Notice of meeting and agenda

Governance, Risk and Best Value Committee

10:00am, Tuesday, 8 May 2018

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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THE CITY OF EDINBURGH COUNCIL

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 If any

4. Minutes

4.1 Minute of the Governance, Risk and Best Value Committee of 20 March 2018 – submitted for approval as a correct record (circulated)

5. Outstanding Actions

5.1 Outstanding Actions – 8 May 2018 (circulated)

6. Work Programme

6.1 Governance, Risk and Best Value Work Programme – 8 May 2018 (circulated)

7. Reports

7.1 2016/17 Annual Audit Report and Review of Internal Controls – Progress Update – joint report by the Chief Executive and the Executive Director of Resources (circulated)

7.2 Internal Audit Report - Building Standards March 2018 – report by the Chief Internal Auditor (circulated)

7.3 Internal Audit Report - Historic Internal Audit Findings – report by the Chief Internal Auditor (circulated)

7.4 Accounts Commission Report on Edinburgh Schools – report by the Executive Director of Resources (circulated)

7.5 Corporate Leadership Team Risk Update – report by the Executive Director of Resources (circulated)

7.6 Governance Arrangements for the Edinburgh Alcohol and Drug Partnership – report by the Chief Social Work Officer and Head of Safer and Stronger Communities (circulated)

7.7 Status of the ICT Programme – report by the Executive Director of Resources (circulated)

8. Motions

8.1 None.

Laurence Rockey

Head of Strategy and Insight

Committee Members

Councillors Mowat (Convener), Main (Vice-Convener), Bird, Bridgman, Jim Campbell, Doggart, Howie, Lang, Munro, Rae and Watt.

Information about the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee consists of 11 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, Strategy and Insight, 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 remaining items of business likely to be considered in private, see separate agenda.

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Governance, Risk and Best Value Committee

10.00am, Tuesday, 20 March 2018

Present

Councillors Mowat (Convener), Main (Vice-Convener), Ian Campbell (substitute for Councillor Bridgman), Jim Campbell, Howie, Lang, McVey (substitute for Councillor Bird), Munro, Rae, Watt and Webber.

1.   Minute

Decision

To approve the minute of the Governance, Risk and Best Value Committee of 20 February 2018 as a correct record.

2.   Outstanding Actions

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

Decision

1)   To agree to close the following Actions:

   Action 8 - Status of the ICT Programme

   Action 11 - Road Services Improvement Plan

   Action 18 - Edinburgh Catering Services

   Action 19 - ICT in Schools – Update

   Action 20 - Corporate Governance Framework 2017-2017

   Action 24(1) - Licensing Forum – Review of Constitution and Membership

2)   To ask for clarification on the Committee's input for the decision in Action 7(2) – Governance of Major Projects, in relation to the Boroughmuir High School lessons learned exercise.

3)   To otherwise note the remaining outstanding actions.

(Reference – Outstanding Actions – 20 March 2018, submitted.)

3. Work Programme

Decision

To note the work programme.

(Reference – Governance, Risk and Best Value Committee Work Programme – 20 March 2018, submitted.)

4. Internal Audit Quarterly Update Report Quarter 3 – (1 October-31 December 2017

Details were provided on the Internal Audit reviews completed in Quarter 3 together with an update on progress with the overall delivery of the 2017/18 Internal Audit plan.

Decision

1) To note the report by the Chief Internal Auditor.

2) To note that only 2 high rated findings were raised from work completed in Quarter 3. These related to the Lothian Pension Fund and would be presented to the Pensions Committee and Pensions Audit Sub-Committee for scrutiny at their meetings in March 2018.

3) To refer the Edinburgh Alcohol and Drug Partnership Contract Management and Asset Management Strategy audit reports to the Edinburgh Integrated Joint Board Audit and Risk Committee as the findings raised in these reports could have a direct impact on the services delivered by the Health and Social Care Partnership.

4) To note that no reports were referred by the Edinburgh Integration Joint Board Audit and Risk Committee to this Committee at their meeting on 1 December 2017.

5) To circulate performance information in regard to third party suppliers for Adult Drug and Alcohol services to members for information.

6) To ask that Internal Audit provide a future update on GDPR readiness.

7) To ask for a report on the Edinburgh Alcohol and Drug Partnership governance and reporting arrangements and that that report be referred on to the Edinburgh Alcohol and Drug Partnership.

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

5. Internal Audit Annual Plan 2018-19

The draft Internal Audit plan and supporting risk assessment for the period 1 April 2018 to 31 March 2019 was presented.

Decision

To approve the 2018/19 Internal Audit plan and supporting risk assessment.

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

Declaration of Interests

Councillors Ian Campbell, Main and Webber declared a non-financial interest in the above item as members of the Integration Joint Board.

6. Internal Audit Charter – Annual Update

The revised Internal Audit Charter for 2018/19 was presented. The charter set out the scope of the Internal Audit function, roles, responsibilities, objectives and reporting structures and was updated and submitted for approval annually.

Decision

To approve the refreshed 2018/19 Internal Audit Charter.

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

7. Internal Audit: Overdue Recommendations and Late Management Responses

The current overdue Internal Audit recommendations were considered together with audit reports that had been issued where final management responses had not been received within the two-week service standard.

Decision

1)   To note the status of the overdue Internal Audit recommendations as at 19 January 2018.

2)   To note that there are were two reports issued in draft as at 19 January where management responses were not received within the two-week service standard, and that one of these had been delayed due to changes in the Internal Audit team.

3)   To note the proposals included at section 3.3 and 3.4 of the report to address challenges associated with timing of audit responses received and quality of evidence provided to support closure of recommendations.

4)   To note that members would participate in future staff training on responding to audit reports.

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

Declaration of Interests

Councillors Ian Campbell, Main and Webber declared a non-financial interest in the above item as members of the Integration Joint Board.

8. City of Edinburgh Council – External Audit Plan 2017-18

The 2017/18 External Audit plan for the Council and its charitable trusts by Scott-Moncrieff was presented.

Representatives from Scott-Moncrieff were in attendance for this item.

Decision

1)   To note the External Audit Plan for 2017/18.

2)   To note that periodic updates on the work set out therein would be provided to the Committee.

(References – Governance, Risk and Best Value Committee, 18 December 2016 (item 5); - joint report by the Chief Executive and Executive Director of Resources, submitted.)

9.   Audit Scotland Report – Equal Pay in Scottish Councils

Details were provided on Audit Scotland's Report on Equal Pay in Scottish Councils which had been published in September 2017. The Council had been chosen as one of the fieldwork Councils and a summary of the implementation of the Single Status Agreement was presented.

Decision

1)   To note Audit Scotland's report, Equal Pay in Scottish Councils, both in terms of its general conclusions and those of specific relevance within the City of Edinburgh Council context.

2)   To note the progress made by the City of Edinburgh Council in having fair and transparent pay arrangements and regular equal pay audits to deliver pay equality.

3)   To request a written member briefing on:

   3.1   the outstanding pay claims detailing those currently in employment with the Council and former employees;

   3.2   the grades of those claiming on the outstanding cases;

   3.3   how many of those cases had ACAS involvement and were going to tribunal; and

   3.4   how many were waiting for tribunal dates.

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

10.   Annual Treasury Strategy 2018-19 – referral from the City of Edinburgh Council

The City of Edinburgh Council on 15 March 2018 considered a report on the proposed Treasury Management Strategy for the Council for 2018-17 which included an Annual Investment Strategy and Debt Management Strategy. The report was referred to the Governance, Risk and Best Value Committee for scrutiny.

Decision

To note the report.

(References – Act of Council No 9 of 15 March 2018; referral report by the City of Edinburgh Council, submitted)

11. Corporate Catering Service - Update

The Committee had noted proposed actions as part of a general turnaround and improvement plan for Edinburgh Catering Services. An update was provided on the current position in relation to the corporate element of the service.

Decision

To note the report by the Executive Director of Resources.

(References – Governance, Risk and Best Value Committee, 31 October 2017 (item 7); report by the Executive Director of Resources, submitted.)

12. Roads Services Improvement Plan

An update was provided on the progress being made with the implementation of the actions in the Road Services Improvement Plan and the different issues that impacted on road asset management performance across Council teams, together with the actions that the service would take to address them.

Progress would continue to be reported to the Committee on a regular basis.

Decision

1) To note the report by the Executive Director of Place.

2) To note the change in the reporting arrangements.

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

13. Licensing Forum – Review of Constitution and Membership

Details were provided on the current appointment process for the Licensing Forum together with a proposed timeline for a review of the process.

Decision

1) To note the information provided on the current appointment process.

2) To note that the process and constitution would be reviewed, with a revised process and constitution submitted to full Council for approval in June 2018.

(References – Governance, Risk and Best Value Committee, 20 February 2018 (item 1); - report by the Executive Director of Place, submitted.)

14. Welfare Reform – referral from the Corporate Policy and Strategy Committee

The Corporate Policy and Strategy Committee had referred a report which detailed the Council's ongoing Welfare Reform activities, including the current Universal Credit position and benefit cap, to the Governance, Risk and Best Value Committee as part of its work programme.

Decision

1) To note the report from the Corporate Policy and Strategy Committee.

2)   To note that these reports would now be considered by the Committee on an annual basis.

(References – Corporate Policy and Strategy Committee, 27 February 2018 (item 5); referral report from the Corporate Policy and Strategy Committee, submitted.)

15.   Whistleblowing Update

The Committee considered a high level overview of the operation of the Council's whistleblowing hotline for the period 1 October to 31 December 2018.

Decision

To note the report.

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

16.   Whistleblowing Annual Report

A high level overview of whistleblowing activity between 1 December 2016 and 30 November 2017 was provided.

Decision

To note the report.

(References – Finance and Resources Committee, 27 August 2015 (item 20); report by the Chief Executive, submitted.)

17.   Whistleblowing Monitoring Report

The Council, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraphs 1, 12 and 15 of Part 1 of Schedule 7(A) of the Act.

An overview of the disclosures received and investigation outcome reports completed during the period 1 October to 31 December 2017 was provided.

Decision

To note the report.

(Reference – report by the Chief Executive, submitted)

Governance, Risk and Best Value Committee

May 2018

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	19/10/2015	Committee Report Process	To investigate technology offered by the new IT provider with a view to improving report format and reducing officer workload. To request a progress report back to Committee in one year.	Chief Executive	May 2018		Work has been undertaken looking at different options. An option has been identified and funding options are being explored.
2	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.	Executive Director of Resources	June 2018		A verbal update on appointments was provided in February 2017. An update on new service model will be provided after one year. Assurance of

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							progress was provided within the Internal Audit Opinion Report considered on 1 August 2017.
3	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.	Executive Director of Resources	December 2018		A report was submitted to the Corporate Policy and Strategy Committee in December 2017 who have called for a further update in 12 months.

The update report will then be referred to this Committee. |
| 4 | 24/10/16 | Home Care and Re-ablement Service Contact Time | To request an update report 6 months after the implementation of the new ICT system for shift allocation. | Chief Officer, Edinburgh Health and Social Care Partnership | Ongoing | | The Edinburgh Health and Social Care Partnership developed a high-level plan to |

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
	29/09/17		To ask the Chief Officer, Edinburgh Health and Social Care Partnership to provide an update on why the new ICT system for shift allocation was not implemented earlier in the year				address the challenges faced by the Partnership in the short- and medium-term. Objectives and detailed action plans for the priority workstreams would follow. The review of home care services would be included in this, although it is not possible at this stage to say when plans would be available.
5.	22/12/2016	Internal Audit Quarterly Update Report: 1 July 2016 – 30 September 2016	To request an update report on the recommendation for Edinburgh Buildings Services by November 2017.	Executive Director of Place	May 2018		Recommended for Closure Report on agenda for this meeting.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
6	09/03/2017	Outstanding Actions	To request that the report on the Governance of the Edinburgh Partnership would be referred from the Culture and Communities Committee to the Governance, Risk and Best Value Committee.	Chief Executive	May 2018		16.01.18 An update has been requested for the timescales. Timescales have been pushed back as this work has been subsumed into the review of Edinburgh Partnership Governance, which is currently underway.
	26/09/17	Outstanding Actions – 26 September 2017	To request a timeline for the development of governance arrangements for the Edinburgh Partnership	Chief Executive			
7	20.04.2017	Governance of Major Projects: progress report	1) To note the review underway for how change was reported and managed across the Council which will also include strengthening of governance arrangements around project and programme delivery. This would be	Chief Executive	February 2018	20 February 2018	*Action 1* – The report on Portfolio of Change, key themes, schedule of delivery and the refreshed governance arrangements was considered on 20 February 2018

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			reported to the Governance, Risk and Best Value Committee with developed proposals in the next reporting period. 2) To request that members of Governance, Risk and Best Value Committee have input into the scope of the lessons learned report to be drafted on the New Boroughmuir High School and that this report was referred to the Governance, Risk and Best Value Committee following consideration at the Education, Children and Families Committee.		TBC		*Action 2* - The lessons learned exercise will be carried out as part of the normal project activity at the end of the project. The scope will be shared with elected members for comment. On 20 March 2018 the Committee asked for clarification on their input for this decision.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			3) To request communication with teachers, parents and parent councils on the progress with WIFI provision in schools.		June 2017	June 2017	*Action 3* – The Chief Information Officer/Head of ICT has met with the Parent Council of JGHS to update them on the progress of WiFi in the school.
8	01/08/2017	Governance, Risk and Best Value Work Programme – 1 August 2017	To note an investigation report on retention of case records would be reported to the appropriate committee and a timescale for this would be provided as soon as possible.	Executive Director for Communities and Families	September 2018		The internal auditor's investigation is still ongoing therefore it may take a few months before and update is provided.

The Executive Director for Communities and Families will provide an update once the Chief Internal Auditor's investigation is |

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							concluded. The final audit report would be referred from the Corporate Policy and Strategy Committee to GRBV.
9	01/08/2017	Employee Engagement Update 2017	To request the action plan drafted following the 2017 employee survey was reported to GRBV for scrutiny and approval prior to implementation	Executive Director of Resources	June 2018		The report will be provided following completion of the employee survey which is due to commence in March 2018 and following an analysis and reporting of the results an action plan will be developed and reported to committee to address the results.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
10	26/09/2017	Internal Audit Quarterly Update Report: 1 January 2017 – 30 June 2017	To request information on: 1) the total spend on homelessness provision 2) the checks in place for recovering money from the Government. 3) the governance of the Homelessness Taskforce	Acting Head of Safer and Stronger Communities	May 2018		Recommended for closure Information requested was circulated to members on 19 April 2018
11	26/09/2017	Internal Audit: Overdue Recommendations and Late Management Responses	1) To request an update on: a) the progress of actions due to close in September. b) Mortuary Services 2) To request a scoping report with	Chief Internal Auditor	October 2017 June 2018	October 2017	1) The requested updates were circulated to members on 9 October 2017. 2) Following discussion with

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			proposals to address the outstanding actions for Health and Social Care back to GRBV with an appendix highlighting who is responsible for each area.				the Chief Officer, it has been agreed that overdue H&SC recommendations will be reviewed in conjunction with the findings of the IJB H&SC purchasing budget audit that is due to complete by 31 March 2018. It is expected that the emerging findings from this review will replace a number of the historic overdue findings.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
12	26/09/2017	Principles to Govern the Working Relationships between the City of Edinburgh Council Governance, Risk and Best Value Committee and the Edinburgh Integrated Joint Board Audit and Risk Committee	To accept the high-level principles subject to further information on how elected members could best engage with the process.	Chief Internal Auditor	June 2018		An update will be provided to Committee in June 2018 on how elected members can best engage with the process.
13	26/09/2017	City of Edinburgh Council – 2016/17 Annual Audit Report to the Council and the Controller of Audit	1) To request an update report in January 2018 on the progress of the improvements recommended in the action plan.	Chief Executive and Executive Director of Resources	May 2018		
			2) To request a briefing to members on Edinburgh Catering			October 2017	The briefing on Edinburgh Catering Services was circulated to

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Services including the current situation and a breakdown of what has caused the deficit				members on 9 October 2017. A report on this matter was on the October 2017 agenda.
14	31/10/2017	Complaints Management	1) To note that an update report would be presented to Committee in Spring 2018 2) To include the previous years' comparative figures any future report.	Chief Executive	June 2018		
15	31/10/2017	Spot-checking on the Dissemination of Council Policies	To note that a report which explored with directorates more effective ways to monitor the dissemination and understanding of Council policies by employees	Chief Executive	June 2018		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			would be submitted by Spring 2018.				
16	16/01/18	2016-17 Annual Audit Report and Review of Internal Controls - Progress Update	To note that a further update on longer-term actions would be provided to the Committee's meeting in May 2018.	Chief Executive and Executive Director of Resources	May 2018	May 2018	Recommended for Closure Report on the agenda for this meeting
17	16/01/18	External Audit Review of CGI IT Security Controls – Progress Update (B Agenda)	To ask for a report providing an update on the audit actions and covering general security for the May Committee meeting.	Executive Director of Resources	May 2018	May 2018	Recommended for Closure Report on the agenda for this meeting
18	20/02/18	Risks Arising from Carillion PLC Entering Administration	To request a written member briefing on how the Council would monitor the risk with third party contracts and how this could be incorporated into the Council's risk management process.	Executive Director of Resources	May 2018		A briefing note is to be issued during April 2018

No	Date	Report Title	Action		Action Owner	Expected completion date	Actual completion date	Comments	
19	20/02/18	Licensing Forum - Review of Constitution and Membership	1)	To call for a report to the next meeting of the Committee on the current appointment process to the Licensing Forum together with the timelines for reviewing the current process.	Executive Director of Place	March 2018	20 March 2018	1)	Closed
			2)	To request a review of the appointment process to the Licensing Forum.	Executive Director of Place	TBC			
20	20/03/18	Internal Audit Quarterly Update Report Quarter 3 – (1 October – 31 December 2017)	1)	To circulate performance information in regard to third party suppliers for Adult Drug and Alcohol services to members for information.	Interim Chief Officer, Edinburgh Health and Social Care Partnership	June 2018			
			2)	To ask that Internal Audit provide a future	Chief Internal Auditor	28 August 2018			

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			update on GDPR readiness.				
			3) To ask for a report on the Edinburgh Alcohol and Drug Partnership governance and reporting arrangements and that that report be referred on to the Edinburgh Alcohol and Drug Partnership.	Chief Social Work Officer/Head of Safer and Stronger communities	May 2018	8 May 2018	Recommended for Closure Report on the agenda for this meeting
21	20/03/18	Audit Scotland Report - Equal Pay in Scottish Councils	To request a written member briefing on: 1) the outstanding pay claims detailing those currently in employment with the Council and former employees; 2) the grades of those	Executive Director of Resources	May 2018	8 May 2018	Recommended for Closure A briefing note was issued on 24 April 2018

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			claiming on the outstanding cases; 3) how many of those cases had ACAS involvement and were going to tribunal; and 4) how many were waiting for tribunal dates.				

