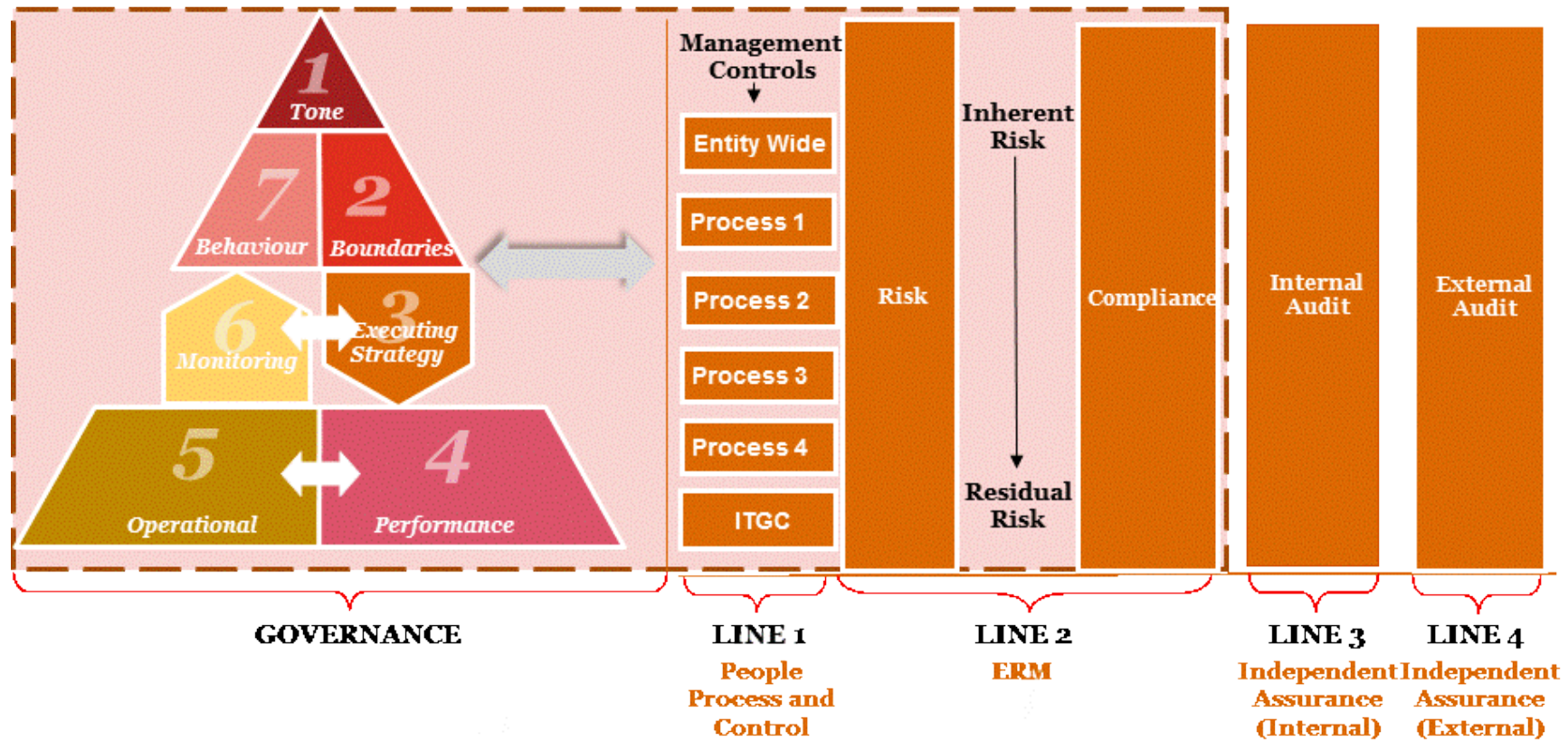
Inherent rank (residual)	Category	Risk	Risk owner	Inherent impact	Inherent probability	Inherent product	Current Mitigating Controls	Residual impact	Residual probability	Residual product	Future actions to be completed	Resource support
14	Operations – General	There is a risk that similar issues are addressed in isolation by respective partners resulting in duplication of efforts and potentially conflicting data arising from different organisations across the city	Craig Wilson	2.73	3.64	9.92	<ul style="list-style-type: none"> Utilise Board's communications strategy, key messages to raise awareness of importance of CP, coproduction & partnership working 	2.31	2.56	5.93	<ul style="list-style-type: none"> Use performance results from 'Highlight' and Annual Performance reporting to identify Strategic Priorities for closer scrutiny. Use case study model to illustrate impact of 'commitments to action' at city wide, Locality & Neighbourhood levels. Establish clear scrutiny/challenge function across the Board 	Gary Todd – support EP Performance Sub group Gary Todd/ Gavin King
15	Board Structure	There is a perceived risk that the roles and responsibilities of the Board collectively and as individual members is unclear meaning the Board does not operate as effectively as expected	Maureen Child	3.09	3.09	9.55	<ul style="list-style-type: none"> Utilise Board's communications strategy, key messages to raise awareness of importance of CP, coproduction & partnership working 	2.81	2.44	6.86	<ul style="list-style-type: none"> Refresh to Board's Terms of Reference document to reflect new Statutory Duties requirements 	Gary Todd
16	Operations – General	There is a risk that the EP Board relies on the EP family members to provide resource to drive the work and absorb new initiatives to help deliver the outcomes of the EP Community Plan	Charlie Jeffries	2.45	3.82	9.37	<ul style="list-style-type: none"> No current mitigating controls identified 	3.00	3.00	9.00	<ul style="list-style-type: none"> Board needs early discussion with Executive Officers to raise awareness of resourcing the Board itself and understanding of potential impacts on CP partnerships and supporting structures in the City. Partners need to share information on their plans to allow colleagues in other partner organisations to comment on the consequences to them of proposed actions. This may need to happen in a confidential way that leads to changes in EP protocols. Sharing of individual organisations' plans and budget plans in the way envisaged in the National Community Planning Group's agreement of September 2013. 	Andrew Kerr (Hugh Dunn) Tim Davison (Susan Goldsmith) Kenny Rogers Mark Williams Michelle Miller (Rhona Allison, Craig Wilson, Danny Logue, Ella Simpson, Charlie Jeffries) Lead Officer Support -Gary Todd

Inherent rank (residual)	Category	Risk	Risk owner	Inherent impact	Inherent probability	Inherent product	Current Mitigating Controls	Residual impact	Residual probability	Residual product	Future actions to be completed	Resource support
17	Operations – Formal Meetings	The management information used by the EP Board is reliant on the systems and processes embedded in the various family members. There is a risk that the data points are treated inconsistently between family members and an overarching trust that information has enough integrity to allow informed decisions to be made and outcomes to be monitored;	Gary Todd	3.00	3.09	9.27	<ul style="list-style-type: none"> No current mitigating controls identified 	2.50	2.50	6.25	<ul style="list-style-type: none"> Establish single community planning performance framework that integrates city wide, Locality and Neighbourhood community planning performance monitoring and reporting. Use performance results from 'Highlight' and Annual Performance reporting to identify Strategic Priorities for closer scrutiny. Establish clear scrutiny/challenge function across the Board Use case study model to illustrate impact of 'commitments to action' at city wide, Locality & Neighbourhood levels. Actively distribute and promote the CP Performance Reports with communities, agency partners and broader CP family. 	Gary Todd/ Maureen Child/ Nick Croft (Localities dimension)
18	Strategic	There is a risk that the role of the EP Board does not continue to evolve in a dynamic way to ensure it is best placed to meet the outcomes of the EP Community Plan and the requirements set out in the Community Empowerment Act	Maureen Child (Andrew Burns)	3.09	3.00	9.27	<ul style="list-style-type: none"> No current mitigating controls identified 	2.50	2.50	6.25	<ul style="list-style-type: none"> Establish single community planning performance framework that integrates city wide, Locality and Neighbourhood community planning performance monitoring and reporting. Utilise above in the context of the requirements as set out in the Community Empowerment Act. 	Gary Todd Nick Croft (Localities Dimension)

Inherent rank (residual)	Category	Risk	Risk owner	Inherent impact	Inherent probability	Inherent product	Current Mitigating Controls	Residual impact	Residual probability	Residual product	Future actions to be completed	Resource support
19	Operations – Formal Meetings	The agenda and time at EP Board sessions is driven by personal interest and represents a summary of work completed by respective partners resulting in a fragmented discussion between some members and not a collective discussion on key strategic issues	Danny Logue	2.55	2.91	7.40	<ul style="list-style-type: none"> Board member induction clarifies roles of members emphasising collective ownership and responsibility of the Partnership; Encouraging members to contribute to Partnership agendas, discussions and ownership of collective actions; Community Plan objectives and documentation clearly highlight roles and responsibilities of members as a collective ownership, with examples of members leading on key aspects of the Plan 	2.50	2.19	5.47	<ul style="list-style-type: none"> Out with Partnership meetings, members contribute to communication of key messages and responsibilities of objectives and actions; 	Gary Todd / Nicola Elliott
20	Board Structure	Inappropriate deputation and authority with representation across all sectors on the Board results in the Board not being aware of key issues facing the city, disjointed conversations, disruption to the flow of work and actions limiting the effectiveness of collaboration	Ella Simpson	2.91	2.45	7.14	<ul style="list-style-type: none"> No current mitigating controls identified 	3.00	1.50	4.50	<ul style="list-style-type: none"> Publish Board attendance at meetings protocol Monitor Board member attendance 	Gary Todd / Gavin King

Inherent rank (residual)	Category	Risk	Risk owner	Inherent impact	Inherent probability	Inherent product	Current Mitigating Controls	Residual impact	Residual probability	Residual product	Future actions to be completed	Resource support
21	Operations – General	There is a risk that the EP Board does not have sufficient financial resource contributions to enable it to continue with its business meetings and community planning activities, in its current format and scale. The budget of the EP Board represents legacy funding which may not be renewed.	Rhona Allison	2.45	2.73	6.69	<ul style="list-style-type: none"> No current mitigating controls identified 	2.80	2.20	6.16	<ul style="list-style-type: none"> Board needs early discussion with Executive Officers to raise awareness of resourcing the Board itself and understanding of potential impacts on CP partnerships and supporting structures in the City. 	Andrew Kerr (Hugh Dunn) Tim Davison (Susan Goldsmith) Kenny Rogers Mark Williams Michelle Miller (Rhona Allison, Craig Wilson, Danny Logue, Ella Simpson, Charlie Jeffries) Lead Officer Support -Gary Todd
22	Board Structure	The broad representation and number of Board members, as well as the open forum of a Board meeting may result in constituent members feeling unconfident or unwilling to speak up on specific issues	Andrew Burns	2.64	2.36	6.23	<ul style="list-style-type: none"> Active promotion of existing, formal Edinburgh Partnership Board protocols. Active promotion of an atmosphere of openness, transparency and collegiality. 	2.00	1.75	3.50	<ul style="list-style-type: none"> No future actions identified 	Gary Todd
23	Operations – General	Informal processes / authority levels over expenditure of the Board's reserves leads to significant gaps in the audit trail and unnecessary speculation.	Cameron Rose	2.55	2.27	5.79	<ul style="list-style-type: none"> Board to receive regular financial management reports 	2.44	1.86	4.53	<ul style="list-style-type: none"> Clarify the revenue and budget resources available to the Board and the governance and approval mechanisms for managing resources 	Gary Todd/ EP Funding Officers Group

Appendix 2: Lines of defence





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Governance, Risk and Best Value Committee

2.00pm, Monday, 24 October 2016

The City of Edinburgh Council – 2015/16 Annual Audit Report to Members and the Controller of Audit

Item number 7.2
Report number
Executive/routine
Wards

Executive Summary

The report summarises the principal findings arising from the Council's 2015/16 external audit. While primarily focused on the review of the financial statements, the audit's scope included wider consideration of the Council's financial position, governance structures, use of resources and arrangements for securing best value.

An unqualified audit opinion has been issued on the financial statements for the Council but the report notes the failure of one of its Significant Trading Operations (STOs) to break even over a rolling three-year period.

The report further concludes that the Council's financial management arrangements are effective and that it is sustainable currently and in the foreseeable future. The Council is assessed to have adequate governance arrangements, with effective systems of internal control and sound internal audit and fraud prevention functions in place.

The report furthermore notes the Council's established frameworks to support the delivery of best value and facilitate performance improvement, as well as continuing progress in addressing issues raised in recent years' Best Value reports.

Links

Coalition Pledges [P30](#)
Council Priorities [CP13](#)
Single Outcome Agreement [SO1](#), [SO2](#), [SO3](#), [SO4](#)

The City of Edinburgh Council – 2015/16 Annual Audit Report to Members and the Controller of Audit

1. Recommendations

- 1.1 Members of the Governance, Risk and Best Value Committee are asked to:
- 1.1.1 note that, following the audit process, an unqualified audit opinion has been issued on the Council's Annual Accounts for 2015/16; and
 - 1.1.2 note the continuing progress made in addressing the improvement actions contained within the Best Value report issued in December 2014 and that delivery of the remaining actions set out in the action plan in Appendix IV will be reported to the Committee during the year.

2. Background

- 2.1 The Council submitted its unaudited Annual Accounts to the external auditor on 30 June, in line with the statutory timescale. Following the audit process, the audited statements were scrutinised initially by the Governance, Risk and Best Value Committee on 26 September, before onward referral to, and approval by, the Finance and Resources Committee on 29 September. An unqualified audit opinion was issued on both the Council's Annual Accounts and those of its seven charitable trusts.
- 2.2 In addition to advising as to the audit opinion, the appended Annual Audit Report reflects wider consideration of the Council's financial position, governance structures, use of resources and arrangements for securing best value. The external auditor will attend this meeting to provide further details and/or clarification on the matters set out within the report.

3. Main report

- 3.1 As in previous years, the external auditor's report on the annual audit comprises four sections:
- Financial statements;
 - Financial management and sustainability;
 - Governance and transparency; and
 - Best Value.

- 3.2 The key messages from the audit are presented on page 3 of the report, with two action points for the Council to address in the coming months also noted. These, together with the responses provided by the Council, are shown on pages 38 and 39.

Financial Statements (pages 5 to 12)

- 3.3 Audit Scotland has provided, by means of a letter issued in accordance with the requirements of ISA260, an unqualified opinion on the financial statements, albeit it has noted that one Significant Trading Operation, Edinburgh Catering Services – Other Catering, failed to meet the statutory requirement to break even over a rolling three-year period. The in-year deficit for 2015/16 was £232,000, forming part of a cumulative three-year deficit of £343,000, reflecting the impact of a downturn across both in-house catering and external hospitality.
- 3.4 The report notes the putting in place of a new pricing strategy and reductions in (loss-making) vending equipment, initiatives being taken forward in the context of the wider Property and Asset Management Strategy (PAMS).
- 3.5 While concurring with the approach adopted by officers, the ISA260 also draws members' attention to technical accounting issues in respect of PPP1 school valuation, asset disposals and Lender Option, Borrower Option (LOBO) loans. None of these issues affects the external auditor's opinion on the audited accounts.
- 3.6 The report reminds members that a small number of presentational and other adjustments have been incorporated in the audited statements, amending the reported surplus for the year from £0.861m to £0.785m, with this sum previously transferred to the Council Priorities Fund.

Financial management and sustainability (pages 13 to 20)

- 3.7 The report notes that current financial management arrangements are effective, with all services containing expenditure within budgeted levels in 2015/16, supported by the robust scrutiny arrangements from senior management and elected members in place. Levels of capital expenditure slippage continue to compare favourably with other councils in Scotland.
- 3.8 The report furthermore notes the good progress made to date in delivering the savings underpinning the Council's Transformation Programme, with these contributing to an indicative balanced revenue budget position in both 2017/18 and 2018/19. Whilst acknowledging that appropriate scrutiny arrangements are already in place, the report emphasises the importance of maintaining this focus, with a particular emphasis on the early identification of potential barriers to savings delivery and the taking of prompt remedial action to mitigate these risks.
- 3.9 The report notes the reduction in the Council's overall level of external borrowing, forming part of an overall decrease of nearly £100m since March 2014. The prudence, affordability and sustainability of all debt is regularly reviewed as part of the Council's treasury management and wider financial planning arrangements.

Governance and transparency (pages 21 to 25)

- 3.10 The report concludes that the Council has effective governance arrangements, providing an appropriate framework for organisational decision-making. Effective systems of internal control and satisfactory arrangements for the prevention and detection of fraud and irregularities are also in place. The report furthermore notes that the Council's procedures for maintaining standards of conduct and the prevention and detection of corruption are satisfactory.
- 3.11 The report comments favourably on improvements in the effectiveness of recent work undertaken by the Council in respect of the National Fraud Initiative. In addition, the report notes that the Council's performance in responding to Freedom of Information requests compares well with that of other authorities, part of a more general open and transparent approach to the conduct of its activities.
- 3.12 The report also appraises members of work undertaken in response to correspondence received by Audit Scotland in respect of the Council's use of LOBO loans. This work concluded that the taking out and subsequent monitoring of the loans has been consistent with the Annual Treasury Statement and delivered savings to the Council over the intervening period.

Best Value (pages 26 to 31)

- 3.13 The extent of continuing progress made in respect of the recommendations contained within the December 2014 Best Value follow-up is noted, with well-established frameworks in place to secure the on-going delivery of best value.
- 3.14 The report highlights the strong focus on addressing the Council's financial plans, with clear evidence of increasing levels of delivery, informed by robust and proactive scrutiny and challenge. The report notes the sustained emphasis and good progress to date in delivering savings associated with the Transformation Programme whilst emphasising that significant challenges, in some cases relating more directly to frontline service provision, remain to be addressed.
- 3.15 The report furthermore notes progress made in the year to ensure that the Council's performance arrangements continue to provide a robust and comprehensive assessment of the delivery of its priority outcomes. The report also notes the adoption of good practice in the development of its organisation-wide workforce plan.

4. Measures of success

- 4.1 The Council receives an unqualified audit certificate from the external auditor by 30 September 2016.
- 4.2 Appropriate steps are undertaken to address the measures within the action plan in accordance with the timescales indicated.

5. Financial impact

- 5.1 There is no direct additional impact arising from the report's contents, although the wider effectiveness of the Council's current financial management and planning arrangements is noted within the report.
- 5.2 As a result of the audit process, the Council's reported surplus for the year decreased by £0.076m to £0.785m. Council approval has previously been secured to transfer this sum to the Council Priorities Fund.
- 5.3 The General Fund stood at £128.396m at 31 March 2016, comprising £115.371m earmarked for specific purposes and £13.025m as an unallocated General Fund balance against the likelihood of unfunded risks crystallising.

6. Risk, policy, compliance and governance impact

- 6.1 The Committee's remit includes the review of all matters relating to external audit, including reports and action plans to monitor implementation of external audit recommendations.

7. Equalities impact

- 7.1 There are no direct equalities and rights implications arising from the report's contents but the annual report notes, on page 31, the Council's progress in tackling poverty and inequality, and advancing equality and rights, as advised to the Communities and Neighbourhoods Committee in May 2016.

8. Sustainability impact

- 8.1 There are no impacts on carbon, adaptation to climate change and sustainable development arising directly from this report.

9. Consultation and engagement

- 9.1 The financial statements were made available for public inspection in July for a period of 15 working days in accordance with the provisions of Part VII of the Local Government (Scotland) Act 1973 and the Local Authority Accounts (Scotland) Regulations 2014. The Council received no requests for further information under these Regulations.

10. Background reading/external references

- 10.1 [Unaudited Annual Accounts 2015/16](#), City of Edinburgh Council, 30 June 2016
- 10.2 [City of Edinburgh Council – report to those charged with governance on the 2015/16 Audit](#) – referral from the Governance, Risk and Best Value Committee, Finance and Resources Committee, 29 September 2016

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11. Links

Coalition Pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council Priorities	CP1 3 - Deliver lean and agile Council services
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh’s citizens experience improved health and well-being, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	One – Annual Audit Report, 2015/16



City of Edinburgh Council

2015/16 Annual audit
report to Members and
the Controller of Audit

October 2016

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The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies (www.audit-scotland.gov.uk/about/ac/). Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General (www.audit-scotland.gov.uk/about/).

The Accounts Commission has appointed Dave McConnell as the external auditor of City of Edinburgh Council for the period 2011/12 to 2015/16. This report has been prepared for the use of City of Edinburgh Council and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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Key messages

Audit of financial statements

- Unqualified auditor's report on the 2015/16 financial statements.
- Modification to the auditor's report in respect of the failure of Edinburgh Catering Services (Other) to achieve its prescribed financial objective.
- Unqualified auditor's report on the seven charitable trusts administered by the council.

Financial management and sustainability

- The council has effective financial management arrangements in place.
- The council is sustainable currently and in the foreseeable future, although rising demand for and costs of services will continue to place a strain on the council's capacity to deliver services at the current levels.

Governance and transparency

- Governance arrangements in place are effective.
- Systems of internal control operated effectively.
- The council has an effective internal audit function and sound anti-fraud arrangements.

Best Value

- The council has established frameworks to support best value, and continues to demonstrate progress in addressing issues raised in recent Best Value reports.
- A well established performance management framework is in place, and has been reviewed to ensure it provides an appropriate strategic focus on performance.

Outlook

- Councils face rising demands for services and continued funding pressures alongside managing major reforms in welfare and health and social care. Effective arrangements for Best Value will be essential for efficient use of available resources, and strong governance and leadership will be needed to achieve continuous improvement. This will continue to be monitored through the external audit process.
- 2016/17 will be the first full year of the operation of the Edinburgh Integration Joint Board (IJB). Budget pressures and the continued need for savings by the council and its NHS partner are likely to result in pressures in the future funding of the IJB.

Introduction

1. This report is a summary of our findings arising from the 2015/16 audit of City of Edinburgh Council (the council). The report is divided into sections which reflect our public sector audit model.
2. The management of the council is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
3. Our responsibility, as the external auditor of the council, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.
5. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports, summarised at [appendix II](#) and [appendix III](#), include recommendations for improvements.
6. [Appendix IV](#) is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that the council understands its risks and has arrangements in place to manage these risks. The council and the Corporate Leadership Team should ensure that they are satisfied with the proposed actions and have a mechanism in place to assess progress and monitor outcomes.
7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

2015/16 is the final year of the current five year audit appointment. From 2016/17 the auditor of the council is Scott Moncrieff. In accordance with agreed protocols and International Standards on Auditing we are liaising with the incoming auditors as part of this transition.

Audit of the 2015/16 financial statements

<p>Audit opinion</p>	<ul style="list-style-type: none"> • We have completed our audit of the council and its group and issued an unqualified independent auditor's report. • We have included a modification to the auditor's report in respect of the failure of Edinburgh Catering Services (Other) to achieve its prescribed financial objective.
<p>Going concern</p>	<ul style="list-style-type: none"> • The financial statements of the council, its group and the associated charitable trusts have been prepared on the going concern basis. We are unaware of any events or conditions that may cast significant doubt on the council's, its group and associated charitable trusts' ability to continue as a going concern.
<p>Other information</p>	<ul style="list-style-type: none"> • We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.
<p>Charitable trusts</p>	<ul style="list-style-type: none"> • We have completed our audit of the 2015/16 financial statements of the charitable trusts administered by the council and issued an unqualified independent auditor's report.
<p>Group accounts</p>	<ul style="list-style-type: none"> • The council has accounted for the financial results of two subsidiaries, four associates and two trusts in its group accounts for 2015/16. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £149 million.
<p>Whole of government accounts</p>	<ul style="list-style-type: none"> • The council submitted a consolidation pack for audit by the deadline. This has been audited and the certified return submitted to the National Audit Office (NAO).

Submission of financial statements for audit

9. We received the unaudited financial statements on 30 June 2016, in accordance with the agreed timetable. The working papers were of a good standard and council staff provided good support to the audit team which assisted the delivery of the audit to deadline.
10. In 2015/16, for the first time, local government group accounts are required to include the financial results of Integration Joint Boards (IJBs) in their area, where material. The Edinburgh IJB was established on 27 June 2015 but did not become operational until 1 April 2016. Consequently as the amounts concerned in 2015/16 are not material, they have not been consolidated into the group accounts.

Overview of the scope of the audit of the financial statements

11. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Governance, Risk and Best Value Committee on 21 April 2016.
12. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

13. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. [Appendix I](#) sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.
14. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

15. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).
16. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial

statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

17. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of the council we set our planning materiality for 2015/16 at £17.04 million for the council and £18.74 million for the group (1% of gross expenditure). We report all misstatements greater than £100,000. Performance materiality was calculated at £9.37 million for the council and £10.31 million for the group, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level.
18. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels and concluded that our original calculation remained appropriate.

Evaluation of misstatements

19. All misstatements identified during the audit, which exceeded our misstatement threshold, have been amended in the financial statements.
20. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements. The effect of these adjustments is to decrease the council and group in-year net underspend by £0.076 million. Net assets as recorded in the balance sheet have decreased by £0.076 million.

Significant findings from the audit

21. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
 - The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures
 - Significant difficulties encountered during the audit
 - Significant matters arising from the audit that were discussed, or subject to correspondence with management
 - Written representations requested by the auditor
 - Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.
22. The following table details those issues or audit judgements that, in our view, require to be communicated to those charged with governance in accordance with ISA 260.

Table 1: Significant findings from the audit

Significant findings from the audit in accordance with ISA260

PPP Schools – impairment of assets

23. Following the collapse of a wall at Oxgangs Primary in January 2016, property surveys were undertaken at other schools built as part of the same schools PPP1 contract. In April 2016, 17 schools were closed temporarily as a consequence of the survey findings, and alternative accommodation arrangements put in place for school pupils. The unaudited financial statements include a net book value of £172 million at 31 March 2016 in relation to the affected buildings. A range of remedial work was undertaken by the PPP operator, Edinburgh Schools Partnership (ESP), with a phased return of schools to the council in operable condition between May and August 2016, prior to commencement of the new school term.
24. The condition surveys highlighting structural issues were not undertaken until after the 2015/16 financial year end. However these surveys provided information relating to the condition of the assets at 31 March 2016, and in these circumstances it is appropriate to undertake an impairment review, to ascertain whether these conditions give rise to a reduction in the carrying value of the asset as at 31 March 2016. An impairment review would usually be informed by an assessment of the cost of remediation. While the council had information on the condition of the assets from the property surveys, the information which would allow the council to determine the likely value of any impairment was held by the operator ESP, and not by the council.
25. In the absence of detailed cost information, it is difficult to ascertain what impairment of asset value at 31 March 2016 would be appropriate. Estimates available to the council do indicate the value is likely to be within our materiality limits. Furthermore, as the assets have now been restored to operable condition prior to certification of the annual accounts, any impairment to asset values as at 31 March 2016 would be temporary and would be reversed in the 2016/17 financial statements.
26. **Resolution:** Officers did not adjust the carrying value of the affected assets in the annual accounts. However they increased the narrative disclosure within the financial statements to provide more information on this post balance sheet event. Following discussions with officers and ESP, and in view of the considerations noted at paragraph 26 above, we concurred with this approach.

Significant findings from the audit in accordance with ISA260

Disposal of assets

27. Our audit review highlighted a number of assets included in the balance sheet in the 2015/16 unaudited accounts where the asset had been sold in a previous financial year. The sale of an asset should be recognised when the significant risks and rewards of ownership have transferred to the purchaser. Normally, this transfer coincides with the transfer of legal title. Although title to these assets was transferred at the point of sale, staged payments were agreed with the purchasers and standard securities written into the sale contracts, to provide the council with protection over the future monies due. The council has retained assets on the balance sheet until the discharge of the standard securities.
28. We reviewed the council's approach to this matter and concluded that whilst the council retains some interest over the assets until the discharge of the standard securities, this is primarily to ensure the flow of future monies, and does not reflect the significant risks and rewards of ownership. The council cannot, for example, sell the land covered by standard securities to another developer. The disposal of these assets should therefore be reflected in the financial statements at the point of title deed transfer.
29. Of the five identified disposals with staged payments, final payment was received in 2015/16 for three assets. The final disposal of these assets had therefore already been regularised through the balance sheet in the 2015/16 unaudited accounts. One of the remaining assets with a carrying value of £0.026 million was sold in 2015/16. The final asset identified in the review, with a carrying value at 31 March 2016 of £5.01 million, was sold in 2014/15. Final payments on both assets are scheduled for receipt in 2016/17.
30. **Resolution:** Officers adjusted the annual accounts to recognise the full disposal of the remaining two assets as at 31 March 2016. Debtor balances were established at 31 March 2016 to reflect the remaining value of future payments from purchasers. Adjustments in relation to the other assets sold in 2014/15 had already been reflected in the 2015/16 closing balance sheet. We concurred with this approach.

Significant findings from the audit in accordance with ISA260

Lender Option Borrower Option Loans – Embedded derivatives

31. Included within the council's £1.4 billion of borrowing are £280 million of Lender Option Borrower Option loans (LOBOs). These instruments differ from more traditional forms of loans as they have call points through the period of the loan where the lender can vary the interest rate through to the next call period, ranging from 6 months to 5 years.
32. The lender option gives rise to an embedded derivative within the contract i.e. a provision that modifies the cashflow associated with the host contract. Normally, a council would not be required to separately account for the embedded derivative in a LOBO. However, within its LOBO portfolio, the council has £40 million of inverse LOBOs, where in addition to the lender call option, the rate payable also changes in relation to a specified market rate.
33. As the nature of inverse LOBOs is considerably different from standard LOBOs, we reviewed these to resolve whether separate disclosure of the embedded derivatives was necessary, which would also require the recognition of gains and losses in the income and expenditure statement each year.
34. **Resolution:** Our review concluded that the existing accounting treatment of inverse LOBOs within the council's financial statements is appropriate, and no modifications to the unaudited financial statements were required in respect of this matter.

Significant findings from the audit in accordance with ISA260

Significant trading operations (STOs)

35. The council's trading activity (Edinburgh Catering Services – Other) failed to achieve the prescribed financial objective to break even over a three year period. The deficit for 2015/16 was £232,000, with a cumulative three year deficit of £343,000.

Resolution: The failure to achieve a prescribed financial objective resulted in a modification to the Independent Auditor's Report. The council has put in place a number of measures addressing the profitability of the service going forward, including a new pricing policy and reductions in vending equipment. The catering service is also included within the scope of the Property and Asset Management strategy which is being pursued by the council.

Future accounting and auditing developments

Health and social care integration

36. From 1 April 2016 IJBs will be accountable for the provision of health and social care. IJBs will be required to produce financial statements in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom. Where material the financial results of the local IJBs will need to be reflected in the council's group accounts in 2016/17. The council will need to include the IJB in its plans for the preparation and audit of the 2016/17 group accounts, including consideration of assurance arrangements relating to the annual governance statement.

Highways network assets

37. The 2016/17 local government accounting Code will adopt a new measurement requirement for the valuation of the highways network asset. It will be measured on a depreciated replacement cost basis. This will have a significant impact on the value of local authority balance sheets.

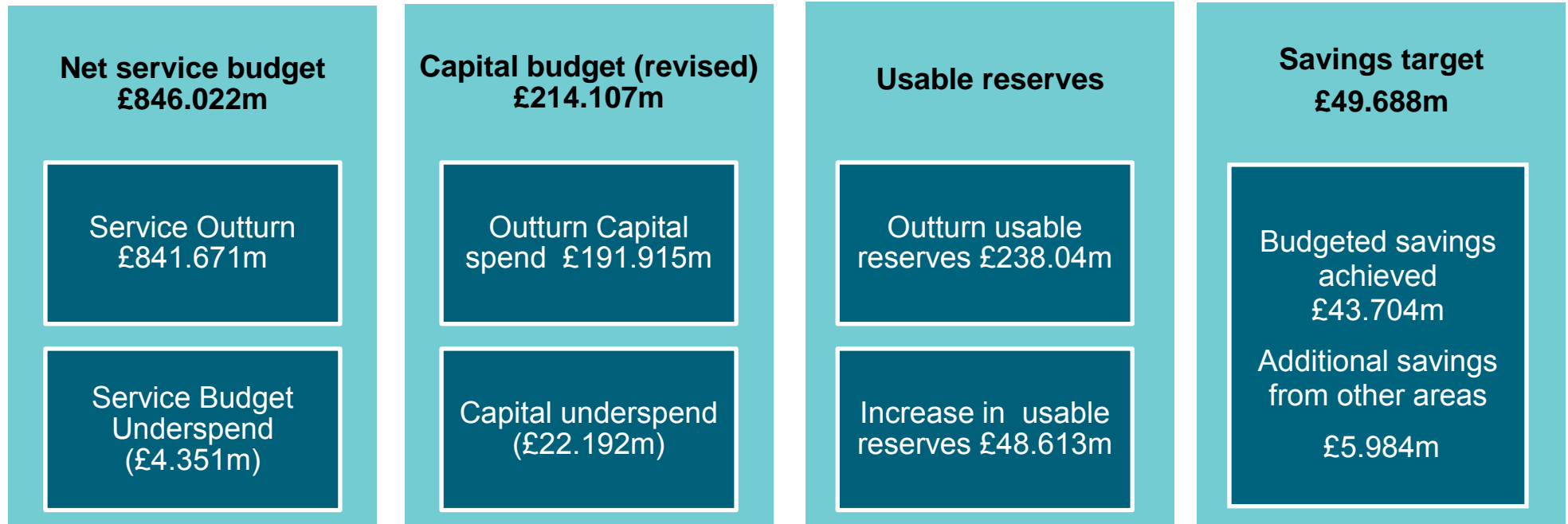
Code of Audit Practice

38. A new Code of Audit Practice will apply to all audits from financial year 2016/17. There will be a focus on four areas:

- Financial sustainability
- Financial management
- Governance and transparency; and

- Value for money
39. In addition, as well as the annual audit report, other significant outputs, such as the annual audit plan, will be published on Audit Scotland's website.

Financial management and sustainability



Financial management

40. In this section we comment on the council's financial outcomes and assess the council's financial management arrangements.
41. The council sets an annual budget to meet its service and other commitments as part of a longer-term financial planning framework. The setting of the annual budget impacts directly on residents as it

determines council tax and other fees and charges. Regular monitoring of expenditure and income against agreed budgets is central to effective financial management.

Financial outcomes

42. Overall the council reported an underspend against budget in 2015/16 of £0.785 million. The outturn of general fund services was broadly in line with budget for the year, with small underspends

recorded in most services, with the exception of Health and Social Care. During the year, the Health and Social Care service received additional one-off funding of £9.8 million to deal with anticipated cost pressures, however mitigating actions and lower than projected service demands resulted in an underspend of £3.455 million at the year end. This accounts for the majority of the £4.351 million underspend across all services.

43. These service underspends, along with favourable corporate variances around Council Tax Reduction Scheme, loan charges, and increased council tax income, were used alongside earmarked reserves to fund £21 million of costs relating to staff early release through the transformation programme.
44. The remaining underspend balance of £0.785 million has been transferred to the council priorities fund, with £0.5 million set aside for precautionary survey work on other council properties with similar design features to the PPP1 schools.
45. The council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set to at least cover the costs of its social housing provision. Rent levels are therefore a direct consequence of the budget set for the year. After making an in-year voluntary debt repayment of £10 million, the HRA surplus of £2.256 million for the year was transferred to the Renewal and Repairs Fund. This will be used to fund new capital investment in new homes and as a contingency to manage the impact of welfare reform.

Financial management arrangements

46. As auditors, we need to consider whether councils have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
 - the proper officer has sufficient status within the council to be able to deliver good financial management
 - financial regulations are comprehensive, current and promoted within the council
 - reports monitoring performance against budgets are accurate and provided regularly to budget holders
 - monitoring reports do not just contain financial data but are linked to information about performance
 - members provide a good level of challenge and question budget holders on significant variances.
47. We reviewed the council's financial regulations, which were updated in June 2015, and concluded that they are comprehensive and current. A further update of the regulations was undertaken in June 2016 and these are available on the council's website.
48. Financial monitoring reports (both revenue and capital) are submitted to the Finance and Resources Committee and other executive committees on a quarterly basis. The Governance, Risk and Best Value Committee also considers financial monitoring reports as part of its scrutiny arrangements. Reports to committee focus on high level monitoring of variances and mitigating actions

and are underpinned by more detailed reporting at Corporate Leadership Team and Senior Management Team level.

49. Bi-monthly reports on progress of the council's Transformation Programme are also submitted to the Finance and Resources committee. These focus on the progress of the major workstreams and realisation of savings.
50. As auditors we attend a number of council and committee meetings each year. Members provide a good level of challenge and question budget holders on significant variances and service performance issues.

Conclusion on financial management

51. We have concluded that the council has effective financial management arrangements in place. The council has a good track record in delivering services within approved budgets, and robust scrutiny and challenge processes have ensured early identification of issues around the delivery of planned savings.

Financial sustainability

52. The council delivers a broad range of services, both statutory and discretionary, to its communities. Financial sustainability means that the council has the capacity to meet the current and future needs of its communities.
53. In assessing financial sustainability we are concerned with whether:
 - there is an adequate level of reserves

- spending is being balanced with income in the short term
- long term financial pressures are understood and planned for
- investment in services and assets is effective.

54. Effective long-term financial planning, asset management and workforce planning are crucial to sustainability.

Reserves

55. The overall level of usable reserves held by the council increased by £48.6 million compared to the previous year and totalled £238 million (see Exhibit 1).

Exhibit 1: Usable reserves

Description	31 March 2016	31 March 2015
	£ million	£ million
General fund	128.4	117.5
Renewal and Repairs fund	38.1	35.8
Capital grants unapplied	2.7	4.4
Capital fund	68.8	31.7
Total usable reserves	238.0	189.4

Source: City of Edinburgh Council 2015/16 financial statements

56. The general fund reserve has no restrictions on its use. The principal purpose of holding a general fund reserve is to provide a

contingency fund to meet unexpected events and as a working balance to help cushion the impact of uneven cash flows.

57. The reserves held by the council are reviewed annually as part of the revenue budget process. In January 2016, a Risks and Reserves report was approved which specified holding unallocated general fund reserves of £13 million, which equates to 1.37% of the council's annual budgeted net expenditure. The remaining balance of £115.4 million balance has been earmarked for specific purposes, including:

- specific investment - £12.6 million
- contingency and workforce management - £18 million
- dilapidations - £12.1 million
- insurance fund - £13.5 million
- council tax discount fund - £21.6 million
- spend to save initiatives - £7 million.

58. During the financial year, the council sold the Atria office development for £105 million. Following a year end review on approved uses of the Atria settlement proceeds, £52 million of capital receipts were transferred to the capital fund, earmarked for the following purposes

- redemption of debt relating to Atria's construction
- funding council transformation
- supplementing planned repairs and maintenance spend
- funding Local Development Plan infrastructure requirements.

Financial planning

59. The council set its 2016/17 budget in January 2016. The budget was set at £947 million and assumes savings of £85.4 million during 2016/17. Savings are planned from workforce transformation, fleet reductions, reducing sickness absence, property rationalisation, reduction in carbon tax, service transformation and procurement.

60. The council also set indicative budgets for 2017/18 and 2018/19 in January 2016 as part of its longer term financial strategy. Cumulative savings of at least £147.6 million are required by financial year 2019/20 to address the estimated funding gap (see exhibit 2).

Exhibit 2: 2016/17 – 2019/20 estimated savings requirement

	2016/17	2017/18	2018/19	2019/20
	£ m	£m	£m	£m
Cumulative savings requirement	85.4	106.5	126.8	147.6
Savings identified	(85.4)	(106.5)	(126.8)	(132.1)
Cumulative shortfall	0	0	0	15.5

Source: Council Revenue Budget framework 2016-20

61. The financial projections included in the long term plan as of the time of budget-setting in January 2016 were based on a number of key assumptions including:

- additional incremental council tax income of £7m per annum from 2017/18
 - Scottish Government revenue grant funding reductions of 1.25% for 2017/18, a further 0.5% reduction in 2018/19 and a “flat cash” projection for 2019/20
 - annual inflationary assumptions of 2% for long term contracts and 1.5% for wage awards from 2017/18
 - provision for cost implications of demographic change continues to be provided with reference to existing baseline data.
62. These assumptions are made on the basis of information available to the council at the time of preparing plans, however it is important that they are kept under review to ensure early identification of funding pressures.

Appendix IV action plan point 1

Capital programme 2015/16

63. The council approved its capital programme for 2015/16 in January 2015. Actual spend on the general services capital programme amounted to £156.3 million in the year against a revised budgeted spend of £165.3 million. Spend on the housing capital programme amounted to £35.6 million against a revised budget of £48.8 million.
64. The general services programme was concentrated on the new build, refurbishment and planned repair of schools, including the replacement of Boroughmuir and Portobello high schools, development funding for affordable social housing, and roads and

transport infrastructure. The housing programme mainly focused on investment in new housing stock and enhancement of existing council houses.

65. The slippage in the general fund capital programme has resulted mainly from unforeseen construction delays on the two replacement high schools, along with delays arising from a change in procurement approach on the early years improvement project. However the overall levels of slippage on the programme remain well below the national position.
66. The level of slippage on the HRA capital programme remains high, amounting to 27% of the planned programme. Whilst some of this relates to savings achieved through individual projects, there have also been short term delays and over-programming issues. In order to reduce slippage in future years the HRA has adopted a new budget setting and monitoring process similar to the general fund capital programme. Going forward the revised HRA capital programme will be managed over a two year rolling programme to enable spend to be accelerated where projects are performing well and re-phased where delivery has been delayed.

Council transformation programme

67. The council is implementing a transformation programme aimed at building a lean and agile organisation with a focus on individuals and communities. Four core projects around localities, business and support services, customer and asset management have been developed and are supported by a number of cross-cutting workstreams. Total recurring annual savings of £77 million are

anticipated through the delivery of the programme with £64 million of these from organisational reviews of services, £6 million from implementation of a new asset management strategy, and £7 million from payments to third parties.

68. The council continues to make good progress in implementing the programme. As at October 2016, the majority of the first phase of organisational reviews have been implemented, with the council reporting savings of £33.7 million. The staffing structures for the localities model, which aims to integrate a range of service delivery around 4 geographical areas, have also been completed. The second phase of reviews, which includes Health and Social Care restructuring and Customer and Business Support, are due for implementation by March 2017.
69. Proposals have been developed for the delivery of £7 million savings in the payments to third parties workstream, and implementation is underway. Currently, £5.4 million of these savings plans are considered achievable, with detailed implementation plans being developed for the remaining proposals.

Asset Management

70. The asset management strategy (AMS) programme is a key workstream within the council's transformation programme, and aims to create a fit for purpose estate, along with an efficient, sustainable delivery plan for property and facilities management.
71. In September 2015, the Finance and Resources Committee considered a number of proposals for the future operating model of

the service, before approving an investment portfolio and estates rationalisation strategy, to be delivered by an in-house team with external support.

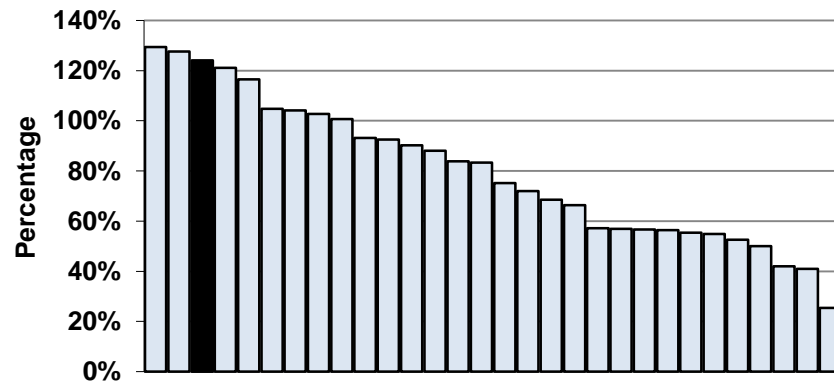
72. A revised facilities management service level agreement has been drafted, and consultation with service users is ongoing. Phased organisational reviews have commenced covering around 1,800 existing staff posts, with the aim of implementing a revised operational structure by April 2017. Work is also ongoing on procuring a delivery partner for an asset condition survey programme.
73. Progress in delivering the asset management strategy workstream is reported regularly to the Finance and Resources Committee as part of the wider transformation programme reporting.

Treasury Management

74. At 31 March 2016 long term borrowing stood at £1,309 million, a decrease of £52 million on the 2015 borrowing level of £1,361million. During the same period, short term borrowing increased from £79 million to £87 million.
75. As stated in the 2015/16 Treasury Management Strategy, the council aims to utilise internally generated funds before using long term borrowing facilities. Only £0.362m of external borrowing was undertaken in 2015/16, which related to additional interest free borrowing specifically for the provision of energy saving street lighting. Long term borrowing fell mainly due to the maturity of £40 million of PWLB and £4 million of market loans.

76. Analysing long term borrowing as a proportion of net revenue stream gives an indication of the relative indebtedness of the council. Exhibit 2 shows long term borrowing for City of Edinburgh Council as at 31 March 2016. This has been measured against net revenue stream (including, where relevant, HRA) for all other mainland councils in Scotland.

Exhibit 2: Scottish councils' long term borrowing as a percentage of net revenue streams



Source: Scottish councils' unaudited accounts 2015/16 (excluding Orkney and Shetland Island councils)

77. The council continues to be near the top of this range due to undertaking significant capital projects in recent years, such as the trams project and acquisition of Waverley Court and some assets of EDI/Waterfront Edinburgh,. Assets acquired through these projects do not generate a direct income stream for the council, but have resulted in recurring savings relative to the liabilities the council

would otherwise have faced. Following the repayment of debt, this measure has fallen from 130% in 2014/15 to 120% in 2015/16.

Pension liability

78. The net assets on the council's balance sheet have increased from £1,638 million in 2014/15 to £1,970 million in 2015/16, a rise of £332 million. The principal reason for this increase is the £288 million fall in the pension liability from £727 million to £439 million. This is also reflected in the balance sheet for the group. The pension liability represents the difference between expected future pension payments and the underlying value of pension fund assets available to meet this cost. At the last triennial valuation at March 2015 the Lothian Pension Fund was 91.3% funded and had assets of £4.4 billion.

Conclusion on financial sustainability

79. We have concluded that the council has an adequate level of reserves and is containing overall expenditure within annual budgets. The longer term financial plans in place go a substantial way to addressing the financial challenges it faces in the coming years, although risks remain around the key assumptions in the plans and the delivery of savings.

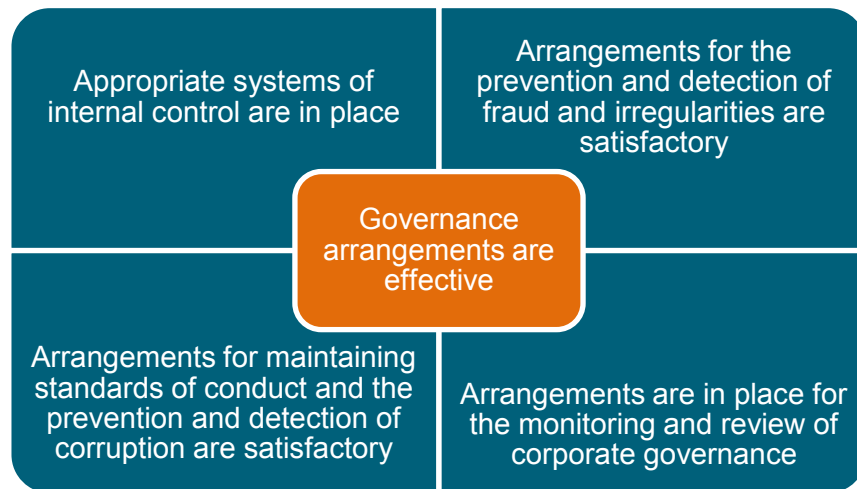
Outlook

80. Councils across Scotland are reporting gaps between income and the cost of providing services over the next few years. In addition, budget pressures and the continued need for savings by the council

and its NHS partner are likely to result in pressures around the future funding of the IJB. With further government funding reductions expected, tough decisions will be required to balance council budgets. These decisions must be based on a clear understanding of the current financial position and the longer-term implications of decisions on services and finances.

81. Through the implementation of its transformation programme and approval of a longer term financial framework with balanced budgets from 2016/17 to 2018/19, the council has gone a substantial way to addressing these challenges. However these plans include risks around assumptions and delivery of savings and will require robust monitoring and review to ensure they remain on track.
82. Following the vote on the United Kingdom's membership of the European Union on 23 June 2016, the United Kingdom voted to leave the EU. Due to the uncertainty which currently exists over the timing and processes involved, it is difficult to define the potential impact of leaving EU on the council's activities or finances. The council has established a response team to track the political decisions and engage advisors as appropriate going forward, and will address emerging risks as appropriate through the council's existing risk management arrangements.

Governance and transparency



83. Members and management of the council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements. We concluded that the council has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making, although there is scope for improvement in the governance of council companies and organisations.

84. Citizens should be able to hold the council to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how the council is taking decisions and how it is using its resources. Overall we concluded that the council is open and transparent.

Corporate governance

85. The council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance. The local code is subject to annual review by the Governance, Risk and Best Value Committee
86. The council assessed itself as being compliant with the requirements of the local code in all areas with the exception of risk management, where the existing risk framework is being redesigned to reflect organisational transformation. The council has also recognised the integration of health and social care will require a more effectively integrated quality assurance framework for delegated functions. A range of improvement actions have been identified across areas of the framework, and will be taken forward in line with the council transformation programme.

Internal control

87. As part of our audit we reviewed the high level controls in a number of systems fundamental to the preparation of the financial

statements. Our objective was to obtain evidence to support our opinion on the council's financial statements.

88. We reported our findings to the Governance, Risk and Best Value Committee in August 2016. No material weaknesses in the accounting and internal control systems were identified which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. However we did amend our planned financial statements procedures to take account of some identified control weaknesses. Our findings included a number of recommendations to enhance the control system in operation.

Internal audit

89. Internal audit provides members and management of the council with independent assurance on risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.
90. Our review of internal audit concluded that the internal audit service operates satisfactorily in accordance with the Public Sector Internal Audit Standards. We placed reliance on their work around the payroll financial system to support our opinion on the financial statements, as well as considering wider governance reviews in

areas such as health and social care integration, corporate property maintenance, and council wide procurement arrangements.

ICT audit

91. ICT plays a critical role in the internal control environment and underpins all of the systems used by the council. We tested the operation of the main ICT based controls within the financial systems during 2015/16 and found these could be relied on for the production of the 2015/16 financial statements.
92. In August 2015 the council awarded CGI the contract for provision ICT services. Following a transition of services in late 2015 and early 2016, the CGI contract went live on 1 April 2016. The council has reported a number of benefits from the first phase of implementation of the contract, including significantly increased network bandwidth in council schools and council offices.
93. The Delivery of ICT transformation projects commenced in August 2015, with some projects such as bulk printing, secure cheque printing and BACS service already completed. A further 12 projects will be delivered through 2016 and 2017 as part of the CGI contract, with joint governance arrangements in place involving the council, CGI and supply chain partners. Most of these projects have commenced, although officers have acknowledged that timescales for implementation of some projects, such as Enterprise Integration and Enterprise Resource Planning have slipped due to technical and resource challenges. Progress updates on the workstreams are reported regularly to management team and committee.

Arrangements for the prevention and detection of fraud

94. Overall, we concluded that the council's arrangements in relation to the prevention and detection of fraud and irregularities were satisfactory.

National Fraud Initiative in Scotland

95. The National Fraud Initiative (NFI) in Scotland brings together data from councils, police boards, fire and rescue boards, health bodies and other agencies, to identify circumstances (data matches) that might suggest the existence of fraud or error.
96. During the year we considered the council's approach to NFI and concluded their overall arrangements had improved from prior years, with timelier review and investigation of data matches across most sections and increased internal reporting of progress.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

97. The arrangements for the prevention and detection of corruption in City of Edinburgh Council are satisfactory and we are not aware of any specific issues that we need to record in this report.

Correspondence referred to the auditor by Audit Scotland

98. One of the roles of the local auditor is to follow up, where appropriate, items of correspondence received from members of the public who express concerns over council activities. During the year we received correspondence relating to the council's use of Lender Option Borrower Option (LOBO) loans. A LOBO loan is typically a long term loan where the interest rate is initially fixed but the lender has the option to propose or impose on pre-determined future dates, a new fixed interest rate. The borrower has the option to either pay the revised interest rate or to repay the loan. The council has around £240 million of these standard LOBOs within its market debt portfolio. In addition to these, it also has £40 million of inverse LOBOs, where the interest rate paid varies in relation to a specified market rate. These inverse LOBOs were taken out in 2010/11 in line with the council's treasury management strategy, to mitigate the council's exposure to potential rising interest rates.
99. In following up this correspondence we have held discussions with senior council officers and the council's treasury advisers, and reviewed supporting papers including an analysis of the LOBOs held by the council and comparable PWLB rates of interest and the council's treasury management policies and controls.
100. Based on our work we can conclude that:
- the use of LOBOs has been undertaken in line with the council's treasury management policy, which has been reviewed and approved annually by councillors

- the interest rates on the standard LOBOs were lower than the comparable PWLB rates available at the time, and the council's interest costs to date on these loans have been less than the PWLB equivalent
- the option to propose or impose a new fixed interest rate has never been exercised by the lenders
- the potential for debt restructuring is kept under regular review by the council as part of its treasury management arrangements.

101. There are no further issues we wish to raise in this report.

Transparency

102. Local residents should be able to hold the council to account for the services it provides. Transparency means that residents have access to understandable, relevant and timely information about how the council is making decisions and how it is making best use of its resources. The council demonstrates the characteristics of openness and transparency by:

- holding meetings of the council and its committees in public and ensuring papers are readily available for review on its website
- making information on its performance available to the public
- including useful information on how to access services on its website

- including details of council members and a copy of their register of interests on its website.

Freedom of Information requests

103. The total number of freedom of information (FOI) requests received by the council has been steadily increasing. There were 2,812 FOI requests received over the period April 2015 to March 2016 (2,753 in 2014/15). The council has a target of responding to FOI requests within 20 working days of receipt. Overall the council performs well in responding to requests, with 93% being closed within the 20 day deadline.

Integration of health and social care

104. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland.

105. The Edinburgh Integration Joint Board (EIJB) was established on 27 June 2015 and the first meeting of the Board took place on 17 July 2015. The Board is supported by an Audit and Risk Committee which was established in April 2016 and meets quarterly. The EIJB has also established a performance and quality subgroup to monitor the operational delivery of integrated health and social care services. A key task for the group is the development of an effective integrated performance management framework to allow the Board to monitor progress in achieving its strategic objectives.

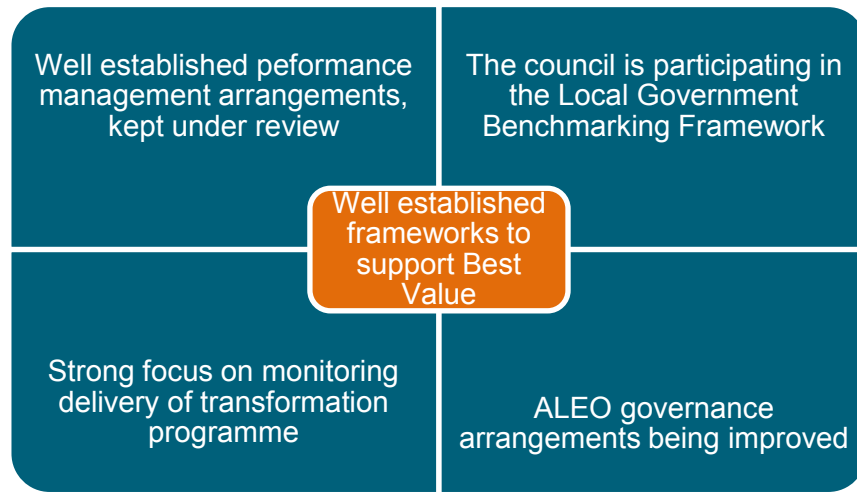
Local scrutiny plan

- 106.** The 2016/17 Local Scrutiny Plan (LSP) prepared by the Local Area Network of scrutiny partners for the council was submitted to City of Edinburgh Council in March 2016.
- 107.** The LSP is based on a shared risk assessment undertaken by a local area network (LAN). The LAN did not identify any specific areas from the risk assessment where scrutiny was required, other than scrutiny that was nationally directed or part of a planned programme of work.
- 108.** The LSP highlights a number of areas which the council is managing effectively but over which the LAN will continue to carry out some degree of monitoring as part of normal activities. These include
- leadership capacity and resource management during the delivery of the council's transformation programme
 - scope for improvement in housing services performance levels in relation to completion of repairs, rent arrears, and delivery of homelessness services.
- 109.** We provide further comment on leadership and resource management within the Best Value section of this report. In relation to housing services, the council has assured the Scottish Housing Regulator (SHR) it has plans in place to improve these areas. SHR will continue to engage closely with the council to monitor the delivery of the improvement plan and the achievement of targets and timescales.

Outlook

- 110.** Councils will continue to operate in a changing environment within continuing financial constraints. Under these circumstances councils will be obliged to consider the delivery of services by different means. Good governance will be particularly important where council resources and service delivery are devolved to third party organisations.
- 111.** Partnership, joint working and arm's length organisations have become increasingly popular vehicles for planning and delivering council services and there is a sustained national focus on their use. Where council services are being delivered by third party organisations it will be crucial that the council implements robust assurance and governance arrangements to deliver best value while at the same time ensuring an appropriate level of accountability for public money. Community planning and health and social care integration will require an ongoing focus on governance and assurance to ensure that the council's priorities are being achieved.

Best Value



112. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. The council should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

Best Value audit

113. In December 2014, the Accounts Commission considered a Best Value follow-up report on the council. The report recognised the good progress the council had made in developing its approach to scrutiny and risk management, as well as highlighting improvements in a number of other key areas. However, it emphasised that the

financial challenges the council faced had increased since the original Best Value review was undertaken in May 2013, and also highlighted some concern around the council’s management capacity to deliver its programme of change and improvement, and a lack of progress in developing a comprehensive workforce strategy.

- 114. A further follow-up report was considered by the Accounts Commission in February 2016. This subsequent report concluded that the council has made considerable progress in addressing its increasingly challenging financial position. The council agreed a four year budget framework and business plan in January 2016, setting out a balanced budget for the first three years, with £15.5 million of savings still to be identified for 2019/20. A workforce strategy was in place, supported by more detailed plans, setting out the size and shape of its future workforce needs.
- 115. Since publication of the report in February 2016, the council has continued to have a strong focus on delivery of its financial plans. Savings implementation plans are routinely reviewed and monitored by the Corporate Leadership Team and Capital Coalition elected members at Budget Challenge meetings. This process is used to highlight at an early stage any potential barriers to full savings delivery and, where necessary, inform the subsequent development and assessment of alternative required measures.
- 116. Early projections for 2016/17 show that the council is on target to deliver more than 90% of the £70 million required savings, based on actions planned or already undertaken. However proposals for the

balance of the required savings, mainly in the areas of Communities and Families and Health and Social Care, require delivery of further actions. The council continues to monitor the position closely, and develop mitigating actions to ensure delivery of a balanced budget in 2016/17.