Governance, Risk and Best Value Committee

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
Section A – Regular Audit Items								
1	Internal Audit: Overdue Recommendations and Late Management Responses		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	5 June 2018 September 2018 January 2019
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	5 June 2018 September 2018 January 2019

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	5 June 2018
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	20 March 2019
5	Accounts Commission	Annual report	Local Government in Scotland: Financial Overview	External Audit	Executive Director of Resources	Council Wide	Annually	January 2019
6	Accounts Commission	Annual report	Local Government in Scotland: Performance and Challenges	External Audit	Executive Director of Resources	Council Wide	Annually	June 2018
7	Annual Audit Plan	Scott Moncrieff	Annual audit plan	External Audit	Executive Director of Resources	Council Wide	Annually	March 2019
8	Annual ISA 260 Audit Report	Scott Moncrieff	Annual Audit Report	External Audit	Executive Director of Resources	Council Wide	Annually	September 2018
9	Interim Audit Report	Scott Moncrieff	Interim audit report on Council wide internal financial control framework	External Audit	Executive Director of Resources	Council Wide	Annually	July 2018
10	IT Audit Report	Scott Moncrieff	Scope agreed during annual external audit planning cycle	External Audit	Executive Director of Resources	Council Wide	Annually	October 2018

11	Audit Charter			External Audit	Executive Director of Resources	Council Wide		March 2019

Section B – Scrutiny Items

12	Governance of Major Projects	TBC	To ensure major projects undertaken by the Council were being adequately project managed	Major Project	Chief Executive	All	TBC	TBC
13	Welfare Reform	Review	Regular update reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	March 2019
14	Review of CLT Risk Scrutiny	Risk	Quarterly review of CLT's scrutiny of risk	Risk Management	Chief Executive	Council Wide	Quarterly	8 May 2018 28 Aug 2018 27 November 2018
15	Whistleblowing Quarterly Report		Quarterly Report	Scrutiny	Chief Executive	Internal	Quarterly	June 2018
16	Workforce Control	Staff	Annual report	Scrutiny	Executive Director of Resources	Council Wide	Annual	June 2018
17	Committee Decisions	Democracy	Annual report	Scrutiny	Chief Executive	Governance, Risk and Best Value Committee	Annual	Date TBC Re-examine after improved information tracking.
18	Monitoring of Council Policies	Democracy	Annual report	Scrutiny	Chief Executive	Council Wide	Annual	Spring 2018

19	Edinburgh Shared Repairs Service and Legacy Closure Programme	Review	Progress reports	Scrutiny	Executive Director of Resources	All	Six-monthly	August 2018
20	Revenue Monitoring	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	August 2018 October 2018 February 2019
21	Capital Monitoring	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	August 2018 October 2018 February 2019
22	Revenue Outturn	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	September 2018
23	Capital Outturn and Receipts	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	September 2018
24	Treasury – Strategy report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	March 2019
25	Treasury – Annual report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	September 2018
26	Treasury – Mid-term report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	January 2019

Section C – Council Companies								
27	Edinburgh Leisure	Review	Progress Report	Scrutiny	Executive Director for Communities and Families	Council Wide	Annual	November 2018
28	Festival City Theatres Trust	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	November 2018

GRBV Upcoming Reports

Appendix 1

Report Title	Type	Flexible/Not Flexible
5 June 2018		
Internal Audit: Overdue Recommendations and Late Management Responses	Scrutiny	Flexible
Internal Audit Quarterly Activity Report	Scrutiny	Flexible
IA Annual Report for the Year	Scrutiny	Flexible
Whistleblowing Quarterly Report	Scrutiny	Flexible
Workforce Control	Scrutiny	Flexible
Internal Audit – Audit and Risk Service: Delivery Model Update	Scrutiny	Flexible
Accounts Commission – Annual Report	Scrutiny	Flexible
Employee Engagement Update 2016	Scrutiny	Flexible
Scoping Report with Proposals to Address the Outstanding Actions for Health and Social Care	Scrutiny	Flexible

Principals to Govern the Working Relationships between the City of Edinburgh Council Governance, Risk and Best Value Committee and the Edinburgh Integration Joint Board Audit and Risk Committee	Scrutiny	Flexible
Complaints Management	Scrutiny	Flexible
Spot-Checking on the Dissemination of Council Policies	Scrutiny	Flexible
GDPR Readiness - Update	Scrutiny	Flexible
Change Portfolio	Scrutiny	Flexible
Pride in Our People	Scrutiny	Flexible
Accounts Commission "Local Government in Scotland: Challenges and Performance 2018"	Scrutiny	Flexible
Edinburgh Buildings Services – Update	Scrutiny	Flexible
National Report on Early Learning and Childcare	Scrutiny	Flexible
31 July 2018		
Interim Audit Report	Scrutiny	Flexible
28 August 2018		
Review of CLT Risk Scrutiny	Scrutiny	Flexible

Edinburgh Shared Repairs Service and Legacy Closure	Scrutiny	Flexible
Revenue Monitoring	Scrutiny	Flexible
Capital Monitoring	Scrutiny	Flexible

Governance, Risk and Best Value Committee

10.00am, Tuesday, 8 May 2018

2016/17 Annual Audit Report and Review of Internal Controls: progress update

Item number	7.1
Report number	
Executive/routine	n/a
Wards	n/a
Council Commitments	n/a

Executive summary

In considering the Council's 2016/17 Annual Audit Report and the External Auditor's annual review of the Council's internal control framework on 26 September 2017, members of the Governance, Risk and Best Value Committee asked that updates be brought back to subsequent meetings, setting out progress against the agreed improvement actions. Following an earlier interim update provided to the Committee's meeting on 16 January 2018, this report sets out the good progress made in implementation of the remaining actions.

Report

2016/17 Annual Audit Report and Review of Internal Controls: progress update

1. Recommendations

1.1 Members of the Governance, Risk and Best Value Committee are asked to note the progress made in addressing the remaining actions contained within the 2016/17 Annual Audit Report and review of the Council's internal control framework.

2. Background

2.1 At its meeting on 26 September 2017, the Governance, Risk and Best Value Committee considered the external auditor's Annual Audit Report for 2016/17. In issuing an unqualified opinion on the financial statements, the Council's financial management arrangements were assessed to be effective, with the Council also open and transparent in the conduct of its business and demonstrating strong self-awareness of areas where improvement was required.

2.2 As part of its annual cycle of review, the external auditor furthermore requires to assess the effectiveness of the Council's internal control framework. The key findings of this assessment were reported to the Committee's meeting on 26 September 2017, with the existing controls considered to be well-designed and effective.

2.3 While, in each case above, the key conclusions were positive, a number of opportunities for further improvement were identified and these formed the basis of the respective action plans. These action plans incorporated management responses in respect of each recommendation made, along with a named responsible officer and associated planned timescale for implementation.

2.4 An interim update was considered by the Governance, Risk and Best Value Committee meeting on 16 January 2018, indicating good progress in implementation of the agreed actions due to the end of December 2017. In considering the report, however, it was noted that a further update would be provided in respect of those actions due for implementation in the following months.

3. Main report

Annual Audit Report

3.1 The agreed action plan for the Council's Annual Audit Report includes eight individual recommendations, with seven assigned medium-priority, and one high-priority, status. Implementation of four of these was confirmed in the report to the Committee's meeting on 16 January 2018. For the remaining recommendations with implementation dates due in 2018 or of an on-going nature, good progress has been made as follows:

(i) **introduction of additional independent review of journal posting (medium-priority)** – year-end procedures have been modified to introduce proportionate evidenced review of all journals posted as part of the 2017/18 accounts closure process;

(ii) **revisions to presentation of in-year revenue monitoring reports (medium-priority)** – due to other pressures, a revised report format, drawing on an analysis of best practice adopted elsewhere, will be presented to the Finance and Resources Committee's meeting on 16 August 2018 as part of the first quarter's revenue monitoring report;

(iii) **development of performance framework (medium-priority)** – the Performance Management Framework was approved by Council on 23 November 2017. The framework will be reviewed annually and include refreshing of measures, targets and actions to ensure that the data collected is useful in measuring performance and delivery against Council Business Plan strategic aims and outcomes, as well as commitments. Performance monitoring will be enhanced by better integrating performance measures, benchmarking information, perception measures and complaints.

The Annual Performance Overview for 2017/18 will be presented to the Council and Corporate Policy and Strategy Committee in the summer and published on the Council's website thereafter.

(iv) **performance in relation to delayed discharges (medium-priority)** – current or planned actions include:

- weekly star chamber meetings continue to ensure focused discussion on individuals experiencing delay;
- additional care home places being purchased from independent sector;
- a range of activity (reported separately to the Edinburgh Integration Joint Board (EIJB) and Corporate Policy and Strategy Committee) is being undertaken to increase capacity of community assets and the care at home contract, review and improve specialist in-house provision and accelerate matching;
- an outline commissioning plan for older people has been agreed by the EIJB and is being developed into full strategic commissioning plans – these

include increasing provision of intermediate care and services to prevent hospital admission and speed up discharge;

- challenge panels have been set up for each work stream lead to report on their progress in relation to the Older People's Inspection Improvement Plan; and

- a pilot to improve the matching of need to services has been set up. If the outcomes are positive, the Partnership will redesign the service matching processes to ensure greater speed and efficiency.

Review of internal controls

3.2   The external auditor's review of the Council's internal control framework, while attesting to the general effectiveness of current arrangements, included seven recommendations, six of which were assigned medium-priority and the remaining one low-priority.

3.3   Completion of five actions due for implementation by December 2017 was reported to the Committee's January meeting. Of the two actions with completion dates in 2018, the following actions have been undertaken:

(i) **full documentation of payroll procedures (medium-priority)** – a full set of documentation covering all key procedures has now been developed and is available to all staff on the shared drive. These procedures will be reviewed on a six-monthly basis, publicising material changes to key stakeholders;

(ii) **members' remuneration guidance (medium-priority)** – updated guidance has been published on the Orb and will be subject to annual review going forward.

3.4   The overall effectiveness of the Council's internal control framework is enhanced by timely and full implementation of all internal and external audit recommendations. In parallel with the review of historic internal audit actions included elsewhere on today's agenda, managers assigned responsibility for implementation of relevant actions are therefore working with external audit colleagues as part of their follow-up audit to ensure that the control improvements recommended in last year's review are effectively embedded.

4.   Measures of success

4.1   Agreed measures are implemented to address any actions identified within external and internal audit reviews 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 on-going effectiveness of the Council's current financial management and planning arrangements was noted in the Annual Audit Report.

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.

6.2 The Council's arrangements for risk management, fraud prevention and internal control, as well as its wider governance framework, have been assessed to operate effectively. Prompt actioning of recommendations for improvement serves to strengthen the effectiveness of this overall framework.

7. Equalities impact

7.1 There is no direct relevance of equalities and rights issues to the report's contents.

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 There is no direct relevance to the report's contents.

10. Background reading/external references

External audit review of internal financial controls, 2016/17, Governance, Risk and Best Value Committee, 26 September 2017

City of Edinburgh Council – 2016/17 Annual Audit Report to the Council and the Controller of Audit, Governance, Risk and Best Value Committee, 26 September 2017

2016/17 Annual Audit Report and Review of Internal Controls – Progress Update, Governance, Risk and Best Value Committee, 16 January 2018

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11.   Appendices

None

Governance, Risk and Best Value Committee

10.00am, Tuesday, 8 May 2018

Internal Audit Report – Building Standards March 2018

Item number	7.2
Report number	
Executive/routine	
Wards	
Council Commitments:	**[Commitment 13 - Planning Enforcement](#)**

Executive Summary

The purpose of this paper is to present the outcomes of the Internal Audit (IA) review of Building Standards (BS) to the Committee, as a copy of the final report will be provided to the Scottish Government (SG) Building Standards Division (BSD).

Internal Audit work commenced in advance of a planned SG BSD visit in November 2017, with the objective of confirming whether the recommendations included in the SG BSD April 2017 report had been adequately addressed and were supported by appropriate evidence. The Internal Audit review concluded in March 2018, and confirmed that whilst some progress was evident (an uplift in Q3 operational performance was reported to the Planning Committee in March 2018), further action was required to address remaining significant control gaps. Consequently, 5 High and 1 Advisory rated IA findings were raised. The final SG BSD report was received in March 2018 and includes seven recommendations (2 Fundamental; 3 Significant; and 2 Improvement) for improvements in systems and controls, and also noted five areas of good practice.

The Council's BS Verifier status has been extended by the SG for one year, subject to working with a SG external improvement team for a year to ensure satisfactory implementation of SG BSD recommendations. BS management has welcomed this collaborative approach. BS is now making progress towards addressing the findings raised by both SG BSD and IA through delivery of the detailed continuous improvement plan that was prepared in response to both reviews, whilst maintaining focus on improving operational performance.

Progress to date was reflected in the briefing provided to all Elected Members on 2 May 2018.

Report

Internal Audit Report – Building Standards March 2018

1. Recommendations

1.1 The Committee is recommended to note the outcomes of the March 2018 BS review, and the progress being made by BS towards addressing the findings raised by both the SG BSD and IA.

1.2 The Committee is recommended to note that a copy of the final report will be shared with SG BSD.

2. Background

2.1 The Council's BS service had been reviewed by the SG BSD in February 2017, and received a report in April 2017 detailing the outcomes. The report included 3 Fundamental and 1 Significant observations. Review of the SG BSD recommendations gradings confirmed that these are the equivalent of 3 High and 1 Medium rated IA findings.

2.2 After considering the SG BSD report outcomes, Scottish Ministers re-appointed the Council as a BS Verifier for one year from 1 May 2017 to 30 April 2018.

2.3 As a further SG BSD visit was scheduled for November 2017, the objective of the planned IA review was to assess whether the observations included in the SG BSD April 2017 report had been adequately addressed and were supported by appropriate evidence.

2.4 We also assessed the adequacy of the design and operating effectiveness of the key controls supporting Implementation and operation of the recently established 'virtual team' to support workload allocation and management; manual calculation of fees; and progress towards implementation of a new software solution to support Building Control operations.

2.5 Our work in relation to the SG BSD recommendations was completed in November 2017 and the outcomes shared with management in advance of their visit. The remainder of our work was completed in January 2018 and the final report issued in March.

3. Main report

3.1 Our final report concluded that whilst some progress was evident with implementation of the SG BSD recommendations, further action was required to

address the remaining significant control gaps. Consequently, 5 High and 2 Advisory IA findings were raised.

3.2   The key control gaps identified by IA related specifically to consistent execution and documentation of operational processes; application of quality assurance processes; customer information and engagement; SG BSD performance and operational framework compliance; workload allocation and management; and version controls supporting published documentation.

3.3   Our testing confirmed that whilst several changes had been made to operational processes as per SG BSD requirements, many of the processes had not been documented and were not being consistently applied. BS had also proactively sought to improve customer relations by implementing agent events and customer surveys, however, the results of these events had not been used most effectively to drive service improvements.

3.4   The report also acknowledged that BS management were fully aware of the control gaps identified and had been proactively working to address these. Management had also advised that their initial focus was on improving operational performance to ensure Scottish Government performance targets were achieved.

3.5   This is supported by the uplift in performance that was reported to the Planning Committee in March 2018. This demonstrated that performance in quarter three of 2017/18 for issuing first reports and warrants had substantially improved in comparison to previous quarters. Management recognises that further work is required to further improve these performance indicators to meet SG BSD performance framework targets.

3.6   The final SG BSD was received in March 2018 and includes 2 Fundamental; 3 Significant; and 2 Improvement rated recommendations (the equivalent of 2 High; 3 Medium; and 2 Low rated IA findings). The report also included 5 areas where good practice was evident.

3.7   These are aligned with the findings raised by IA, with the two fundamental findings highlighting the requirement for implementation of effective quality assurance processes and documentation of processes. The three significant findings related to turnaround times for first reports; customer satisfaction; and the strategy for improvement, whilst the two improvement rated findings reflected the need for improvements on guidance notes and desk instructions and business planning; resource modelling; and succession planning.

3.8   The findings raised by both the SG BSD and IA have been consolidated by management into a detailed continuous improvement plan for the service, and project management resource has been secured to support its implementation. Securing independent skilled project management resource is crucial in ensuring effective implementation of the plan as this enables management to focus on ongoing service delivery and operational performance whilst the necessary changes are implemented.

3.9 Management has also been proactively engaging with IA and has advised that many of the agreed actions included in the IA report have already been implemented. A number of these were due for completion in March 2018 and will be reviewed by IA in April as part of our established follow-up process.

3.10 Additionally, the 2018/19 IA plan includes 20 days of targeted IA time to focus on progress with implementation of both IA and SG BSD agreed actions.

3.11 The Council's BS Verifier status has been extended for by the SG for one year (to 30 April 2019) subject to the Council working with the Scottish Government Improvement Team from April 2018, and providing quarterly progress reports on their improvement programme to their Head of Building Standards. BS management has welcomed this collaborative approach and are currently working with SG to finalise a terms of reference.

3.12 A further update on Building Standards progress is included in the briefing that was sent to all Elected Members on 2 May 2018.

4. Measures of success

4.1 A robust BS service that is authorised by the SG as a BS Verifier; is fully compliant with the SG BSD operational framework requirements; and delivers an efficient and effective service to citizens.

5. Financial impact

5.1 Additional costs incurred by BS for project management resource.

6. Risk, policy, compliance and governance impact

6.1 Implementation of both SG BSD and IA findings will ensure compliance with SG BSD operational framework requirements, and that the Council's service delivery risk is effectively managed.

7. Equalities impact

7.1 None.

8. Sustainability impact

8.1 Delivery of a sustainable service that will effectively support delivery of approved building projects across the City of Edinburgh.

9.   Consultation and engagement

9.1   The IA report was finalised in consultation with BS management; the Head of Place Development; and the Executive Director of Place.

10.   Background reading/external references

10.1   [Item 7.1 - Planning and Building Standards Performance and Service Improvements](#)

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11.   Appendices

Appendix 1 – Building Standards, Final Internal Audit report

Appendix 2 – Member's Briefing on Building Standards Performance 23 April 2018

The City of Edinburgh Council
Internal Audit

Building Standards
Final Report

22nd March 2018

Contents

This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2017/18 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2017. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there is a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members   as   appropriate

1. Background and Scope

Background

The City of Edinburgh Council is the Scottish Government appointed Building Standards verifier for the Edinburgh region. Verifiers are appointed in accordance with Section 7 of The Building (Scotland) Act 2003. Their role is to undertake independent checks to confirm compliance with building regulations. This principally involves assessing and approving building warrant (BW) applications, undertaking checks and inspections when building work is carried out, and accepting completion certificates (CC) once work has been satisfactorily completed.

Verifiers are required to operate under the Scottish Government's Building Standards Verification Performance Framework (PF) which includes a range of key performance outcomes (KPOs) linked to the framework requirements.

The PF has also been supplemented with the 'Operating Framework for Building Standards Verifiers' (OF), which clarifies how PF requirements and KPOs can be achieved.

In December 2016, The Minister of Local Government and Housing wrote to the CEC Chief Executive raising concerns about the performance of the Council's Building Standards service based on evaluation of the quarterly statistical reports supplied by the Council to the Scottish Government's Building Standards Division (BSD).

The BSD subsequently visited the CEC Building Standards service in February 2017 to review the adequacy and effectiveness of their control environment in accordance with OF requirements.

A report detailing the outcomes of the visit ('Observation of the Operation of Verification Services') was issued on 7 April 2017. This contained 35 'detailed findings', 10 'areas requiring action' and 6 'recommended actions' which included 3 fundamental and 1 significant observations.

After considering the report outcomes, Scottish Ministers re-appointed City of Edinburgh Council as Building Standards Verifier from 1 May 2017 for a one year period up to 30 April 2018.

BSD revisited Building Standards on 7th - 8th November 2017 to re-assess current performance and progress with implementation of the findings included in the report.

The Council currently receives circa 5K BW applications and conducts between 10 – 13K inspections annually. A package of shared services was implemented in January 2017 with Aberdeen City and Argyll and Bute Councils, with the objective of transferring workload to these Councils during periods of high demand.

Scope

Our review primarily assessed whether the findings and recommendations made by BSD had been adequately addressed and were supported by suitable evidence in advance of their November visit.

We also assessed the adequacy of the design and operating effectiveness of the key controls supporting:

1. Implementation and operation of the recently established 'virtual team' to support workload allocation and management.
2. Manual calculation of fees (note that these were automated prior to a change in fees in July 2017), and
3. Progress towards implementation of a new software solution to support Building Control operations.

For the full terms of reference see Appendix 2.

2. Executive summary

Total number of findings

Critical	⬛	-
High	🟥	5
Medium	🟧	-
Low	🟩	-
Advisory	🟥	1
Total		**6**

Summary of findings

Our review identified significant weaknesses in the design and control effectiveness of key operational controls supporting the delivery of the City of Edinburgh Council's Building Standards service.

Whilst some progress is evident with implementation of the Building Standards improvement plan designed to address the recommendations made by the Scottish Government's (SG) Building Services Division (BSD) in their April 2017 report, further action is required to address the remaining significant control gaps.

Building Control management have been responsible for implementation of significant technology and operational changes included in the improvement plan, whilst continuing to deliver building control services. It is clear that project management skills are required to facilitate implementation of the service delivery action plan, enabling operational managers to focus predominantly on delivery of services for citizens.

Additionally, the Enterprise technology system has not yet been fully implemented, which has impacted the efficiency of the service and production of workload management and performance management information. It is acknowledged that there is key dependency on ICT Solutions and CGI for full implementation of the system.

Our testing confirmed that a number of changes have been made to operational processes as per BSD requirements, however, many of these processes have not yet been documented and are not consistently applied. Building Standards has also proactively sought to improve customer relations by implementing agent events and customer surveys, however, the results of these events should be more effectively used to drive service improvements.

The key control gaps identified related specifically to consistent execution and documentation of operational processes and application of quality assurance processes; customer information and engagement; SG BSD performance and operational framework compliance; workload allocation and management; and version controls supporting published documentation.

Consequently, five 'High' and one 'Advisory' rated findings have been raised. These are detailed in Section 3: Detailed findings.

It is acknowledged that management are fully aware of control gaps identified and had been proactively working to address these. Management has advised that their initial focus was on improving operational performance to ensure Scottish Government performance targets were achieved, and that whilst quality assurance remains an issue, there is strong awareness of quality

expectations within the team. However, it is essential to ensure that the recommendations from this report are implemented in conjunction with the Building Control action plan to address the SG BSD concerns.

Management has also confirmed that a number of recommendations have been completed since the audit was completed. Completed actions will be verified as part of the monthly Internal Audit follow-up cycle, and time has also been included in the 2018/19 Internal Audit plan to monitor progress with implementation of the Continuous Improvement Plan.

3. Detailed findings

1. Implementation of The Building Standards Continuous Improvement Programme

Findings
Skilled project management resource and support from ICT Solutions is required to facilitate effective implementation of the service delivery transformation plan (including full implementation of the Enterprise technology system) and enable management to focus on delivery operational Building Standards services. Whilst, an action plan had been created to address the Scottish Government's Building Standards Division recommendations and was in the process of implementation at the time of our review, dates provided to the BSD in response to their findings had already been missed. It is essential to ensure that implementation of the improvement plan is effectively managed by a dedicated resource, to ensure that subsequent implementation dates agreed with the Scottish Government's Building Standards Division (BSD) following their November visit are achieved.

Business Implication	Finding Rating
• If the required service improvements identified by the BSD are not implemented within the agreed timeframe the Scottish Government may elect to not extend CECs verifier status.	**High**

Action plans	
Recommendation	**Responsible Officer**
1. Skilled project management resource should be sourced to support effective and timely implementation of the Building Standards service delivery action plan; 2. ICT should be engaged and a requirements specification designed and timeframes agreed to support full and effective implementation of the Enterprise System to support ongoing Building Standards service delivery; and 3. Management should consider whether workload should be transferred to Aberdeen City and Argyll and Bute Councils as part of the existing shared services arrangements to enable sufficient time for full and effective implementation of the service delivery transformation plan and staff training.	Service Manager - Planning and Building Standards
Agreed Management Action	**Estimated Implementation Date**

1. A project manager has been provided by the Strategy and Insight Team. This will initially last until April 2017 with the intention to continue with this until the actions set out in the Detailed Continuous Improvement Programme are met. Weekly meetings are held between the project manager and service managers with monthly reporting to the Head of Service. – Action Complete	30 March 2018
2. ICT are working closely with the Council's IT provided, CGI, to deliver an up-to-date version of the document management and case management systems (Idox and Uniform) and their associated software systems and will ensure that these are delivered in Quarter 2 2018/19.	28 September 2018
3. Due to its own workload pressures, Aberdeen City Council, have had to withdraw from the shared services arrangement temporarily. The quantity of work being allocated to Argyll and Bute Council has been increased accordingly. This is being kept closely monitored to ensure any issues arising from the additional work are resolved. Management are finding out whether arrangements could be put in place with other councils to improve resilience and to help free up more time for staff to be trained and to allow staff more time concentrate on the delivery transformation plan. Initial workload review for Q4 is complete. Ongoing workload review will be completed on a quarterly basis.	30 April 2019

2. Process and Quality Assurance

Findings

Our review confirmed that the following process and quality assurance recommendations made by the Scottish Government's Building Standards Division (BSD) in their April 2017 report had not been addressed by the agreed implementation date and that actions had not been fully implemented in advance of their November visit:

- Deemed Decisions, Determinations and Refusals - there was no established and documented process in place to ensure that deemed decisions for first reports, demolition, completion certificates and discharge/variation of continuing requirements were performed in line with applicable legislative requirements and the Scottish Government's Performance Framework for Verifiers;

- The deemed determination process for building warrants had not been implemented;

- Construction, compliance and notification plan (CCNP) - CCNP processes had not been reviewed since November 2015 to ensure alignment with Local Authority Building Standards Scotland (LABSS) guidance and to identify training needs. Additionally, no training had been completed since the BSD visit in February 2017 to increase staff awareness of CCNP requirements;

- 'Fast Track' process for disabled adaptations and applications less than £5K - there are no established controls to identify and prioritise applications that relate to disabled adaptations, and no documented procedures for dealing with them. There are also no clearly defined timescales for processing disabled applications via the fast track process within the new 'virtual team', and responsibility for processing refunds where a fee has been applied in error to a disabled adaptation is unclear. Additionally, the CEC website did not contain information regarding the provision of fast track applications or reduced fees for disabled adaptations;

- Quality Assurance (QA) - There was no effective and fully documented quality assurance process for building warrants, completion certificates and construction compliance and notification plans; and

  Whilst QA is performed on first reports, this is not applied consistently, there is no documented

process support sample selection or recording of QA results. Additionally, there was no evidence that corrective actions were implemented or linkages identified between root causes of QA failures and gaps in staff training and awareness.

Business Implication	Finding Rating
- Lack of documented processes leads to non-compliance compliance with the Scottish Government Performance Framework for Verifiers and legislation. - Building standards staff are not aware of the LABSS construction compliance and notification plan guidance resulting in decisions which do not comply with legislation and the Scottish Government Performance Framework for Verifiers. - Urgent building works required to make a building fit for disabled persons are delayed, and fees are applied in error. - Inappropriate decisions may be made by members of staff who do not have the necessary qualifications or experience which are not identified by management resulting in non-compliance with the quality assurance aspect of the Scottish Government Performance Framework for Verifiers. - If the required service improvements identified by the BSD are not implemented within the agreed timeframe the Scottish Government may not extend CECs verifier status.	**High**

Action plans	
Recommendation	**Responsible Officer**
1. Documented procedures should be implemented for deemed determination of first reports, demolition, completion certificates and discharge/variation of continuing requirements in accordance with the requirements of the Operating Framework for Building Standards Verifiers. 2. The deemed determination process for building warrants should be implemented and documented in accordance with the Operating Framework for Building Standards Verifiers. 3. The construction compliance and notification plans procedure should be reviewed and updated to reflect current LABSS guidance and training scheduled for all staff to ensure awareness of construction compliance and notification plan requirements. 4. A documented procedure should be implemented for the identification and processing of applications for disabled adaptations and the council website should be updated to provide information on fast tracking and fee relief for disabled adaptations. 5. The quality assurance process for building warrants; completion certificates; and construction, compliance and notification plans should be designed, implemented and documented. This will include, but should not be restricted to sampling methodology; documentation of testing results and evidence of corrective actions taken. The process should be aligned to the requirements of the Operating Framework for building Standards Verifiers.	Service Manager - Planning and Building Standards
Agreed Management Action	**Estimated Implementation Date**
1. A project to deliver a comprehensive and up-to-date procedures manual is underway. This has identified a full range of documents that need to	Underway (31 March 2018 for completion)

be included in the manual. So far 30% of 42 documents have been authored.	with team set up to review procedures on ongoing basis.
2. An MS Access report has been developed to allow deemed determination warning letters to be sent out to agents and applicants in cases where a first report has been issued but there has been limited activity to resolve the issues raised. From 31 January 2018, letters are now being issued. – Action Complete	30 March 2018
3. The whole process of CCNP and site inspection is being reviewed. This has developed a more streamlined method of preparing CCNP documentation which will highlight fewer work stages to be inspected but make clear that the site inspections that result are more comprehensive than at present. All staff have taken part in training on this and when the new process is ready to be implemented there will be further procedural training on that.	30 April 2018
4. As part of the development of the procedures manual, a document highlighting the process for disabled persons' adaptations is being prepared. This will set out the requirements for Transactions and Building Standards staff.	30 March 2018
5. A project to deliver robust quality assurance for the service is being developed. This will broaden out checks that are already being carried out at the plan reporting stage to ensure that these cover all staff and are randomised. In addition, quality assurance processes will be developed to review cases at post decision stage. This process will go hand in hand with the development of the procedures manual with feedback from the quality assurance checks being fed into regular reviews of procedural documentation. Where thematic issues emerge, staff training will be provided. If the quality assurance processes establish issues with individual ways of working, this will enable corrective action to be undertaken.	28 December 2018, Internal Audit will review progress on an ongoing basis

3. Customer Information and Engagement

Findings

Our review confirmed that the following Building Standards publication and customer engagement recommendations made by the Scottish Government's Building Standards Division (BSD) in their April 2017 report had not been addressed by the agreed implementation date and that actions had not been fully implemented in advance of their November visit:

- Version control – whilst an updated version of the National Customer Charter has been added to the Council website this is linked to a Local Customer Charter from 2015 and was not prominently displayed on the Council's Building Standards webpage. Additionally, version control is not adequately embedded in the documents published on the CEC Building Standards webpages as only one of the documents viewed contained a version history, version number and last review date;

- Performance data and complaints guidance - the Council website does not contain the latest data on Building Standards performance or guidance on customer complaints;

- Review of published documentation - there is no clearly defined procedure or timeframe for review and refresh building standards webpages or published documentation;

- Customer feedback - only 3 agent feedback events were held during 2017-18 in comparison to 6 planned events, and no documented feedback or internal action plan was available for 2 of them. An action plan had been developed to address feedback from one agent event held on the 20th of June 2017, however this did not contain details of responsible officers and timeframes for

implementation, and no evidence was available to confirm implementation of the agreed actions;

- There was no available evidence demonstrating that the CEC Building Standards action plan developed to transform service delivery was linked to customer feedback from the National Customer Survey of Building Standards; and

- Post warrant feedback surveys had not been implemented.

Business Implication	Finding Rating
- Published documents are not aligned with the latest Performance and Operating Framework and legislative requirements and do not reflect current internal processes; - The level of data published on the Council's website may not be compliant with the Performance Framework and Scottish Government's BSD expectations; - Increased customer dissatisfaction, complaints and eventually non-compliance with the Scottish Government's Performance Framework for Verifiers and Key Performance Outcomes; and - If the required service improvements identified by the BSD are not implemented within the agreed timeframe the Scottish Government may elect to not extend CECs verifier status.	**High**

Action plans	
Recommendation	**Responsible Officer**
1. Version control should be added to all published documents in accordance with the Council's Records Management Policy requirements and Scottish Government BSD expectations; 2. The local customer charter should be updated to reflect current targets, legislation, councillors and contact details; 3. The council website should be updated with new performance reports as these become available; 4. Information on customer complaints and how to make a complaint should be added to the councils building standards webpages or links added to the council's complaints process; 5. A documented process should be implemented to ensure the content of the councils building standards webpages are reviewed and refreshed at least annually; 6. Feedback following agent events and customer surveys should be documented and an action plan prepared and implemented to address customer concerns. The action plan should contain timeframes for implementation of actions and responsible officer details and evidence of implementation retained; 7. The CEC Building Standards improvement plan should be reviewed to ensure it is aligned with customer feedback from the National Customer Survey of Building Standards and feedback from agency reviews; and 8. Post warrant surveys should be implemented in line with the response provided to the Scottish Government.	Service Manager - Planning and Building Standards
Agreed Management Action	**Estimated**

	Implementation Date
1. Version control has been added to all new documents and will be added to future documentation. – Action Complete	30 March 2018 (IA Review)
2. The Customer Charter will be updated when it is next scheduled for review.	31 May 2018
3. The Building Standards webpages are updated 3 monthly with performance reports. Ongoing.	28 September 2018 (IA review)
4. A weblink to the Council's complaints webpage is being added to the Building Standards homepage.	30 March 2018
5. A documented process for website review will be prepared.	30 April 2018
6. Feedback from all agent events has now been documented. Main themes emerging were related to performance and communications. These are being addressed within the detailed continuous improvement programme. A "You said – We did" will be put on the building standards webpage.	30 March 2018
7. As noted in 6 above, the detailed continuous programme is being updated to reflect customer feedback.	30 March 2018
8. Post warrant surveys have been implemented. However so far, feedback has been very limited. As part of a review of the format and content of decision notices that is being undertaken as part of the wider CCNP review, the way in which the feedback for post warrant is highlighted will be amended with the aim of improving uptake.	30 April 2018 (IA Review)

4. Scottish Government Performance and Operating Framework Compliance

Findings

Our review established that the Council's Building Standards performance is not consistently reviewed to confirm whether targets specified in the Scottish Government's (SG) Building Standards Performance Framework for Verifiers covering the Professional Expertise and Technical Processes; Quality Customer Experience; and Operational and Financial Efficiency key performance outcomes are achieved.

Consequently, the root causes of poor performance are not consistently identified and action plans developed and implemented to address performance issues. Additionally:

- The CEC 'Building Standards – Operational Procedures' document has not been revised in accordance with the Operational Framework for Building Standards Verifiers;

- Performance Management Information - design issues were identified that affected the accuracy of the reported first report 20 days target data.

- There is no documented procedure to ensure complete and accurate collection and collation of data from various sources for timely submission of KPO returns;

- Contingency Arrangements - there is currently no clearly defined process for implementation of contingency arrangements to deal with periods of high demand. Reported performance temporarily increased during Q1 2017-18 and shared working arrangements with Aberdeen and Argyll and Bute Councils were suspended. These arrangements were reintroduced in Q2 when reported performance declined;

- There was no evidence of quarterly updates, balanced scorecards and continuous improvement being submitted during financial year 2016-17. Additionally, an extension was requested for the Q1 2017 KPO submission; and

- The CEC website did not contain performance reports, balanced scorecards and continuous improvement plans for 2016-17 or the performance report for Q1 2017-18.