117. A key driver in the achievement of savings is the ongoing delivery of the council's transformation programme. In reshaping the future delivery model for services, the council anticipated a reduction in staff numbers of up to 2,000 posts. By September 2016, the council had implemented organisational reviews across the majority of service areas, with the remaining six areas, including health and social care, and properties and facilities management staff, due for implementation by March 2017. The council has also defined the structures for its four geographical localities. Around 700 departures have been agreed to date, delivering £29 million of the anticipated £64 million staff costs savings to be delivered through the organisational reviews. The council has made good progress to date, and remains confident of delivering the required staff savings through the organisational review process. However the remaining reviews cover significant staff numbers, which may represent a risk to the timely implementation of the remaining reviews and associated cost savings.

Appendix IV action plan point 2

118. There have been widespread changes at senior manager level, with a new CEO appointed in July 2015 and none of the directors of the council's 2013 Corporate Leadership Team (CLT) still in post. This raises some risks about its capacity to implement its transformation

programme. So far, however, there had been continuity in the council's approach to reshaping its services and making the required savings. Following implementation of the organisational reviews, the council intends to have all third tier managers in post by the end of the calendar year, to ensure there is sufficient management capacity to support the new service delivery models. The council has also put in place arrangements for specialist support and training to be provided to this management tier, to build transformation leadership capacity and skills across the organisation.

Procurement

119. In 2009 the Scottish Government introduced an annual evidence-based assessment, the procurement capability assessment (PCA), to monitor public bodies' adoption of good purchasing practice and as a basis for sharing best practice. The council's last reported assessment against this framework in 2014 was 76%, compared to an average score of 62% across other Scottish local authorities.
120. The annual PCA was replaced by the Procurement & Commercial Improvement Programme (PCIP) which focuses on the policies and procedures driving procurement performance and the results they deliver. PCIP introduced a revised assessment methodology and new scoring and performance bands with councils being assessed every two years. The revised assessment results are not comparable with the previous PCA scores. Scotland Excel began undertaking PCIP assessments for local authorities in May 2016, and the cycle will continue until November 2016.

Collaborative working

- 121.** In September 2015, the council, along with other Lothian and South East Scotland authorities, submitted proposals to the Scottish and UK governments to secure infrastructure funding across the region. Following the Chancellor of the Exchequer's budget statement on pursuing a City Region Deal for the region, terms of reference have been agreed and signed by the partners to the deal, and negotiations are underway on the scope and timing of the Deal.
- 122.** The City Region Deal proposals are shaped around four interconnected programmes:
- innovation hubs
 - infrastructure investment
 - a regional housing programme
 - culture and tourism investment.
- 123.** The proposals currently amount to around £2 billion of investment, with the potential to lever in £5 billion of private sector monies. Local authorities will be required to fund a proportion of the deal, with the council's contribution being approximately £100 million, depending on the final projects approved for inclusion.
- 124.** City Region leaders have agreed to establish a Joint Committee to oversee the City Region Programme. This will include representation from the local authorities, and from the university and business sectors.

Following the public pound

- 125.** Local authorities have a statutory responsibility to comply with the Accounts Commission/COSLA Code of Guidance on funding external bodies and following the public pound. This code is based on the premise that public money should be used properly and that Best Value is being secured.
- 126.** The council uses a number of companies to deliver designated services. Whilst the company takes on responsibility for the delivery of the service, the council retains responsibility for ensuring the proper use of public funds.
- 127.** Following a review of companies in 2012, the council agreed a range of proposals for the governance of its companies. As part of its audit plan for 2015/16, internal audit undertook a review of the design and effectiveness of the governance and control arrangements in place.
- 128.** Internal audit's report identified a number of issues including:
- the independence of elected members on company boards, and the potential for conflicts of interest
 - consistency and effectiveness of reporting and scrutiny council committees
 - inconsistencies in the approach and level of scrutiny by council observers
 - scope to strengthen the annual assurance process.

129. A number of recommendations for improving existing arrangements were made, including the creation of a council companies' hub to ensure consistency of approach and provide council wide oversight of companies. This would also define a new role for council observers, providing standard guidance and a recommended escalation process. In addition, it was agreed that the council's Governance, Risk and Best Value Committee will take on a regular monitoring and scrutiny role. This aimed to mitigate conflicts of interest and provide independent scrutiny of the companies' accounts and performance. Governance and internal audit staff have started a review of the annual assurance process to ensure improvements are implemented in time for the launch of the 2016/17 assessment exercise in February 2017.

Performance management

130. The council has a well developed performance framework that links its business plan to the political outcomes set out in the Capital Coalition Pledges, as well as to the partnership and operational outcomes within the strategic Community Plan and the 4 multi agency Locality Improvement Plans.

131. Performance is monitored on a monthly basis at Corporate Leadership Team and service level management teams, with six monthly reporting of performance to elected members through consideration by Council and executive committees. Six monthly monitoring and reporting is also taken to the Edinburgh Partnership Board on community plan outcomes, and to Council on progress against Capital Coalition Pledges.

132. Alongside these regular performance monitoring reports, a further report was presented to the Council in June 2016 providing a strategic overview of performance. This report draws from a wider range of sources, including the council performance dashboard, workforce management reports, financial performance reports, and external reports such as the Edinburgh Partnership Annual Performance report. This report identifies a number of specific areas that require a focus for improvement, and also common themes through these. Going forward, the council intends to develop the existing framework to incorporate routine reporting of some of these identified areas for improvement.

133. The council continues to participate in the Local Government Benchmarking Framework (LGBF) which brings together performance indicators for a range of services as well as service costs and customer satisfaction.

Overview of performance targets in 2015/16

134. The council assesses achievement of its high level commitments through a set of 53 Capital Coalition pledges. Achievement of these pledges is linked to a range of detailed dashboard and operational performance indicators.

135. The most recent progress report highlighted that as at April 2016, 51 pledges were either achieved or on track for delivery (43 at April 2015). Two pledges – prioritising keeping the streets clean and attractive and investigating the possible introduction of low emission zones – were identified as areas where further work was required.

136. Although the council is on target to deliver on the coalition pledges, as noted earlier a focus for improvement has been identified across a number of themes, including addressing geographical inequalities in health and education outcomes and customer and citizen experiences. Specific actions will be developed and monitored as part of the Corporate Leadership Team and service level management team reviews of performance.

Statutory performance indicators (SPIs)

137. The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. The Commission does not prescribe how councils should report but expects councils to provide citizens with fair, balanced and engaging performance information reporting.

138. For 2015/16 three (SPIs) were prescribed:

- SPI 1: covering a range of information relating to areas of corporate management such as employees, assets and equalities and diversity
- SPI 2: covering a range of information relating to service performance
- SPI 3: relates to the reporting of performance information as required by the Local Government Benchmarking Framework.

139. Overall we concluded that the council's arrangements for publication were satisfactory.

Local performance audit work

140. In November 2013, Audit Scotland published a report entitled *Scotland's public sector workforce*. The aim of the report was to assess if public bodies, including councils, are managing their workforces effectively.

141. Audit Scotland asked external auditors across the public sector to undertake follow-up audit work on the 2013 report. A standard questionnaire based on the report's findings was issued to external auditors to complete.

142. Our follow-up audit highlighted that the council has clear objectives around workforce change as part of its transformation programme, and has adopted good practice in the development of its organisation wide workforce plan. As the organisational reviews were ongoing at the time of our audit work, we were unable to make an assessment of service level workforce plans.

National performance audit reports

143. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued which are of direct interest to the council. These are outlined in [appendix III](#). The council has processes in place to ensure that all national reports and their impact on the council are considered by members.

Equalities

144. The Equality Act 2010 introduced a new public sector 'general duty' which encourages equality to be mainstreamed into public bodies' core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set.
145. The council's progress report on its frameworks for advancing equality and rights, and tackling poverty and inequality, was published on its website in April 2015, and considered by the Communities and Neighbourhoods Committee in May 2015. Equalities outcomes indicators are reported regularly through performance reviews of the council's business plan, as well as the current community plan. In addition, the council presented an update report on tackling poverty and inequality, and advancing equality and rights, to the Communities and Neighbourhoods Committee in May 2016.

Outlook

146. In common with other councils, City of Edinburgh faces the key challenges of reducing budgets, an ageing population with higher levels of need and the public expectation of high quality services. The council is going through a transformation programme aimed at redesigning services to be more efficient and focused on community needs, whilst delivering the financial savings required in the coming years. The council has made substantial progress to date, and remains confident of delivering the required staff savings through

the organisational review process. However, as choices on how to address funding gaps become increasingly difficult, councils will have to focus on making the very best use of all available resources and to challenge existing ways of doing things. A strong and effective performance management framework will be critical to the success of the council achieving its key priorities and achieving best value.

Appendix I: Significant audit risks

The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

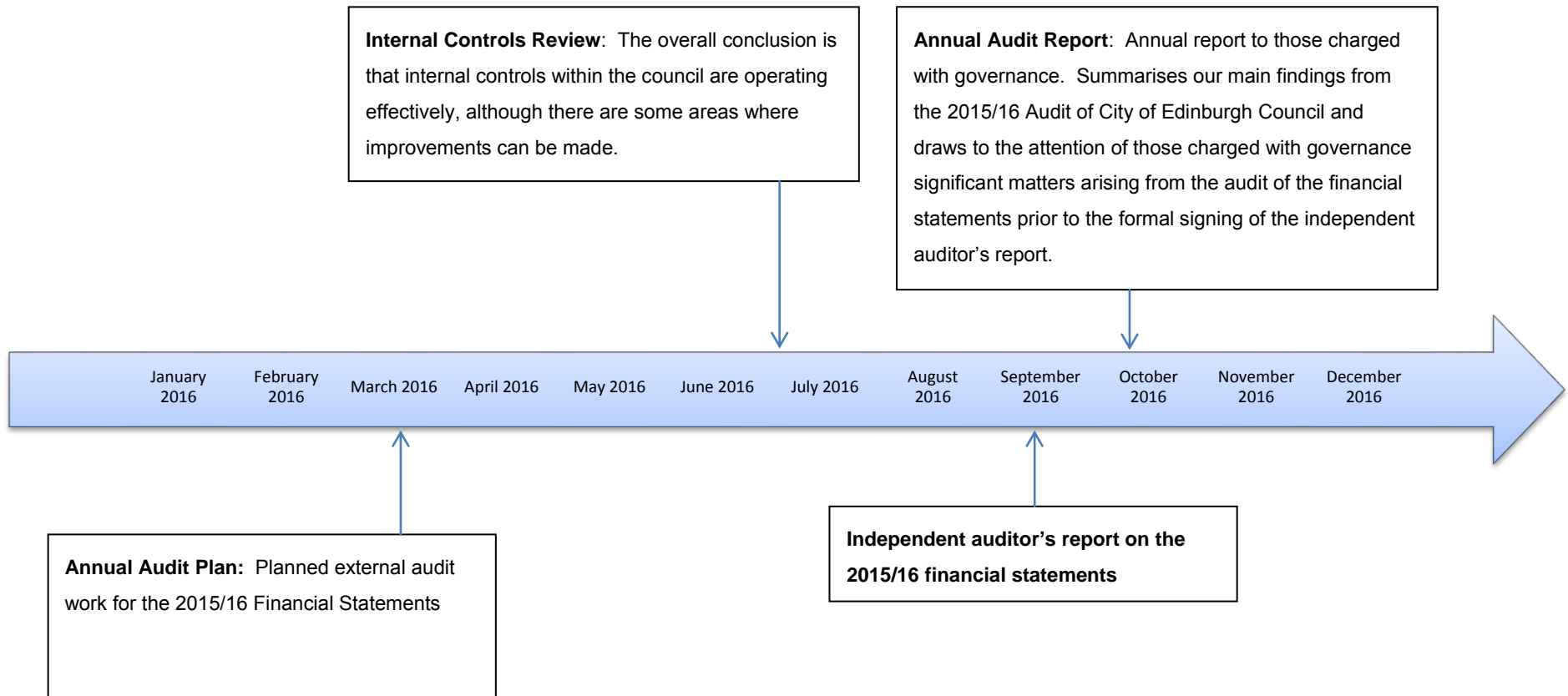
Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement		
<p>Income</p> <p>The Council receives a significant amount of income in addition to Scottish Government funding.</p> <p>The extent and complexity of income means there is an inherent risk of fraud in accordance with ISA240.</p>	<ul style="list-style-type: none"> • Robust income generation and cash handling processes, including separation of duties • Independent monitoring of suspense codes - including bank reconciliations • Budgetary control processes - reported monthly to Corporate Leadership Team (CLT) and departmental budget holders • Authorisation processes for transactions within the ledger - e.g. journals & creditor requests 	<p>We reviewed control arrangements and undertook detailed testing of income streams. No frauds were identified.</p>
<p>Management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the</p>	<ul style="list-style-type: none"> • N/A 	<p>We undertook detailed testing of journal entries, accruals and prepayments. We also reviewed accounting estimates and transactions for appropriateness.</p> <p>We did not identify any incidents of management override of controls.</p>

Audit Risk	Assurance procedure	Results and conclusions
position disclosed in the financial statements.		
<p>Estimation and judgement</p> <p>The financial statements of City of Edinburgh Council include valuations which rely on significant assumptions and estimates.</p> <p>The extent of subjectivity in the measurement and valuation of these balances represents a risk of material misstatement</p>	<ul style="list-style-type: none"> Accounting assumptions such as provisions are based upon the most up to date and complete information with their inclusion being presented in accordance with required Accounting Codes of Practice Accounting assumptions based on the professional advice of qualified staff such as RICS or the Council's Legal Team 	<p>We reviewed the standing of the professional valuer in accordance with ISA 500 and undertook detailed testing of key valuations within the accounts.</p> <p>No material misstatements were identified.</p>
<p>Significant trading organisations (STOs)</p> <p>In our 2014/15 independent auditor's report we drew attention to the fact that the Council's significant trading operation, Edinburgh Catering Services – Other Catering, failed to break even, on a cumulative basis, over the three year period ending 31 March 2015. There is a risk that the action plan implemented by the Council may not result in the STO consistently achieving the requirements of section 10 of the Local Government in Scotland Act 2003.</p>	<ul style="list-style-type: none"> Implementation of revised facilities management delivery model approved by Council in November 2015 Ongoing financial monitoring and reporting to committee STO business plan 	<p>We reviewed reports to committee on the financial position of the STO and the planned action to address the deficit. We tested income and expenditure streams as part of our wider testing strategy. No material misstatements were identified.</p>
<p>Statutory repairs</p> <p>Although the billing process is now largely complete, the delays to date mean that the</p>	<ul style="list-style-type: none"> Update reports to committees on progress of billing, collection (including bad debts) and complaints resolution 	<p>We reviewed update reports to committee on legacy statutory repairs issues. We considered the adequacy of the statutory</p>

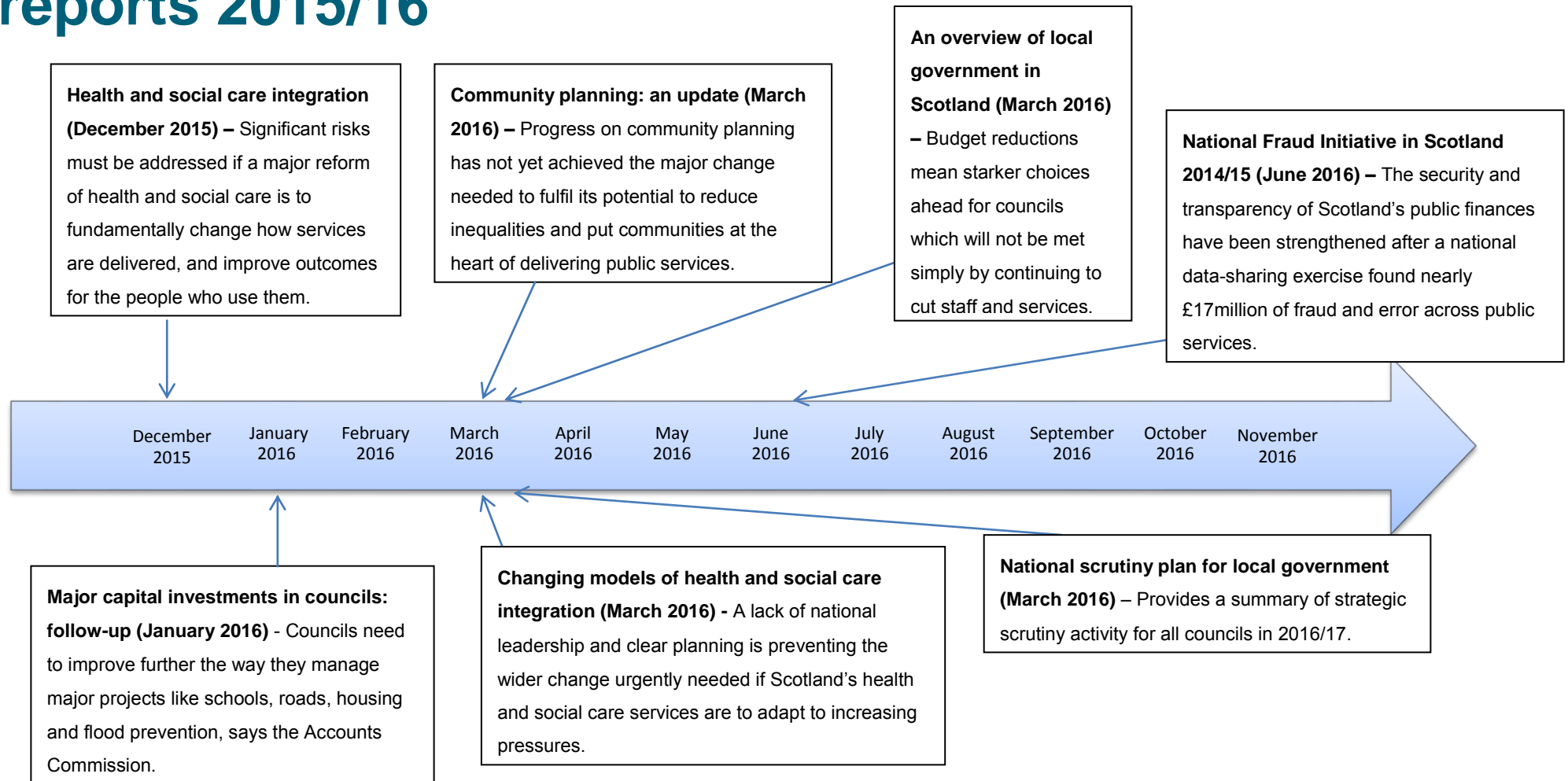
Audit Risk	Assurance procedure	Results and conclusions
<p>debt has aged further, increasing the risk of non-recovery.</p>		<p>repairs bad debt provision, and assumptions made around collectability, as part of our financial statements audit work on bad debt provisions.</p> <p>We concluded that the year end provision for bad debt relating to statutory repairs was appropriate.</p>
<p>Integration Joint Board (IJB)</p> <p>The Edinburgh IJB was established in June 2015 and became operational from 1 April 2016. There is a risk that the Council does not include appropriate disclosures in relation to the IJB within the Council's 2015/16 single entity and group financial statements.</p>	<ul style="list-style-type: none"> • The Council will ensure that the IJB is appropriately disclosed in the single entity and group accounts in line with the 2015/16 Code • Available guidance from CIPFA and Audit Scotland will be considered prior to finalising the disclosures 	<p>We reviewed the council's judgements around its group boundary, and the IJB disclosures included in the financial statements against the Code of Practice and issued guidance. We concluded that the disclosures made within the financial statements were appropriate.</p>
<p>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</p>		
<p>Financial position</p> <p>The Council has approved a four year financial framework and business plan, with a balanced budget for the first 3 financial years. However there are a number of risks to delivery of this balanced budget, including the underlying assumptions within the framework and the achievement of anticipated savings through the</p>	<ul style="list-style-type: none"> • Bi-monthly reporting of progress on the transformation programme to Finance and Resources Committee, incorporating progress reports on actual savings delivered for each workstream. Progress in the development of delivery plans to support all budget framework savings was assessed by the Corporate Leadership Team both prior to and following the approved budget motion, 	<p>We reviewed the ongoing reporting of the council's financial position to members, including achievement of savings plans, and considered the longer term financial planning framework including the reasonableness of assumptions made. We concluded that the council has robust arrangements for monitoring the delivery of</p>

Audit Risk	Assurance procedure	Results and conclusions
transformation programme.	<p>with a particular emphasis on identifying where further actions were required</p> <ul style="list-style-type: none"> The Long Term Financial Plan assumptions are subject to quarterly review and reporting to the Corporate Leadership Team and elected members 	savings plans and continues to demonstrate good progress in delivering the required savings.
<p>Workforce Planning</p> <p>While the Council is making progress in delivering the workforce reductions set out in its strategy and plans, there remain risks around the delivery of the planned reductions and associated financial savings, and the related impact on service delivery and the achievement of the Council's objectives.</p>	<ul style="list-style-type: none"> Bi-monthly reporting on transformation programme progress to the Finance and Resources Committee, incorporating the workforce workstream Service performance monitoring is reported on a monthly basis to the Corporate Leadership Team, which serves as an early warning on performance issues 	We reviewed ongoing transformation programme and workforce management reporting to committee, including the costs and savings delivered through the early release scheme. We considered the current performance framework and concluded the performance reporting arrangements support the early identification of service performance issues.

Appendix II: Summary of local audit reports 2015/16



Appendix III: Summary of Audit Scotland national reports 2015/16



Appendix IV: Action plan

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
1.	63	<p>Long term financial planning assumptions</p> <p>The council has continued to make progress towards addressing the longer term financial challenge through its long term financial strategy and associated savings plans. However the strategy is based upon a number of assumptions which are subject to a degree of uncertainty and change.</p> <p>Recommendation</p> <p>The council should regularly review the assumptions used in its long term financial strategy.</p>	<p>The income and expenditure assumptions within the Council's long-term financial plan continue to be subject to regular review and reporting to elected members, with the most recent such update considered by the Finance and Resources Committee on 29 September 2016.</p> <p>Planning and subsequent delivery of all approved savings is also subject to on-going review and consideration by both the Corporate Leadership Team and the Finance and Resources Committee.</p>	<p>Acting Executive Director of Resources</p> <p>On-going</p>

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
2.	118	<p>Delivery of planned savings</p> <p>The council has made good progress in delivering its planned savings to date, and remains confident of delivering the required staff savings through the organisational review process. However the remaining reviews cover significant staff numbers, which may represent a risk to the timely implementation of the remaining reviews and associated cost savings.</p> <p>Recommendation</p> <p>The council should ensure that its progress towards delivery of planned savings continues to be subject to close monitoring and scrutiny.</p>	<p>As noted above, arrangements to monitor the development and subsequent delivery of all savings are now well-established, with regular scrutiny by both senior officers and elected members in place. This scrutiny will continue to place particular emphasis on identifying potential barriers to delivery and, where appropriate, the development of mitigating and/or alternative actions.</p>	<p>Acting Executive Director of Resources</p> <p>On-going</p>

Governance, Risk and Best Value Committee

2.00pm, Monday, 24 October 2016

External & Internal Audit arrangements for the Edinburgh Integration Joint Board

Item number	7.3
Report number	
Executive/routine	
Wards	All

Executive Summary

The Edinburgh Integration Joint Board (EIJB) is a joint board consisting of members appointed by the NHS Lothian and the City of Edinburgh Council. The EIJB is underwritten by statute (The Public Bodies (Joint Working) (Scotland) Act 2014) and is responsible for the direction of adult Health & Social Care provision in the city, both in the clinical and community environments.

As a Scottish local government public body, the EIJB is required by the Accounts Commission to undergo an external audit and also to maintain an Internal Audit function. This report summarises both the governance arrangements and audit service provision available to the EIJB.

Links

Coalition Pledges	PO30
Council Priorities	CO25
Single Outcome Agreement	

External & Internal Audit arrangements for the Edinburgh Integration Joint Board

1. Recommendations

- 1.1 It is recommended that the Committee notes this report.

2. Background

- 2.1 Edinburgh Integration Joint Board (EIJB) is a joint board consisting of members appointed by NHS Lothian and the City of Edinburgh Council. The EIJB is underwritten by statute (The Public Bodies (Joint Working) (Scotland) Act 2014) and is responsible for the direction of adult Health & Social Care provision in the City, both in the clinical and community environments. The EIJB took over responsibility for these services on 1 April 2016.
- 2.2 As a Scottish local government public body, the EIJB is required by the Accounts Commission to undergo an external audit and also to maintain an Internal Audit function. The external audit for 2015/16 was undertaken by an Audit Scotland team. The external audit for 2016/17 and the four subsequent years will be undertaken by Scott Moncrieff on behalf of Audit Scotland. The Internal Audit function is maintained with support from both the Council's Internal Audit function and NHS Lothian's Internal Audit function.
- 2.3 On 26 May 2016, the Governance, Risk & Best Value Committee requested a report setting out the arrangements for the EIJB's audit functions once they became established.

3. Main report

Audit and Risk Committee

- 3.1 The Audit & Risk Committee of the EIJB provides governance for the EIJB's External and Internal Audit arrangements. In addition to this, the Committee is responsible for scrutinising:
- 3.1.1 the Risk Strategy and register;
 - 3.1.2 the anti-bribery and corruption arrangements; and
 - 3.1.3 the annual accounts of the EIJB.

- 3.2 The Committee, which met for the first time on 29 April 2016, meets quarterly in private. It consists of two NHS Lothian appointed members of the EIJB, two City of Edinburgh Council appointed members of the EIJB and two non-voting members of the EIJB. The Committee is now established with terms of reference in place and its operating processes agreed. It has commenced scrutinising items from both Internal & External audits in line with its remit.
- 3.3 The Chair is appointed by the EIJB from the two non-voting members and this role is currently filled by Angus McCann who is independent of both NHS Lothian and the Council.
- 3.4 In order to facilitate knowledge sharing and best practice, the Chair of the EIJB is planning to attend meetings periodically with his counterparts from the other Lothian IJBs (West Lothian IJB, Mid-Lothian IJB & East Lothian IJB) and NHS Lothian.

External Audit

- 3.5 Under the Public Bodies (Joint Working)(Scotland) Act 2014, the Accounts Commission is responsible for appointing the external auditors of the EIJB, and this is facilitated by Audit Scotland. An in-house Audit Scotland team was appointed for the 2015/16 financial year. The external audit opinion on the financial statements for 2015/16 was issued on 16 September 2016. To meet the requirements of the external auditing standards, Audit Scotland issued both an audit plan prior to audit work commencing and an annual audit report including "ISA260" towards the end of the audit, which highlighted the results of the audit work performed. Both these documents were subject to scrutiny by the EIJB Audit & Risk Committee and a copy of the annual audit report is included as Appendix 1.
- 3.6 The external audit for 2016/17 and the four subsequent years will be undertaken by Scott Moncrieff on behalf of the Accounts Commission, subsequent to Audit Scotland's latest round of tendering. Scott Moncrieff will also be the external audit providers for both of the EIJB's partner organisations, the City of Edinburgh Council and NHS Lothian. Scott Moncrieff have yet to prepare their audit plan for 2016/17 but once they have done so, this plan will be subject to scrutiny by the Audit & Risk Committee.

Internal Audit resource

- 3.7 Internal Audit resources are drawn from the Internal Audit functions of the Council and NHS Lothian. The Chief Internal Auditor of the Council has been appointed on a two year tenure as the Chief Internal Auditor of the EIJB and is responsible for ensuring that that a Public Sector Internal Auditing Standards (PSIAS) compliant Internal Audit service is provided to the EIJB.
- 3.8 The 2016/17 Council Internal Audit plan earmarked the provision of three individual internal audits (each with a planned duration of five weeks) for the EIJB. It is expected that this will result in Council Internal Auditors performing testing in both the Council & NHS environments. All three audits will be drawn down by the EIJB.

- 3.9 NHS Lothian has set aside 12 weeks of capacity to be split across the four Integration Joint Boards that NHS Lothian is party to. Discussions are ongoing between the CIAs of the four 'Lothian' IJBs and the CIA of NHS Lothian over the best way to utilise this capacity in the most efficient and effective manner for all concerned.
- 3.10 These discussions are facilitated by the regular meeting (every six to eight weeks at present) of the CIAs of the four 'Lothian' IJBs and the CIA of NHS Lothian. These meetings also provide a forum for the sharing of best practice and lessons learned in connection with internal audit procedures for Integration Joint Boards.
- 3.11 The EIJB Audit & Risk Committee also benefits from a quarterly referral of relevant Internal Audit reports from both the Council GRBV Committee and NHS Lothian's Audit & Risk Committee.
- 3.12 The provision of Internal Audit services to the EIJB opens up both the EIJB and the Council to operational & legal risk. In order to address these risks, the Council's Internal Audit function, in conjunction with the legal team, is in the process of drawing up a Service Level Agreement (SLA) which will specify the roles and responsibilities of both sides. It is anticipated that a mirror-image SLA will also be put in place between the EIJB and NHS Lothian.

Internal Audit Plan & Capacity

- 3.13 A risk based Internal Audit plan was drawn up by the Chief Internal Auditor of the EIJB and was scrutinised by the EIJB Audit & Risk Committee. Similar to the Council's Internal Audit plan, the EIJB's is risk based and leveraged from the risk register. Reflecting the unique circumstances of the EIJB, a different risk methodology to that used for the Council was developed. This process identified four 'High' risk items where assurance would be expected to be sought on an annual basis and five 'medium' risk items where assurance would be expected to be sought on a rotational (three year) basis.
- 3.14 At the time of drafting the Internal Audit Plan, the Chief Internal Auditor of the EIJB anticipated having a capacity of four internal audits available to the EIJB for 2016/17 (the three Council internal audits noted above plus one undertaken by NHS Lothian). As a consequence the EIJB audit plan currently consists of four internal audits.