Business Implication	Finding Rating
• Service performance issues are not identified and actioned in a timely manner and are further exacerbated in periods of high demand; • KPO targets for performance and customer expectations may not be achieved in accordance with the Operating Framework targets and BSD expectations; • KPO information cannot be compiled in a timely and efficient manner and could be incomplete and / or inaccurate; • Quarterly statistical reports cannot be delivered on time to the BSD; and • If the required service improvements identified by the BSD are not implemented within the agreed timeframe the Scottish Government may elect to not extend or CECs verifier status.	**High**

Action plans	
Recommendation	**Responsible Officer**
1. Contingency arrangements should be defined, agreed, documented and implemented to support the service during periods of high demand, this may include the use of overtime, agency staff and shared service arrangements; 2. A documented procedure should be established detailing the relevant data sources and compilation process required to complete the quarterly KPO returns; 3. Performance data sources should be periodically reviewed and validated to ensure reports are complete and accurate following changes to the systems and reporting requirements; 4. Performance data should be added to the council website and updated with new performance reports as these become available; 5. A reporting timetable should be developed and implemented to ensure that KPO returns and Performance Reports are produced and reviewed prior to submission to the Scottish Government within the permitted timeframe; and 6. Opportunities to streamline the process of KPO report compilation should be investigated in line with potential enhancements to the Enterprise system.	Service Manager - Planning and Building Standards
Agreed Management Action	**Estimated Implementation Date**
1. Contingency arrangements are in place for overtime, shared services and agency staff. These arrangements will be documented.	30 March 2018
2. The process for quarter returns to Scottish Government has been documented. – Action Complete	30 March 2018 (IA Review)
3. Staff have been trained on the MS Access and Excel reporting process to ensure resilience in this area (completed by 31 December 2017). A process for reviewing these reports will be developed.	30 March 2018
4. Performance data is added to the Council's website every 3 months.	28 September 2018 (IA review)

5. A reporting timetable will be developed and implemented to ensure that KPO returns and Performance Reports are produced and reviewed prior to submission to the Scottish Government within the permitted timeframe and this will be added to the procedure in (2) above.	30 March 2018
6. The MS Access and Excel reports that are being used to records quarterly KPO stats will be replicated in Enterprise once the new case management system. However, in the interim, the MS Access and Excel reports are robust, provide accurate information and are simple to use. Therefore, delivery of these with Enterprise is not considered essential by Management at this time. – Action Complete	30 March 2018

5. Workload Allocation and Management

Findings

Our review confirmed that Building Standards workload allocation and management recommendations made by the Scottish Government's Building Standards Division (BSD) in their April 2017 report had not been addressed by the agreed implementation date and that actions had not been fully implemented in advance of their November visit. Specifically:

- Whilst the 'Enterprise System' has been implemented, it is not fully operational and management reports enabling effective oversight of workflow allocation and workflow management information cannot be generated;

- Work is allocated based on the professional judgement of line managers and spreadsheets linked to the Idox Uniform system used to manage building standards applications. The spreadsheets are used to track the volume and value of cases allocated to surveyors according to their staff grade. This is in contrast to documented procedures which state that work allocation should be based on a risk assessment procedure accounting for 12 factors including staff qualifications and experience, level of fee, complexity and risk associated with the work involved;

- Variations in the number of cases and values were identified between the workloads of staff at the same grade;

- Team members in the virtual team self-select their workload from pending applications. Whilst the virtual team service managers review the overall status of workload allocation and the number of outstanding applications, the current virtual team allocation process does not consider the complexity of applications or qualifications and experience of staff; and

- The current workload allocation process does not support identification and resolution of training needs.

Business Implication	Finding Rating
- Workflow allocation and management cannot be effectively monitored this resulting in inappropriate caseloads, applications being allocated to staff with insufficient expertise, missed Key Performance Outcomes and insufficient staff time to complete the required site visits and quality assurance activities; - The risks associated with ineffective workflow management are exacerbated by a quality assurance process which is not sufficiently embedded. - Training needs are not identified and resolved; and - If the required service improvements identified by the BSD are not	**High**

implemented within the agreed timeframe the Scottish Government may elect to not extend CECs verifier status.

Action plans	
Recommendation	**Responsible Officer**
1. Workflow management reports should be developed and implemented to enable management to appropriately allocate applications. 2. The workload allocation process should be reviewed, implemented and regularly monitored to ensure that a consistent workload allocation approach is applied by Team Leaders that considers the qualifications, experience, workload and performance of staff across all teams.	Service Manager - Planning and Building Standards
Agreed Management Action	**Estimated Implementation Date**
1. Management reports have been developed using MS Access and MS Excel. These enable managers to accurately track their team's work and ensure they can see allocations, workload and progress of particular cases. These reports have been adapted for individual members of staff. Both sets of reports are proving successful and allowing all staff to better monitor workload. As with quarterly reporting of KPO stats, because of the success of the MS Access and Excel reports, the delivery of these reports on Enterprise is not considered essential at this time, however it is intended to implement these by End 2018. A skills matrix is to be developed and implemented to allocate cases to appropriately skilled staff. 2. As part of the implementation of MS Access and Excel reports in (1) above, the monitoring of workload within teams and across the service has become more consistent. Coupled with the managers' knowledge of individual staff experience and qualifications, work is being allocated more evenly. – Action Complete	29 June 2018 30 March 2018 (IA Review)

6. Unsupported software and manual calculation of fees

Findings
Applications are submitted to the e-government website which is interfaced with CEC's Idox Uniform system that is used to manage applications. The version of Uniform used by Building Standards is not supported and has not been updated to reflect changes in fees, resulting in manual calculation of fees by transactions team members. Actual fees are then manually entered into the Uniform system. Fees are then quality checked on a sample basis by the Team Leader and Transactions Officer. Whilst, the quality assurance controls in place were found to be effective, the fee application process is not efficient and requires extensive manual intervention. As the version of Uniform used by Building Standards is no longer supported there is a risk it may not be compatible with future changes to the eBuilding Standards portal.

Business Implication	**Finding Rating**
• The manually calculated application fees are incorrect thereby leading to lost revenue or overcharging of citizens. • Additional resources are required to manually calculate fees and implement quality assurance. • Uniform may not be compliant with new legislative requirements, and citizens may be unable to submit applications electronically with an	**Advisory**

adverse impact on customer experience.

Action plans	
Recommendation	**Responsible Officer**
1. Investigate options to upgrade existing Idox Uniform software to ensure that the system is compliant with new legislative requirements and revised fee structure, and implement these changes as part of the Building Standards Continuous Improvement Programme.	Service Manager - Planning and Building Standards
Agreed Management Action	**Estimated Implementation Date**
1. The new Uniform system to be deployed by end September 2018 will the case management system is up-to-date in relation to legislative requirements including fee scales.	30 Sep 2018

Appendix 1 - Basis of our classifications

Finding rating	Assessment rationale
Critical	A finding that could have a: • ***Critical*** impact on operational performance; or • ***Critical*** monetary or financial statement impact; or • ***Critical*** breach in laws and regulations that could result in material fines or consequences*; or* • ***Critical*** impact on the reputation or brand of the organisation which could threaten its future viability.
High	A finding that could have a: • ***Significant*** impact on operational performance; or • ***Significant*** monetary or financial statement impact; or • ***Significant*** breach in laws and regulations resulting in significant fines and consequences*; or* • ***Significant*** impact on the reputation or brand of the organisation.
Medium	A finding that could have a: • ***Moderate*** impact on operational performance; or • ***Moderate*** monetary or financial statement impact; or • ***Moderate*** breach in laws and regulations resulting in fines and consequences; or • ***Moderate*** impact on the reputation or brand of the organisation.
Low	A finding that could have a: • ***Minor*** impact on the organisation's operational performance; or • ***Minor*** monetary or financial statement impact; or • ***Minor*** breach in laws and regulations with limited consequences; or • ***Minor*** impact on the reputation of the organisation.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Appendix 2 – Terms of Reference

Place

Terms of Reference – Building Standards

To: Paul Lawrence
Executive Director of Place

From: Lesley Newdall
Chief Internal Auditor   Date: 17th October 2017

Cc: Michael Thain, Head of Place Development
David Givan, Service Manager - Planning and Building Standards (East)
John Inman, Service Manager - Planning and Building Standards (West)

This review is being undertaken as part of the 2017/18 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2017.

Background
The City of Edinburgh Council is the Scottish Government appointed Building Standards verifier for the Edinburgh region. Verifiers are appointed in accordance with Section 7 of The Building (Scotland) Act 2003. Their role is to undertake independent checks to confirm compliance with building regulations. This principally involves assessing and approving building warrant (BW) applications, undertaking checks and inspections when building work is carried out, and accepting completion certificates (CC) once work has been satisfactorily completed.

The Council currently receives circa 5K BW applications and conducts between 10 – 13K inspections annually.

Verifiers are required to operate under the Scottish Government's Building Standards Verification Performance Framework (PF) which includes a range of key performance outcomes (KPOs) linked to the framework requirements.

The PF has also been supplemented with the 'Operating Framework for Building Standards Verifiers' (OF), which clarifies how PF requirements and KPOs can be achieved.

In December 2016, The Minister of Local Government and Housing wrote to the CEC Chief Executive raising concerns about the performance of the Council's Building Standards service based on evaluation of the quarterly statistical reports supplied by the Council to the Scottish Government's Building Standards Division (BSD).

The BSD subsequently visited the CEC Building Standards service in February 2017 to review the adequacy and effectiveness of their control environment in accordance with OF requirements.

A report detailing the outcomes of the visit ('Observation of the Operation of Verification Services') was issued on 7 April 2017. This contained 35 'detailed findings', 10 'areas requiring action' and 6 'recommended actions' which included 3 fundamental and 1 significant observations.

After considering the report outcomes, Scottish Ministers re-appointed City of Edinburgh Council as Building Standards Verifier from 1 May 2017 for a one year period up to 30 April 2018.

A further visit has been arranged by BSD for 7th - 8th November 2017 to re-assess current performance and progress with implementation of the findings included in the report.

Scope and approach
Our review will primarily assess whether the findings and recommendations made by BSD have been adequately addressed and are supported by suitable evidence in advance of their planned November visit.

We will also assess the adequacy of the design and operating effectiveness of the key controls supporting:
1. Implementation and operation of the recently established 'virtual team' to support workload allocation and management.
2. Manual calculation of fees (note that these were automated prior to a change in fees in July 2017), and
3. Progress towards implementation of a new software solution to support Building Control operations.

Limitations of Scope
Our scope will be limited to the areas detailed above. Consequently, we will not provide full assurance over compliance with applicable legislation or compliance with the Scottish Government's Building Standards Verification Performance and Operating Frameworks.

Approach
Our audit approach is as follows:
• Obtain and review the Scottish Government's (SG) 'Observation of the Operation of Verification Services' report to understand the actions required by the Building Standards Service Area;

• Obtain and review evidence provided by the Building Standards Service Area and assess whether this will be sufficient to meet SG expectations;

• Identify the key risks associated the Building Standards virtual team workload management and manual fee calculation processes;

• Evaluate the design of the controls in place to address the key risks; and

• Test the operating effectiveness of the key controls (where appropriate).

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

Sub-process	Control Objectives
Follow-up on Scottish Government Building Standards - Detailed Findings and Recommended Actions	The Council's Planning and Building Standards service has implemented the following actions to address the Scottish Government BSD detailed findings and recommended actions: • Introduction of management reports from the 'Enterprise System' which document workload and performance levels. • A process to manage deemed determination where building warrant applications are deemed to be refused if a first report is not issued within a period of 3 months form the date of receipt of application or applications are not determined within 9 months after the issue of first report and completion certificates are deemed to be refused if they are not accepted within 14 days of certificate submission, unless agreed otherwise. • A Process for allocation of received applications based on qualifications and expertise of BSS team members that also supports identification and resolution of training needs. • Introduction of a formal quality assurance process to check the accuracy of outcomes of BW application decisions and CC submissions, based on random sampling, with results documented and remedial action taken where required.

	• Review of the Construction, Compliance and Notification Process in conjunction with staff survey feedback for identification and subsequent implementation of process enhancements and training (e.g. policy development, staff training). • Completion and return of the Continuous Improvement Plan (CIP) to support quarterly KPO returns to the Scottish Government BSD. • Review and introduce version control on all published documents, in particular the Customer Charter. • Review the level of data published on the website to include performance rates and guidance on customer complaints about Building Standards issues. • Review literature to manage and inform customer expectations. • Consider re-introducing 'Fast Track' for BW under £5,000 and BW applications to undertake work to a dwelling to make it suitable for a disabled person. • Issue of first reports not meeting 20 days target
KPO Compliance	The Council has established procedures to ensure compliance with the following Key Performance Outcome (KPO) requirements: • Verifiers should have systems in place to support the accurate and timely collection and reporting of performance data against KPOs to the Scottish Government. • Performance should be assessed against targets for the relevant KPOs. Issues should be identified and actioned on an ongoing basis. KPOs should be reviewed every three years and any required changes to KPOs, targets and/or timescales should be implemented in order to maintain continuous improvement.

Other Scottish Government Requirements	• The council has complied with the following re-appointment terms of Building Standards Verifier:
	 1. A detailed report, outlining how the weaknesses identified in the BSD visit report will be prepared and submitted to the Scottish Government by 30 April 2017.
	 2. The City of Edinburgh Council's continuous improvement plan will include action to address the following performance aspects:
	   ➢ Consistency and level of turnaround times for issuing first reports, follow-up reports and Building warrants
	   ➢ Level of customer satisfaction with the verification service
	   ➢ Level of investment of Building warrant fee income into the verification service
	   ➢ Quarterly reporting to the Scottish Government
	   ➢ The council has documented processes to ensure compliance with requirements documented in the Operating Framework.
	   ➢ The council reviews and updates the building verification performance report at least quarterly, publishes it prominently on its website and submits the report to the Scottish Government as per applicable timelines.

Virtual team	• Confirm that controls implemented to support the operation of the 'virtual team' are adequately designed to support workload allocation and management.

Application Fee Calculation	• Assess adequacy and effectiveness of controls established to ensure completeness and accuracy of manually calculated application fees.
New Software Solution	• Confirm that the Building Standards Team Service Area is prioritising and progressing with implementation of a new software solution to improve efficiency and effectiveness of Building Control operations.

Internal Audit Team

Name	Role	Contact Details
Lesley Newdall	Chief Internal Auditor	lesley.newdall@edinburgh.gov.uk 0131 429 3216
Dheeraj Shekhar	Auditor	dheeraj.shekhar@edinburgh.gov.uk 07753458625
Callum Justice	Auditor	callum.justice@edinburgh.gov.uk 0131 469 3158

Key Contacts

Name	Title	Role	Contact Details
Paul Lawrence	Executive Director – Place	Review Sponsor	0131 529 7325
Michael Thain	Head of Place Development	Key Contact	0131 529 2426
David Givan	Service Manager - Planning and Building Standards (East)	Key Contact	0131 529 3679
John Inman	Service Manager - Planning and Building Standards (West)	Key Contact	0131 469 3721

Timetable

Fieldwork Start	19 October 2017
Fieldwork Completed	17 November 2017
Initial Discussion – Draft Observations (BSD Audit Readiness)	1 November 2017

Follow up process

Where reportable audit findings are identified, the extent to which each recommendation has been implemented will be reviewed in accordance with estimated implementation dates outlined in the final report.

Evidence should be prepared and submitted to Audit in support of action taken to implement recommendations. Actions remain outstanding until suitable evidence is provided to close them down.

Monitoring of outstanding management actions is undertaken via monthly updates to the Director and his executive assistant. The executive assistant liaises with service areas to ensure that updates and appropriate evidence are provided when required.

Details of outstanding actions are reported to the Governance, Risk & Best Value (GRBV) Committee on a quarterly basis.

Appendix 1: Information Request
It would be helpful to have the following available prior to our audit or at the latest our first day of field work:
• A sample Building Warrant, Construction Compliance and Notification Plan (CCNP) and Completion Certificate

• Building Standards Verifier reappointment letter, including any terms/requirements of reappointment
• Action Plan submitted to BSD after their review report dated 7 April 2017
• The list of periodical statistical reports submitted to BSD/Scottish Government detailing the performance of Building Standards service and a latest copy of those reports.

This list is not intended to be exhaustive; we may require additional information during the audit which we will bring to your attention at the earliest opportunity.

MEMBERS BRIEFING

BUILDING STANDARDS PERFORMANCE

MONDAY, 23 APRIL 2018

1. On 10 April 2018 the Minister for Local Government and Housing, Kevin Stewart MSP advised that the City of Edinburgh Council would be appointed as building standards verifier from 1 May 2018 for a further year subject to the full engagement with an Improvement Team and demonstrable in year performance improvement.

2. In discussion with the Scottish Government, the Council is in the process of appointing an Improvement Team of external advisers to provide additional advice, guidance and support to improve the performance of the Building Standards Service.

3. The Improvement Team advisers are:

   - **Len Murray** – Len has worked in local government for 42 years with 40 years in Building Standards. He has worked for Angus Council as Building Standards Manager for almost 30 years. He is a chartered Building Surveyor for 30 years and served as Secretary of SABSM (Scottish Association of Building Standards Managers) between 2005 and 2010. He also served on BSAC (Building Standards Advisory Committee) from 2008 until 2010. He has experience of Customer Service Excellence and ISO 9001:2015 (Quality Management Systems) and holds a formal audit qualification on ISO 9001:2015 and Agile Project Management.

   - **Russell Cartwright** – Russell has worked in local government for 35 years. In 1996 he was appointed as Principal Building Control Officer at South Lanarkshire Council. In 2005 he was appointed as Building Standards Manager at Falkirk Council until he was appointed as Acting Head of Environmental & Regulatory Services until he retired from local government in 2016. Russell is a member of RICS (Royal Institution of Chartered Surveyors) and holds a BSc (Hons) in Fire Risk Engineering.

   - **Steve Quinn** – Steve's expertise lies in change management. He has worked in the public and private sectors. Steve has worked throughout the UK and internationally, having completed projects in North America, the Middle East, Egypt, Africa, Bermuda and in mainland Europe. He has worked with local authority building standards services in the past.   Steve is a member of the NHS Scotland Coaching panel, administered by NHSES, and holds graduate and master's qualifications from Strathclyde University.

4. Len, Russell and Steve will work alongside the Council's Building Standards Team and support the service improvement project. Their experience, insight and advice will make an invaluable contribution to the Council's efforts to improve the service.

5. The first task of the Improvement Team will be to review the service improvement plan with a view to submitting a revised plan to the Scottish Government by the end of May 2018.

6. Significant improvement has been made since early 2017. In the last quarter the service responded to 74% of initial building warrant applications within the target timescale 20 days. 98% of initial applications for projects under £50,000 are now processed within the target timescale. At its lowest point towards the end of 2016 the service was responding to 10% of applications within the target timescale.

7. Improvement actions have included establishing partnership arrangements with Aberdeen and Argyll and Bute Councils to provide additional capacity to process applications. New staff have been recruited, including to new posts specifically designed to encourage recruitment from recently qualified graduates. A new dedicated team has been established to process applications for projects under £50,000 following a review of systems and processes.

8. Other work has taken place to update procedures and guidance, engage customers and involve staff in the process of improvement. There is still a considerable journey to take but there is confidence that the service is on an improving track though admittedly from a very low base.

9. On 17 August 2017 Planning Committee considered a report on the improvement plan for the building standards service. Since then further audits of the service have been undertaken by both the Scottish Government's Building Standards Division and the Council's Internal Audit team. Reports on these audits and the services improvement plans are due to be considered by the Council's Governance, Risk and Best Value Committee and Planning Committees in May.

10. Priorities for the service include improving timescales, quality assurance guidance and processes, customer engagement and staff development.

11. For further information please contact Michael Thain, Head of Place Development on 0131 529 2426 or at michael.thain@edinburgh.gov.uk or David Givan, Planning and Building Standards Manager on 0131 529 3679 or at david.givan@edinburgh.gov.uk.

Governance, Risk and Best Value Committee

10.00am, Tuesday 8 May 2018

Internal Audit Report – Historic Internal Audit Findings

Item number	7.3
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

The purpose of this paper is to provide Committee with an update on the validation exercise which has been carried out to establish whether the Council is exposed to significant service delivery risks relating to audit activity from 1 April 2015.

An audit risk was identified within Internal Audit (IA) in relation to follow up; recording; and closure of findings raised since 1 April 2015. Consequently, IA has been non-compliant with Public Sector Internal Audit Standards (PSIAS) requirements.

Appropriate actions to address the historic service delivery risks have been agreed with the Corporate Leadership Team (CLT), and a total of 30 historic findings will now be reopened as 'overdue' with implementation progress to be tracked as part of the IA follow up process.

These will be in addition to the 22 open findings raised in 2015/16 and 2016/17 that were already being reported as overdue to the Committee.

The service delivery risk will be reflected in the Chief Executive and Executive Director Annual Governance Statements for 2018/19 and in the Corporate Leadership Team Risk Register. The service delivery and audit risks will also be reflected in the 2017/18 IA annual opinion.

This report reinforces the importance for all service areas to take ownership for and address audit findings in a timely manner to effectively manage service delivery risks within an environment of effective and sustained operational controls.

Report

Internal Audit Report – Historic Internal Audit Findings

1. Recommendations

1.1 The Committee is recommended to note:

1.1.1 the significant service delivery risks associated with historic IA findings that have not yet been implemented, or which have been implemented and not sustained by service areas;

1.1.2 the audit risk associated with historic IA operational failings and non-compliance with PSIAS; and

1.1.3 the actions agreed by the Corporate Leadership Team (CLT) to address the historic service delivery risks.

2. Background

2.1 IA activities should be performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS).

2.2 Both PSIAS (section 2500) and International Internal Audit Standards applied by the Institute of Internal Audit require Internal Audit teams to monitor the outcomes of audit engagements to ensure that actions have either been implemented effectively (follow-up) or that management has accepted the risk.

2.3 The Council's IA Charter 2017/18 stated that 'Internal audit will track the status of all open recommendations. Medium and High rated recommendations that are overdue will be reported to the GRBV committee on a quarterly basis. IA will advise departments at least quarterly of all open recommendations and invite departments to provide evidence that the recommendations have been actioned'.

2.4 IA completed a total of 60 audits between 1 April 2016 and 31 March 2017, and raised a total of 175 IA findings (1 Critical; 48 High; and 126 Medium). These were supported by IA recommendations and management actions which were agreed by service areas to address the control gaps identified.

2.5 Of these 153 (87%) - 1 Critical; 44 High; and 108 Medium - had been closed by IA as part of their ongoing follow up process.

2.6 The Committee should note that any Low rated recommendations raised in the period have been excluded from the analysis included in this paper.

3.   Main report

3.1   In November 2017 completion of an internal quality assurance file review indicated that IA had not effectively and consistently performed and recorded their follow-up of agreed management actions to support closure of audit findings raised in audit reports since 1 April 2015, and were potentially non-compliant with PSIAS.

3.2   The review was risk based and covered all High and a 20% sample of the Medium Findings that had been raised between 1 April 2015 and 31 March 2017 and were subsequently recorded as being closed.

3.3   The issue was highlighted to CLT in November 2017, and it was agreed that IA would perform a retrospective validation exercise across all Service Areas during December 2017, using a sample of reports that included findings previously closed by IA. The objective of this review was to determine whether the gaps identified were limited to an operational failing within IA, or whether the Council was exposed to a wider historic service delivery risk.

3.4   The sample validation exercise involved review of 7% of all audit reports issued in 2015/16 and 2016/17 that included High and Medium rated recommendations. The outcomes of the review were presented to CLT in January 2018, and concluded that, based on the sample reviewed, that Service Areas had either failed to implement agreed management actions, or had failed to sustain them once implemented. Consequently, the Council was to remain be exposed to the risks previously identified by IA.   These issues had not been identified earlier due to weaknesses in the IA follow up process, which are now being addressed.

3.5   In January 2018, the CLT agreed that Directorates would self-attest to both Internal Audit and CLT by the end of February 2018 as to whether management actions to address High and Medium rated findings included in Internal Audit reports issued between 1 April 2015 and 31 March 2017 had been implemented and sustained; implemented but not sustained; not implemented; or were no longer applicable. Explanations were to be provided where exceptions were identified.

3.6   A separate review was added to the 2017/18 IA plan to validate whether the 9 findings raised in the IA review of 'Contract Management - Edinburgh Building Services and Housing Asset Management' audit completed in August 2016 (5 High; 2 Medium; 1 Low; 1 Advisory) had been effectively implemented and sustained. This review has now been completed, and the draft report has been shared with management.

3.6.1   Testing confirmed that that three High rated findings had only been partially implemented and should not have been closed.

3.6.2   Reflecting the progress made by Housing Property Services in implementing their agreed management actions, the remaining elements of the first 2 High findings raised have been consolidated, and the remaining High rated finding reduced to a Medium. Consequently 2 historic findings, (1 High and 1 Medium)

have been reopened, and included in the overall total of 34 historic IA findings to be reopened.

3.7 A further 4 High and 1 Medium rated findings were also excluded from both exercises as IA were satisfied that they had been satisfactorily closed. Further detail is included at Appendix 1.

3.8 As at 2 May 2018 senior management attested that 66% of the historic findings had been properly implemented and sustained and that a further 4% are no longer applicable. This attestation process also confirmed that agreed management actions required to address a total of 10% of the population of IA findings (15% of the 48 High; and 9% of the 126 Medium rated findings) had either not yet been implemented, or implemented but not sustained for a further 7% (8% of the 48 High and 6% of the 126 Medium rated findings). The remaining 13% of IA findings from the period are part of the findings that are already reported to the Committee as overdue. Further detail is included at Appendix 2.

3.9 The outcomes of the self-attestation exercise confirmed that the Council is exposed to a significant historic service delivery risk that must now be addressed.

3.10 In January 2018, the CLT agreed the following actions to address the outcomes of the self-attestation exercise:

3.10.1 any High or Medium rated findings where management actions were not implemented, or implemented and not sustained would be reopened; recorded as overdue; and tracked through the Internal Audit monthly follow-up process;

3.10.2 CLT and Directorate risk registers would be revised and refreshed to reflect historic service delivery risks that could potentially crystallise; and

3.10.3 an appropriate reference to IA recommendations not implemented, or implemented and not sustained would be agreed and included as a caveat in the Annual Governance Statement prepared by each Directorate.

3.11 Consequently, a total of 30 historic IA findings (11 High and 19 Medium) will now be reopened as overdue and tracked as part of the monthly IA follow-up process. This will be in addition to the 22 Findings (3 High and 19 Medium) currently reported as overdue from 2015/16 and 2016/17. Analysis of the 30 historic findings by Directorate is included at Appendix 3.

3.12 Additionally, the historic service delivery risk and audit risk will be reflected in the Council's 2017/18 IA annual opinion.

3.13 The validation audit included in the 2018/19 IA plan will assess the accuracy of Directorate self-attestations and the effectiveness of action taken to address findings raised in historic IA reports. This review will revisit a sample of historic IA findings that Executive Directors have attested as having been implemented and sustained. Where control gaps are identified, the original audit recommendations will be re-opened, reported as 'overdue' and tracked through the monthly Internal Audit follow-

up process. A formal audit report will also be produced and shared with CLT and GRBV detailing the review outcomes.

3.14 PwC, the Council's contracted co-source provider for the period in question will be assisting the Council in rectifying the position moving forward, at no cost to the Council.

4. Measures of success

4.1 Appropriate action is taken by Directorates and Service Areas to address historic service delivery risks associated with IA recommendations that have not been implemented, or implemented and not effectively sustained.

5. Financial impact

5.1 Potential financial risks associated with historic IA findings that have not been addressed (please note that these have not been quantified, but are not expected to be material as financial risk is also subject to review by external audit), and the costs associated with time required to address the historic position for both Services Areas and IA.

6. Risk, policy, compliance and governance impact

6.1 Audit risk and non-compliance with Public Sector Internal Audit Standards.

6.2 Historic Risks identified by IA have not been effectively addressed and mitigated by Service Areas.

7. Equalities impact

7.1 Not applicable.

8. Sustainability impact

8.1 Not applicable.

9. Consultation and engagement

9.1 The Council's Corporate Leadership Team and relevant conveners and all political groups have been briefed in relation to the issues noted in this paper.

10. Background reading/external references

10.1   Public Sector Internal Audit Standards: [Public Sector Internal Audit Standards](#)

10.2   Institute of Internal Audit: [Institute of Internal Audit](#)

10.3   Internal Audit Charter: [Item 7.3 Internal Audit Charter](#)

10.4   Internal Audit Annual Plan: [Item 7.2 Internal Audit Annual Plan 2018/19](#)

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11. Appendices

Appendix 1 – Findings excluded from the scope of the IA quality assurance review and self-attestation

Appendix 2 – Analysis of historic population as at 2 May 2018

Appendix 3 - Analysis by of findings to be reopened by Directorate as at 2 May 2018

Findings excluded from the scope of the IA quality assurance review and self-attestation

1. Property Maintenance audit - 1 High finding was appropriately closed on the basis that management accepted the risk after an additional £2m was added to the Council budget for property maintenance for 2015/16 and 2016/17. Approved by Finance & Resources Committee on 14 January 2016. (Report 7.6: para 3.34).

2. Contract Management Roads audit (3 Highs) closed on the basis of a paper to GRBV on 9 March 2017 from IA recommending that all outstanding actions are closed as they were superseded by the Edinburgh Roads Service (ERS) Improvement Plan; and

3. Governance Arrangements, Arms-Length Companies audit (1 Medium) was appropriately closed following a report taken to full Council on 30 June 2016 (Item 8.2) setting out revised governance arrangements.

Analysis historic population as at 2 May 2018

Table 1: Analysis based on the full population of 174 IA findings raised

	High	%	Medium	%	Total	%of total
Findings currently reported to CLT and GRBV as overdue	3	6%	19	15%	22	13%
Not Implemented	7	15%	11	9%	18	10%
Implemented not sustained	4	8%	8	6%	12	7%
Implemented and sustained	30	63%	84	67%	114	66%
No Longer Applicable	4	8%	4	3%	8	4%
Totals	**48**	**100%**	**126**	**100%**	**174**	**100%**

Analysis by of findings to be reopened by Directorate as at 2 May 2018

Directorate	High	Medium
Resources	2	5
Communities and Families	1	1
Health and Social Care	4	5
Place	2	3
Chief Executive's Service - Strategy and Insight	2	5
Total	**11**	**19**

Governance, Risk and Best Value Committee

10.00am, Tuesday, 8 May 2018

Accounts Commission report on Edinburgh Schools

Item number	7.4
Report number	
Executive/routine	
Wards	
Council Commitments:	

Executive Summary

The purpose of this paper is to highlight to Committee that the Accounts Commission has recently published a report in relation to Edinburgh Schools and in particular the closure of multiple schools in 2016.

The Accounts Commission report dated 3 April 2018 is attached in the Appendix to this report.

It should be noted that the Accounts Commission report only looks at historical issues and this report does not contain any details in relation to the recent concerns about inspections at Oxgangs Primary School. These and other contractual issues regarding the Council's relationship with the Edinburgh Schools Partnership will be reported to Council or appropriate Committee later this year.

Report

Accounts Commission report on Edinburgh schools

1. Recommendations

1.1 The Committee is requested to note the content of the Accounts Commission report.

2. Background

2.1 The Code of Audit Practice requires auditors, at the conclusion of each year's audit, to produce a report summarising the significant matters arising from the audit.

2.2 The annual audit report for City of Edinburgh Council for 2016/17 from Scott Moncrief provided an update on a number of significant matters in which the Accounts Commission has an interest. One area related to the large scale closure of schools in Edinburgh following the collapse of a section of brickwork wall at Oxgangs Primary School.

2.3 The Controller of Audit decided to use their reporting powers to bring this issue and subsequent developments to the Commission's attention.

3. Main report

3.1 The report by the Accounts Commission is attached in the Appendix to this report and its content and conclusions are self-explanatory.

3.2 By way of further update, the Council continues to take comprehensive legal advice in relation to the contract and the obligations of ESP. The Council remains in complex negotiations with ESP with regard to the initial incident and school closures in 2016, the issues highlighted by Professor John Cole in his independent report and the latest issues identified across the PPP1 estate. Whilst recognising the inherent complexity of the contractual arrangements, the Council's position remains that ESP will be held fully accountable for any failures in the provision of services to the Council and where necessary and appropriate formal legal action will be taken.

3.3 With regard to the inspections of the wider estate, the Council will continue to take appropriate action where issues are identified. A further update on progress will be provided to Corporate Policy and Strategy Committee later this year.

It should be noted that the Accounts Commission report only looks at historical issues and this report does not contain any details in relation to the recent concerns about

inspections at Oxgangs Primary School.   These and other contractual issues regarding the Council's relationship with the Edinburgh Schools Partnership will be reported to Council or appropriate Committee later this year.

4.   Measures of success

4.1   The report notes that he council responded in a fast, transparent and comprehensive way to the events in 2016.

5.   Financial impact

5.1   There are no financial impacts arising directly from this report.

6.   Risk, policy, compliance and governance impact

6.1   Failure to properly maintain the Council's property estate could have significant risk implications for the Council.   This risk is being actively managed.

7.   Equalities impact

7.1   None.

8.   Sustainability impact

8.1   None.

9.   Consultation and engagement

9.1   Not applicable.

10.   Background reading/external references

10.1   [City of Edinburgh Council – 2016/17 Annual Audit Report to the Council and the Controller of Audit](#)

Stephen S. Moir

Executive Director of Resources

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11. Appendices

Appendix 1 – Report by the Accounts Commission into Edinburgh Schools

Appendix 1

Link to the [Report by the Accounts Commission into Edinburgh Schools](#)

Governance, Risk and Best Value Committee

10.00am, Tuesday, 8 May 2018

Corporate Leadership Team Risk Update

Item number	7.5
Report number	
Executive/routine	
Wards	All
Council Commitments	

Executive summary

The Council's risk management framework seeks to ensure that risks to and within the Council are effectively managed, reviewed and updated through quarterly Risk and Assurance Committees held at both Directorate and Corporate Leadership Team (CLT) levels.

The information presented in this report reflects the Council's top risks and the key controls in place to mitigate them as at 4 April 2018. These risks and the associated controls have been scrutinised and challenged by the CLT and are presented to the Governance, Risk and Best Value Committee ("GRBV") for oversight and review.

Report

Corporate Leadership Team Risk Update

1.   Recommendations

1.1   To review and scrutinise the CLT Risk Update and be assured by the risk management framework, controls and mitigations in operation.

1.2   To request, where appropriate, further updates from relevant officers to discuss the key risks and mitigating actions identified.

2.   Background

2.1   The Governance, Risk and Best Value Committee is responsible for monitoring the effectiveness of the Council's risk management arrangements.

2.2   The Council has an Enterprise Risk Management Policy and Risk Management Procedure in place which describe why, when and how risk management should take place. This policy was approved in 2015 and has been reviewed annually since (as reported to Corporate Policy and Strategy Committee in August 2017).

2.3   The purpose of this report is to provide an update to the Committee on the key risks currently facing the Council and the work being undertaken to reduce the level of risk within the Council.

2.4   Some risk and associated mitigation measures lie outside the control of the Council, for example government policies and police activity in relation to counter-terrorism. The Council's risk management framework seeks to reduce the Council's exposure to risk where practicable and proportionate, recognising that some mitigation measures may be the responsibility of third parties.

2.5   The CLT Risk Update was last presented to the GRBV Committee on 16 January 2018.

3.   Main report

3.1   During the last quarter, risks have been reviewed at Risk Management Groups, Service Management Teams, and Risk and Assurance Committees within each Directorate. The top risks have been escalated to the CLT Risk and Assurance Committee for oversight, scrutiny and confirmation of scoring, in accordance with the Council's risk management framework.

3.2   The information in this report and presented in the appendices reflects the Council's top risks and the key controls in place to mitigate them, as at 4 April 2018.