Description		Internal Audit Team	Q1	Q2	Q3	Q4
<u>1</u>	<u>Management Information processes</u> Review the controls and processes in place surrounding the compilation of management information for the Joint Board.	CEC		✓		

Description		Internal Audit Team	Q1	Q2	Q3	Q4
<u>2</u>	<u>Compliance with the Joint Board's Directives</u> Review the processes and controls in place to assess and ensure compliance by CEC & NHS with the directives.	NHS			✓	
<u>3</u>	<u>ICT Governance & infrastructure planning</u> Review the governance procedures in place surrounding integration of the ICT environment and infrastructure.	CEC			✓	
<u>4</u>	<u>Workforce planning</u> Review the processes and procedures in place to ensure that the work force has the necessary skills, knowledge and capacity to deliver against the Joint Board's strategic outcomes.	CEC				✓

*Initially proposed timing – may be subject to change.

For a copy of the full EIJB Internal Audit plan, see Appendix 2.

- 3.15 The EIJB Audit & Risk Committee has expressed concern over the lack of capacity to undertake internal audits on any of the five 'medium' risks identified during the planning process. As a consequence of this, on 2 September 2016 it challenged the Chief Officer of the EIJB to see if additional internal audit resource could be secured, allowing assurance to commence on some of the 'medium' risk areas.
- 3.16 The Chief Officer in conjunction with the Chief Financial Officer are currently seeking to establish whether additional Internal Audit resource can be made available to the Chief Internal Auditor of the EIJB, to allow the Internal Audit program to be extended to encompass some of these risks.

4. Measures of success

- 4.1 The provision of robust and independent external and internal audit arrangements for the Edinburgh Integration Joint Board.

5. Financial impact

- 5.1 Not applicable.

6. Risk, policy, compliance and governance impact

- 6.1 The internal & external audit functions as the 3rd & 4th lines of defence, respectively, are key components of the control environment and framework for the EIJB. The performance of ineffective or insufficient external or internal audit work could have a delirious impact on the EIJB's control environment and framework.

7. Equalities impact

- 7.1 Not applicable.

8. Sustainability impact

- 8.1 Not applicable.

9. Consultation and engagement

- 9.1 Not applicable.

10. Background reading/external references

- 10.1 None.

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11. Links

Coalition Pledges	PO30 – Continue to maintain a sound financial position including long – term financial planning.
Council Priorities	CO25 – The Council has efficient and effective services that deliver on objectives.
Single Outcome Agreement	
Appendices	Appendix 1 – Audit Scotland 'ISA 260' report for the EIJB for the year ended 31 March 2016. Appendix 2 – EIJB Internal Audit Plan for 2016/17.



Edinburgh Integration Joint Board

2015/16 Annual Audit
Report for members of
Edinburgh Integration
Joint Board and the
Controller of Audit

September 2016

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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively (www.audit-scotland.gov.uk/about/).

David McConnell, Assistant Director, Audit Scotland is the engagement lead of Edinburgh Integration Joint Board for the 2015/16 year.

This report has been prepared for the use of Edinburgh Integration Joint Board and no responsibility to any member or officer in their individual capacity or any third party is accepted.

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Key messages

Audit of financial statements

- We have completed our audit of the IJB and issued an unqualified independent auditor's report on the 2015/16 financial statements.
- Working papers were provided according to the agreed timetable.

Financial management & sustainability

- Overall, the IJB has satisfactory financial management arrangements in place and the financial position is sustainable.
- The proposed budget for 2016/17 assumes £22.2 million of efficiency savings in 2016/17, with discussions ongoing with NHS Lothian around bridging the remaining £5.8 million funding gap. Although the majority of these savings have been identified, there is a risk that these planned efficiencies are not delivered, or that additional savings or income streams cannot be identified to bridge the funding gap.

Governance & transparency

- We obtained audit assurance over the accuracy and completeness of financial transactions processed by the partner bodies.
- Internal audit services provided to the IJB comply with Public Internal Audit Standards.

Best Value

- The IJB is fully committed to the integration agenda and has made good progress to date.
- The strategic plan outlines the partnership's aims, visions and priorities for the next three years. This is reviewed annually.
- Key outcomes for the IJB have been agreed.
- The IJB is continuing to develop performance management arrangements to ensure effective reporting of outcomes.

Outlook

- The integration joint board will continue to operate in a period of austerity with reduced funding in real terms, increasing cost pressures and a growing demand for services. All integration authorities need to continue to shift resources, including the workforce, towards a more preventative and community based approach.
- It is important that the IJB can demonstrate that these changes, which may take several years to fully evolve, is making a positive impact on service users and improving outcomes.

Introduction

1. In October 2015 the Accounts Commission approved the appointment of Audit Scotland's Audit Services Group as external auditors of Edinburgh Integration Joint Board (the "IJB"). Our audit appointment is for one year, covering the 2015/16 financial year, the first accounting period for which the IJB is required to prepare financial statements.
2. This report is a summary of our findings arising from the 2015/16 audit of Edinburgh Integration Joint Board. The report is divided into sections which reflect our public sector audit model.
3. The management of the IJB is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
4. Our responsibility, as the external auditor of Edinburgh Integration Joint Board, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
5. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility to prepare financial statements which give a true and fair view.
6. [Appendix I](#) lists the audit risks that we identified in the annual audit plan we issued in May 2016. It also summarises the assurances provided by management to demonstrate that risks are being addressed and the conclusions of our audit work. [Appendix II](#) lists the reports we issued to the IJB during the year. A number of national reports have been issued by Audit Scotland during the course of the year. These reports, summarised at [Appendix III](#), include recommendations for improvements.
7. [Appendix IV](#) is an action plan setting out our recommendation to address the high level risk we have identified during the course of the audit. Officers considered the issues and agreed to take steps to address them. The IJB should ensure it has a mechanism in place to assess progress and monitor outcomes.
8. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
9. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

Audit of the 2015/16 financial statements

<p>Audit opinion</p>	<ul style="list-style-type: none"> • We have completed our audit and issued an unqualified independent auditor’s report.
<p>Going concern</p>	<ul style="list-style-type: none"> • The financial statements were prepared on the going concern basis. • The IJB had not agreed its 2016/17 budget at the start of the financial year. However we do not feel this or any other events or conditions cast significant doubt on the IJB’s ability to continue as a going concern.
<p>Other information</p>	<ul style="list-style-type: none"> • We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We consider whether these reports have been properly prepared, comply with extant guidance and are consistent with the financial statements. • We report any material errors or omissions, any material inconsistencies with the financial statements or any otherwise misleading content. We have nothing to report in respect of the other information published as part of the annual report and accounts.

Submission of financial statements for audit

10. The Public Bodies (Joint Working) (Scotland) Act 2014 specifies that Integration Joint Boards (IJBs) should be treated as if they were bodies falling within section 106 of the Local Government (Scotland) Act 1973. The financial statements of the IJB are prepared in accordance with the 1973 Act and the 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
11. NHS Lothian is required to submit audited accounts by 30 June each year. The IJB had satisfactory arrangements in place to ensure that information required by its stakeholder bodies was received by specified dates to enable incorporation into the group accounts of the stakeholder bodies. This included details of balances held at the year-end, the transactions in the year and other information including assurances needed for the governance statement.
12. We received the unaudited financial statements of the IJB in accordance with the agreed timetable. The working papers were of a good standard and finance staff provided good support to the audit team which assisted the delivery of the audit by the deadline.

Overview of the scope of the audit of the financial statements

13. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Audit and Risk Committee on 20 May 2016.

14. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in the Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
15. The concept of audit risk is central to our audit approach. We focus on those areas that are most at risk of causing material misstatement in the financial statements. In addition, we consider what risks are present in respect of our wider responsibility, as public sector auditors, under Audit Scotland's Code of Audit Practice.
16. During the planning phase of our audit we identified a number of risks and reported these to you in our Annual Audit Plan along with the work we proposed doing in order to obtain appropriate levels of assurance. [Appendix I](#) sets out the significant audit risks identified and how we addressed each risk.
17. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

18. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial

statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).

19. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
20. We summarised our approach to materiality in our Annual Audit Plan. As Edinburgh IJB did not become fully operational until 1 April 2016, the decision on the appropriate level of materiality was deferred until the receipt of the unaudited accounts. Based on our knowledge and understanding of Edinburgh IJB, materiality has been set at £1,000 (or 1% of gross expenditure).

Evaluation of misstatements

21. The audit identified some presentational adjustments which were discussed and agreed with management. There were no monetary adjustments required as a consequence of our audit work.

Significant findings from the audit

22. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
 - The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures

- Significant difficulties encountered during the audit
 - Significant matters arising from the audit that were discussed, or subject to correspondence with management
 - Written representations requested by the auditor
 - Other matters which in the auditor's professional judgment are significant to the oversight of the financial reporting process.
23. There are no findings from our financial statements audit that we consider need brought to your attention.

Future accounting and auditing developments

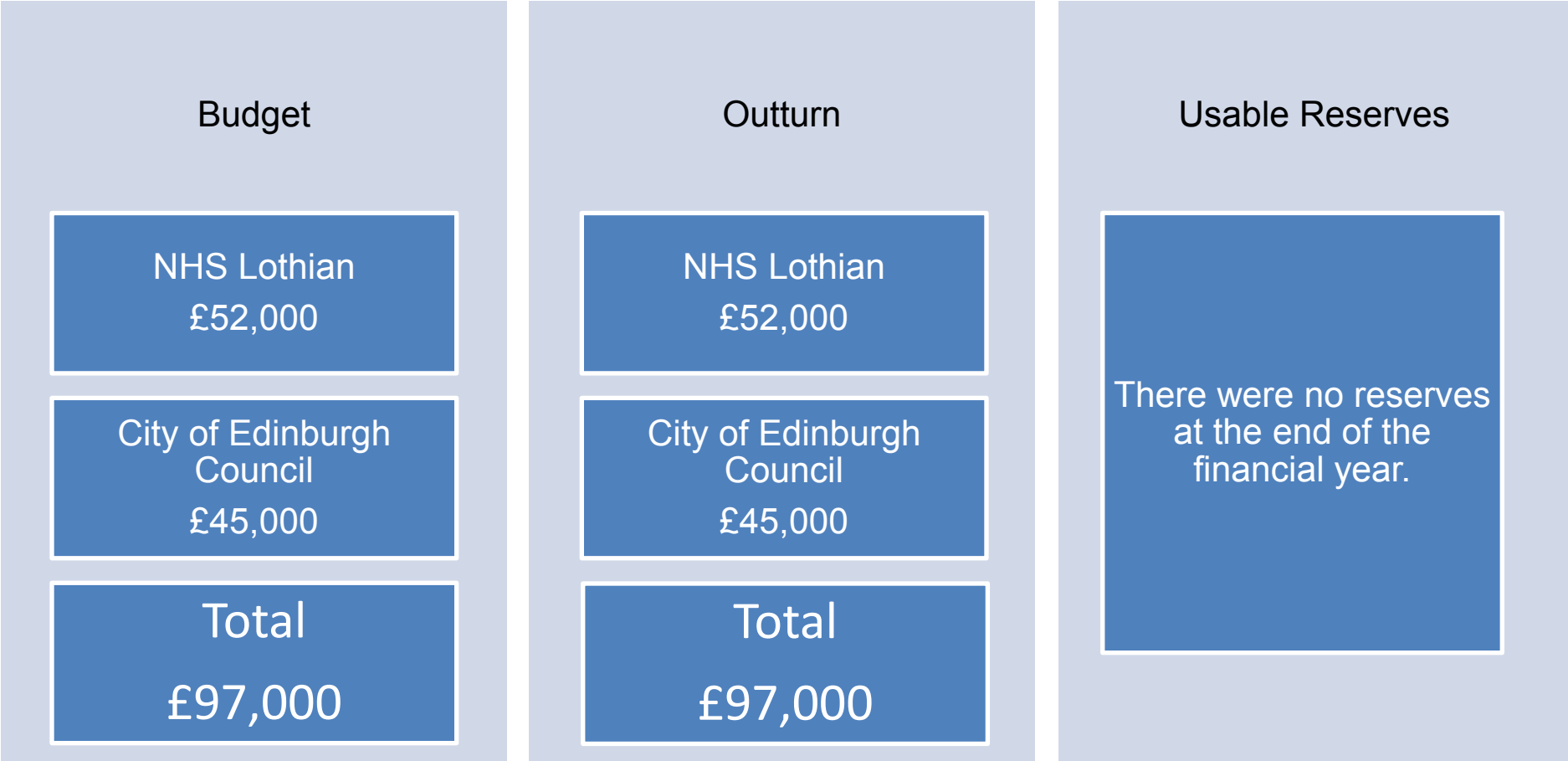
Audit appointment from 2016/17

24. The Accounts Commission is responsible for the appointment of external auditors to integration joint boards. Paragraph 1 of this report refers to Audit Scotland's one year appointment as the auditor of Edinburgh Integration Joint Board in 2015/16. This was restricted to one year to reflect the final year of our five year appointment as auditors of NHS Lothian and City of Edinburgh Council. External auditors are appointed for a five year term either from Audit Scotland's Audit Services Group or private firms of accountants.
25. The procurement process for the new round of audit appointments was completed in March 2016. Your new appointed auditor will be Scott-Moncrieff.

Code of Audit Practice

26. A new Code of Audit Practice applies to public sector audits for financial years starting on or after 1 April 2016. It replaces the Code issued in May 2011. It outlines the objectives and principles to be followed by auditors.
27. The new Code increases the transparency of our work by making more audit outputs available on Audit Scotland's website. In addition to publishing all Annual Audit Reports, Annual Audit Plans and other significant audit outputs will be put on the website for all audited bodies. This is irrespective of whether the body meets in public or makes documents available to the public through its own website.

Financial management and sustainability



Financial management

28. In this section we comment on the Edinburgh Integration Joint Board financial performance and assess the IJB's financial management arrangements.
29. The IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer. All funding and expenditure relating to services managed by the IJB are incurred by the stakeholder parties and processed in their accounting records. Satisfactory arrangements are in place to identify this income and expenditure and report this financial information to the IJB.
30. The integration scheme between NHS Lothian and City of Edinburgh Council sets out the financial arrangements around payments by the parties to Edinburgh Integration Joint IJB in respect of all of the functions delegated by them to the IJB.
31. Legislation empowers the IJB to hold reserves. The integration scheme and the reserves strategy set out the arrangements between the partners for addressing and financing any overspends or underspends. It highlights that underspends in an element of the operational budget arising from specific management action may be retained by the IJB to either fund additional in year capacity, or be carried forward to fund capacity in future years of the Strategic Plan. Alternatively, these can be returned to the partner bodies.
32. Where there is a forecast overspend the partner bodies must agree a recovery plan to balance the budget.

Financial performance 2015/16

33. The IJB set a breakeven budget for 2015/16. This was based on administrative expenditure of £97,000 with £52,000 contributed by NHS Lothian and £45,000 City of Edinburgh Council. The IJB recorded a breakeven position at the end of March 2016.

Financial management arrangements

34. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
 - the Chief Financial Officer has sufficient status to be able to deliver good financial management
 - standing financial instructions and standing orders are comprehensive, current and promoted within the IJB
 - reports monitoring performance against budgets are accurate and provided regularly to budget holders
 - monitoring reports do not just contain financial data but are linked to information about performance
 - IJB members provide a good level of challenge and question budget holders on significant variances.
35. The Chief Finance Officer was appointed on an interim basis in July 2015, pending the appointment of a Chief Officer for the IJB and the introduction of a reporting structure to the Chief Officer. The IJB intend to make a permanent Chief Finance Officer appointment by the end of 2016.

36. We reviewed the standing orders, which were created on the formation of the IJB. These were approved by the IJB and we consider these to be adequate.
37. Financial due diligence was undertaken by officers during 2015/16 on the proposed 2016/17 resource allocations from City of Edinburgh Council and NHS Lothian. These process included reviews of the historical spend of both organisations, identification of non-recurring or previously committed budget elements, and assessment of key risk areas around the deliverability of services. Regular updates on the due diligence process were made to the IJB during 2015/16.
38. The IJB is currently developing a financial reporting strategy for 2016/17 that builds on existing reporting arrangements in the partner bodies. Both City of Edinburgh Council and NHS Lothian currently monitor expenditure on a monthly basis, however NHS Lothian use quarterly budget forecasts whilst the Council work use monthly forecasts. The high level financial position for EIJB as at 31 May 2016 was reported to the IJB in July 2016. Going forward, quarterly financial reporting to the IJB will be aligned to the most current forecast information available.
39. As auditors we attend a number of Board meetings and Audit and Risk Committee meetings. IJB members provide a good level of challenge and question budget holders on significant variances and service performance issues.

Conclusion on financial management

40. We have concluded that the IJB has satisfactory financial management arrangements. These support the review and scrutiny of financial performance, the achievement of financial targets, and awareness of any potential overspends.

Financial sustainability

41. Financial sustainability means that the IJB has the capacity to meet its current and future plans. In assessing financial sustainability we are concerned with whether:
 - spending is being balanced with income in the short term
 - long-term financial pressures are understood and planned for.

Financial planning

42. A budget of £596 million has been proposed for 2016/17, as set out in table 1.
43. In addition to the direct allocations from City of Edinburgh Council and NHS Lothian, the proposed budget includes additional funding allocated nationally by the Scottish Government Health and Social Care Directorate. EIJB's share of this £250 million national allocation is £20 million. Within the overall budget of £596 million, the IJB will have strategic influence over £93 million of the large hospital services budget during 2016/17, to improve social care outcomes.

Table 1: EIJB Indicative budget 2016/17

	Base budget (£million)
City of Edinburgh Council	185.226
NHS Lothian core and hosted	297.923
Social care fund	20.180
Sub-total	503.329
NHS Lothian set aside	93.144
Total	596.473

Source: IJB Board papers July 2016

44. Delays to the agreement of the Scottish Government's financial plans, and the subsequent delay in agreeing NHS Lothian's financial plan meant that the IJB budget for 2016/17 was not formally set at the beginning of the financial year. The council budget was set on 21 January 2016. This provided confirmation of the council element of the partnership funding, although discussions continue around conditions attached to elements of the social care fund previously delivered through the council.
45. The NHS Lothian element of partnership funding for 2016/17 is based on a financial plan submitted to the Scottish Government which was out of balance by £20 million, with the IJB's share of this gap being £5.8 million. Subsequently, £6 million of recurring funding has been allocated to NHS Lothian, and they are currently
- investigating a number of other areas to deliver a balanced budget. The distribution of this recurring funding and allocation of additional efficiency savings to the IJB has still to be determined.
46. The absence of an agreed budget at the start of the 2016/17 financial year meant there was some uncertainty during this period regarding the extent to which the IJB could develop and implement its strategic plan objectives. However the IJB has continued to develop and implement these objectives on the basis of indicative funding levels, with limited movement from these original assumptions.
47. The proposed funding settlements for 2016/17 assume realisation of efficiency savings of £22.2 million across the partner bodies, with savings plans developed to deliver these. As noted in previous paragraphs, a funding gap of £5.8 million exists in relation to NHS Lothian's settlement, and the IJB is continuing discussions with NHS Lothian about bridging this gap.
48. Although historically both partner bodies have delivered within budget, in recent years they have faced significant challenges in achieving this position. NHS Lothian continues to face significant pressures on its budget, particularly around delayed discharges and prescribing, including the increasing costs of acute drugs, all of which impact on services within the IJB remit. The council is going through a significant transformation programme, which aims to radically restructure how its services are delivered. A number of the planned efficiency savings are predicated on successful delivery of this programme. There remains a risk that the planned efficiencies

are not delivered or that additional savings or income streams cannot be identified to bridge the current funding gap.

Action point 1

Conclusion on financial sustainability

49. Overall we conclude that the IJB's financial position is sustainable currently and in the foreseeable future. However this is contingent on partner bodies' continuing their track record of delivering efficiency savings over the coming years, which will require close financial monitoring and early intervention where necessary.

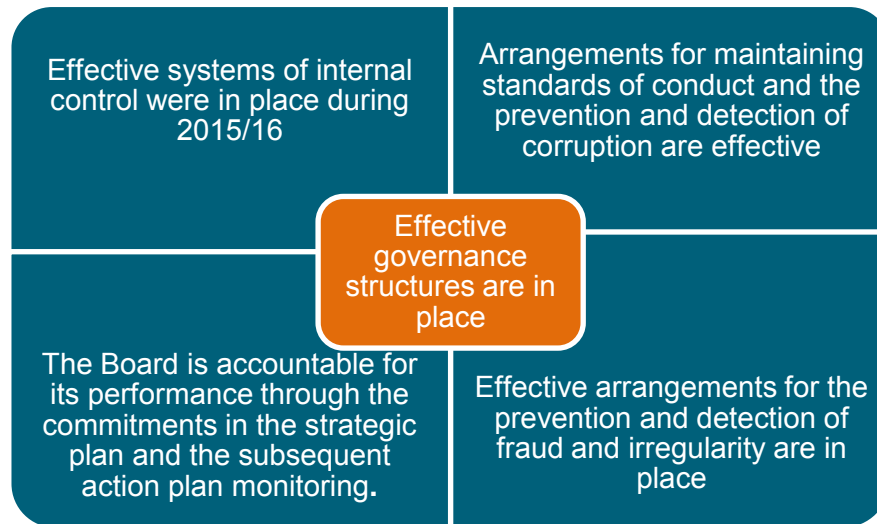
Outlook

50. NHS boards and councils have faced several years of financial constraints and this is expected to continue in the coming years. The ageing population and increasing numbers of people with long term conditions and complex needs have already placed significant pressure on health and social care budgets. This puts further pressure on finances.

51. Strategic plans, while setting out the broad direction, will need to be clear regarding the IJB's priorities and the financing and staff that will be available over the longer term to match these priorities. It is important that they provide detail on the level of resources required in each key area and how they will shift resources towards preventative and community based care.

52. In response to these challenges a transformation programme is being put in place across the Partnership in order to set out and deliver a future operating model for Health & Social Care delivery. The progress of this programme will be reported regularly to the EIJB and the audit and risk committee. The IJB will need to show how it is responding to any challenges that arise from this programme.

Governance and transparency



53. Good governance is vital to ensure that public bodies perform effectively. This can be a particular challenge in partnerships, with board members drawn from a wide range of backgrounds.
54. The integration scheme between City of Edinburgh Council and NHS Lothian sets out the key governance arrangements. It also sets out the requirement to identify and collate a core set of indicators and measures which relate to integrated functions to enable the reporting of performance targets and improvement measures.
55. The IJB is responsible for establishing arrangements for ensuring the proper conduct of the affairs of Edinburgh Integration Joint Board and for monitoring the adequacy of these arrangements.
56. The IJB comprises a wide range of service users and partners including five councillors nominated by City of Edinburgh Council and five non-executive directors nominated by NHS Lothian.
57. The IJB is supported by a Chief Officer who provides overall strategic and operational advice to the Integration Joint Board, and is directly accountable to the IJB for all of its responsibilities. The Chief Officer is also accountable to both the Chief Executive of City of Edinburgh Council and the Chief Executive of NHS Lothian. The Chief Officer also provides regular reports to both the Council and the NHS Board.
58. The IJB is responsible for the strategic planning of health and social care services in Edinburgh, and is supported by the Audit and Risk Committee.
59. The services are delivered through the Edinburgh Health and Social Care Partnership. The operational structure of the Partnership focuses on the delivery of most services on a locality basis across 4 geographic boundaries, which take account of existing neighbourhood partnerships within the local authority area.
60. The IJB met on a regular basis throughout the year, and the Audit and Risk Committee has established a quarterly cycle of meetings since its inception in April 2016. We review Board minutes and Audit and Risk Committee minutes to ensure they are fulfilling their

responsibilities. We also periodically attend meetings of the Audit and Risk Committee. Additionally, we attend selected Board meetings to observe how it operates. We concluded that the IJB has appropriate governance arrangements in place and they provide a framework for effective organisational decision making.

Internal control

61. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
62. City of Edinburgh Council and NHS Lothian are the partner bodies. All financial transactions of the IJB are processed through the financial systems of the partner bodies and are subject to the same controls and scrutiny of the council and health board, including the work performed by internal audit.
63. We sought and obtained assurances from the external auditor of the council and health board regarding the systems of internal control used to produce the transactions and balances recorded in the IJB's annual accounts.
64. We also reviewed the IJB's budget setting and financial monitoring arrangements. Overall, we consider the systems of internal control to be effective.

Internal audit

65. Internal audit provides the IJB and Chief Officer with independent assurance on the IJB's overall risk management, internal control and corporate governance processes. The Chief Auditor of City of Edinburgh Council has been appointed as Chief Internal Auditor for the IJB. An internal audit plan for 2016/17 has been developed and scrutinised by the Audit and Risk Committee.
66. We carried out a review of the adequacy of the internal audit functions at each of the partner bodies. We concluded that internal audit at each partner body operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.
67. As services become more integrated, transactions relating to the IJB will be more fluid between the parties. This provides a challenge to auditors since the annual audit plans of each partner are based on carrying out audit work which may be based on the accounting systems and governance arrangements that relate only to the partner that the auditor is appointed to.

Arrangements for the prevention and detection of fraud and other irregularities

68. Arrangements are in place to ensure that suspected or alleged frauds or irregularities are investigated by one of the partner bodies internal audit sections. Since the IJB does not directly employ staff, it has been agreed that investigations will be carried out by the internal audit service of the partner body where the fraud or

irregularity originated. If this relates to NHS Lothian, there are arrangements in place to use the Counter Fraud Services. The IJB recognises that, as partnership services become more integrated, the investigations will need to take up a more joined up approach.

69. We concluded that the IJB had effective arrangements in place for fraud detection and prevention during 2015/16.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

70. The Integration Joint Board requires that all members must comply with the Standards in Public Life - Code of Conduct for Members of Devolved Public Bodies. A register of members' interests is in place for IJB Members and senior officers.
71. Based on our review of the evidence we concluded that the IJB has effective arrangements in place for the prevention and detection of corruption and we are not aware of any specific issues that we need to record in this report.

Transparency

72. Local residents should be able to hold the IJB to account for the services it provides. Transparency means that residents have access to understandable, relevant and timely information about how the IJB is taking decisions and how it is using its resources.

73. The Integration Joint Board's purpose and vision are outlined in its Strategic Plan 2016-19, which was approved on 11 March 2016. This shows what success would look like and sets out the IJB's priorities for the next three years. In doing so, it takes account of the priorities outlined in the 2020 Vision for Health and Social Care and the strategic priorities of the Edinburgh Community Planning Partnership.
74. The Strategic Plan for 2016/2019 sets out a range of actions the partnership will take and provides a basis for measuring how well they are doing and whether they are achieving the IJB's priorities and the national outcomes. The action plan is set for a three year period and is reviewed annually.
75. In addition to City of Edinburgh Council and NHS Lothian representation, the IJB includes a number of representatives from health and social care professionals, including GPs, employees, unpaid carers, service users, and the third sector.
76. Members of the public can attend meetings of the IJB. A significant amount of the IJB's business is transacted through the Audit and Risk Committee, the Strategic Planning Group, and the quality and performance sub-group. Minutes and related papers for the IJB are available on the council website. The other committee/group papers are not publicly available, although minutes of their meetings are available within Board papers, and some reports have been presented to the Board for information. As the role and operation of the standing committees and groups develop, the IJB should consider expanding the number of reports routinely available

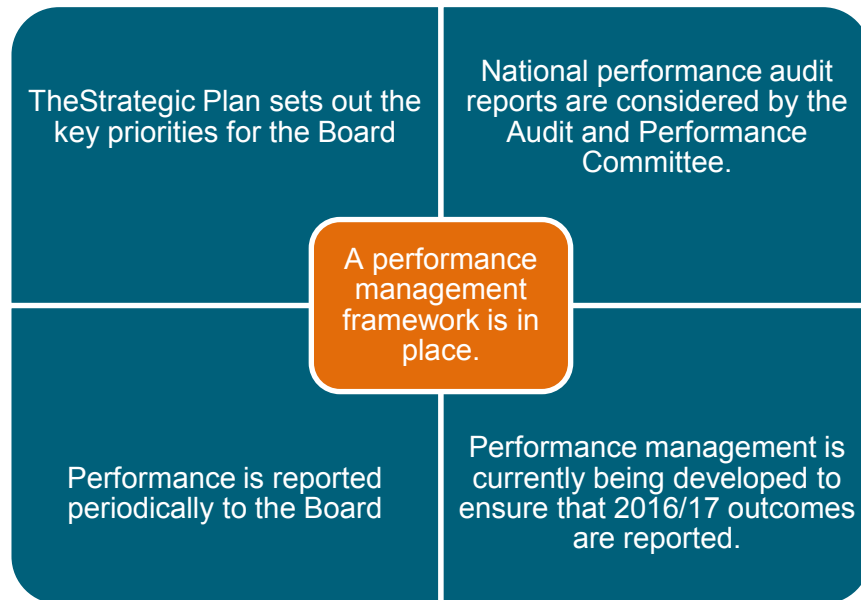
through the council website. Where papers include confidential information these can be withheld or redacted as appropriate.

77. Overall we concluded that the IJB is open and transparent although we believe there is an opportunity to enhance existing arrangements as the Partnership develops.

Outlook

78. Edinburgh Integration Joint Board faces continuing challenges on a number of fronts including mounting financial challenges, meeting exacting performance targets, and delivering the Scottish Government's aim of having people living longer and healthier lives at home or a homely setting (i.e. the 2020 Vision).
79. The design of IJBs brings the potential for real or perceived conflicts of interest for board members and senior managers. Partners need to be clear regarding how governance arrangements will work in practice, particularly when disagreements arise. This is because there are potentially confusing lines of accountability, which could hamper the IJB's ability to make decisions about the changes involved in redesigning services. People may also be unclear who is ultimately responsible for the quality of care.
80. Embedding robust governance arrangements will be an essential element in meeting these challenges and maintaining accountability. All stakeholders including patients, clinicians, carers, the public, staff, partner bodies and the Scottish Government, benefit from the assurance and confidence a good governance regime brings.

Best Value



- 81. The Public Bodies (Joint Working) (Scotland) Act 2014 set out a broad framework for creating integration authorities and gave councils and NHS boards a great deal of flexibility to enable them to develop integrated services that are best suited to local circumstances.
- 82. Integration authorities are required to contribute towards nine national health and wellbeing outcomes. These high level outcomes seek to measure the quality of health and social care services and their impact on, for example, allowing people to live independently and in good health, and reducing health inequalities. This signals an

important shift from measuring internal processes to assessing the impact on people using health and social care services.

- 83. The integration scheme specifies the wide range of functions delegated by the council and NHS Lothian to the IJB. These include all services previously carried out by the council's social services department plus a wide range of service previously carried out by the health board including accident and emergency, all community hospitals, all mental health inpatients services, and primary care.
- 84. Accountable officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. IJBs need to establish effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives, and holding partners to account. There is also a need for regular reporting to partner organisations. This is particularly important as most members of City of Edinburgh Council and NHS Lothian are not directly involved in the IJB's work.

Arrangements for securing Best Value

- 85. The integration scheme committed the IJB to delivering the national outcomes for Health & Wellbeing. Partners identified a core set of indicators and targets and then agreed a framework for reporting progress against these. Locality planning arrangements are also in place which are multi disciplinary and multi sectoral and allow for different local needs to be taken into account in strategic planning.
- 86. The IJB is also committed to a number of high profile deliverables, including savings plans relating to both City of Edinburgh Council

and NHS Lothian, tackling inequalities and poor health outcomes through targeted service delivery on a locality basis, and shifting the balance of care for frail older people to support independent living.

87. The IJB are members of the Lothian Integration Dataset group, which has been working to identify a range of measures of interest to the four integration boards within the NHS Lothian boundary. The aim of the group is to provide a dataset for shared use by the four partnerships, which can be augmented by local measures.
88. The four Edinburgh and Lothian IJBs have identified services that each of the partnerships will lead. For example, Edinburgh Health and Social Care Partnership leads the delivery of rehabilitation and sexual health services. A key objective in respect of the allocation of lead roles across the partnerships was to fairly and effectively monitor, manage and share risks and resources.
89. A key aspect in achieving the vision and priorities set out in the IJB's strategic plan is the effective integration of workforce development across the partnerships to make best use of capacity. This is made more challenging by workforce restructuring ongoing as part of the council's transformation programme. This restructuring is necessary to deliver the financial savings required within the 2016/17 budget. Close management of the programme will be necessary to minimise the risks and impact on workforce development and the IJB's planned service delivery through the transition period.
90. Overall, we concluded that the IJB has arrangements for securing BV and continuous improvement.

Performance management

91. The Strategic Plan identifies six strategic priorities that are linked to the Scottish Government's nine health and wellbeing indicators. These are:
 - Tackling inequalities
 - Prevention and early intervention
 - Person centred care
 - Right care, right place, right time
 - Making best use of capacity across the system
 - Managing our resources effectively.
92. In April 2016 the IJB established a quality and performance sub group whose remit includes the development of a performance framework for the strategic plan. The group are developing and testing rubrics to provide clear criteria and standards against which the 44 actions in the strategic plan can be measured. In addition, 23 core indicators, linked to the key priorities and actions, have been developed from national sources so that the measurement approach for the agreed integration health and wellbeing outcomes is consistent across all areas.
93. The group reports regularly to the Board on progress in developing this framework. The performance management framework will continue to evolve as improved targets or data sources become available through, for example, the change programme.

- 94. As part of the IJB's due diligence process, the budget proposal offers for 2016/17 from both NHS Lothian and City of Edinburgh Council, setting out the expected level of resource available to the EIJB, and identifying potential risks and pressures. Throughout the process the EIJB have been updated by the Chief Finance Officer about progress and whether any issues are arising. The Internal Audit teams of both City of Edinburgh Council and NHS Lothian have reviewed this process and have reported their findings to the relevant committees.
- 95. Managers from both City of Edinburgh Council and NHS Lothian have been working together to develop a budgetary reporting strategy although this has been challenging due to the different methods of reporting in the organisations.
- 96. We concluded that the IJB has established a satisfactory performance management framework. This is based on the developing arrangements and existing performance frameworks at both City of Edinburgh Council and NHS Lothian.

Outlook

- 97. Pressures on health and social care services are likely to continue to increase for the foreseeable future. These increasing pressures have significant implications on the cost of providing health and social care services and challenges in ensuring that people receive the right care, at the right time, and in the right setting.
- 98. The IJB is responsible for co-ordinating health and social care services and commissioning NHS Lothian and City of Edinburgh

Council to deliver services in line with the strategic plan. Over time, the intention is that this will lead to a change in how services are provided, with a greater emphasis on preventative services and allowing people to receive care and support in their home or local community.

- 99. The IJB will need to continue to demonstrate and report whether this is making a positive impact on service users and improving outcomes. To help achieve this it is important that the IJB has strategies covering the workforce, risk management, engagement with service users, and data sharing arrangements which help to enable delivery of the IJB's strategic priorities.

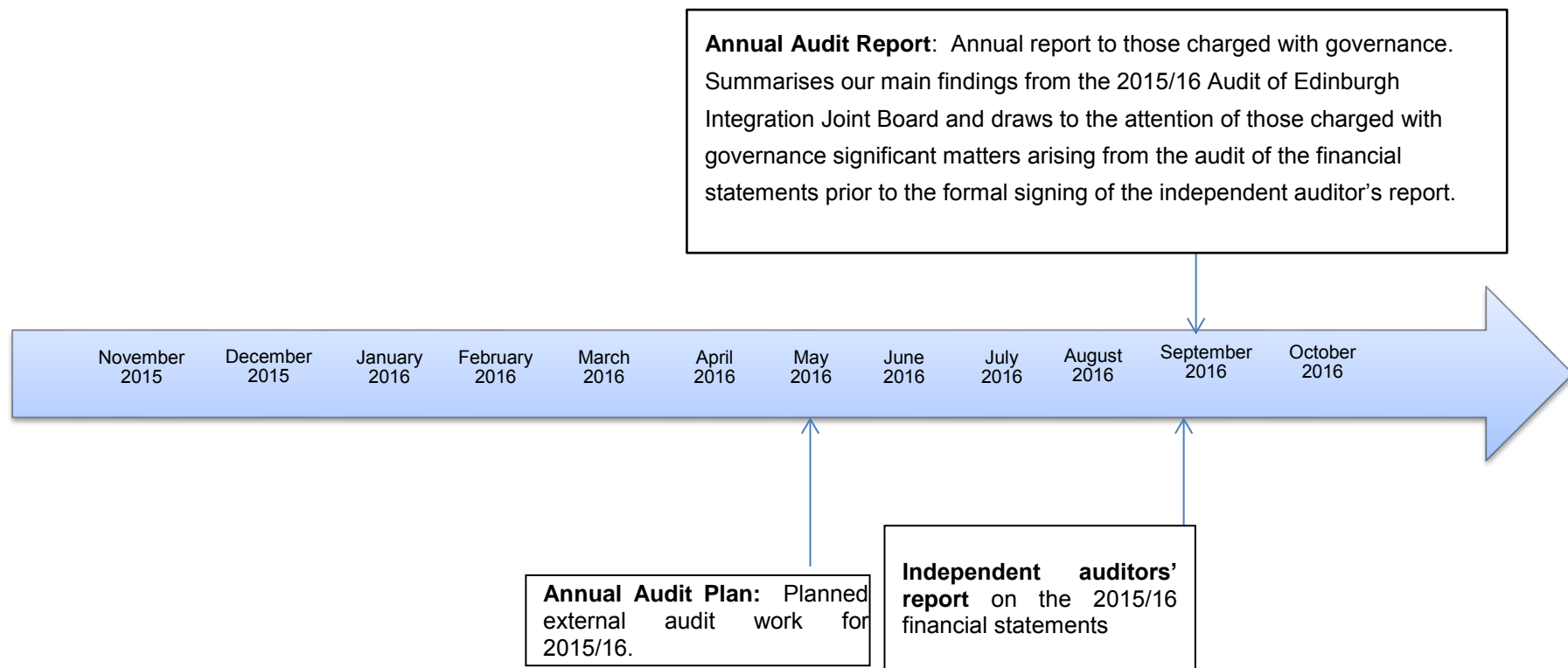
Appendix I: Significant audit risks

The table below sets out the audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

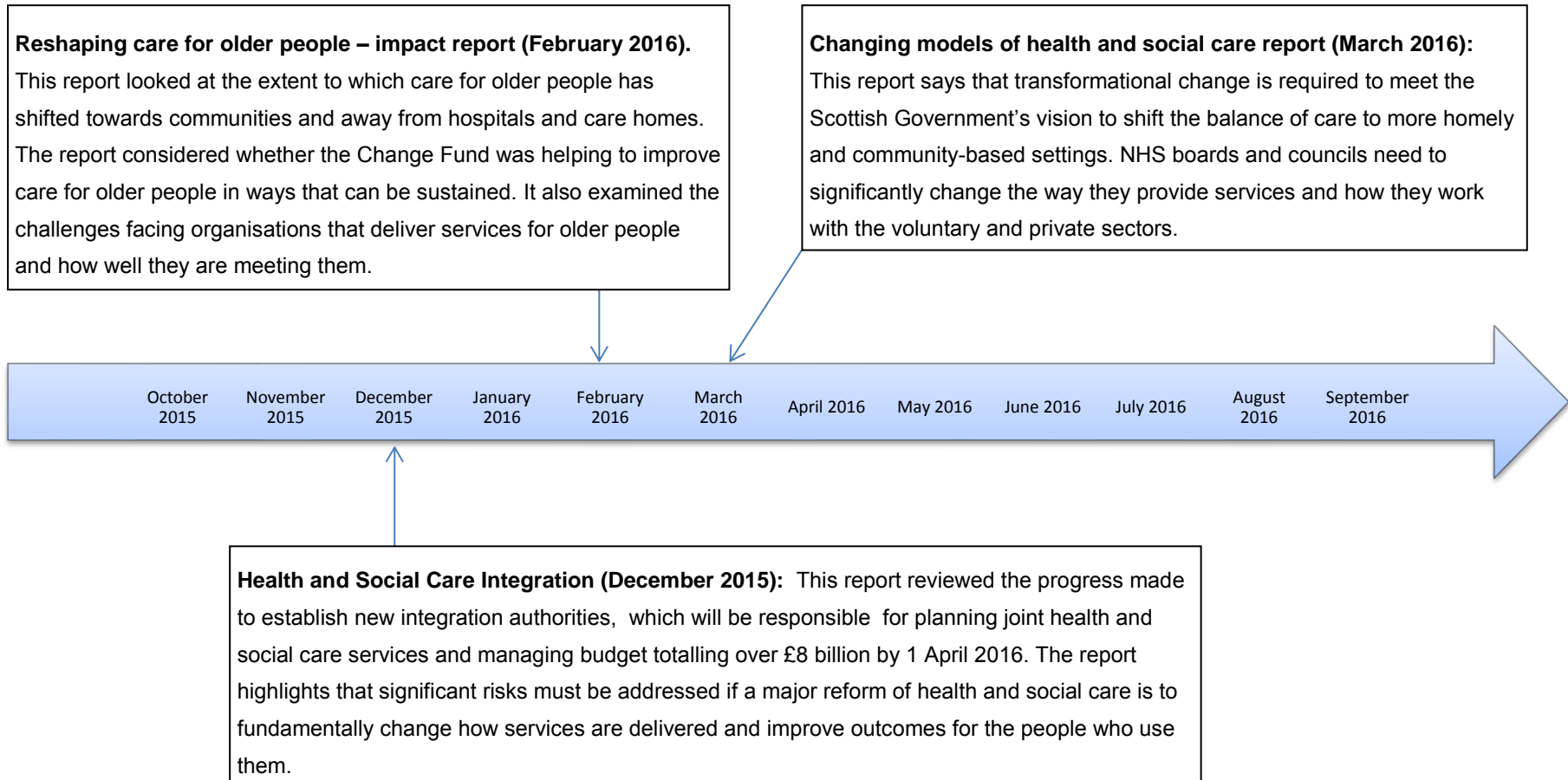
Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement in the financial statements		
<p>Financial statements</p> <p>The financial statements for the IJB have to be prepared for the first time in 2015/16 for the period from July 2015. The financial statements are required to be prepared in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the United Kingdom.</p> <p>The IJB is a new body and may not yet have the processes and procedures in place to provide the required financial information.</p> <p>Risk: There is a risk that financial statements disclosures and supporting working papers will not be prepared to the required quality and by agreed timescales.</p>	<ul style="list-style-type: none"> • Review of the IJB's arrangements to ensure the proper conduct of its financial affairs. • Continued engagement with officers prior to the accounts being prepared to ensure relevant information is disclosed and the timetable met. • Review of accounts for compliance technical guidance from LASAAC and IRAG. • Review of accounting policies to ensure they are appropriate and complete. 	<ul style="list-style-type: none"> • The financial statements were presented for audit in accordance with the agreed timetable. • No areas of concern highlighted by our audit testing.

Audit Risk	Assurance procedure	Results and conclusions
<p>Governance statement and management assurances</p> <p>Preparation of the IJB financial statements will rely on the provision of financial and non financial information from the systems of the partner bodies.</p> <p>Risk: There is a risk that the Chief Officer does not have adequate assurance that information received from each partner is accurate and complete.</p>	<ul style="list-style-type: none"> • Carry out audit testing to confirm the accuracy and correct allocation of IJB transactions. • Seek relevant audit assurances from the health board auditors. 	<ul style="list-style-type: none"> • Assurances obtained from City of Edinburgh Council and NHS Lothian • No areas of concern noted through audit testing
<p>Risks identified from the auditor’s wider responsibility under the Code of Audit Practice</p>		
<p>Financial planning and sustainability</p> <p>The IJB is operating in an environment with a number of challenges and risks to future finances. These include increases in demand, demographic changes, welfare reform and potential changes in central funding. The IJB will need strong financial management and budgetary control to address these challenges.</p>	<p>Ensured that ongoing budget monitoring accurately reflects the position of the IJB.</p>	<ul style="list-style-type: none"> • No further areas of concern highlighted by our audit work.

Appendix II: Summary of Edinburgh IJB local audit reports 2015/16



Appendix III: Summary of Audit Scotland national reports 2015/16



Appendix IV: Action plan

No.	Para ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
1.	48	<p>Issue</p> <p>The indicative budget for the IJB in 2016/17 assumes that the IJB will achieve efficiency savings in the financial year of £22.2 million. In addition, discussions are ongoing with NHS Lothian around how the current funding gap of £5.8 million will be bridged. There remains a risk that planned efficiencies are not delivered, or additional savings or income streams cannot be identified, leaving the IJB with a deficit for the financial year.</p> <p>Recommendation</p> <p>The IJB should monitor progress towards realising identified savings on a monthly basis, and develop contingency plans to address projected funding gaps.</p>	<p>The financial position is considered on a regular basis at a number of forums. As the Partnership develops, a number of the pre existing arrangements for financial scrutiny remain in place, including:</p> <ul style="list-style-type: none"> quarterly financial performance meetings for the health services in the partnership scrutiny as part of overall NHS Lothian financial position through regular reports to the NHS Lothian Corporate Management Team, Finance and Resources Committee and NHS Lothian Board regular reporting of financial performance for CEC delivered services to the council's Health and Social Care Committee ongoing review of corporate performance by the council's Corporate Management Team and the Finance and Resources Committee. <p>Finance is an agenda item at each Partnership Executive Team meeting and the Chief Officer and Chief Finance Office have scheduled regular star chamber sessions with senior budget holders. These will focus on delivery of base budgets and savings programmes, and aim to identify any slippage and mitigating actions at an early stage. We also have the support of EY who are providing project management support to the overall savings programme.</p> <p>This is supplemented by finance updates to each of the IJB meetings.</p>	<p>Chief Finance Officer</p> <p>Ongoing</p>

The Edinburgh Integration Joint Board

Internal Audit Risk Assessment and Plan 2016/17

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1. Introduction and Approach

Introduction

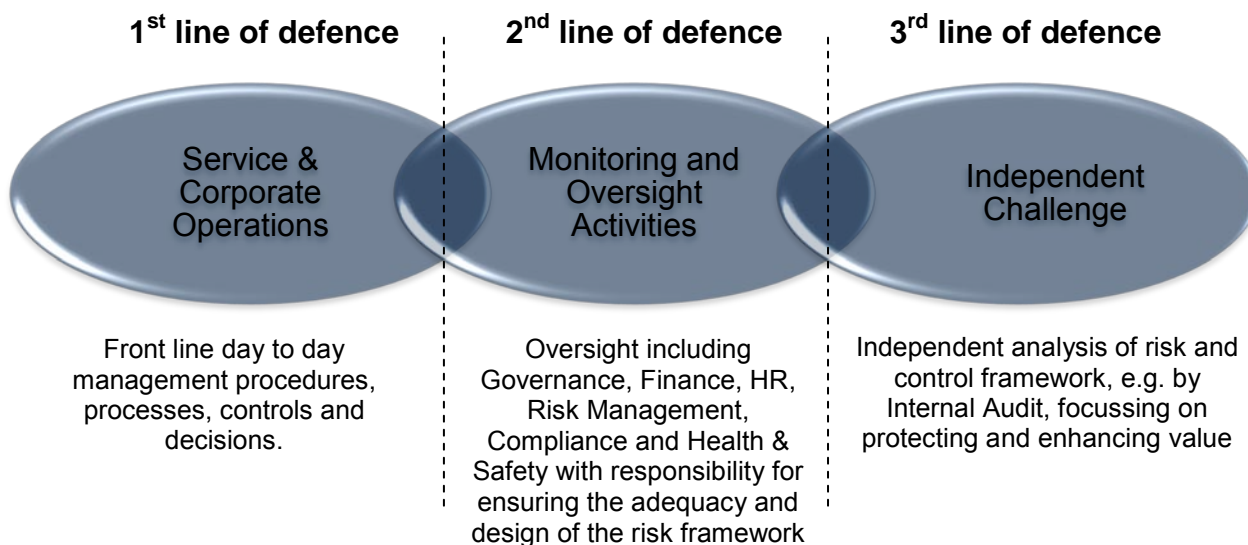
This document sets out the risk assessment and the 2016-17 internal audit plan for The Edinburgh Integration Joint Board (Joint Board).

Approach

The internal audit service will be delivered in accordance with the Internal Audit Charter. A summary of our approach to undertaking the risk assessment and preparing the internal audit plan is set out below. The internal audit plan is driven by The Joint Board's organisational objectives and priorities, and the risks that may prevent The Joint Board from meeting those objectives.



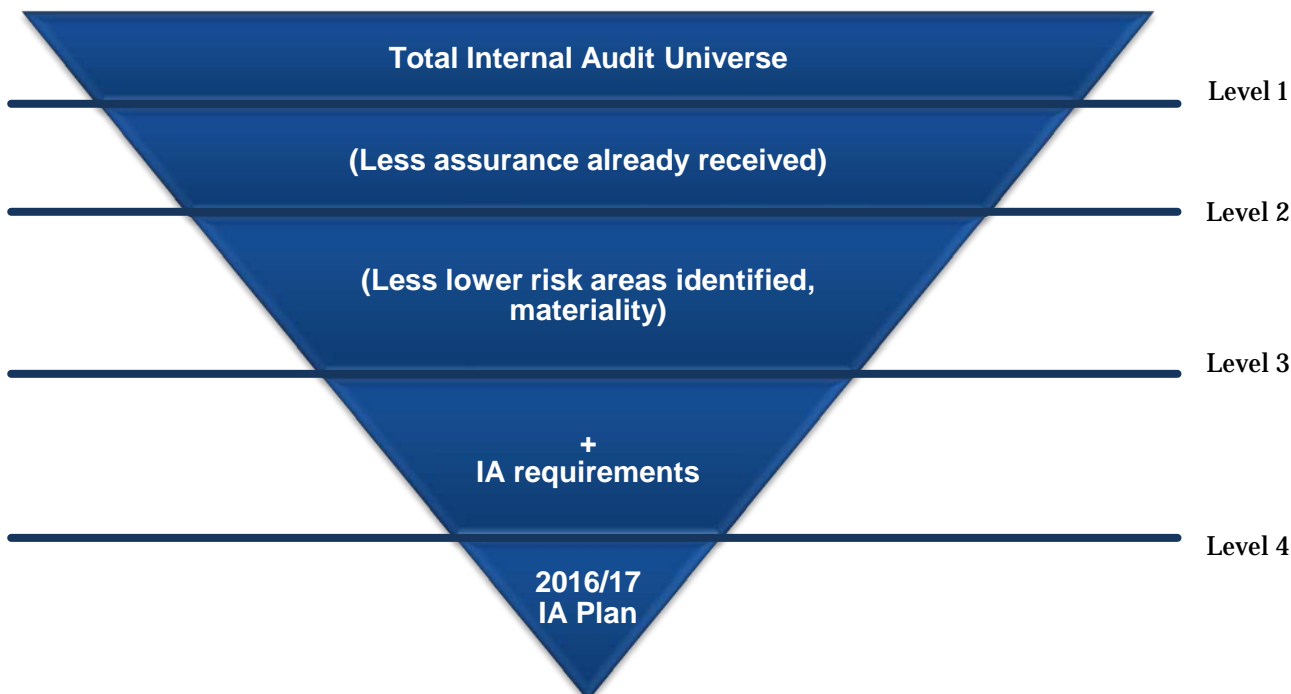
This approach takes into account the role of Internal Audit, as one of the Integration Joint Board's assurance providers from the 3rd line of defence:



Basis of our plan

The level of available resources for the internal audit service for 1 April 2016 to 31 March 2017 is 4 reviews and therefore the plan does not purport to address all key risks identified across the audit universe as part of the risk assessment process. Accordingly, the level of internal audit activity represents a deployment of limited internal audit resources.

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



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

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

- The Joint Board's current Risk Register;
- Regular liaison meetings with the Chief Risk Officer, the Chief Officer, the Financial Director and other senior management;
- Discussions with the members of the Audit Committee; and
- Requirements of PSIAS (Governance, Risk Management, Internal Control).

Basis of our annual internal audit conclusion

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

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

In developing our internal audit risk assessment and plan we have taken into account the requirement to produce an annual internal audit opinion by determining the level of internal audit coverage over the audit universe and key risks. Our current expected resource levels give us the capacity to undertake reviews of all the High Risk areas. We would typically expect to review High Risk areas annually. We do not currently anticipate having the capacity to undertake any reviews solely applicable to the medium risk areas that we would anticipate reviewing on a rolling 3 year basis. We will have to consider the implications of this capacity restraint when we form our opinion for 2016/17.

Other sources of assurance

In developing our internal audit risk assessment and plan we have taken into account other sources of assurance and have considered the extent to which reliance can be placed upon these other sources. A summary of other sources is given below.

The other sources of assurance for Integration Joint Board are as follows:

- The activities of the City of Edinburgh Council (CEC) & the NHS Lothian (NHS) Internal Audit teams;
- External inspections such as those undertaken by the Care Inspectorate and Audit Scotland;
- External audit; and
- Information Commissioner reviews and inspections.

2. Audit Planning Process

Risk assessment results

Each risk has been assessed for whether it is auditable, whether other assurance is available and then categorised as a High, Medium or Low risk.

Inherent rank (residual rank)	Category	Risk	Auditable risk	Sufficient other assurance available?	Rating (H/M/L)	Additional Assurance required for 2016/17	Assurance requirement	Review planned for 2016/17	Other Assurance/Notes
1 (1)	Financial	A lack of a sustainable delegated resource (budget and financial model) increases the risk that the Joint Board doesn't meet budgets and fails to generate the required level of savings and efficiencies.	YES	YES	H	NO	N/A	N/A	Assurance gained from: NHS IA: Budget Management review scheduled. CEC IA: Budget review completed and savings realisation review scheduled.
2 (2)	Strategic	The NHS and CEC are not able to deliver on the directions flowing from the Strategic Plan within the associated directed resource.	YES	NO	H	YES	●	YES	
3 (3)	Operations - others	There is a risk that the Joint Board does not meet its statutory performance targets (e.g. the 4 hour A&E waiting time target or 12 week for planned treatment) resulting in reputational damage and/or financial penalties.	YES	YES	H	NO	N/A	N/A	NHS IA: Performance target and monitoring review scheduled.
4 (4)	Financial	There is a risk that CEC and NHS do not fully and appropriately implement the savings inherent in the directed resource model resulting in non-delivery of Strategic Plan.	YES	YES	H	NO	N/A	N/A	Assurance gained from: NHS IA: Budget Management review scheduled. CEC IA: Budget review completed and savings realisation review scheduled.
5 (18)	Strategic	The design and operating effectiveness of the professional administrative and technical services does not meet the requirements of the partnership to support the delivery of the strategic outcomes.	NO	N/A	N/A	N/A	N/A	N/A	Risk not currently auditable as no SLA/agreements in place.

Inherent rank (residual rank)	Category	Risk	Auditable risk	Sufficient other assurance available?	Rating (H/M/L)	Additional Assurance required for 2016/17	Assurance requirement	Review planned for 2016/17	Other Assurance/Notes
6 (24)	Operations - Information and IT	There is a risk of inefficiencies as the NHS and CEC operate on different systems (e.g. case management, HR and finance systems) which are not integrated meaning it is difficult to get complete and accurate management information.	YES	N/A	H	YES	●	YES	
7 (7)	Financial	Lack of clarity around delegated resources, savings and assumptions leads to unsustainable financial plan and associated risk to delivery of strategic plan.	YES	YES	H	NO	N/A	N/A	Assurance gained from: NHS IA: Budget Management review scheduled. CEC IA: Budget review completed and savings realisation review scheduled.
8 (25)	Strategic	There is a risk that legislation is interpreted differently by the 3 parties (CEC, NHS and the Joint Board) leading to disruption of delivery and directions.	NO	N/A	N/A	N/A	N/A	N/A	Risk not auditable.
9 (9)	Operations - People	There is a risk that reductions in staff remove key skills and experience of the H&SCP workforce meaning the organisational model to deliver critical services is not optimised resulting in inefficient service delivery and budget overspend.	YES	NO	H	YES	●	YES	Some Assurance obtained from the budget & savings reviews to be undertaken by the NHS IA & CEC IA teams.
10 (5)	Strategic	Separate governance arrangements and approaches to information governance and ICT provision between the parties create turbulence, inefficiencies and stagnation, non-compliance and prohibit effective integrated working.	YES	NO	H	YES	●	YES	

Inherent rank (residual rank)	Category	Risk	Auditable risk	Sufficient other assurance available?	Rating (H/M/L)	Additional Assurance required for 2016/17	Assurance requirement	Review planned for 2016/17	Other Assurance/Notes
11 (8)	Strategic	There is a risk that senior management are not able to commit sufficient time to manage the strategic direction of the Joint Board and instead are focused on operational issues.	NO	N/A	N/A	N/A	N/A	N/A	Risk not auditable.
12 (6)	Financial	There is a risk that the NHS and/or CEC have a financial catastrophe which means the parties must renegotiate the budget for the delegated functions.	NO	N/A	N/A	N/A	N/A	N/A	Risk not auditable.
13 (14)	Strategic	There is a risk that the statutory duties of the Joint Board as set out in the 2014 Act are unmanageable and the decisions made by the Joint Board are secondary to those of NHS Lothian and CEC meaning the Joint Board has limited authority to influence its' collective outcomes.	NO	N/A	N/A	N/A	N/A	N/A	Risk not auditable.
14 (23)	Strategic	There is a risk that the corporate capital asset planning / arrangements are not sufficiently responsive to enable to delivery of the Strategic Plan.	YES	NO	M	NO	●	NO	
16 (10)	Strategic	There is a risk that the Joint Board lacks the knowledge, experience and capacity to deliver against the strategic outcomes of the Joint Board.	YES	NO	M	YES	●	YES	

Inherent rank (residual rank)	Category	Risk	Auditable risk	Sufficient other assurance available?	Rating (H/M/L)	Additional Assurance required for 2016/17	Assurance requirement	Review planned for 2016/17	Other Assurance/Notes
18 (29)	Operations - People	The governance structure of the Joint Board and its partners' means there is a risk of conflicts of interest between the needs of the Joint Board and individuals place of employment. This could be a barrier to effective decision making which results in inefficiencies in the delivery of services.	NO	N/A	N/A	N/A	N/A	N/A	Risk not auditable.
19 (26)	Operations - People	There is a risk that the cultural identity of the parent organisation restricts the ability of the Joint Board to align its staff such that the Joint Board does not operate in an efficient way to deliver its' strategic outcomes.	NO	N/A	N/A	N/A	N/A	N/A	Risk not auditable.
29 (38)	Operations - Information and IT	There is a risk that differences between the IT policies of CEC and NHS are not aligned meaning there are conflicts for users operating on both platforms and a risk that users do not comply with all policies.	YES	N/A	M	NO	●	YES	
30 (31)	Strategic	There is a risk that the Joint Board does not have robust risk and assurance structures in place leaving it less resilient to issues as they arise.	YES	NO	M	NO	●	NO	
31 (34)	Operations - others	Failure to meet H&S legal and regulatory requirements, particularly for jointly delivered services, leads to avoidable employee or 3rd party injury or ill health and/or regulatory fines and liability claims.	YES	NO	M	NO	●	NO	

Inherent rank (residual rank)	Category	Risk	Auditable risk	Sufficient other assurance available?	Rating (H/M/L)	Additional Assurance required for 2016/17	Assurance requirement	Review planned for 2016/17	Other Assurance/Notes
32 (32)	Hazard	Different and/or inconsistent policies (e.g. for business continuity and health and safety) between the NHS and CEC particularly in co-locations could result in conflicting responses to an incident resulting in delays to service deliveries.	YES	NO	M	NO	●	NO	
33 (35)	Strategic	There is a risk that the design of the operating model(s) of the Joint Board are not agreed with support from Elected Members and Trade Unions meaning the strategic direction of the Joint Board cannot be applied.	NO	N/A	N/A	N/A	N/A	N/A	Risk not auditable.
35 (37)	Operations - Information and IT	There is a risk that the changes in incremental operating elements of the Joint Board are not considered resulting in unforeseen outages and disruption to service delivery.	YES	N/A	M	NO	●	YES	
39 (39)	Operations - others	There is a risk that the Joint Board does not meet the reinforced staff governance standards following the NHS Reform (Scotland) Act 2004.	YES	NO	M	NO	●	NO	

Key to frequency of audit work

Assurance Requirement Rating	Frequency
●	Annual
●	Every three years
●	No further work

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

3. Annual internal audit plan

Internal Audit Capacity

The Integrated Joint Board has no indigenous internal audit capacity and is reliant upon its two partners (CEC & NHS) to provide internal audit services. For 2015/16 CEC has confirmed an intention to provide 3 internal audits for the Joint Board’s Audit & Risk Committee to direct. The NHS has indicated that it will provide one internal audit but this has yet to be formally confirmed. This audit plan is based upon the assumption that the NHS will provide one internal audit.