Governance, Risk and Best Value Committee – 8 May 2018

3.3 Three new risks have been added to the CLT Risk Register since the last CLT Risk Update. These are 'Tram extension project', 'Housebuilding programme' and 'ICT capabilities'. The Council's current top risks are considered to be 'Health and social care', 'Capital asset management' and 'ICT capabilities'.

3.4 In January, the CLT risk register was reported to GRBV. It contained two distinct risks ("Transformation and Change agenda" and "Maintaining services with less resource"). From discussion at CLT, given the inherent link between the two risks, it was decided to merge these into a single risk "Change" and this is reflected in the attached risk register.

3.5 Due to the way the risks are scored, a number appear in the 'red zone'. It should be noted that it may not always be practicable or proportionate to undertake mitigation measures which reduce the scoring to a level that risks move out of the 'red zone'.

3.6 Improvements to the risk management framework, based upon good practice in the public and private sector, are being continually reviewed and considered for implementation as part of continuous improvement. These are designed to refine and enhance several areas of the risk management framework and will be documented in the next update of the Policy and Procedure documents.

3.7 Since the last CLT Risk Update on 16 January 2018 the City was affected by periods of severe winter weather. This has been considered in a risk management context and discussed at the CLT Risk and Assurance Committee, and noted in the risk register as part of the 'Major incident' risk.

3.8 The Corporate Risk Team is currently undertaking work to implement risk management software to harmonise and streamline the escalation and reporting of risk across the Council.

Internal Audit Validation

3.9 Committee will note that a separate report on this agenda identifies a concern about effective closure of historic audit actions.

3.10 The specific issue around audit risk has already been added to the Resources risk register and mitigating measures are already in place to ensure that the Council is Public Sector Internal Audit Standards compliant.

3.11 The full extent of the service delivery risk to the Council as a result of historic management actions remaining unimplemented is being actively assessed by all service areas. A risk around process failure in relation to implementation of management actions will be added to all Directorate risk registers. In addition, where appropriate, specific additional risks will be added to Directorate risk registers to reflect ongoing risks from specific audit findings pending closure of the relevant audit findings and associated actions.

4. Measures of success

4.1 Effective risk management aims to ensure that key risks to the Council are identified, managed, and communicated appropriately and that suitable controls are put in place to mitigate risks to acceptable levels.

5. Financial impact

5.1 There is no direct financial impact arising from this report.

5.2 Control measures to mitigate risk may have an associated cost which is to be funded from existing budgets in the first instance.

6. Risk, policy, compliance and governance impact

6.1 Effective risk management aims to improve performance against objectives by contributing to more efficient use of resources, reduction in management time spent dealing with sudden shock events and more focus internally on doing the right things properly.

6.2 By its very nature risk management cannot guarantee to protect against every possible negative consequence. Even with a perfectly-functioning risk management framework, events considered significant or untoward with a low likelihood may still occur, resulting in significant negative consequences.

7. Equalities impact

7.1 There are no direct impacts upon equalities arising from this report.

8. Sustainability impact

8.1 There are no direct impacts upon sustainability arising from this report.

9. Consultation and engagement

9.1 As part of the Council's risk management framework the information in the appendices has been discussed, challenged and agreed by the CLT.

10. Background reading/external references

10.1 Corporate Leadership Team Risk Update: report to GRBV 16 January 2018

10.2 Policies Assurance Statement – Legal and Risk, report to Corporate, Policy and Strategy Committee, 8 August 2017

Stephen S. Moir

Executive Director of Resources

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11.   Appendices

Appendix 1 – CLT Top Risks with Key Controls and Further Actions as at 4 April 2018

Appendix 2 – CLT Top Risks Heatmap

# Appendix 1 - CLT Top Risks with Key Controls and Further Actions as at 4 April 2018

	Risk description	I	L	Key Controls	I	L	Key Further Actions
1	**Health and Social Care** Increased demand for services and associated demographic changes results in significant financial pressures which, when compounded by historic funding arrangements and traditional service models, creates a significant risk that the Council fails to implement and/or deliver appropriate health and social care arrangements, as required by the Edinburgh Integration Joint Board (EIJB). The potential impact of failure to manage this risk effectively could include direct harm to people, safeguarding breaches, inappropriate or insufficient care packages being offered and significant reputational damage to the Council with additional impact on funding of other Council budgets.	5	4	• Scrutiny of health and social care performance, delivery and risk management by Governance, Risk and Best Value Committee (GRBV) and Corporate Policy and Strategy Committee (CP&S) • A detailed health and social care improvement plan has been developed by the Interim Chief Officer for the Health and Social Care Partnership which will ensure focus on improvements, reducing risk and achieving better outcomes for service users. • Access to external experts for capacity and capability and knowledge sharing • Partnership working with service areas and IJB (IJB Procurement Board) • The Council's Chief Internal Auditor is also the Chief Internal Auditor for the IJB thereby ensuring auditing of key risks	5	4	• A series of key senior appointments have been made to strengthen and enhance the leadership capacity and capability within the Health and Social Care Partnership and Integration Joint Board, to drive the improvement plan and address risks. These appointments include a new Chief Officer, a substantive Chief Financial Officer and a Head of Operations. The appointees will all be in post in June 2018.Implementation of Health and Social Care Improvement Programme initiated in December 2017

2	**Capital asset management**
	Due to the age of a number of properties across the Council's operational estate, there is risk that properties are not of a sufficiently safe and sustainable standard for their continued use, potentially resulting in structural failures and/or negative health and safety consequences for staff, service users or members of the public. Associated with this, the Asset Management Strategy requires that decisions are made to dispose of properties in a planned manner. The risk associated with the implementation of the strategy is that disposal decisions are not made in a timely manner, which results in additional costs pressures for both the capital and revenue budgets and consequently demographic pressures cannot be responded adequately to by the property portfolio, particularly for education and health and social care services.
		5	5	• Committee approved Asset Management Strategy and Asset Management Works budget in place and regular oversight and reporting of progress to the Finance and Resources Committee takes place
				• 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 rolling condition surveys
				• Wider inspections following Professor Cole report
				• Increased scrutiny of PPP1 estate and contractual delivery
				• Corporate Health and Safety Policy
				• Asbestos, Fire Safety and Water Safety Policies
				• Initial Condition Survey of all premises completed
				• Public and employers' liability insurance policies
				• Significant additional funding committed to property repair through budget process
				• Commissioned first year of programme of upgrade works, focussing on areas of greatest need
				• Statutory compliance testing
					4	4	• Procurement underway for contract to inspect all boundary walls. Complete by December 2018.
							• Further activities as approved at Finance and Resources (F&R) Committee on 27 March 2018, including:
							  o Programme of ceiling inspections
							  o Programme of high level inspections
							  o Introduction of Planned Preventative Maintenance regime
							  o Programme of fire door inspections
							  o Condition management works at potential Wave 4 schools

3	**ICT capabilities** Despite increased scrutiny, and robust performance and contract management arrangements within the Council, there is a risk that the level of ICT service provided to the Council by its external partner remains below that required for the Council to transform and enable its services digitally in an effective, efficient, and secure manner, or in line with planned savings. This risk includes reliability and availability of the network, applications, and software, as well as maintaining necessary security accreditation required to deliver Council services.	5	5	• • Governance arrangements for the performance, delivery and assurance of the contract for ICT Services and Transformation includes: weekly, monthly and quarterly contract management reviews. • Specific improvement plans for Security, Service and Change are in operation and being scrutinised by the Council regularly. • The Change Portfolio and Change Board reporting arrangements as part of revised approach to Major Programmes and Projects ensures monthly oversight and review of the ICT Programme key projects relating to Customer Transformation and Business Transformation (such as ESP). • The Council is ensuring that appropriate commercial and contractual levers are being applied to the delivery of the contract to both incentivise and penalise external suppliers of ICT related services appropriately. • The Governance, Risk and Best Value Committee now receives regular status updates on the ICT Programme to ensure member oversight, scrutiny and challenge of both Council and CGI staff in respect delivery. • The Council is taking appropriate professional and technical advice to ensure it is managing the contract robustly.	4	4	• • A new weekly risk review and escalation process has been introduced by the Council's ICT Service to ensure that matters are escalated to the weekly Executive Review meeting on a timely basis. • The Council has increased the resource allocation to the in-house ICT Service to create greater capacity and capability to manage the contract effectively. • Additional external Audit support for reviewing the progress of CGI ICT Cybersecurity arrangements and contract management of the Council's ICT provision has been commissioned. • The Council has established an action plan and steering group to deliver the Public Sector Cyber Security Action Plan provisions from the Scottish Government
4	**Change** Key deliverables, benefits and timescales for achieving change across the Council and third party suppliers may not be achieved in line with business expectations, governance and assurance requirements, budgets and resources. This may result in adverse impacts on service delivery, the Council's finances and reputation. The anticipated need for further savings to deliver balanced budgets may create additional material financial and service delivery pressure on our infrastructure,	5	5	• Council Change Strategy being further developed/refined and aligned to the Business Plan • Improved programme and project governance being applied through the CLT Change Board and new Business Case gateways process • Plans for the key projects in terms of scoping and resources being reviewed • Key transformation programmes supported by Programme / Project Management expertise • Effective Long-Term Financial Planning in place, aligned to the Council's Business Plan and Performance Framework • Provision for demographic change built into long term financial planning assumptions	4	4	• Implementation of Change Strategy and enhanced programme governance and business case approvals • Clear and robust programme/project plans • Greater focus on delivery assurance and benefits realisation • Refreshed Directorate Business Plans to be produced • Revised Council Performance Dashboard/Framework to be considered by Council • Annual External Audit of Council's Financial Planning and Long-Term assumptions to be reported

#	Risk			Controls			Further Actions
	capital and revenue budgets and the execution of the Council's business plan, with the associated adverse reputational impact.			• Regular review of financial challenges and assumptions with Members Budget Core Group and Finance and Resources Committee • Monthly Performance Dashboard reporting to Directorates • Savings and implementation plans are monitored and reviewed, monthly budget reporting • GRBV scrutinises Council Finance and Performance outcomes, assumptions and delivery			
5	**Major incident** A sudden high impact event causes harm to people and damages infrastructure, systems or buildings. Buildings, staff and/or systems are non-operational for a time, resulting in a reduced ability to deliver services. Failure to deliver an appropriate level of service in the event of a sudden operational requirement may lead to harm to people and reputational damage to the Council.	5	5	• Council Business Continuity and Emergency Plans are in place • All Chief Officers have been briefed about the Council's Incident Management response arrangements and on-call responsibilities • Appropriate expertise and capability in place via the Council Resilience Team • Information Technology Disaster Recovery (IT DR) arrangements are in place and being tested for core ICT services. • Effective and regular liaison and partnership working between the Council and other responder organisations at a local and national level including contingency planning for major events • Business Impact Assessments being put in place for all Services • Externally contracted services include DR and business continuity provisions • Lessons learned from key events including recent winter weather	4	4	• Council participation in multi-agency scenario testing of emergency plans • Rolling programme of IT disaster recovery tests being undertaken. • Work to assess shadow IT Disaster Recovery arrangements is being progressed.
6	**Information Governance** A loss of data from the Council's control could result in fines, claims, loss of public trust and reputational damage. This risk takes into account the new requirements arising from the new General Data Protection Regulation due to take effect in May 2018.	5	5	• Refreshed Information security policy introduced • Laptop and media encryption • Service automation controls in place • IT Security Managed Service procured with requirements to adopt CESG (Communications Electronics Security Group – now part of the National Cyber Security Centre) and ISO (international standards) best practice approaches and improve the security defences, monitoring and awareness of the security threat landscape • Leavers process includes removal of access to IT applications • GDPR Implementation Plan and actions in place, led by Strategy and Insight. • Cybersecurity campaigns • Internal Audit testing of cybersecurity. • Suite of information governance policies and procedures • GDPR compliance audits undertaken by Information Governance between January to March 2018.	3	5	• Assess impact of delays in delivery of IT systems • Monthly MI demonstrating any threats. • Implementation of management actions following GDPR compliance audits • Implementation of SharePoint technology to improve security and storage arrangements. • The Council has increased the resource allocation to the in-house ICT Service to create greater capacity and capability to manage the contract effectively. • Additional external Audit support for reviewing the progress of CGI ICT Cybersecurity arrangements has been commissioned. • The Council has established an action plan and steering group to deliver the Public Sector Cyber Security Action Plan provisions from the Scottish Government
7	**Customer experience and expectations** Customer dissatisfaction around delivery of citizen facing services (e.g. waste management, roads, etc.) may lead to an increase in complaints with consequential financial pressures and reputational damage.	4	5	• Waste Services Improvement Plan in place and being progressed • Roads Service Improvement Plan in place and being delivered • Customer Transformation Programme being delivered in partnership with front-line services, with appropriate external support. • Customer Skills Training being deployed across all Customer Contact Centre staff • Improved social media skills and capability being jointly delivered by Communications and Customer • Channel Shift and Process Automation aspects of the Customer Transformation Programme are being delivered to improve accessibility and responsiveness of services • Corporate Policy and Strategy Committee receives regular reports and updates on Customer Transformation and Customer Contact Centre improvements and service delivery • A review of risks around contractor failure as reported to GRBV in February 2018 highlights no current significant risk exposure based on known information.	3	4	• Improvements to Council Complaints and Feedback Policy and handling arrangements • Citizen Panel to provide feedback on customer experience and service improvements • Enhancements to Council social media responses to issues and proactive campaigns, such as during the Edinburgh Festivals • Delivery of improved customer contact service performance • Review of complaints policy and complaints management undertaken by Strategy and Insight.
8	**Health and Safety (H&S)** There is a risk of non-compliance with the Council's legislative requirements and associated suite of health and safety policies and/or failure to comply with procedures or applicable legislation which could lead to an incident resulting in harm to staff, service users or members of the public, liability claims, regulatory breaches, fines and associated reputational damage.	5	4	• Progress on Corporate H&S Strategic Plan is reported annually to CLT and Finance and Resources Committee. • Rolling H&S audit programme identifies areas for improvement • H&S performance is measured and reported to CLT Risk and Assurance Committee quarterly, Council H&S Group and Directorate -level H&S Groups • H&S risks and issues reported to CLT on a weekly basis and H&S is a standing CLT agenda item • Corporate H&S Training programme available across the whole organisation and completion figures are reported quarterly to CLT Risk and Assurance Committee quarterly, Council H&S Group and Service-level H&S Groups • H&S is part of the Council's Induction Programme • Asbestos Policy was approved by Committee and published on 1 November 2017 • Fire Safety Policy was approved by Committee and published on 1 November 2017 • Significant improvement demonstrated over last 3 years as set out in March 2018 F&R Committee report	4	3	• Greater uptake and attendance at H&S training sessions. • Roll out of IOSH accredited Leading Safely course to CLT and WLT members. • Implementation of phase 1 of the new FM Service • Delivery of 3-year Corporate H&S Strategy 2018-2020 • Improvements to H&S pages on the Orb • Water Safety Policy updated and endorsed by CLT prior to consideration by Committee in May 2018. • Corporate Health and Safety providing expert advice and input into key areas of potential risk, including the transition to the new Occupational Health contract and focussed attention on issues of Health Surveillance across the Council's workforce.
9	**Homelessness**	5	5	• Homelessness Task Force established and meeting monthly. • Extending private sector leasing scheme into 2019	3	4	• Discussion with Scottish Government to access funding from National Task Force

	Due to planned welfare changes, the introduction of Universal Credit, changes to the benefit payment process, and a buoyant private rented market, greater demands will be placed on homelessness services across the city. Move-on, permanent accommodation for homeless people is not sufficient to meet this demand and there is insufficient capacity in temporary accommodation, leading to more people rough-sleeping or in sub-standard conditions, and to breaches in the Council's statutory duties.			• Progress reporting and oversight via the Housing and Economy Committee each cycle		• Implementation of the plan to be set by the Homelessness Task Force
10	**_Major Programme and Project Delivery and Assurance_** The Council is unable to ensure the effective management and successful delivery, on time and budget, of major programmes and projects. This risk also outlines the need for the Council to prioritise and deploy project delivery resource effectively, according to business needs, ensuring that benefits are realised and learning is shared effectively across all delivery activity.	4	4	• Delivery of major programmes and projects to be given oversight via the relevant Executive Committees and the Governance, Risk and Best Value Committee. • CLT Change Board to provide monthly portfolio management and oversight for all programmes and projects, supporting by a clear project dashboard. • Ongoing review of project management capacity and capability within Strategy and Insight. • All significant change to have an approved business case detailing resources and skills required to deliver •	3	3	• Ongoing Implementation of Internal Audit recommendations relating to Change Management. • Implementation of recommendations from change management reform report agreed at committee • Completion of the Strategy and Insight Service review, to provide dedicated programme and project management capacity and support
11	**_Tram extension project_** There are risks to the delivery of the proposed tram extension project, including reputational risks to the Council. Although the Council has not yet committed to this project it is now considered appropriate to report it as a risk.	3	5	• Governance arrangements in place as appropriate to the current status of the project • Council due to consider updated Business Case in advance of vote • Lessons learned from the Edinburgh Tram Inquiry to be considered at all appropriate opportunities • Public consultation underway	3	3	
12	**_Workforce Capacity and Capability_** The risk is that the Council is unable to recruit, retain, develop, engage and reward its employees effectively, including those in specialist roles to enable service delivery in a sustainable and affordable manner. There is a risk that the Council does not have adequate arrangements in place for the support and monitoring of Armed Forces reservists within the workforce	3	5	• Council People Strategy provides strategic priorities for workforce management and development. • People Plans developed for each Directorate of the Council. • Deployment of effective learning and development, including staff induction and new line manager induction sessions. • Commitment to Living Wage • Use of a new candidate portal. • Support for the Armed Forces Reservists Project and an update to the Armed Forces Reservists Policy and Guidance has been completed,	2	4	• Implementation of new recruitment campaign for teaching staff. • Further development and review of HR policies and procedures to ensure these are agile, enabling and support recruitment and retention. • Finalisation of leadership development approach for the Council. • Employee Survey to be undertaken in 2018 to identify underlying issues to improve engagement and advocacy levels. • An organisational review of the HR Service is being undertaken to ensure a more flexible resource exists to support the delivery of the People Strategy.
13	**_Housebuilding programme_** Due to capacity within the house-building industry, the availability of suitable land, uncertainties around planning assumptions used in financial models (demographics, demand, economics etc) there are risks to the delivery of the Council's housebuilding programme, including subsequent knock-on impacts in relation to Council income and reputation.	4	3	• Short, medium and long-term planning through the Housing Revenue Account (HRA) planning process involving input from appropriate functions including Finance, Legal and Risk, • Risk management workshops undertaken with the HRA, the Granton project, 'Edinburgh Homes'/Scottish Futures Trust to identify key risks to delivery • City Region Deal Executive Board meets regularly • Housing stock investment strategy	4	2	