This level of capacity gives the audit plan the ability to provide assurance on all of the ‘High’ rated auditable risks within the audit universe where other assurance is not already available for 2016/17 but it does not provide any capacity to audit any ‘medium’ rated risks that have not already been covered within the 4 planned audits. There are 5 risks in this category.

It should also be noted that the Other Assurance available to the Joint Board, which in the main is derived from the activities of the CEC & NHS Internal Audit teams will not necessarily be available in future years.

Annual plan and indicative timeline

The internal audit plan has been split out as shown below. Each proposed review for 2016/17 is included in the table below and has been cross referenced to the corresponding Risk Register risks.

Description	Internal Audit Team	Timeline				Link to Inherent Risk
		Q1	Q2	Q3	Q4	
1 <u>Management Information processes</u> Review the controls and processes in place surrounding the compilation of management information for the Joint Board.	CEC		✓			9 & 16
2 <u>Compliance with the Joint Board’s Directives</u> Review the processes and controls in place to assess and ensure compliance by CEC & NHS with the directives.	NHS			✓		2
3 <u>ICT Governance & infrastructure planning</u> Review the governance procedures in place surrounding integration of the ICT environment and infrastructure.	CEC			✓		6, 10, 29 & 35
4 <u>Workforce planning</u> Review the processes and procedures in place to ensure that the work force has the necessary skills, knowledge and capacity to deliver against the Joint Board’s strategic outcomes.	CEC				✓	9 & 16

*Initially proposed timing – may be subject to change.

It should be noted that all of these reviews will involve audit teams working across both CEC & NHSL and seeking the co-operation of both legacy NHS & legacy CEC staff members. This will require co-operation and understanding on all sides to ensure that cultural and expectation gaps are managed.

Appendix 1: Risk scoring methodology

Determination of Risk Ratings

We determine inherent risk as a function of the estimated **impact** and **likelihood** as set out in the tables below.

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

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

The risk rating included in the assurance map in appendix 2 has been determined by the rounded inherent impact and likelihood scores of the individual risks within the risk register. An inherent risk score of 16 or more based on the rounded inherent impact and likelihood scores has been assessed as higher risk with medium risk scores assessed between 4 and 16.

Appendix 2: Detailed Risk & Assurance Map

Inherent rank (residual rank)	Ranking (swing)	Category	Risk	Inherent risk score	Mitigating actions	Residual risk score	Future actions to be completed	Score swing	Risk rating (H/M/L)	Assurance available?	Other Assurance/Notes
1 (1)	8	Financial	A lack of a sustainable delegated resource (budget and financial model) increases the risk that the IJB doesn't meet budgets and fails to generate the required level of savings and efficiencies.	17.6	<ul style="list-style-type: none"> • Robust financial reporting & forecasting • Management team ownership of savings and driving delivery • CFO in place • All bodies existing finance models • Financial regulations (parties and IJB) 	14.4	None identified	3.2	H	YES	Assurance gained from: NHS IA: Budget Management review scheduled CEC IA: Budget review completed and savings realisation review scheduled
2 (2)	22	Strategic	The NHS and Council are not able to deliver on the directions flowing from the Strategic Plan within the associated directed resource	15.9	<ul style="list-style-type: none"> • Quarterly partnership interface group (finance and risk matters) • Monthly Strategic Interface Group (representatives from NHSL and IJB) 	14.0	None identified	1.9	H	NO	
3 (3)	18	Operations - others	There is a risk that the IJB does not meet its statutory performance targets (e.g. the 4 hour A&E waiting time target or 12 week for planned treatment) resulting in reputational damage and/or financial penalties.	15.2	<ul style="list-style-type: none"> • Joint Board quality and performance sub group • Agreed performance framework • Management information 	13.0	<ul style="list-style-type: none"> • Clarity on reporting framework 	2.2	H	YES	NHS IA: Performance target and monitoring review scheduled
4 (4)	12	Financial	There is a risk that the CEC and NHS do not fully and appropriately implement the savings inherent in the directed resource model resulting in non-delivery of Strategic Plan.	14.8	<ul style="list-style-type: none"> • Management team ownership of savings and driving delivery • CFO in place • All bodies existing finance models - Financial regulations (parties and IJB) 	12.2	<ul style="list-style-type: none"> • star chambers to hold managers accountable for delivery of savings 	2.6	H	YES	Assurance gained from: NHS IA: Budget Management review scheduled CEC IA: Budget review completed and savings realisation review scheduled
5 (18)	4	Strategic	The design and operating effectiveness of the professional administrative and technical services does not meet the requirements of the partnership to support the delivery of the strategic outcomes.	14.1	<ul style="list-style-type: none"> • Reliant on the Integration Managers coordination • Involvement of Chief Officer and management team 	9.2	<ul style="list-style-type: none"> • Outcome based SLAs • Chief Officer / Chief Finance Officer review and negotiate 	4.8	H	NO	

Inherent rank (residual rank)	Ranking (swing)	Category	Risk	Inherent risk score	Mitigating actions	Residual risk score	Future actions to be completed	Score swing	Risk rating (H/M/L)	Assurance available?	Other Assurance/Notes
6 (24)	1	Operations - Information and IT	There is a risk of inefficiencies as the NHS and Council operate on different systems (e.g. case management, HR and finance systems) which are not integrated meaning it is difficult to get complete and accurate management information.	14.0	<ul style="list-style-type: none"> • ICT tactical solutions • Staff work arounds in short term 	8.1	<ul style="list-style-type: none"> • Decisions on information governance ICT delivery plan 	5.9	H	NO	
7 (7)	14	Financial	Lack of clarity around delegated resources, savings and assumptions leads to unsustainable financial plan and associated risk to delivery of strategic plan	13.7	<ul style="list-style-type: none"> • Management team ownership of savings and driving delivery • CFO in place • All bodies existing finance models • Financial regulations (parties and IJB) • Due diligence process 	11.2	None identified	2.5	H	YES	Assurance gained from: NHS IA: Budget Management review scheduled CEC IA: Budget review completed and savings realisation review scheduled
8 (25)	2	Strategic	There is a risk that legislation is interpreted differently by the 3 parties (CEC, NHS and IJB) leading to disruption of delivery and directions.	13.7	<ul style="list-style-type: none"> • Ongoing negotiation and discussion between the parties • Tripartite agreement in place 	7.8	<ul style="list-style-type: none"> • Independent legal advice for the IJB 	5.8	H	NO	
9 (9)	13	Operations - People	There is a risk that reductions in staff remove key skills and experience of the H&SCP workforce meaning the organisational model to deliver critical services is not optimised resulting in inefficient service delivery and budget overspend.	13.3	<ul style="list-style-type: none"> • interim management team and temporary reporting lines in place • Integrated partnership structure agreed and out to consultation 	10.9	<ul style="list-style-type: none"> • process to appoint to structure agreed and plan in place to progress following 	2.5	H	NO	Some assurance obtained from the budget & savings reviews to be undertaken by the NHS IA & CEC IA teams.
10 (5)	32	Strategic	Separate governance arrangements and approaches to information governance and ICT provision between the parties create turbulence, inefficiencies and stagnation, non-compliance and prohibit effective integrated working.	13.0	<ul style="list-style-type: none"> • Leadership & direction from the Joint Board (development session 15/4) 	11.9	<ul style="list-style-type: none"> • Decision on information governance options • Form joint committee with representatives from NHSL & CEC to develop IT strategy 	1.1	H	NO	

Inherent rank (residual rank)	Ranking (swing)	Category	Risk	Inherent risk score	Mitigating actions	Residual risk score	Future actions to be completed	Score swing	Risk rating (H/M/L)	Assurance available?	Other Assurance/Notes
11 (8)	20	Strategic	There is a risk that senior management are not able to commit sufficient time to manage the strategic direction of the IJB and instead are focused on operational issues.	12.9	<ul style="list-style-type: none"> regular senior management team meetings chaired by CO to ensure shared agenda challenge from IJB re pace of change work has started to pull together threads in strategic plan (eg incorporating all mental health planned actions into one overarching strategy) 	10.9	<ul style="list-style-type: none"> structure fully implemented including filling vacant posts Clarity on remit of the executive team Agenda planning for executive team 	2.1	M	NO	
12 (6)	31	Financial	There is a risk that the NHS and/or CEC have a financial catastrophe which means the parties must renegotiate the budget for the delegated functions.	12.8	<ul style="list-style-type: none"> Tripartite agreement drafted ongoing dialogue with CEC and NHSL CEC reserves Scottish Government 	11.7	<ul style="list-style-type: none"> Tripartite agreement signed Information sharing 	1.1	M	NO	
13 (14)	10	Strategic	There is a risk that the statutory duties of the IJB as set out in the 2014 Act are unmanageable and the decisions made by the IJB Board are secondary to those of NHS Lothian and the Council meaning the IJB Board has limited authority to influence its' collective outcomes.	12.5	<ul style="list-style-type: none"> Ongoing negotiation Tripartite agreement 	9.6	<ul style="list-style-type: none"> Independent legal advice for the IJB 	3.0	M	NO	
14 (23)	9	Strategic	There is a risk that the corporate capital asset planning / arrangements are not sufficiently responsive to enable to delivery of the Strategic Plan	11.6	<ul style="list-style-type: none"> Staff in former CHP work on capital/property 	8.4	<ul style="list-style-type: none"> Asset management strategy to be developed 	3.2	M	NO	
16 (10)	33	Strategic	There is a risk that the IJB lacks the knowledge, experience and capacity to deliver against the strategic outcomes of the IJB.	11.2	<ul style="list-style-type: none"> interim management team in place Strong visible leadership from the CO 	10.4	<ul style="list-style-type: none"> Implementation of structure and filling of roles with individuals with appropriate skills Training programme to be developed where appropriate Robust change management plan for service reviews 	0.8	M	NO	

Inherent rank (residual rank)	Ranking (swing)	Category	Risk	Inherent risk score	Mitigating actions	Residual risk score	Future actions to be completed	Score swing	Risk rating (H/M/L)	Assurance available?	Other Assurance/Notes
18 (29)	6	Operations - People	The governance structure of the IJB and its partners' means there is a risk of conflicts of interest between the needs of the IJB and individuals place of employment. This could be a barrier to effective decision making which results in inefficiencies in the delivery of services.	10.9	<ul style="list-style-type: none"> • Integrated executive team in place 	7.3	<ul style="list-style-type: none"> • Clarity on clinical and social care governance arrangements • Clarity on staff and professional governance arrangements 	3.6	M	NO	
19 (26)	7	Operations - People	There is a risk that the cultural identity of the parent organisation restricts the ability of the IJB to align its staff such that the IJB does not operate in an efficient way to deliver its' strategic outcomes.	10.9	<ul style="list-style-type: none"> • Staff communication plan in place/developed 	7.5	<ul style="list-style-type: none"> • IJB communication and engagement plan to cover staff engagement required 	3.3	M	NO	
29 (38)	5	Operations - Information and IT	There is a risk that differences between the IT policies of the Council and NHS are not aligned meaning there are conflicts for users operating on both platforms and a risk that users do not comply with all policies.	9.5	<ul style="list-style-type: none"> • ICT champion in place • Joint boards development session held in May 	5.3	<ul style="list-style-type: none"> • Decisions on information governance • ICT delivery plan agreed and resourced by NHS and Council 	4.3	M	NO	
30 (31)	17	Strategic	There is a risk that the IJB does not have robust risk and assurance structures in place leaving it less resilient to issues as they arise.	9.2	<ul style="list-style-type: none"> • PwC support of risk development • Paper on risk management strategy 	7.0	<ul style="list-style-type: none"> • Need permanent central partnership risk officer 	2.2	M	NO	
31 (34)	11	Operations - others	Failure to meet H&S legal and regulatory requirements, particularly for jointly delivered services, leads to avoidable employee or 3rd party injury or ill health and/or regulatory fines and liability claims.	9.2	<ul style="list-style-type: none"> • Insurance for Council • CNORIS scheme for NHS 	6.4	<ul style="list-style-type: none"> • Need a decision for clinical negligence for the council 	2.7	M	NO	
32 (32)	15	Hazard	Different and/or inconsistent policies (e.g. for business continuity and health and safety) between the NHS and the Council particularly in co-locations could result in conflicting responses to an incident resulting in delays to service deliveries.	9.1	<ul style="list-style-type: none"> • Continue working to existing policies 	6.7	None identified	2.4	M	NO	

Inherent rank (residual rank)	Ranking (swing)	Category	Risk	Inherent risk score	Mitigating actions	Residual risk score	Future actions to be completed	Score swing	Risk rating (H/M/L)	Assurance available?	Other Assurance/Notes
33 (35)	19	Strategic	There is a risk that the design of the operating model(s) of the IJB are not agreed with support from Elected Members and Trade Unions meaning the strategic direction of the IJB cannot be applied.	8.6	• Ongoing consultation and negotiation	6.4	• Engagement and change plan	2.2	M	NO	
35 (37)	16	Operations - Information and IT	There is a risk that the changes in incremental operating elements of the IJB are not considered resulting in unforeseen outages and disruption to service delivery.	8.1	• ICT champion in place • Joint boards development session held in May	5.8	• Decisions on information governance ICT delivery plan agreed and resourced by NHS and Council	2.4	M	NO	
39 (39)	3	Operations - others	There is a risk that the IJB does not meet the reinforced staff governance standards following the NHS Reform (Scotland) Act 2004.	7.3	• Embedded in statute and compliance mandatory • strong relations with staff side representatives through regular meetings/partnership groups and good communications • CEC/NHSL shared HR protocol in place	2.3	None identified	5.0	M	NO	

Governance, Risk & Best Value Committee

2.00 pm, Monday, 24 October 2016

Home Care and Re-ablement Service Contact Time

Item number	7.4
Report number	
Executive/routine	
Wards	All

Executive Summary

This report responds to a request made following the presentation of a report on Contact Time within the Home Care and Re-ablement Service at the Governance, Risk and Best Value Committee on Tuesday 15 December 2015. It was requested that an update was provided subsequently, and that this should include contact time by area and feedback from clients and the Care Inspectorate.

This report provides an overview of the system and methodology of managing rotas in home care, alongside a description of some of the factors which influence the contact time in the service and a break-down of contact time by area.

The report provides feedback from clients and the Care Inspectorate on the management of service quality themes.

It also describes the changes which have been made to the shift patterns of workers to reflect better the times that people need support, therefore maximising the use of staff time.

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

Links

Coalition Pledges

Council Priorities [CP2](#)

Single Outcome Agreement [SO2](#)



Home Care Contact Time

1. Recommendations

- 1.1 It is recommended that the Governance, Risk and Best Value Committee note:
 - 1.1.1 that comprehensive monitoring and adjusting of rotas in Home Care and Re-ablement is undertaken regularly;
 - 1.1.2 that work is being continued to consider how channel shift and greater use of technology with such a dispersed workforce could benefit the service overall;
 - 1.1.3 that travel time remains a significant factor in contact time in the City of Edinburgh Council Home Care and Re-ablement, comprising up to 24% of each shift; and
 - 1.1.4 Care Inspectorate and client feedback is received regularly by the service, and service improvements are subsequently made where required.

2. Background

- 2.1 The management of the Home Care and Re-ablement Service is sub-divided into patches which report through patch front line managers to home care sector managers. There are 25 geographical home care patches in the city. The rationale for the patch based approach is to promote neighbourhood working and to reduce travel time where possible.
- 2.2 The electronic system used to roster Home Care and Re-ablement staff time is called Webroster. This system is used to maximise the efficiency of the service in real time, and regular management reports are produced to track performance.

3. Main report

Current Situation

- 3.1 The Home Care and Re-ablement Service employs around 1,000 full and part time front-line care staff, working seven days per week over 24 hours. Therefore, the scheduling of workers' time is a significant logistical operation. Home Care Organisers who are office based have responsibility for scheduling and re-scheduling where necessary an average of 3,540 visits per day, each day of the week. On average, each whole time equivalent (WTE) care worker within the service visits 11.5 service users per day. Care worker schedules are reviewed

constantly, and all changes must be recorded immediately in detail on the Webroster system. This continues to be a very complex and time consuming task due to the enormous pressure to free up time to discharge people from hospital, as well as to respond to emergencies in the community and to prevent hospital admission. This sits alongside the competing pressures of covering for absence, minimising travel time and, very importantly, ensuring very little disruption to the service for extremely frail elderly people who, in the main, live alone in the community and are completely reliant on their worker visiting them at the time which meets their needs.

- 3.2 The Health and Social Care Partnership has recently re-tendered the Council's contract for the provision of Care at Home in Edinburgh. A number of companies on the previous contract were not successful within the recent tendering process, and two new companies who have not previously provided Care at Home in Edinburgh have entered into the market within the framework of the new contract.
- 3.3 The volume of care packages taken on by the exiting Care at Home providers has reduced significantly during recent months, whilst pick up of care packages by companies who will be coming onto the new contract in early October 2016 has also been low in volume.
- 3.4 These factors have created a situation whereby the Council's Home Care and Re-ablement Service has had to step in to take on service users' care packages which do not necessarily fit neatly into established schedules, and which may result in inefficiencies such as longer distance between care visits and increased travel time.
- 3.5 Further challenges have been posed by independent providers of care withdrawing from care packages at short notice for a number of reasons, again meaning that the Council's Home Care and Re-ablement Service needs to step in to ensure that service users do not need to go into either hospital or a care home. Moving forward into the new Care at Home contract, it will be the responsibility of the nominated Care at Home provider within each Neighbourhood Partnership to take on clients' packages of care within their area in situations such as these.
- 3.6 In recent years the frequency of home care visits has increased, while the length of each visit has reduced to an average of 30 minutes.
- 3.7 Direct time spent in service users' homes over a week is influenced by the following factors:
 - 3.7.1 The duration of the visit which has been assessed as sufficient to meet service user needs. This can be anything from 15 minutes to 90 minutes per visit, with an average in the sample of 30 minutes. Service users have up to seven separate visits in a 24 hour period depending on their needs. In order to promote independence, home care staff do not spend more than the time allocated in service users' homes, even if they have a gap in their schedule, unless there is a clear, identified need.

- 3.7.2 Ongoing reduction in service due to re-ablement – there is not always a need which can be immediately filled in the short gap which might become available.
 - 3.7.3 The high turnover of care packages within re-ablement - service users' care packages are either closed or transferred to a Care at Home provider following a period in re-ablement, and there is sometimes a time-lag as Home Care Co-ordinators and Home Care Organisers work hard to identify as quickly as possible a care package which can subsequently be taken on by the service.
 - 3.7.4 Time travelling between service users' homes.
 - 3.7.5 The Re-ablement Service is targeted at those service users where it is assessed that maximum benefit can be achieved. This means that the Re-ablement Service takes on packages of care regardless of their geographical location, which in turn may mean that there are sometimes long distances between care visits for care staff.
 - 3.7.6 Staff supervision, team meetings, training and appraisal meetings.
 - 3.7.7 Telephone contact time with manager.
 - 3.7.8 Telephone contact with other professionals involved in a service user's care (GP, district nurse, social worker, occupational therapist) in order to ensure any unexpected situations are responded to safely and in a timely manner, for example where there are concerns about the right medication not being available for the service user.
 - 3.7.9 Telephone contact with family members and informal carers to address any issues which have arisen within the service user's situation.
 - 3.7.10 Unallocated time due to the service user being admitted to hospital and immediate substitute work being unavailable.
 - 3.7.11 Less 'popular' times for service, e.g. mid morning and mid afternoon.
 - 3.7.12 The need to retain some non allocated time to cover sickness absence.
- 3.8 Working with this volume of care visits (on average 3,540 a day) is a complex process, and the constantly changing nature of the wide range of inter-dependent factors involved (e.g. changing needs of service users, volume of new referrals, geographical location of where new service users live) means that there is likely always to be a proportion of 'non-contact time' as worker schedules are re-set to take account of the changes and care worker time is optimised.
- 3.9 The duration of care visits is decided at the point when the service user's assessment and support plan is completed. Visits of 15 minutes duration are only used for interventions when medication administration or other support which does not involve personal care is required. "In-house" the Council home care staff undertake proportionately double the number of 15 minute visits than contracted private sector providers. This is because the providers are reluctant to take on

short visits due to the increased transaction costs. This means that there is more likely to be non contact time due to travel and difficulty in 'fitting in' another client than if visits were of longer duration. This adds to the non contact time.

- 3.10 Published figures from other Local Authorities in Scotland which make reference to the areas covered within this report are not available. Discussions with managers of Home Care & Re-ablement Services across Scotland indicate that in both urban and rural areas, there are common, significant challenges relating to minimising the volume of travel time in home care workers' schedules.

Measurement of Contact Time

- 3.10 Contact time reports are prepared regularly and show an average of 65% per week (September 2015 – August 2016). This figure does not include time spent at meetings and supervision sessions, telephone contact time with the office, or travel time between service users, nor time taken by workers to deal with service user emergencies. Broken down into four localities, contact time for this period is: SE - 68%; SW - 63%; NW - 63%; and NE - 65%.
- 3.11 Travel time between service users is not recorded on the Webroster system.
- 3.12 A study on travel time during one week was undertaken late in 2015. In the week surveyed travel time over the sample equated to 24% of available time. If this is added to the annual contact time of 65%, productive time rises to 89%. This means that non-productive time in home care remains around 11%.

Plans to increase contact time

- 3.13 Shift patterns in home care and re-ablement were changed in 2011/2012 to provide a more flexible workforce and to reduce non contact time. This involved over 90% of staff moving to a 'four days on/four days off' split shift. Until six months ago, 100 care staff remained who were not willing or able to move to this shift pattern. Management action has been taken, and, through a process of consultation and collaborative working, these workers' shift patterns have now been changed to match the needs of the service and to reduce inefficiencies.
- 3.14 Within the context of the channel shift initiative, work is underway to "pilot" within the Partnership the use of an electronic scheduling and call monitoring tool, called Community Care 360, which CGI, the Council's IT partner, has introduced into the market. This will involve optimisation of workers' care visit schedules, which it is anticipated will reduce travel time and drive out inefficiencies from the current systems.
- 3.15 A recent change in the way in which contact time is reported to managers on a weekly basis has meant that workers with low contact time can now be identified immediately. Managers can therefore target areas where urgent action is required to increase the efficiency of workers' care schedules.

Feedback from Care Inspectorate and Clients

- 3.16 Each of the seven teams within Council's Home Care and Re-ablement Service is inspected by the Care Inspectorate annually, and a range of quality areas are

assessed. Within recent months a number of inspections have been completed, with strong outcomes for each team in relation to service quality and client satisfaction. The challenges presented by travel time between service users is reflected within some of this feedback, which is noted below.

3.17 NW1 Home Care and Re-ablement Service

“The service provides good, individualised and flexible support to people who use the service. A dedicated staff team supports people living in their own homes who require a care and support service, and this service was very much appreciated by the service users and their families. Through the questionnaires and one-to-one discussions, service users who took part in the inspection expressed appreciation and satisfaction with many aspects of the service. The service deputy manager is responsive to changing needs of service users and suggestions made at the inspection”.

“All 54 people who completed or were supported to complete and return a Care Inspectorate questionnaire strongly agreed or agreed that overall they were happy with the quality of care and support this service gave them. Service users and relatives we spoke to were happy with the care they received and with the way in which support workers went about their job”.

3.18 Overnight Home Care Service (May 2016)

“The service has devised a quality assurance action plan since the previous inspection, which was updated when actions were completed. The action plan was organised under the care inspectorate quality themes and covered areas such as service user and carer feedback, medication, complaints, policies and procedures and staff engagement. We could see that this was being used to keep track of actions which the organisation had agreed to take to continue to monitor and improve the quality of the overnight service.

The service had introduced new audit systems for personal plans, risk assessments and other aspects of the service”.

3.19 NE Home Care and Re-ablement Service (June 2016)

"Allocated time is always an issue, e.g. if someone needs help/assistance to wash and dress in the morning/or evening and breakfast/supper preparation, then half an hour does not seem long enough".

"Staff are very good but are always struggling for time as they often have to travel a fair distance between clients".

3.20 SW Home Care and Re-ablement Service (August 2016)

“People being supported spoke highly of the service and the staff that supported them. It is to the service's credit that 100% of the questionnaires returned to us prior to and during the inspection reflected people were overall happy with the care and support the service provided.

We found that the service had good audit systems in place and carried out announced and unannounced direct observations on the staff teams whilst supporting people on a planned basis.”

4. Measures of success

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

5. Financial impact

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

6. Risk, policy, compliance and governance impact

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

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

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

10. Background reading/external references

10.1 None.

Robert McCulloch-Graham

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11. Links

Coalition Pledges

Council Priorities CP2 - Improved health and wellbeing: reduced inequalities

Single Outcome Agreement SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health

Appendices

Governance, Risk and Best Value Committee

2.00pm, Monday, 24 October 2016

Place Risk Update

Item number 7.5
Report number
Executive/routine
Wards

Executive summary

The attached risk information is the Place Senior Management Team's (SMT's) prioritised risks as at September 2016. It reflects the current highest priority risks of the Service Area along with the key controls in place to mitigate these risks. The risk register is a dynamic working document and is updated regularly to reflect the changing risks of the Service Area.

As requested at 3 March meeting of the Governance, Risk and Best Value Committee the report also clarifies what is meant by non-housing assets and assesses the impact of the controls in managing or mitigating highest risks.

Links

Coalition pledges [P30](#)
Council outcomes [CP13](#)
Single Outcome Agreement

Place Risk Update

Recommendations

- 1.1 To note the contents of this report.
- 1.2 To close the outstanding action from 3 March 2016 relating to definition and examples of non-housing asset and to specify the action taken to mitigate high risks.

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 an update to the Governance, Risk and Best Value Committee on the key risks facing the Place Directorate.
- 2.2 At its meeting on 3 March 2016 the Committee considered the Place Risk Register and asked for a definition and examples of what constitutes a 'non-housing asset'. Committee also agreed that the update report on the Place Risk Register should specify what action had been taken to mitigate high risks and whether it had been successful.

Main report

- 3.1 The Place SMT risk summary in Appendix 1 reflects the current prioritised risks of the Service Area and demonstrates the compensating controls in place to mitigate the risks.

Non-Housing Assets

- 3.2 The report to March meeting of the Committee included the Place Risk Register as at January 2016. The highest risk at that time was the repairs and maintenance of non-housing assets which was a legacy risk from when Corporate Property was within the Place Directorate. The non-housing assets included all Council owned buildings other than those on held on the Housing Revenue Account (e.g. schools, care homes, Council offices and depots) but also non-building fixed assets such as boundary and retaining walls, bridges, roads, footways, street-lights, cemeteries, monuments and monumental masonry.
- 3.3 In the updated Place Risk Register this risk has been revised to refer solely to non-building fixed assets. The maintenance of capital assets, both buildings and

other types of fixed assets, is included as the highest priority risk in the Council Leadership Team Risk Register.

Impact of controls on highest risks

- 3.4 Of the top ten risks in the risk register reported to Committee in March 2016 four have seen a reduction in their residual risk score, five have remained the same while one has been removed as it overlapped or duplicated other risks within the risk register
- 3.5 The four highest risks based on inherent and residual risk scores were:
- a. Non-housing repairs and maintenance – as explained in 3.3 above this risk has been revised to include only non-building fixed assets. Work is on-going to ensure that there is an accurate record of all these assets, identify if there is an existing inspection for each type of asset, assess and cost any essential repairs and maintenance. The residual risk score remains at 20 pending the completion of the complete record of assets, inspection schedule and cost of repairs and maintenance.
 - b. Body holding capacity in the Mortuary – the residual risk score has reduced from 12 to 6 as a consequence of management action taken to reduce the body storage time, to the extent that at least two of the temporary storage units can be removed.
 - c. Mandatory Training – although the introduction of the Essential Learning has improved and simplified the process of ensuring that staff are familiar with key corporate policies there still remains a risk in ensuring that all staff are receiving essential job-specific training particularly in the context of the on-going transformational change and the changes in management and reporting lines. The residual risk score has therefore remained at 12.
 - d. Growth investment for Local Development Plan (LDP) – although there is significant mitigation activity taking place, most notably the negotiations on the Edinburgh and South East Scotland City Region Deal, the challenging and complex nature of this risk and the timescales involved means that the impact cannot be determined at this stage. The residual risk score of 12 remains the same however this will continue to be reviewed on an on-going basis.
- 3.6 The risk register is a dynamic working document and is updated regularly to reflect the changing risks for Place.
- 3.7 The Place risks have been reviewed recently and an updated heat map (appendix 1) and prioritised risks (appendix 2).

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

Background reading/external references

None.

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Executive Director of Place

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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	CP13 – Deliver lean and agile Council services
Single Outcome Agreement	
Appendices	Appendix 1 – Place prioritised inherent risks heat map Appendix 2 – Place prioritised inherent risks with mitigating actions

Appendix 1 Place prioritised inherent risks heat map

1 Non-Housing Asset Repairs and Maintenance

Legacy issues of non-housing asset management (identification, inspection and ownership) has resulted in gaps in current asset registers. There is a risk that current R&M budgets are insufficient to meet requirements for the service.

2 Growth investment for Local Development Plan across all services areas over short to long term

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

3 Business Continuity and Disaster Recovery transition planning

There is a risk that lack of clarity on resilience roles and responsibility results in ineffective responses to major incidents.

4 Counter Fraud and Anti-bribery process (AB&F)

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

5 Project and Contract management – governance and assurance

Lack of commercial expertise and robustness in project management and managing contractors could result in failure to achieve savings and standards

6 Capital investment impact to service revenue budgets

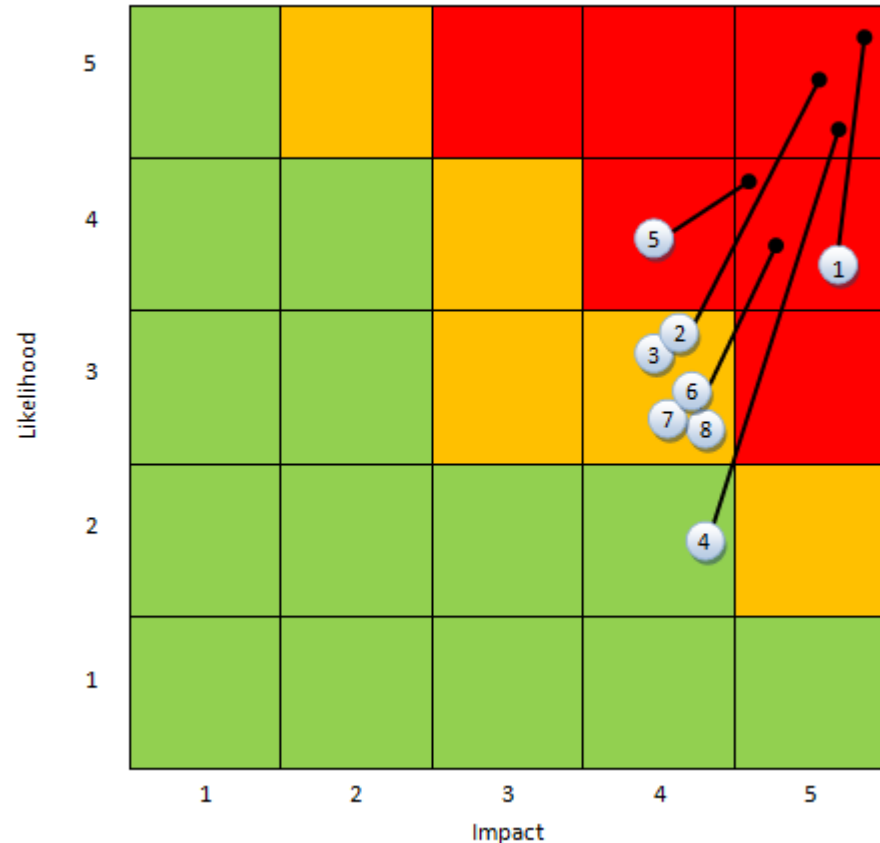
Capital investment does not provide robust assurance that all lifecycle costs are appropriately captures as part of expenditure appraisal process leading to unplanned and increased pressure on revenue budgets within the service

7 HR Recruitment & Retention

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

8 Delivery of Major Projects

The service is leading and supporting a number of major projects in the city. There is a risk that any project which is no longer deliverable may have an impact on the Council and/or the city.



Appendix 2 Place prioritised inherent risks with mitigating actions

Category	Risk description	Inherent		Current key mitigating controls	Residual		Further actions
		I	L		I	L	
1 Operational	<p>Non-Housing Asset Repairs and Maintenance Legacy issues of non-housing asset management (identification, inspection and ownership) has resulted in gaps in current asset registers. There is a risk that current R&M budgets are insufficient to meet requirements for the service.</p>	5	5	<ul style="list-style-type: none"> Asset registers in place with prioritised budget spend on those deemed of greatest risk to public safety. General Inspections carried out annually as part of asset management programme 	5	4	<ul style="list-style-type: none"> Review to ascertain extent of any gaps in recording and inspection of fixed assets. Production of North Bridge Improvement Plan. Procurement underway for contract to inspect all boundary walls. To be completed by December 2018.
2 Operational	<p>Growth investment for Local Development Plan (LDP) across all services areas over short to long term Significant growth within the City and increased service demand has resulted in substantial service pressures with risk that we are unable to meet future growth demand</p>	5	5	<ul style="list-style-type: none"> Engagement with Scottish Government through National Planning Framework 3. Long-term financial planning process undertaken. The LDP Action Plan delivery group identify and provide resources required to deliver improvements. Oversight group established to assess costs of new infrastructure, potential S75 contributors and funding gaps. 	4	3	<ul style="list-style-type: none"> Refinement of LDP Action Programme in late 2016/early 2017. External funding options being considered in addition to new financial models.
3 Operational	<p>Business Continuity and Disaster Recovery transition planning There is a risk that lack of clarity on resilience roles and responsibility results in ineffective responses to major incidents.</p>	5	5	<ul style="list-style-type: none"> Ready for winter Place/Council wide preparation meetings Annual and regular plan testing Training for Senior Officers on call ICE packs (Emergency information) 	4	3	<ul style="list-style-type: none"> Develop Service Level agreement on Resilience roles & responsibilities, Resilience team/Place Scenario test on major incident (out of hours lead by Resilience for Place SMT)
4 Legal	<p>Counter Fraud and Anti-bribery process (AB&F) Monitoring and assurance of AB&F risks and controls varies across the service potentially resulting in poor implementation, gaps in control and increased opportunity for bribery and fraud to occur.</p>	5	5	Police Scotland anti-bribery training presentation to Risk/Internal audit staff (Spring 2016).	4	2	Service risk register to be produced specific to anti-bribery risk

5	Strategic	<p>Project and Contract management – governance and assurance</p> <p>Lack of commercial expertise and robustness in project management and managing contractors could result in failure to achieve savings and standards</p>	5	4	<ul style="list-style-type: none"> • Strategy and Insight and Commercial and Procurement Services now established – will provide support for major projects and procurement activities. • Contract management is embedded within service areas. 	4	4	Commercial and procurement services are developing a proposal to create a Council wide team to support contract management.
6	Financial	<p>Capital investment impact to service revenue budgets</p> <p>Capital investment does not provide robust assurance that all lifecycle costs are appropriately captures as part of expenditure appraisal process leading to unplanned and increased pressure on revenue budgets within the service</p>	5	4	<ul style="list-style-type: none"> • Financial management programme in place. • All new Fleet and Plant business cases based on whole life costing 	4	3	All business cases for Capital Expenditure will include whole life costing to forecast future revenue budget implications.
7	Operational	<p>HR Recruitment & Retention</p> <p>Competition within the employment market and current levels of change and uncertainty in the organisation means there is a risk that the Council is unable to attract or retain suitably skilled and qualified staff, potentially resulting in insufficient resources to deliver services to acceptable standards, costs increasing for agency staff or outsourcing and inability to meet statutory targets and requirements</p>	5	4	<ul style="list-style-type: none"> • Through Transformation revised organisational structures were created and critical posts identified. • Career Transition Service established to support upskilling and retraining. 	4	3	<ul style="list-style-type: none"> • Embedding Transformation plans being developed in service areas. • Reviewing the recruitment process to improve the time it takes to recruit and also improve candidate and colleague experience • Revisiting how we attract talent for different roles and identifying where is the right place to attract the talent for a role, e.g. using LinkedIn, Facebook, Metro etc rather than just myjobscotland • Putting in place a new contract with an external partner which will help us identify talent for Fixed Term, Agency and Permanent roles • Reviewing our reward and recognition strategy
8	Strategic	<p>Delivery of Major Projects</p> <p>The service is leading and supporting a number of major projects in the city. There is a risk that any project which is no longer deliverable may have an impact on the Council and/or the city.</p>	5	4	Senior Responsible Officers for major projects are identified and with assurance on governance being undertaken by the Strategy and Insight Service.	4	3	Development of alternative delivery plans for major projects to be undertaken by Senior Responsible Officers in consultation with colleagues from across the appropriate service areas.

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
Impact		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic

Governance Risk and Best Value Committee

2pm Thursday 24 October 2016

Governance of Major Projects: progress report

Item number	7.6
Report number	
Executive/routine	
Wards	All

Executive summary

The former Policy and Strategy Committee on 7 August 2012 agreed the supervision of major projects, namely those with a value of over £5 million or which are particularly sensitive to the Council's reputation. This report contains an update of the major projects portfolio and assurance reviews.

Links

Coalition pledges	P03, P20, P23, P27, P28, P36, P41, P44, P47, P49, P51, P53
Council Priorities	1,2,4,5,6,8,9,10
Single Outcome Agreement	All

Governance of Major Projects: progress report

Recommendations

It is recommended that Committee notes:

- 1.1 the current synopsis of the dashboard reports for the major projects portfolio set out in appendix 1;
- 1.2 the completed Assurance Review St James Quarter assurance review set out in 3.4; and
- 1.3 a close report has been received and Health and Social Care Integration has now been removed from the portfolio.

Background

- 2.1 On 7 August 2012 the former Policy and Strategy Committee agreed the oversight of major projects, namely those with a value of over £5 million or which are particularly sensitive to the Council's reputation.
- 2.2 In May 2016, the Corporate Programme Office (CPO) function was transferred to the Transformation Team (Portfolio and Governance) in the newly created Strategy and Insight Division.

Main report

Current Reporting Arrangements

- 3.1 Project Managers of each of the major projects are required to complete bi-monthly dashboard reports for each project. These reports seek to establish how key elements of the project are progressing and aim to ensure there is clear visibility of the status of each major project within the Council.
- 3.2 Content and sign off of each dashboard report remains the responsibility of the SRO/Sponsor.
- 3.3 A synopsis of the latest set of dashboard summaries is contained in appendix 1.

Assurance Reviews

- 3.4 An assurance review on Edinburgh St James, Quarter has been undertaken, this was in advance of the departure of the SRO at the end of June and an Amber Rating assigned. This status should be reviewed in light of the reliance on an

SRO contractor who was scheduled to imminently stop working with the Council. The Executive Director of Place, with legal and financial support, will provide continuity and co-ordination attending fortnightly meetings in the interim.

- 3.5 An Assurance Review has recently been undertaken on the ERP Project by a cross cutting Team from Transformation, PWC, Internal Audit and Finance. This project will deliver an integrated Finance, Procurement, Accounts Payable, Accounts Receivable, HR and Payroll solution to replace the existing Oracle, iTrent and PPSL systems. The outcome of the review will be reported to Committee in the next Governance of Major Projects report.

Composition of the Portfolio

- 3.6 New St John's RC Primary, Queensferry High School and Meadowbank Redevelopment are all reporting in the portfolio for the first time. Communities and Families will provide reports on Early Learning and Childcare and Rising School Rolls from the next reporting cycle.
- 3.7 Discussions with are ongoing with Senior Management around identifying new projects which would merit inclusion in the portfolio and these will be added in due course.
- 3.8 A Project Close report for Health and Social Care Integration has been received and it recommended that this is now removed from the major projects portfolio.

Major Projects Delivery Unit

- 3.9 Delivery of major capital projects is critical to support the Council to continue to achieve outcomes for citizens and communities. At present a number of major projects depend on external expertise or consultancy support to assure that each is delivered to a high standard, on time and within capital budgets.
- 3.10 As the Council continues to transform and develop a future focused skills mix, the major projects area has been identified as an area for the introduction of a new delivery model and unit. An outline business case is currently being prepared for consideration and an update on the new arrangements will be provided in the next report.
- 3.11 This new delivery model and unit will propose a best practice portfolio approach to the management, delivery and governance of change initiatives across the Council. Portfolio Management realises that delivery is only half the battle. Just as important is whether or not the programmes and projects being delivered are the 'right' ones and whether the return on investment and contribution to strategic objectives are delivered. Portfolio Management can help with this by ensuring that:
- programmes and projects undertaken are prioritised in terms of their contribution to the organisations strategic objectives and overall level of risk;

- the portfolio of change initiatives is collectively sufficient to achieve the desired contribution to strategic objectives;
 - programmes and projects are managed consistently to ensure efficient and effective delivery; and
 - benefits realisation is maximised to provide the greatest return (in terms of strategic contribution and efficiency savings) from the investment made.
- 3.12 Training on Risk will be part of the induction for all new elected members and arrangements for this will be made between the Council's Chief Risk Officer and with the Governance and Democratic Services Manager.

Transformation and Business Change Support

- 3.13 The new structure for the Transformation Team includes expertise in portfolio and programme management, change management and process improvement reflecting and building on the success of the CPO. This team is now operational and will work with the wider Strategy and Insight Division to provide an integrated change and service improvement resource to the Council. This service has been designed to improve future levels of capacity for support and assurance.

Measures of success

- 4.1 A successful project delivers its output(s) on time, on or under budget and to quality standards agreed with its stakeholders. The reporting arrangements seek to ensure transparent and consistent reporting across all major projects by analysing key milestones, benefits, financials, risk and governance processes.

Financial impact

- 5.1 There are no financial implications directly arising from this report. The financial impacts of major projects will also be reported through the revenue and capital monitoring process.

Risk, policy, compliance and governance impact

- 6.1 The process of reporting and senior management oversight of risk within the project portfolio serves to strengthen the control environment and where appropriate prompt mitigating action. The Transformation team forms an independent risk assessment of each key project aspect taking account of a number of factors including the adequacy of resources, confidence in ability to deliver, and the potential impact of the risk.

Equalities impact

- 7.1 Equalities impact assessments are carried out within individual major projects and addressed in separate reports to Council or committee.

Sustainability impact

- 8.1 Each project within the major projects portfolio is responsible for undertaking its own sustainability impact assessment.

Consultation and engagement

- 9.1 Consultation and engagement is carried out within individual projects and is addressed in separate reports to Council or committee.

Background reading / external references

[Governance of Major Projects](#)- Governance, Risk and Best Value Committee, 26 May 2016

[Governance of Major Projects](#)- Finance and Resources Committee, 9 June 2016

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Links

Coalition pledges

P03 - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools
P20 - Work with the Scottish Government to deliver a larger return of business rate receipts as part of the Business Rates Incentivisation Scheme (BRIS)
P23 - Identify unused Council premises to offer on short low-cost lets to small businesses, community groups and other interested parties
P27 - Seek to work in full partnership with Council staff and their representatives
P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the

	economic well being of the city
	P36 - Develop improved partnership working across the Capital and with the voluntary sector to build on the “Total Craigroyston” model
	P41 - Take firm action to resolve issues surrounding the Council’s property services
	P44 - Prioritise keeping our streets clean and attractive
	P47 - Set up a city-wide Transport Forum of experts and citizens to consider our modern transport needs
	P49 - Continue to increase recycling levels across the city and reducing the proportion of waste going to landfill
	P51 - Investigate the possible introduction of low emission zones
	P53 - Encourage the development of Community Energy Co-operatives
Council priorities	<ol style="list-style-type: none"> 1. Children and young people fulfil their potential 2. Improved health and wellbeing: reduced inequalities 4. Safe and empowered communities 5. Business growth and investment 6. A creative, cultural capital 8. A vibrant, sustainable local economy 9. An attractive city 10. A range of quality housing options
Single Outcome Agreement	All
Appendices	Appendix 1 - Overview of major projects portfolio – as at 01 Aug 2016

Ref	Project	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
MP2	Connected Capital	<p>Programme now aligned to ICT.</p> <p>Wireless Concession –Installation works are continuing and are now over 60% complete in the City Centre. Over the coming weeks Intechology will be powering up the buildings which will provide the live network and will test performance and tweak as required during the phased rollout. Any remaining assets will be installed after the summer festival period is over. Work will also continue with partners to promote the network and a successful ETAG breakfast briefing was held on 21st July with approximately 60 businesses from the tourism sector attending.</p> <p>Public Buildings Wi-Fi – 66 buildings are now live with 1 building still to be connected.</p> <p>Rest of Scotland roll out – Roll out in Edinburgh is currently underway with significant activity expected over the next 6 months. Work is starting with Digital Scotland to stimulate demand in those areas where cabinets are now live and will be liaising with the relevant Neighbourhood Partnerships and Community Councils.</p> <p>Scottish Government/Scottish Futures Trust Public Buildings Wi-Fi Funding – CEC has been successful in gaining capital only funding of approx £250k to put in place public wifi in up to 26 buildings (Homeless Hostels, Young People’s Centres , Day Care Centres and Community Centres). CGI are currently working on costings for this project.</p> <p>CityFibre – this work stream is now being reported under the WAN project in the ICT transformation programme</p>	<p>Project now closed from a BDUK perspective.</p> <p>Wireless concession now proceeding to roll out. .</p>	Spend within budget.	Assurance Review completed with focus being on the Wireless Concession project and found that good project management techniques had been employed in delivery of the project to date.	<p>Faster and better broadband connections to SMEs via a voucher scheme contributing towards costs of connection.</p> <p>Wireless coverage in some public places, public buildings and across the Lothian Bus and Edinburgh Trams fleet.</p>	Risk: Amber

Ref	Project	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
MP8	James Gillespie's Campus	<p>The teaching block was completed in April 2015 and is already occupied by the school. Bruntsfield House summer 2015 works were completed within programme.</p> <p>The Sports and Performance Blocks were due to have been completed on 15 July 2016 however this was not achieved as there were a range of works which remained outstanding and required to be completed before Practical Completion could be confirmed (by the independent tester) and the buildings certified for occupation by building control. The Practical Completion Certificate was issued in early August and the necessary work to decant into the building is being progressed.</p> <p>Phase 3 works (externals) have commenced and are due for completion in advance of the start of the school term.</p>	Phase 1 (teaching block) and Secondary School decant complete. Phase 2 (performance and Sports blocks and other site infrastructure) completion scheduled for August 2016.	<p>Phase 1 costs have now been received from HubCo/Tier 1 meetings ongoing to finalise. All costs are within the expected limit. Phase 2 costs, where still to be agreed, have been given a budget and all costs are expected to be within the expected limit.</p> <p>No additional costs expected for Phase 3.</p>	<p>Works and 12 month defect period now concluded for the Design and Build Contract.</p> <p>Lessons Learned exercise undertaken with the contractor and representatives from the School and Council.</p>		Risk : Green
MP10	National Housing Trust	<p>The National Housing Trust (NHT) is a national funding mechanism for the delivery of mid market rent affordable housing funded by local authority on-lending and backed by Scottish Government guarantees.</p> <p>NHT Phase 2B – Under construction</p> <p>Three settlements have successfully taken place at Sandpiper Road for 38 homes which are all tenanted. In total, 96 homes are due to complete in 6 phases before the longstop date of 31 December 2016.</p>	On time.	The City of Edinburgh Council on 12 Feb 2015 approved borrowing for phase 3 of up to £54. 998m. Forecast to complete within budget.	Previous Assurance Review completed with status of Green.	<p>Provision of affordable housing.</p> <p>Neighbourhood regeneration and creation of jobs and training opportunities.</p>	Risk: Green

Ref	Project	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		<p>NHT Phase 3 – On site / site commencement expected shortly</p> <p>All NHT Phase 3 projects are now in contract and either on site or about to commence construction. for three projects which will deliver up to 368 new affordable homes.</p> <p>Signing of the final NHT Phase 3 contracts (Shrubhill) took place on the 20th June 2016. Places for People reduced the number of units to be included in the Shrubhill NHT project from 167 units to 150 units.</p> <p>NHT Phase 1 – Completed</p> <p>All 422 homes are completed and tenanted.</p>					
MP11	21st Century Homes	<p>Gracemount: development complete and all properties let. Work progressing on Phase 2 with £735k secured in developer receipts.</p> <p>Greendykes C: development complete and all properties let.</p> <p>Greendykes G: Planning application for 75 homes submitted in June. Following planning consent, tenders will be invited to deliver the development.</p> <p>West Pilton Crescent: development complete and all properties let. Final homes handed over on 20 October 2014. All properties have been let.</p>	<p>Programme progress within target timescale. Only minor change in the period is the awaited approval of matters specified in conditions for North Sighthill, as the consultation period was extended on behalf of the community.</p>	Within budget	<p>Greendykes was a runner up at the Homes for Scotland awards in the Best Partnership in Affordable Housing Delivery category.</p> <p>West Pilton Crescent won Saltire Awards for Multiple Housing Development, and Landscape in Housing.</p> <p>Pennywell won the City Regeneration of the Year award at the Scottish Property Awards in March 2016, and the RICS award for</p>	<p>Community Benefits including employment and training opportunities.</p> <p>Increasing affordable housing supply across the city.</p> <p>Providing support to the economy and construction</p>	Risk: Green

Ref	Project	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		<p>Pennywell: works started on phase 1 (108 Council and 85 Private homes) on 23 June 2014. Handover of the first Council homes has taken place. Enabling works have commenced on Phase 2 which will see 75 Council and 102 Private homes delivered.</p> <p>North Sighthill: Keepmoat Scotland Ltd were appointed preferred bidder by Finance and Resources Committee in Jun 2016 to deliver the development. Design work is underway and a site start expected in early 2017.</p> <p>Leith Fort: Works completion anticipated in mid 2017 and will deliver 32 Council and 62 RSL homes.</p> <p>Small Sites Project: 7 additional sites, tenure mix and energy strategy are to be reported to the Political Sounding Board in September. A delivery plan is being developed with the Council's procurement team. A report was taken to Finance and Resources Committee in Feb 2016 seeking approval to award contracts.</p>			Regeneration in April. The project was a finalist in the Scottish Home Awards Affordable Housing Development of the Year.	industry.	
MP12	New Boroughmuir High School	<p>The contractor (OHMG) has received an extension of time of four weeks due to the adverse inclement weather.</p> <p>The revised completion date is now 23 October 2016. The contractor is reporting works are now on programme to deliver to the revised completion date.</p> <p>Weekly review of actual progress against the</p>	Whilst the status was previously set at red due to the delay against the original completion date, this has now been changed to green reflecting the position relating to the revised completion date for	A total of 33 change orders requests have been raised to date, 27 change order requests have been authorised. Three change orders require to be returned by the contractor with the	<p>A Clerk of Works is being employed to ensure the works are undertaken to the expected quality standard.</p> <p>A Technical Advisor is employed to carry out further inspections and to ensure the main contractor undertakes all quality inspection and completes all the necessary</p>		<p>Risk: Green</p> <p>Project disciplines in place to deliver to the revised schedule</p>

Ref	Project	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		<p>planned programme is ongoing for monitoring purposes with monthly principals meetings being held between the SRO and senior management of the contractor.</p> <p>The concrete pours to all levels are now complete. MandE 1st fix has commenced to levels -01, 00 and 01. Internal partitions have now commenced to level 01. Works to the external envelope are now progressing to level 02.</p> <p>Steelwork to the atrium roof has now commenced.</p> <p>Roadworks are ongoing to Viewforth and, following discussion with the roads department, are now due to be completed by end of July.</p>	<p>which a detailed programme to completion has been provided by the contractor against which progress will be closely monitored and reported</p> <p>Discussions are currently ongoing with the school regarding the move to the new building which is now anticipate to take place around the Christmas 2016 break with pupils moving to the new school at the start of the Jan 2017 term. The intervening period between contract completion and occupation will allow time for pupils and staff to become familiar with the new school in advance of moving to it.</p> <p>This change has been communicated to the school community.</p>	<p>cost and programme implications. The estimated order of cost remains within the client contingency retained in the project budget.</p>	<p>quality documentation.</p> <p>Lessons Learned exercise undertaken with the contractor and representatives from the School and Council.</p>		

Ref	Project	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
MP13	New Portobello High School	<p>In the previous report to CLT it had been acknowledged that BB would be unable to meet the contract completion date of 15 July 2016 due to delay in receipt of an approved drainage connection proposal by Scottish Water. Agreement has since been reached to deliver a temporary solution that will allow BB to establish a deliverable programme that will enable the school to open after the October 2016 break with a revised contract completion date of 10 October 2016. A 'Decant' working group is progressing activities to ensure successful transfer and operation of the school from this date.</p> <p>The fabric and structure of the building and landscaping is almost complete with only minor elements still to be completed. Permanent connections for gas, water and electricity are now in place.</p> <p>The status has been reset at green due to the revised programme and the positive progress towards meeting the revised completion date.</p>	<p>Since the previous report to CLT, BB has secured the necessary temporary and permanent drainage connections with Scottish Water which allows BB to take control over the remaining elements of the programme and agree a contract completion date of 10 October 2016.</p>	<p>The forecast costs to completion are within the project budget</p>	<p>Regular inspections are undertaken to ensure that the appropriate standard is being maintained.</p> <p>Lessons Learned exercise undertaken with the contractor and representatives from the School and Council.</p>	<p>BB have made further progress in the delivery of the targets within their Community Engagement Plan which currently includes direct involvement in: opportunities for work placements; youth involvement events and volunteering opportunities. The plan also covers local employment, new starts, and working directly with Action for Children; progress on all of which is reported through the monthly update from BB.</p>	<p>Risk: Green</p> <p>Status has been set at Green due to issues outwith the control of BB being resolved and progress being made to deliver all remaining outstanding works by the new contract completion date.</p>

Ref	Project	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
MP29	Water of Leith, Flood Prevention Scheme Phase 2	<p>Design works are progressing to allow construction to proceed as planned. However design check is falling behind and is being addressed at a senior level.</p> <p>Construction works are progressing well; piling is about 50% complete, flood wall construction is progressing.</p> <p>The gas main was decommissioned on 20 June 2016 and as such all the advanced utility works are complete.</p>	<p>The project team are working on an updated programme; at this time there is no reason to suggest that the planned completion will not be met.</p>	<p>Programme cost is within budget.</p>	<p>Assurance Reviews have been included in the programme plan at scheme definition (Sept 2014) and prior to award of contract (Nov 2015), with the pre-contact award review finding that the overall project status is Green - delivery highly likely.</p> <p>Ongoing stakeholder engagement activities have raised no significant issues. Health and Safety and Environment plans are in place.</p>	<p>Protect 492 residential and commercial properties.</p> <p>Reduce dependency on temporary flood defences.</p> <p>Provide enhanced access to the riverside.</p> <p>Improve quality of life for residents affected by flooding.</p>	<p>Risk: Green</p>
MP22	Zero Waste: Edinburgh and Midlothian	<p>Food Waste Transition Project</p> <p>All main elements of construction work are complete. The facility is still in the commissioning stage with the Partner Councils' food waste having been ramped up throughout June and July.</p> <p>Residual Waste Procurement</p> <p>Due to extended negotiations with funders, Financial Close is now expected in August 2016. The Service Commencement date is anticipated to be March/April 2019, in advance of the Landfill Ban. During pre-engineering</p>	<p>Food Waste Transition has experienced slippage. Service commencement delayed from late Dec 2015 to Nov 2016.</p> <p>The residual waste project working assumption on service commencement has moved back from the end of 2018 to March/April 2019.</p>	<p>Food waste- the contractor is picking up the costs for the delay in the commencement of the food waste service.</p> <p>Residual waste following a meeting with FCC and their funders on 20 July, there is now a high level of confidence</p>		<p>Benefits Realisation Plan remains under construction Discussions are ongoing with SEPA and ARE regarding the cessation of delivery of food waste to Powderhall as it moves to</p>	<p>Risk: Amber</p> <p>Planning risks are of a low likelihood but carry very severe impacts should they materialise.</p> <p>Substantial mitigation strategies agreed by the</p>

Ref	Project	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		works currently being carried out by FCC, a manhole and culvert was identified on the site. A technical solution is available and the commercial aspects relating to this are close to agreement.		that the project will reach financial close in September 2016. There are still a variety of factors affecting price that will not be resolved until financial close, including foreign exchange and interest rates. Overall however, despite the poorer foreign exchange rate the programme expects to be in no worse financial position from that at final tender. Whilst this cannot be guaranteed until the contract is signed, the recent lowering of interest rates is a main factor that has balanced out the negative foreign exchange. There is currently a very high likelihood that the final position at financial close will be affordable and can be		delivery to Millerhill.	Project Board are in place.