Appendix 2 – CLT Top Risks Heatmap as at 4 April 2018

1   Health and Social Care

2   Capital asset management

3   ICT capabilities

4   Change

5   Major incident

6   Information Governance

7   Customer experience and expectations

8   Health and Safety

9   Homelessness

10 Major Programme and Project Delivery and Assurance

11 Tram extension project

12 Workforce Capacity and Capability

13 Housebuilding programme

Likelihood

Impact

● Inherent risk   ① Residual risk
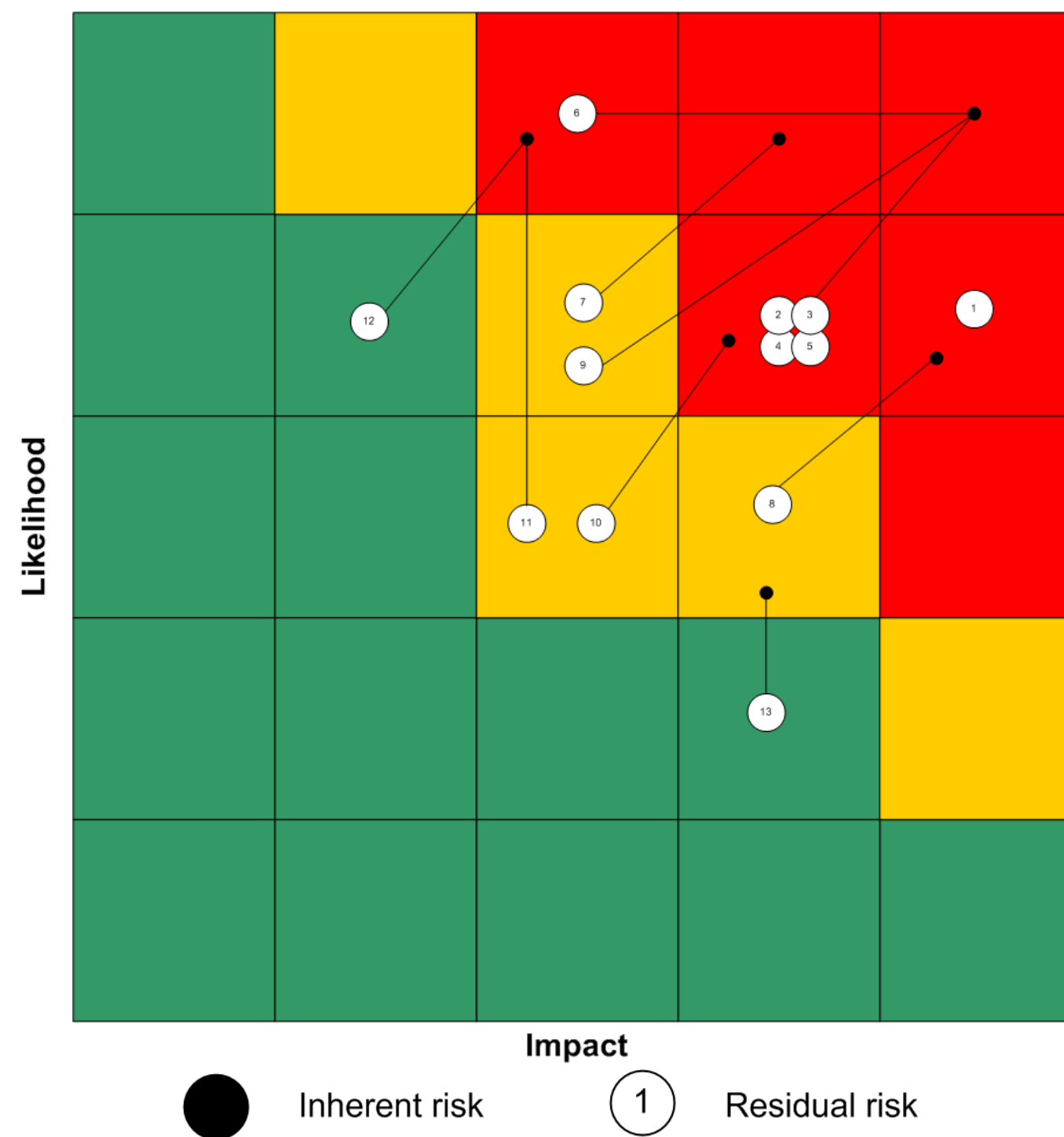
Governance, Risk and Best Value Committee

10.00, Tuesday 8 May 2018

Governance Arrangements for the Edinburgh Alcohol and Drug Partnership

Item number	7.6
Report number	
Routine	
Wards	All

Executive summary

The Edinburgh Alcohol and Drug Partnership (EADP) is a multi-agency, multi-sector group, established under Scottish Government guidance to develop strategic plans for the reduction of harm caused by drugs and alcohol, and to monitor their implementation by partner agencies. This report describes the operating arrangements for the EADP, including governance and key agreed priorities for the city.

EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

Report

Governance Arrangements for the Edinburgh Alcohol and Drug Partnership

Recommendations

1.1   This report is for noting.

Background

2.1   Local partnerships on alcohol and drugs have existed in different forms since 1989. In the period up to 2009, these were known as 'Alcohol and Drug Action Teams'. In 2009, the Scottish Government refreshed its strategies in relation to alcohol and drugs, and reviewed the local planning arrangements to clarify roles and responsibilities. This resulted in the establishment of local Alcohol and Drug Partnerships (ADPs).

2.2   The expectation of guidance is that in addition to local agency accountability for service delivery, the ADPs will report to local community planning partnerships.

2.3   On 1 April 2016, the implementation of the Public Bodies (Joint Working) (Scotland) Act 2014 saw the formal establishment of the Edinburgh Integration Joint Board (IJB) and the delegation to the IJB of the Council's adult health and social care services and NHS Lothian's adult community health care services. This delegation includes all the city's adult alcohol and drug services. The strategic planning for these services is done on behalf of both the IJB and the Edinburgh [Community Planning] Partnership by the EADP. The operational service delivery is the responsibility of the Edinburgh Health and Social Care Partnership, the Council's Communities and Families Department and other partner agencies, both statutory and voluntary.

Main report

Vision and Priorities

3.1   A significant proportion of the funding for the city's alcohol and drug services – for both adults and children – is allocated by the Scottish Government to local ADPs, who in turn allocate funding to agencies in accordance with agreed strategic priorities. The overarching vision is for "*a city which has a culture of low risk drinking and where family recovery from problem alcohol and drug use is a reality.*" Under this vision sit the following key priorities.

1. *Children and young people's health and wellbeing are not damaged by alcohol and drugs*
   a. GIRFEC to be used consistently to identify and meet the needs of children affected
   b. Ensure best use of existing resources to meet the needs of 16-25 year old injectors
   c. Plan to address Foetal Alcohol Spectrum Disorder
   d. Consistent approach to preventing harm related to risk-taking behaviour

2. *Communities affected by alcohol and drugs are stronger and safer*
   a. Reduce alcohol-related harm in communities
   b. Reduce the availability of alcohol
   c. Develop place-based approaches to reducing harm
   d. Explore options for reducing town centre alcohol-related violence (plastic, glasses, etc.)
   e. Reduce drug-related crime
   f. Improve sanitised data-sharing to develop a place-based approach to reduce drug-related crime and harm
   g. Ensure good access to treatment for people in the criminal justice system

3. *Fewer people develop problem drug/alcohol use and more people (and their families) are in recovery*
   a. Reduce waiting times and access to treatment
   b. Tackle under-served population in treatment with their GP
   c. Reach population who do not access treatment
   d. Address general medical/psychosocial needs of the ageing drug using population
   e. Target the most vulnerable with treatment and support
   f. Improve access to opiate replacement therapy
   g. Integrated model with primary care and mental health services
   h. Reduce isolation amongst those in recovery and in addiction

Governance and Decision-making

3.2 Given the delegation to the IJB for adult services and the responsibilities of community planning partnerships, the EADP reports to both bodies. There is also a link to the Edinburgh Children's Partnership and to the Education, Children and Families Committee for services for people under 16 years of age and their families.

3.3 In addition to the above, the multi-agency Chief Officers' Group – Public Protection, chaired by the Council's Chief Executive, receives a quarterly performance report on the city's alcohol and drug services from the chair of the EADP; and the Council's Corporate Policy and Strategy Committee receives an

annual report from each of the 'public protection committees', via the Chief Social Work Officer. The EADP is part of this family of protection committees.

3.4 Appendix 1 sets out the decision-making process from identification of need for change to agreement on implementation.

Structure and Membership

3.5 The EADP is made up of an Executive supported by several sub-groups to take forward its work. The Treatment and Recovery Collaborative translates the EADP's strategic intentions for treatment and recovery into an action plan. Two of this year's priorities are developing the 'Seek, Keep and Treat' initiative and extending access to psychological therapies. The Collaborative is supported in its work by a Core Group, which makes investment decisions based on the Collaborative's action plan. There are 2 other issue-specific sub-groups, the Alcohol Strategy Group and the Young People's Substance Use Group. This is illustrated at Appendix 2, with the agency membership of the Executive and of the Treatment and Recovery Collaborative and Core Group set out at Appendix 3. All the groups meet quarterly.

3.6 The key characteristic of the EADP membership, across all groups, is its multi-agency, multi-sector representation.

3.7 An important change to membership took place in 2017, when Council elected members were invited to sit on the EADP Executive.

Measures of success

4.1 Achievement of the outcomes set out in the strategies associated with alcohol and drug services. Reduction of harm, for example to children at risk and to victims of domestic abuse; reduction in crime and in anti-social behaviour. Reduction in expenditure by agencies on reactive, acute services, for example, Accident and Emergency presentations, long-term health costs, etc.

Financial impact

5.1 Not applicable.

Risk, policy, compliance and governance impact

6.1 The governance arrangements for the planning and monitoring of alcohol and drug services in the city are well established, albeit complex, given the delegation of adult services to the IJB.

Equalities impact

7.1   Not applicable.

Sustainability impact

8.1   Not applicable.

Consultation and engagement

9.1   Not applicable.

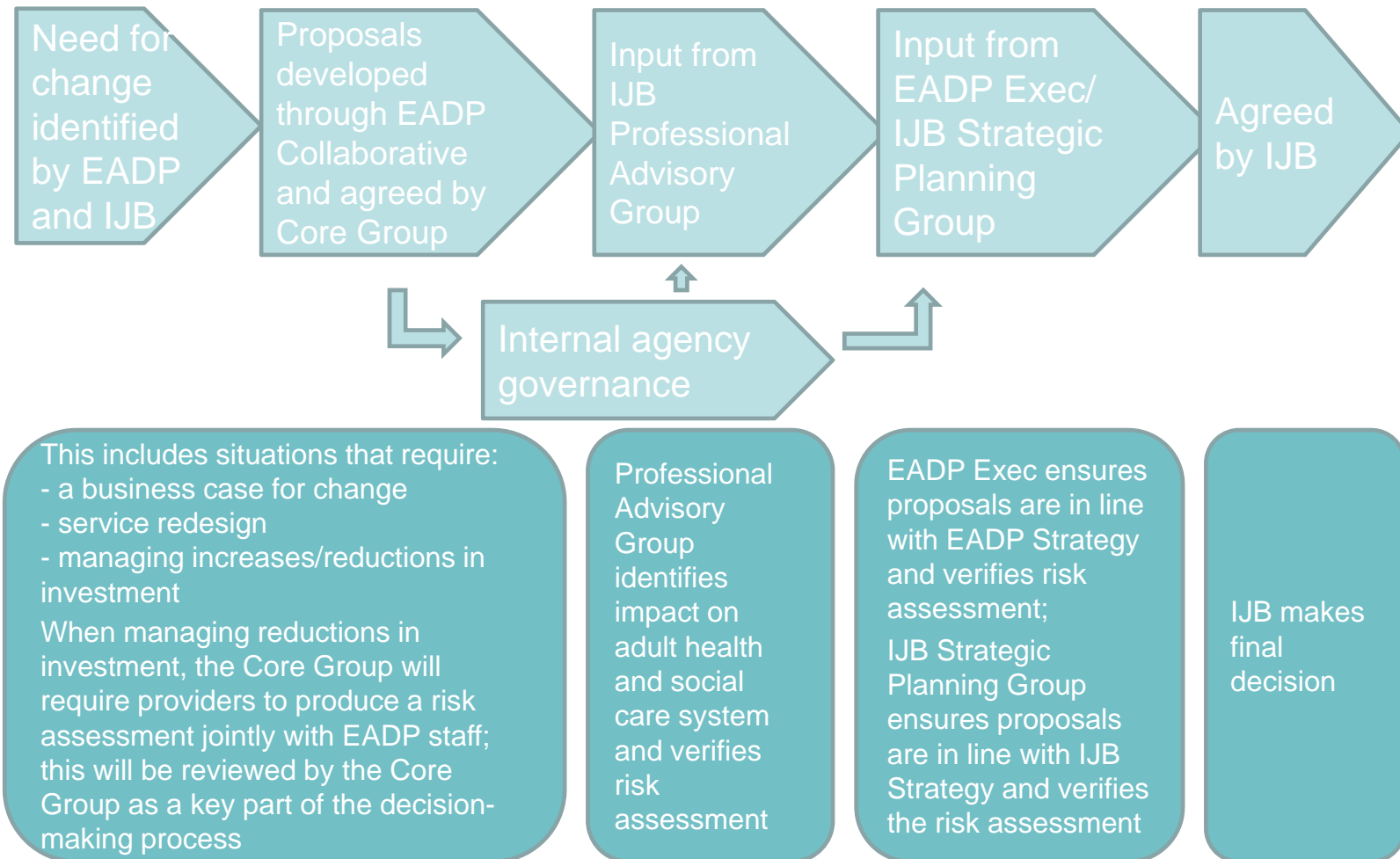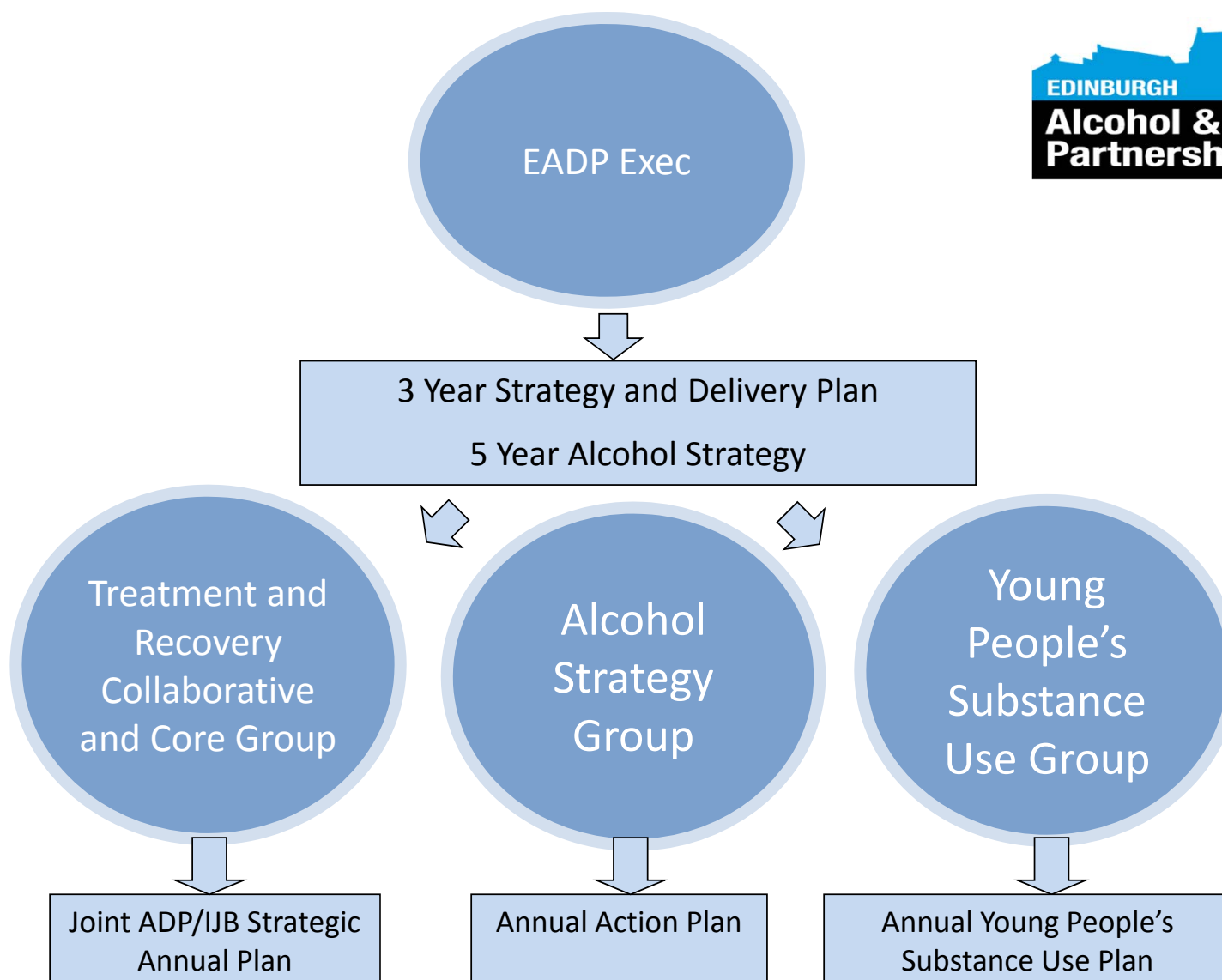## Background reading/external references

None.