Ref	Project	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
				met from existing landfill budgets. The capital budget is overspent by £0.6m. This has been agreed by the Project Board subject to internal agreement by the Councils. The overspend is primarily related to additional works to the new bridge which Transport Scotland incurred and additional costs to Midlothian Council related mainly to the delayed handover of the bridge.			
MP25	Forth Replacement Crossing	<p>Transport Scotland (TS) is the lead agency for construction of the bridge. The Forth Crossing Act sets out the process of some enabling road and property assets to the Council as the Local Authority and Roads Authority.</p> <p>Due to the revised bridge opening programme (May 2017), TS to CEC asset handover is likely to be postponed until early 2017.</p>	As Transport Scotland (TS) is the lead agency, CEC has no influence on delivery timescales.	As TS is the lead agency no budget information reported.	<p>Work in progress with Transport Scotland to define adoption extents, clarify handover, and quality assurance processes.</p> <p>The North West locality team will liaise with TS to ensure that transferred assets are of good quality and do not expose the authority to</p>	Enhance transportation links locally and nationally.	Risk: Amber

Ref	Project	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
						maintenance liability and risk.	
MP30	Recycling Service Project	<p>All properties within the scope of the project have now switched to the new service, including the withdrawal of the replacement of the red and blue box service in tenemental areas with improved on street communal bin recycling.</p> <p>The Dry Mixed Recycling (DMR) contract has now been advertised via Scotland Excel Recyclable and Residual Waste Framework. Anticipated contract commencement date 1 November 2016.</p>	Project complete. DMR contract advertised with anticipated contract commencement date of 1 November 2016.	The Recycling Redesign cost centre is currently under pressure. Current financial modelling estimates that will deteriorate further by the year end. There are a number of variables that could affect this figure such as; level of contamination within the contingency supplier, variation in the scope of additional phases. The team are actively reviewing options to mitigate additional costs where possible	<p>Increased Recycling rates across the city.</p> <p>Contamination workshop to identify new procedure of for dealing with persistent contamination issues.</p>	Reduction in landfill kg's/hh/wk from 7.7 kg's to 4.7kgs for phase 1 households and increase in recycling kgs/hh/wk from 1.9kgs to 3.6kgs.	<p>Risk Green</p> <p>Project closed and formal project closure documentation to be agreed.</p>
MP31	Fleet Review	Procurement of new waste collection fleet nearly complete with 39 new vehicles now in operation and only new food waste vehicles left to be procured. 268 new small vans and cars also procured. A refreshed fleet review project is now underway involving Fleet and EY (as part of the Commercial Excellence Programme) to reassess and quantify future vehicle requirements through a series of 'challenge' sessions with service managers with the aim of reducing the overall size of the council fleet, developing a more sustainable	The wider fleet review is behind schedule however action has now been taken to bring management to this project	Procurements completed to date have seen significant reductions in spend on external hires and vehicles off road (VOR) due to maintenance and servicing. The Fleet budget has been adjusted to reflect the £1.3m of savings	<p>Working with department and the transformation programme to define future requirements.</p> <p>Discussion ongoing to assign a PM resource from the transformation team.</p>	The programme is designed to deliver efficiencies and it is anticipated that in the longer term this can be exceeded	<p>Risk Amber</p> <p>Behind schedule, but remedial action now being taken to drive this project forward</p>

Ref	Project	Overall	Time	Cost	Quality	Benefits	Risk (reputational / deliverability)
		<p>and transparent costing methodology support improved budget management, and implementing a procurement programme that will fully realise efficiencies and economies of scale. This was reviewed at CLT on 10 August.</p> <p>The scope of the review is now being considered and whether to compile a revised business case and take this to CLT at an early stage</p>		and managed to deliver a £0.5m surplus in 2015/16 and is forecasting a balanced out-turn for 16/17			
MP32	Programme Momentum (previously Property Conservation / Shared Repairs)	<p>The Programme continues to draw to a close with Customer contact now receiving fewer enquiries, complaints and FOI requests received each month.</p> <p>The settlement team have now issued letters to all complainants and other affected owners. Deloitte have completed all case reviews. Morton Fraser continue to lead on debt recovery with significant progress being made and the recovery rate increasing on a monthly basis.</p> <p>Phased implementation of the new service commenced on 1 Sep 2015 and will run through until March 2017. A number of projects have been identified to test the new service procedures.</p>	Programme is currently progressing to schedule.	A provisional budget has been reviewed by the Project Board. Additional provision requires to be made in expectation of the costs of defence of legal cases, expert witness costs, additional case reviews, defect reparations, record maintenance, claims recovery and associated consultants costs. The Project remains a key financial and reputational risk to the Council.	The last Assurance Review gave Programme Momentum an Amber-Green status: delivery probable. Main areas of concern centred on the budget allocation for the new service, the continuing validity of the Business Case, the impact of recent changes in the Project team and resulting gaps in resource, issues with recruitment of technical staff, and the need to ensure Elected Members have a clear understanding of the costs of the new service and the limitations of their role within it.	<p>Reduce outstanding debt and billing of completed work.</p> <p>Resolve all complex and deferred complaints.</p>	<p>Risk: Amber</p> <p>Reputational and ability to realise full debt.</p>

MP33	Edinburgh St James	The Growth Accelerator Model (GAM) Agreement is between the Scottish Government and the Council. This agreement has now been agreed by both parties.	The over-run of the CPO inquiry has had a knock on effect to the commencement of works on site.	Contractual arrangements have been structured to minimise financial risk to CEC. To date all costs incurred by the Council have been reimbursed by the developer. Present GAM works budget has been reduced.	Assurance Review assessed as Amber Review of resource to support this project from a Council perspective is required. As project moves towards a construction phase on a development of this scale, a robust communications protocol is essential. There is a Communications Strategy in place, however this has yet to be signed off by the developer due to other factors. This is an essential part of the Council's co-ordinating role going forward on this project.	Redevelopment creating 42,500m2 of high-quality retail space, deliver 2,300m2 of grade A office space, a 210-bedroom five-star hotel, a 152-bedroom four-star hotel, a 55-bedroom apart-hotel, a theatre, restaurants and 138 residential units.. There are a number of Community Benefits including increased employment and training for unemployed and harder to reach group.	Risk: Amber
MP34	ICT Transition and Transformation Programme	Migration of the Council's primary data centre from BT's Capital Exchange (CapEx) facility to CGI's data rooms was delivered at the end of June. Following migration activities, CGI have formed a dedicated task force to optimise system performance and address network issues.	Transition activities are in the main complete with some remaining performance optimisation work underway. Transformation	Currently projected to be delivered within budget.	Assurance Review for ERP with SRO. System performance issues	Benefits are due to accrue from 2016/17 onwards; the planning for Benefits Realisation and delivery of	Risk Amber Due to slippage in delivery of key transformational projects.

		<p>Rollout of the first phase of the WAN was successfully completed on 30 June.</p> <p>A number of ICT Transformation Projects commenced in October 2015 and are in various stages of delivery. Bulk Printing, Secure Cheque Printing and BACS Service are complete, leaving twelve in delivery. At time of writing these transformation workstreams, including ERP and Enterprise Integration (supporting Channel Shift) are behind schedule.</p>	<p>workstreams including ERP and Enterprise Integration are behind schedule.</p>			<p>Community Benefits and use of local SMEs is at an advanced stage. SME engagement has started early.</p> <p>New WAN circuits (for example Drummond Community High School are noticeable faster)</p>	
MP36	Tram Extension and Leith Programme	<p>In January 2015 there was a decision to integrate the Tram Extension and Leith Programme Boards. Governance arrangements are now in place and work broken down into five workstreams, namely Commercial, Technical, Finance, Acquisition and Work. A Programme Management Office is being formed to support the Programme and preparatory work is being undertaken to appoint Commercial, technical and legal advisors.</p>	<p>Committee Decision Point around the Tram Extension is currently scheduled for June 2017.. Budget shortfall is currently projected by both elements.</p> <p>Leith Programme currently projected to complete Phase 4 in May 2017 and Phase 5 in December 2017.</p>	<p>Tram Stage 1 and Land Acquisition both within budget allocation and team is looking into potential shortfall in funding for Leith Programme Phase 6 and this will be brought back to CLT following consideration by the Board.</p>	<p>Programme Board has reviewed lessons learned to date in developing the extension to Newhaven and these have been integrated into Outline Business Case and Commercial Strategy.</p> <p>Consideration to retaining legal knowledge in supporting the Council through completion</p>	<p>The tram extension is to support the overall level of economic growth of Edinburgh through enhancing the viability and attractiveness of major housing and employment sites identified in Local Development Plans.</p>	<p>Ongoing work to manage the interface with the St James Quarter development.</p>

MP37	St John's RC Primary School	<p>The St John's Primary School project will see delivery of a new build 14 class 2 stream primary school accommodating 462 pupils on the site of the existing Portobello High School and will incorporate a 40/40 nursery with additional accommodation for 20 2-3 year olds.</p> <p>In addition the project will also see;</p> <ul style="list-style-type: none"> • The formation of a secure seven aside all-weather pitch. • The creation of a 2.16 hectare public space to be known as Treverlen Park. This will be a separate project to follow completion of St John's RC Primary School. • Demolition of St John's RC Primary School. • Demolition of the current Portobello High School. <p>The project is being procured under a traditional form of contract. Delivery is currently in RIBA Design Stage 4 having successfully passed Gateway Review Stage 2 (RIBA Stage 3). The planning application has been lodged and initial comments received from CEC which are being responded to by the lead designers, Holmes Miller.</p>	<p>In the period of this report the procurement of the demolition of the existing Portobello High School has commenced. Contract award is scheduled for 23 August 2016 with mobilisation due on 24 October 2016 following the decant of Portobello High School</p>	<p>Feasibility options require be carefully selecting and appropriately costing and benchmarking in order to demonstrate most the solution that provides the best value for value for money for CEC. Scottish Government Funding is based on an inflation uplift which is now capped to Q2 2017. Current programme anticipates Stage 2 being submitted in 4Q 2017 which would indicate a possible two quarter shortfall in indexation. Note: Following Brexit there is uncertainty about whether prices will go up or down. It is highlighted that the final price will be determined after a comprehensive market test.</p>		<p>Supports the following Council outcomes;</p> <ul style="list-style-type: none"> - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed. - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities. 	Risk: Green
MP38	New Queensferry High School	<p>Delivery of new Queensferry High School, under the Scottish Government's Schools for the Future Programme Phase 4. Due to the way in which the (part) funding will be provided by the Scottish Government the</p>		<p>Feasibility options require to be carefully selected and appropriately costed and benchmarked in</p>	<p>Council approved the replacement of Queensferry High School on 25 September 2014. Due to the significant time which has elapsed since</p>		

		<p>project will require to be delivered through a DBFM contract with Hub South East Scotland Limited (HSESL).</p> <p>HSESL have been engaged by CEC under a Strategic Support Services (SSS) agreement to carry out a pre-NPR (New Project Request) feasibility exercise to determine the preferred feasibility option, affordability cap and Council funding requirement for consideration by Council on 22 September 2016. Upon (and assuming) Council approval, the formal NPR application would be submitted to HSESL.</p>		<p>order to demonstrate most the solution that provides the best value for value for money for CEC. Scottish Government Funding is based on an inflation uplift which is now capped to Q2 2017. Following Brexit there is uncertainty in the construction industry.</p>	<p>Council considered this matter, the projected costs to deliver the project require to be reviewed. In addition, in light of the current and future housing development in the area, the review the capacity requirements for the replacement school</p>		
MP39	Meadowbank Redevelopment	<p>The way forward for the project to redevelop Meadowbank Sport Centre was approved by Council on 10 March 2016. The project comprises the development of a Masterplan proposal for the site for which Planning Permission in Principle will be obtained and the proposed redevelopment of the Meadowbank sports facility itself.</p> <p>The procurement of the key design team framework consultants via mini competition was concluded on 27 July 2016. Holmes Miller were successful in the appointment for the Lead Architect commission and appointed on 14 July 2016. RSP (Mechanical and Electrical) and AECOM (Civil and Structural) were successful in their own respective disciplines and were both appointed on 27 July 2016. Project Manager, Cost Consultant, Planning Supervisor and BREEAM advisor appointments have already been made. The appointments have been made from the Construction Professional Services Framework however</p>		<p>No Budget Information supplied</p>	<p>Following a technical review of the previously commissioned Development Brief (Masterplan) and Stage C (sports facility) design reports, the Council has embarked on a programme to reappraise the project and secure the agreement of a revised Masterplan approach for the site and the delivery of a new Sports Facility fit for the 21st century.</p> <p>Design is not currently formally in alignment with BREEAM procedures and processes. Design requires to be reviewed and BREEAM process implemented along with revisit of Stage 2 and value engineering.</p>		

		through a combination of either direct negotiation or mini competition total savings of an estimated £246,000 have been achieved compared with the tendered framework rates for the various consultants.					
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Governance, Risk and Best Value Committee

2:00pm, Monday, 24 October 2016

Committee Decisions – August 2015 - August 2016

Item number	7.7
Report number	
Executive/routine	
Wards	All

Executive summary

Following the decision of the Governance, Risk and Best Value Committee on 19 June 2014, to strengthen existing arrangements and provide greater assurance with regard to the dissemination of committee decisions, a review of actions has been undertaken by directorates to ensure that all decisions taken by the Corporate Policy and Strategy Committee, the executive committees and the Governance, Risk and Best Value Committee are progressing as expected and to highlight any exceptions.

This report outlines the assurance work undertaken and details the implementation of Governance, Risk and Best Value Committee decisions covering the period from August 2015 to August 2016.

Links

[Coalition pledges](#)
[Council outcomes](#)
[Single Outcome Agreement](#)

Committee Decisions – August 2015 – July 2016

Recommendations

- 1.1 To note the position on the implementation of Governance, Risk and Best Value Committee decisions as detailed in the appendix to this report.
- 1.2 To note that the next summary report would be presented to Committee in October 2017.

Background

- 2.1 The Governance, Risk and Best Value Committee on 19 June 2014 agreed increased monitoring for the dissemination and implementation of committee decisions by directorates.
- 2.2 It was agreed that an annual report outlining all decisions taken in the previous year and an update on the implementation of decisions and recommendations to discharge actions be presented to the Corporate Policy and Strategy Committee, executive committees and the Governance, Risk and Best Value Committee.
- 2.3 A report to this effect was submitted to the Governance, Risk and Best Value Committee on 13 August 2015 outlining the status of actions for the initial November 2014 to June 2015 period. At this period there were no concerns reported to Committee and all recorded actions have since been completed.

Main report

- 3.1 When a decision is taken at committee that requires further action this is tracked and monitored by various methods.
- 3.2 Since November 2012 for the Governance, Risk and Best Value Committee and April 2014 for other committees, if a decision requires a further report to committee, it is added to the forward plan, the report schedule and the Rolling Actions Log is updated. The Rolling Actions Log is then considered by committee each cycle, ensuring that there is clear oversight of the implementation of decisions by the committee. It is also published with the committee papers, resulting in the monitoring being carried out in a transparent manner. This ensures that there are clear linkages between the decisions taken at committee and the planning of new business.

- 3.3 However, a gap existed for committee decisions that did not request a further report to committee. The implementation of these decisions was left with individual service areas and any monitoring was not publicly available.
- 3.4 The approach agreed by the Governance, Risk and Best Value Committee on 19 June 2014 aimed to address this gap. Following the meeting a committee decisions spreadsheet was introduced to track decisions that did not require further reporting and thus would not be covered by the Rolling Actions Log. This new process aimed to ensure that the implementation of relevant actions would be recorded effectively, monitored and considered annually at each committee.
- 3.5 This spreadsheet is completed by Committee Services and directorate staff who are responsible for updating the status of actions attributed to each service area.
- 3.6 A similar report on all decisions taken in the previous year and an update on the implementation of decisions and recommendations to discharge actions will be presented to the Corporate Policy and Strategy Committee and to each executive committee annually.
- 3.7 The consideration of these reports will augment committee oversight of the implementation of decisions, resulting in an increase in accountable and transparent decision making.

Governance, Risk and Best Value Committee Decisions

- 3.8 A review of actions has been undertaken by directorates to ensure that all decisions not required to be reported back to committee are progressing as expected and to highlight any exceptions. A summary of decisions for the period August 2015 to August 2016, including status, is detailed in the appendix to this report.
- 3.9 At the Governance, Risk and Best Value Committee there have been 9 decisions made which were recorded through the committee decisions spreadsheet.
- 3.10 All actions that remain open are being progressed and there are no concerns to highlight to Committee.

Measures of success

- 4.1 Annual reporting ensures the effective implementation and monitoring of committee decisions.

Financial impact

- 5.1 There are no direct financial impacts as a result of this report.

Risk, policy, compliance and governance impact

- 6.1 The improvements in business processes help ensure increased transparency and assurance across the Council's decision making processes.

Equalities impact

- 7.1 There are no direct equalities impacts as a result of this report.

Sustainability impact

- 8.1 There is no direct sustainability impact as a result of this report.

Consultation and engagement

- 9.1 The spreadsheet described is completed throughout all service areas across the Council.

Background reading/external references

[Minute of the Governance, Risk and Best Value Committee – 19 June 2014](#)

[Report to the Governance, Risk and Best Value Committee - Committee Decisions – Dissemination and Implementation and Update to member/officer Protocol – Report by Director of Corporate Governance](#)

Kirsty-Louise Campbell

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Links

Coalition pledges

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

Single Outcome Agreement

Appendices 1 – Governance, Risk and Best Value - Committee Decisions

Appendix 1 – Committee Decisions – Governance, Risk and Best Value

Governance, Risk and Best Value Committee Decisions Overview			
Date	Number of Decisions	Open	Closed
13/08/15	1		1
19/10/16	1		1
12/11/15	1		1
26/05/16	3	1	2
23/06/16	3	2	1
Total	9	3	6

Breakdown of tasks by directorate			
Directorate	Number of Decisions	Open	Closed
Chief Executive's Office	5	1	4
City Strategy and Economy	0	-	-
Communities and Families	1	1	-
Health & Social Care	1	-	1
Resources	1	-	1
Place	1	1	-

N.B: - Tasks can belong to more than one directorate, leading to slight disparity in figures.

Outstanding Tasks in full

Item no.	Date	Directorate	Item	Decision	Status	Comments
1	13.08.15	Chief Operating Officer and Deputy Chief Executive	Corporate Governance Framework 2014/15	To agree that the improvement actions which have been identified would be addressed by the Corporate Improvement and Transformation Plan.	Closed	The Framework was presented to GRVB on 18 August 2016.
2	19.10.15	Deputy Chief Executive	Revenue Monitoring 2014/15 – Outturn Report	To note that the Head of Finance would explore ways to use the common good fund to pro-actively maintain and refurbish common good property.	Closed	Update report considered by the Finance and Resources Committee in January and August 2016.
3	12.11.15	Chief Executive	Monitoring Officer Investigation: Cameron House	To request that the decision of today's meeting be conveyed in writing to the Cameron House Management Committee.	Closed	
4	26.05.16	Chief Executive	Governance of Major Projects: Progress Report	To investigate the delay in the installation of cabinets to support the broadband infrastructure as part of the Connected Capital Programme	Closed	The Rest of Scotland roll out is progressing well and is on schedule in terms of kms laid. There are

Item no.	Date	Directorate	Item	Decision	Status	Comments
						<p>issues with a number of cabinets in Edinburgh's boundaries and these are spread over the city area, not just the city centre. In some instances issues are due to wayleaves being required and reaching agreement with or locating the landowner is challenging, in other examples our planning and roads teams are finding it difficult to find a suitable location for the</p>

Item no.	Date	Directorate	Item	Decision	Status	Comments
						new cabinet either because of space issues or roads or planning regulations. They continue to work with BT Openreach and their contractors to find a solution that is acceptable to all but it often requires a number of iterations
5	26.05.16	Chief Executive	Spot-checking on the Dissemination of Committee Decisions and Late Committee Reports	To include in future staff surveys, a question to clarify if a specific policy is relevant to the role of the respondent.	Ongoing	Next update scheduled for early 2017
6	26.05.16	Chief Officer, Edinburgh, Health and Social Care	The Audit Arrangements of the Edinburgh Integration Joint Board	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	Closed	

Item no.	Date	Directorate	Item	Decision	Status	Comments
		Partnership		than the three agreed reviews for the Edinburgh integration Joint Board.		
7	23.06.16	Acting Executive Director of Communities and Families	Recent Developments in Gaelic Education Provision in Edinburgh	To request that the current policy for GME access to secondary schools was published on the Council website and to review the appropriateness of the distance from school criteria for GME admissions to secondary school. A work-plan of how this would be achieved, including actions in place to avoid any future legal challenge, should be in place by November 2016.	Ongoing	Ongoing - Policy for GME access to secondary schools is published on the website and work-plan for the review of the policy is in development.
8	23.06.16	Acting Executive Director of Resources	Corporate Leadership Team Risk Update	To request that a message was placed on the Council's external website to warn citizens that councillors and officers would have no access to email from close of business on 24 June to 26 June 2016.	Closed	
9	23.06.16	Executive Director of Place	Waste Management Presentation	To investigate issues regarding garden waste collections from schools.	Open	The delegated authority is required once

Item no.	Date	Directorate	Item	Decision	Status	Comments
						Financial Close has occurred – it is expected that this will take place in the month of September but is subject to final negotiations.

Governance Risk and Best Value Committee

10.00am, Monday, 24 October 2016

Property Conservation – Scope for shared owners legislative change, ESRS consultation process with owners and Extra Judicial Agreement Process

Item number 7.8
Report number
Executive/routine
Wards

Executive Summary

On 18 August 2016, the Governance Risk and Best Value Committee requested a report on the scope for legislative change regarding shared owners, details of how the Council is ensuring effective consultation with owners under the new service and the extra judicial agreements process.

This report responds to that request.

Links

Coalition Pledges [P40](#), [P41](#)
Council Priorities [CO7](#), [CO19](#)
Single Outcome Agreement [SO4](#)

Property Conservation – Scope for shared owners legislative change, ESRS consultation process with owners and Extra Judicial Agreement Process

1. Recommendations

- 1.1 The Committee is requested to note:
- 1.1.1 The scope for shared owners legislative change.
 - 1.1.2 The Edinburgh Shared Repairs Service (ESRS) consultation process with owners in relation to Statutory Notices.
 - 1.1.3 The extra judicial agreement process as outlined in Appendix 1.

2. Background

- 2.1 At its meeting on 18 August 2016, the Governance Risk and Best Value Committee requested a further report on the extra judicial agreements process including:
- The governance and decision-making arrangements;
 - Details of cases settled out of court, including the reasons for arrangement, engagement by the Council and the sums settled versus original sums billed;
 - Total recovery costs to date; and
 - Earlier commitments regarding the fairness of the settlement programme across multi-owner blocks.
- 2.2 This report responds to that request and also addresses the scope for legislative change regarding shared owners, and how the Council is ensuring effective consultation with owners under the new Service.

3. Main report

Overview of Project Joule Billing

- 3.1 Under the auspices of Project Joule, Deloitte Real Estate was commissioned to review all unbilled project files at a collective value of £24m. The case reviews commenced in April 2013, and were completed in August 2015.

- 3.2 This resulted in a total of 208 projects identified for billing with 7,431 invoices being issued with a total value of £17.6m. The first bills were issued in January 2014 with the final bills being issued in September 2015.
- 3.3 As at 25 August 2016, of the £17.6m billed, £12.3m has been received in payments from individual owners. A further £1.2m has been secured in payment plans. This gives a total recovery, in paid and secured debt, of £13.5m representing 76% of total sum billed.
- 3.4 All bills issued following the Deloitte review are done so under the equal shares basis as described in the City of Edinburgh District Council Order Confirmation Act 1991.

Council Approach to Billing and Engagement with Owners

Owner Notification

- 3.5 On completion of a Deloitte review, a generic notification from the Council was sent to advise owners that they were going to receive a bill for statutory notice works carried out on their property. This letter reminded owners that works were carried out and described the work being done by Deloitte to arrive at the amount that owners individually would be billed for. This stage allowed owners to notify the Council of any changes of ownership of the property, and aimed to manage resident concerns and highlight the ability to pay via instalments.
- 3.6 Two to three weeks after the owner notification process, an “End of Works Report” was sent out to all affected owners. This letter detailed a description of works, appointed consultant, appointed contractor, tender sum total, final account sum total, completion of works date, net cost per share and details of management fee. The letter informed the owner that invoices would be issued in the near future.
- 3.7 Invoices were raised and issued within two weeks of the End of Works letter. Included were contact details for recipients who had any questions and also for those wishing to make arrangements to pay by instalments.
- 3.8 Should owners have not entered into payment arrangements within 86 days of receiving an invoice, their case was passed to Morton Fraser to progress recovery action.
- 3.9 The billing programme was designed to give owners significant time to ask questions of the Council about any aspects of their invoice.

Debt Collection

- 3.10 The Council’s approach to Statutory Notice debt follows the Council’s Debt Policy. This policy provides guidance for the Council’s income collection, debt recovery and related welfare support activities in any approach to the recovery of debt.
- 3.11 In December 2014, the Corporate Policy and Strategy Committee approved an amendment to the Corporate Debt Policy in respect of legacy statutory notice related debt.

- 3.12 The amendment recognised the often substantial sums relating to statutory notice works that individual home owners would face. As a result, the terms offered to customers were extended beyond the three month interest free instalment plan to allow repayment periods of up to 10 years, and in appropriate circumstances, voluntary inhibitions.

Morton Fraser Debt Recovery Overview

- 3.13 All Project Joule Statutory Notice debt related instructions are now with Morton Fraser to progress recovery action. From 1 April 2015 to 25 August 2016, a total of 673 instructions over 1,547 invoices have been issued to Morton Fraser for debt collection with an overall value of £7m.
- 3.14 Within this period the overall sums recovered or in payment plans secured by Morton Fraser total £2.9m (41%) over 345 customers.

The Settlement of Historic Complaints

- 3.15 The Finance and Resources Committee report dated 28 August 2014 (B Agenda), sets out the settlement principles in relation to the Deloitte reviewed projects, where parallel circumstances may apply. This report was concerned with the work being carried out by Deloitte in respect of outstanding historic complaints. This does not refer to extra judicial settlements.
- 3.16 The programme of work dealing with these historic complaints was called Project Momentum. A clear principle was established by Deloitte that were a reduction applied to the invoice of an individual complaint, because for example, works outside the scope of the Statutory Notice had been carried out, then the Council should take the approach that this reduction should be applied to all owners. This was known as 'parallel circumstances', and has been applied across both Project Momentum and Project Joule in regards to sums billed.

Potential for Legislative Change

- 3.17 It is recognised that there is a lack of maintenance being carried out on tenements in Edinburgh. The lack of maintenance over a long period can lead to the need for major repairs which can become unmanageable to the private property owner. The current legislation in Scotland includes the transfer of powers to the Local Authority (LA) to enforce repair works onto Private property owners. The Act which the Council currently uses to enforce these repairs is the City of Edinburgh District Council Order Confirmation Act 1991. There are a number of other pieces of legislation which also give powers to the LA to enforce repair works however none of these go far enough to force the private owner to participate in common repairs.
- 3.18 The reformed Property Sub-committee will consider the establishment of a working group to review the requirement for new legislation.

ESRS Consultation Process With Owners

- 3.19 The new ESRS process has been designed with a greater focus on customer engagement. There is a longer period of time, on average four months, between an initial service request from a property owner and the Panel's decision to enforce

works. This period allows for and encourages private owners to engage with each other and the Council with a view to arranging the works themselves.

- 3.20 The period taken to reach the stage of contract award will take at least a further four months which allows the owners more time to arrange the works privately. By the end of this period the owner will have received a building survey report and estimated costs therefore they will be more informed in relation to the solution and cost to rectify the defect. This can also allow for the owner to take the project back and arrange the works privately.
- 3.21 The service has been designed in such a way that enforcement of the repair work through a statutory notice is the last resort.
- 3.22 ESRS is currently in the implementation phase. During this period, the standard operating procedures (SOP's) developed by Deloitte Real Estate in consultation with Council officers are being reviewed regularly following the testing of procedures on live cases and projects.
- 3.23 The procedures reflect best practise, lessons learned from the closure of property conservation, and are in accordance with legislation. Embedded within the procedures, is the requirement for officers to have regular communication with owners before, during and after completion of the works.
- 3.24 In relation to change control, the procedures set out the process of assessment and reporting of additional works and variations. There are two categories which dictate different approaches by the Contract Administrator. These are:
- Variations to works within the scope of the Statutory Notice; and
 - Additional Works outwith the scope of the Statutory Notice.
- 3.25 When variations or additional works are found during the works, the Contract Administrator must determine which category would apply. Each category has a different process.

Variations to Work

- 3.26 Where variations to the works are unavoidable and are within the scope of the Statutory Notice, the surveyor must assess the value of the variation. If the value exceeds £3000 or the contingency amount for the project, the surveyor must prepare a Justification Report to be reviewed by the ESRS manager. Owners are issued with a report which provides the justification for the variation, cost implications, the amount of contingency expended and remaining and the change in the overall cost of the project.

Additional Works

- 3.27 Where works are categorised as additional and outwith the scope of the Statutory Notice, the surveyor must prepare a Cost Benefit analysis. This Cost Benefit analysis considers the timing of inclusion of the additional works into the current contract and the alternative consideration of undertaking works outwith the current contract. Upon completion of the report, the owners will be offered a stair meeting

to explain the report and to discuss the implications of the proposed additional works. A majority agreement from owners should be sought within the specified time period in the letter issued. In circumstances where a majority agreement is not obtained, the Contract Administrator must present the report to the Project Panel for a decision whether to instruct the works will be taken. The panel will consider the validity of the objections raised by owners.

- 3.28 Additionally, contract variations are dealt with at Section 10 of the Contract Standing Orders, and identify that a Head of Service (for under £25k) or a Director (over £25k) can sign a contract variation, providing the value does not exceed the original contract value (including client and contractor contingency), by more than 15% of the original contract value or £1m (whichever is lower). If it exceeds 15% or £1m, then Procurement will be consulted for options on how to proceed.

Conclusions

- 3.29 The reformed Property Sub-committee will consider the establishment of a working group to review the requirement for new legislation.
- 3.30 The new ESRS process has been designed with a greater focus on customer engagement than the previous service. Owner agreement for extended works on site will be added to operating procedures.

4. Measures of success

- 4.1 Establishment of new Edinburgh Shared Repairs Service.
- 4.2 Collection of outstanding debt by extra judicial agreement that represents value to the Council.

5. Financial impact

- 5.1 The cost of extra judicial agreements are contained within the overall amounts set aside for this purpose, as referenced in the Property Conservation – Irrecoverable Sums; Debt Recovery and Settlements report submitted monthly to the Finance and Resources Committee.

6. Risk, policy, compliance and governance impact

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

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

9.1 Not applicable.

10. Background reading/external references

[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 -](#)

http://www.edinburgh.gov.uk/download/meetings/id/40355/item_no_7_3-compliance_risk_and_governance-corporate_debt_policy

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11. 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 Priorities	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: Extra Judicial Agreements