Michelle Miller

Chief Social Work Officer and Head of Safer and Stronger Communities (and chair of the Edinburgh Alcohol and Drug Partnership)

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Process for changes to investment and design for alcohol and drug services delegated to the Integration Joint Board

EDINBURGH
Alcohol & Drug Partnership

Need for change identified by EADP and IJB

Proposals developed through EADP Collaborative and agreed by Core Group

Input from IJB Professional Advisory Group

Input from EADP Exec/ IJB Strategic Planning Group

Agreed by IJB

Internal agency governance

This includes situations that require:
- a business case for change
- service redesign
- managing increases/reductions in investment

When managing reductions in investment, the Core Group will require providers to produce a risk assessment jointly with EADP staff; this will be reviewed by the Core Group as a key part of the decision-making process

Professional Advisory Group identifies impact on adult health and social care system and verifies risk assessment

EADP Exec ensures proposals are in line with EADP Strategy and verifies risk assessment;

IJB Strategic Planning Group ensures proposals are in line with IJB Strategy and verifies the risk assessment

IJB makes final decision

EDINBURGH
**Alcohol & Drug
Partnership**

EADP Exec

3 Year Strategy and Delivery Plan

5 Year Alcohol Strategy

Treatment and Recovery Collaborative and Core Group

Alcohol Strategy Group

Young People's Substance Use Group

Joint ADP/IJB Strategic Annual Plan

Annual Action Plan

Annual Young People's Substance Use Plan

EADP Infrastructure

Executive

- Cllr R Henderson
- Cllr M Campbell
- Cllr S Webber
- Cllr K Campbell
- Health and Social Care Partnership Chief Officer – Chair
- EADP Planning and Commissioning Lead
- Health and Social Care Partnership Strategy and Quality Manager
- Police Scotland
- Scottish Prison Service
- Edinburgh Licensing Board
- NHS Lothian Public Health
- Royal Edinburgh and Associated Services
- Voluntary Sector Forum
- Communities and Families
- Community Safety Lead Officer
- Locality Leads for Mental Health and Substance Misuse

Treatment and Recovery Collaborative

- Turning Point Scotland and CGL (service providers)
- Access to Industry (specialist employability service)
- VOCAL
- Circle
- Counselling (Simpson house, Crew, ELCA)
- Health and Social Care Partnership: mental health and substance misuse managers, social work and nursing reps
- Harm reduction
- Access practice addictions
- Primary Care (1 GP)
- EVOC
- Royal Edinburgh and Associated Services
- LEAP
- Bethany

Treatment and Recovery Core Group
- Health and Social Care Partnership Strategy and Quality Manager
- EVOC
- Royal Edinburgh and Associated Services
- 4 Locality Leads
- EADP Planning and Commissioning Lead

Governance, Risk and Best Value Committee

10.00am, Tuesday 8 May 2018

Status of the ICT Programme

Item number	7.7
Report number	
Executive/routine	
Wards	All
Council commitments	

Executive Summary

The purpose of this report is to give an overview of the Council's ICT programme of work.

The Council and CGI continue to work in partnership to deliver a stable, secure and sustainable ICT service, which effectively enables and enhances citizen facing services and the internal business operations of the Council.

Since the last update to Committee there has been a detailed review of performance across the whole of the programme, which has shown positive progress in a number of areas. Additionally, there has been an enhanced and joint focus to drive improvement in those parts of the programme that have not fully delivered improvements or anticipated benefits to date.

Report

Status of the ICT Programme

1. Recommendations

1.1   It is recommended that the committee notes and scrutinises the update.

2. Background

ICT strategy

2.1   The City of Edinburgh Council's current strategy to deliver the vision for ICT services is to focus on understanding citizen and colleague needs to deliver the outcomes that matter to them. The current ICT and Digital Strategy is business driven and action orientated. The diagram below summarises our operating model to support the empowering of Edinburgh through the use of ICT and Digital.

2.2   By defining the Council's approach around the benefit that citizens and colleagues will receive, through enablement by ICT and Digital, we will maximise the value that can be delivered from our reducing resource base. This will help us to deliver a 'One Council' focus to designing and sourcing our ICT and Digital provision whilst enabling citizen and colleague-centric delivery, i.e. what the Council needs to deliver the services where service users need it.

CGI – External ICT Partner

2.3   The Council has operated an outsourced ICT arrangement since 2001. A contract for ICT services was entered into in 2016, with a CGI as new partner, to continue with a prime supplier model but in a non-exclusive contract to transform the existing ICT service into a flexible, scalable service and to implement an output-based contract(s) ('what' we get rather than 'how').

2.4   The current contract is intended to save the Council at least £6m per annum against the 2015/16 ICT baseline spend, £45m over the first seven years, which based on recent reports our partnership is on track to achieve. ICT Services, under this contract, are provided through 40 percent of the defined Output Based Specifications (OBSs) being on a utility basis or flexible "pay as you go" terms and the remainder of the OBS requirements are delivered on a fixed price basis. The contract is also structured to achieve 25 percent of the value of ICT services through engaging Small to Medium Enterprises to create community benefit, including jobs in Edinburgh and supporting the wider economy.

2.5   The term of the contract awarded was for "up to nineteen years" to CGI, with periods awarded as 7 years initially, with the option for the Council to extend by 5 years, a further 5 years and a final 2 years. CGI are contractually responsible for providing to the Council: service transition, service transformation and operational ICT services delivery, initially comprised of 93 OBSs, these include base services, utility services, and business case development services.

3.   Main report

3.1   Since the last update to the Governance, Risk and Best Value Committee (GRBV), there have been a number of improvements, including fewer priority one (P1) incidents and some major change programme successes. However, the Council remains focussed upon ensuring that the pace and delivery of change and benefit realisation continues to improve, working with CGI.

3.2   Senior CGI colleagues will be attending the GRBV meeting, including the CGI UK President. This will provide an opportunity for discussion on the delivery the ICT programme with both Council officers and CGI representatives.

Service Performance

3.3   Service performance is currently driven through a set of 25 key contractual measures which, in turn translate to a set of key performance indicators (KPIs). In the last quarter 85 percent of all KPIs were met or exceeded and 6 percent were missed. Of the 6 percent of missed KPIs, 3 related to the time it took to issue incident reports in each of the 3 months, 1 related to resolving a Local Area Network issue outside of the service level agreement and the final missed KPI related to the ICT service catalogue.

3.4   Service incidents are categorised into four different classes, with the most severe, classified as P1 or critical service incidents, an example of a P1 incident would be a significant network failure, through to Priority 4 (P4) or less significant incidents.

3.5   P1 and P2 incidents reduced in December 2017 and in January 2018. However, there was an increase in February 2018 of the number of critical service incidents, which caused a significant impact on the Council's services. During March 2018 there has been a continued increase in the number of P2 incidents, although the number of P1 incidents has showed a

reduction. The monthly service review meetings between the Council and CGI review the findings of every P1 and P2 in detail to understand the root causes of these critical problems.

3.6   The graph below shows the trend for P1 and P2 incidents, which have occurred monthly since October 2017. Whilst the volume of incidents, particularly P1s, may be considered low, the impact upon Council operations and services of a single P1 incident can be significant.

Trending Incidents Logged by Priority

Critical (P1) ▬ High (P2) ▬
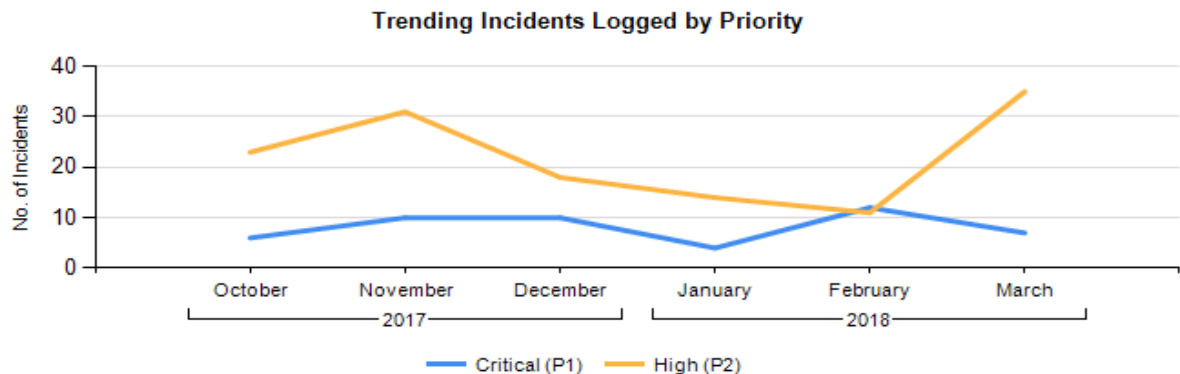
3.7   The volume of P3 and P4 incidents are detailed in the graph below. The impact of these incidents is unlikely to be as significant as a P1 or P2 with more than 75 percent of these incidents being fixed at the time of them being reported to the helpdesk. The cumulative impact of issues logged is considered as a key part of contract delivery by CGI.

Trending Incidents Logged by Priority

Medium (P3) ▬ Low (P4) ▬
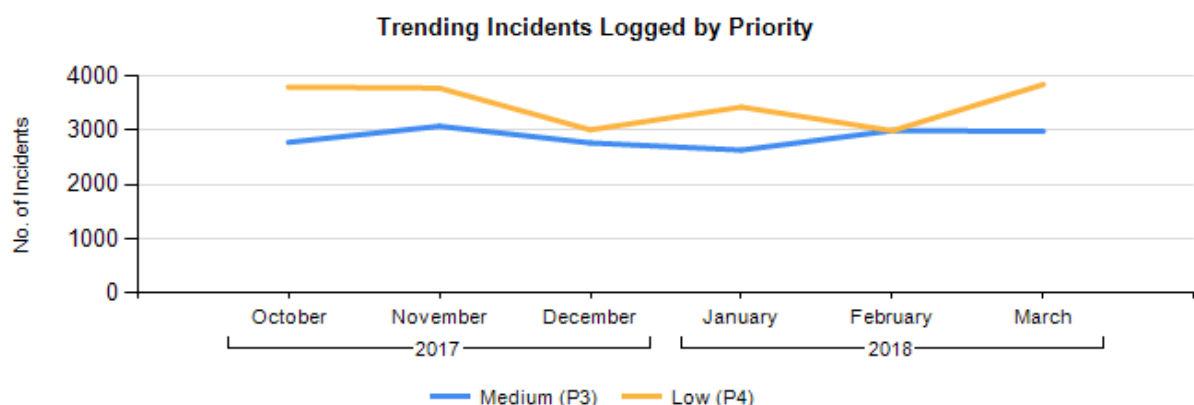
3.8   GRBV are advised that the trends for both P3 and P4 incidents have been consistently high since December 2017. The Council needs to see continued improvements in respect of the most critical incidents, P1 and P2, and a reduction in the continued high volumes of both P3 and P4 incidents.

Major Change Programmes

3.9   The portfolio of major change programmes that CGI is responsible for delivering, in partnership with the Council, includes a series of critical service developments and improvements. Some of these major change programmes are outlined as follows:

3.9.1   Wide Area Network (WAN): To deliver a high bandwidth, fibre-based wide area network delivering improvements in operational efficiency, productivity, reliability, and scalability to enable the next generation of digital learning opportunities in city schools and to improve commercial and cultural opportunities for live event streaming, webcasting and conferencing in the city's cultural venues.

3.9.2 LAN (LAN) and Voice: to reduce infrastructure costs and complexity, to implement flexible 'find me/follow me' call routing, allowing remote and mobile working and to create opportunities for further innovations and savings through agile working practices.

3.9.3 End User Compute (EUC): to allow anytime, anywhere access to e-mail, important documents, contacts, and electronic calendars across devices, to share large, hard-to-email files both inside and outside the Council. The delivery of this programme has been mutually delayed due the Council increasing the scope of the original OBS, to encompass the full Learning and Teaching ICT estate, with the corresponding contractual change principles now agreed with CGI.

3.9.4 Enterprise Resource Planning (ERP): A single integrated platform supporting all financial and human resources transactions, including payroll. This programme remains delayed for a number of reasons, including CGI's key subcontractor leaving the programme and development of the Council's business requirements.

3.9.5 Customer Digital Enablement ('Channel Shift'): to improve citizen engagement with real time, online transactions across Council services, to increase operating efficiencies and significantly reduce the cost of end-to-end transactions and to improve citizen insight and enabling agile and rapid development of future online services.

3.9.6 Libraries: to improve the user experience of the library system to better engage citizens and increase adoption through improved user interface, to reduce operating costs through lower cost software and increased device support, and to become a single library management system.

3.10 The current status of the key major change projects, as assessed by the Council, is as follows:

Project	Current Status	Target completion date	Status update
Enterprise Resource Planning (ERP)		Quarter 4 2018/19 (Revised date subject to agreement)	This project remains delayed and overdue. Delays initially occurred as a result of CGI's key subcontractor leaving the programme, and subsequent challenges around development and business readiness and acceptance.
Customer Digital Enablement (Channel Shift)		Initial Phase completion date 30/04/2018	The initial phase rollout of the Customer Relationship Management (CRM) functionalities of Web Chat; Knowledge base, and E-mail Integration and Web Chat functionality has now been successfully completed. Whilst the delivery status remains red, at present, the trend has improved rather than remained static or worse. This project is benefitting from effective joint working between the Council and CGI.

End User Compute (EUC)		Revised completion date of 30/6/2019	EUC scoping and commercial approvals have been ongoing for some time. The Council and CGI have been working in partnership to incorporate the full technical refresh within the existing budget envelope; which has now been achieved, but required a variation to the contract. Therefore, whilst this means this project has been slightly delayed, the programme is underway and has a revised end date of June 2019.
Local Area Network (LAN)		03/11/2017	All sites have had the network upgraded and some outstanding remedial work is being finalised as business as usual activity.
Enterprise Content Management and Intranet		Under Review	This project is currently delayed and is being jointly reviewed by the Council and CGI.
Wide Area Network (WAN)		Complete	Closed, but not delivered against contractual milestones.
Libraries Phase I		Complete	Closed and delivered to contract.
Room Bookings		Complete	Closed and delivered to contract.
Parent Pay		Complete	Closed and delivered to contract.
Cashless Catering		Complete	Closed and delivered to contract.
BACS		Complete	Closed and delivered to contract.
Bulk Printing		Complete	Closed and delivered to contract.
Contact Centre		Complete	Closed and delivered to contract.
Telephony (Voice)		Complete	Closed and delivered to contract.
Fleet Telematics		Complete	Closed and delivered to contract.

3.11 In addition to the major projects detailed above, which is not an exhaustive list, there is also a large volume of small and complex changes. The delivery of these other changes has seen a significant focus by CGI, since the Executive Review meeting in December 2017. The backlog of Change Requests in these categories has reduced from a total of 373 to 203 minor Change Requests, with the average age of requests in 2018 being 44 days. This represents a real improvement on both the minor Change backlog and on the age of outstanding minor Change Requests. However, a stabilised business as usual position is still to be achieved.

Governance and Contract Management

3.12 The Council and CGI now have the full governance model in working order and there are various boards and governance meetings used to manage the entire ICT programme and contract as follows:

- Executive Review
- Programme and Service Review Meeting
- ICT Partnership Board
- Supplier Management Board
- Programme Boards
- Innovation Forum
- User Group

3.13 The programme and service review meetings are held on a weekly basis and at this forum the major programmes, the change projects, new proposals, security issues and any service escalations are reviewed.

3.14 The role of the Governance, Risk and Best Value Committee remains a key element of the Council and the relationship between the ICT team and CGI as its external and their combined delivery and success being evaluated is welcomed.

4. Measures of success

4.1 There are a series of detailed contractual success measures, including a suite of key performance indicators. However, the main measure of success is to deliver an effective and efficient ICT programme of works on time and within budget which improves citizen and user experience.

5. Financial impact

5.1 There are two key mechanisms to recover monies based on CGI's performance:

- Service Credits: – Service Credits are a remedy available to the Council for CGI not meeting its contractual KPIs. Failing a KPI does not in itself mean that performance is poor, it means that a particular element of the service is below the contracted level, and this occurrence was anticipated by the contract through the inclusion of a Service Credit regime.

- Delay Payments: Where a major programme of work is delayed, and the contract includes a specific Delay Payment in relation to that programme, the Council can claim a Delay Payment where circumstances are appropriate.

5.2 The Council is implementing these remedies from a financial perspective, where appropriate.

6. Risk, policy, compliance and governance impact

6.1 Since the contract commenced the Council and CGI have experienced a number of challenges. Some transformation programmes have missed the original delivery dates, and in some cases also missed the revised delivery dates and this has meant that Council has been unable to fully realise the benefits and/or savings as originally envisaged.

6.2 The Council has assessed the contractual remedies available to it in respect of the non-delivery of elements of the contact by CGI to date. A CGI improvement plan was implemented

following a December 2017 Executive Review meeting and both partners remain committed to improvement and success.

6.3 The Council's Corporate Leadership Team (CLT) risk register formally identifies the risks associated with delayed-delivery of the ICT Programme, ensuring that sufficient mitigations and active management of these risks continue to be undertaken.

6.4 The Council's internal audit plan for 2017/18 includes provision for an ICT contract management audit, during quarter 4 of the financial year. This audit, whilst not reviewing the entirety of the contract term, is considered an important part of the assurance and testing of the Council's contract management arrangements for the ICT service provision in the future and will be completed and reported to a future meeting of the Committee.

7. Equalities impact

7.1 There are no specific equalities impacts identified by this report.

8. Sustainability impact

8.1 There are no specific sustainability impacts identified by this report.

9. Consultation and engagement

9.1 Whilst there are no formal consultation and engagement implications arising from this report in April 2018.

10. Background reading/external references

10.1 ICT and Digital Strategy: http://ictanddigitalstrategy.org.uk/

10.2 Status of the ICT programme – report to Governance, Risk and Best Value Committee, 29 August 2017

10.3 Status of the ICT programme – report to Governance, Risk and Best Value Committee – 16 January 2018

Stephen S. Moir

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11. Appendices

11.1 None.