

Notice of meeting and agenda

Governance, Risk and Best Value Committee

10:00am, Tuesday, 15 January 2019

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 –

Gavin King, Democracy, Governance and Resilience
Senior Manager

Email: gavin.king@edinburgh.gov.uk

Tel: 0131 529 4239

Jamie Macrae, Committee Officer

Email: jamie.macrae@edinburgh.gov.uk

Tel: 0131 553 8242



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 27 November 2018 – submitted for approval as a correct record (circulated)

5. Outstanding Actions

- 5.1 Outstanding Actions – 15 January 2019 (circulated)

6. Work Programme

- 6.1 Governance, Risk and Best Value Work Programme – 15 January 2019 (circulated)

7. Reports

- 7.1 Accounts Commission: Local Government in Scotland – Financial Overview 2017/18 – report by the Executive Director of Resources (circulated)
- 7.2 Capital Monitoring 2018/19 – Half Year Position – referral from the [Finance and Resources Committee of 4 December 2018](#) (circulated)
- 7.3 Revenue Monitoring 2018/19 – month six position – referral from the [Finance and Resources Committee of 4 December 2018](#) (circulated)
- 7.4 Treasury Management: Mid-Term Report 2018/19 – referral from the [City of Edinburgh Council of 13 December 2018](#) (circulated)
- 7.5 Internal Audit: Overdue Findings and Late Management Responses as at 23 November 2018 – report by the Executive Director of Resources (circulated)
- 7.6 Internal Audit Update Report: 1 August to 23 November 2018 – report by the Executive Director of Resources (circulated)

- 7.7 Annual Assurance Schedule – Communities and Families – report by the Executive Director for Communities and Families (circulated)
- 7.8 Edinburgh Leisure Annual Report – report by the Executive Director for Communities and Families (circulated)
- 7.9 Roads Services Improvement Plan – report by the Executive Director of Place (circulated)
- 7.10 Licensing Forum: Update on Review of Constitution and Membership – report by the Executive Director of Place (circulated)
- 7.11 Garden Waste Bin Collection Project: What Worked Well and Lessons Learned – referral from the [Transport and Environment Committee of 6 December 2018](#) (circulated)
- 7.12 Edinburgh Schools Inquiry – Update – report by the Chief Executive (circulated)
- 7.13 Colleague Opinion Survey 2018 – referral from the [Corporate Policy and Strategy Committee of 4 December 2018](#) (circulated)

8. Motions

- 8.1 None.

Laurence Rockey

Head of Strategy and Communications

Committee Members

Councillors Mowat (Convener), Main (Vice-Convener), Bird, Jim Campbell, Doggart, Howie, Key, 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 Communications, 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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Item 4.1 - Minutes

Governance, Risk and Best Value Committee

10.00am, Tuesday, 27 November 2018

Present

Councillors Mowat (Convener), Main (Vice-Convener), Bird, Cameron (substituting for Councillor Watt), Jim Campbell, Doggart, Howie, Key, Lang, Munro and Rae.

1. Minute

Decision

To approve the minute of 30 October 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 7** – Internal Audit Report – Housing Property Follow Up – May 2018
 - Action 12** – Internal Audit: Overdue Recommendations and Late Management Responses as at 31 August 2018
 - Action 15** – Quarterly Status Update – ICT Programme
 - Action 16** – Annual Assurance Schedule – Resources
 - Action 17** – Internal Audit: Training Attendance and Feedback
 - 2) To otherwise note the outstanding actions.
- (Reference – Outstanding Actions – 27 November 2018, submitted.)

3. Work Programme

Decision

To note the Work Programme.

(Reference – Governance, Risk and Best Value Committee Work Programme – 27 November 2018, submitted.)

4. Internal Audit: Capacity to Deliver the 2018/19 Internal Audit Plan as at 22 October 2018

Details were provided of proposals to rebase the 2018/19 Internal Audit plan and to address the estimated shortfall in Internal Audit capacity as at 22 October 2018. Following the update that was provided to Committee in August 2018, further details were provided of the capacity of Internal Audit to deliver the 2018/19 IA plan by 31 March 2019.

Decision

- 1) To note the reasons for the shortfall in Internal Audit capacity.
- 2) To note current progress with plan delivery.
- 3) To approve proposals to rebase the 2018/19 Internal Audit plan.
- 4) To note that following approval of the rebased plan, an estimated shortfall in Internal Audit capacity of approximately 345 days (the equivalent of 6 FTE and 14 audits) remained, impacting Internal Audit's ability to deliver the full 2018/19 Internal Audit plan by 31 March 2019.
- 5) To approve that relevant resource to complete the plan be allocated to Internal Audit to obtain sufficient assurance on the Council's key risks to support provision of the 2018/19 Internal Audit annual opinion as required by the Public Sector Internal Audit Standards.
- 6) To agree that a briefing note would be circulated, providing detail on how the City Deal Partnership would seek external assurance on its programme of activities.

(References – Governance, Risk and Best Value Committee, 28 August 2018 (item 11); report by the Executive Director of Resources, submitted.)

5. Internal Audit – CIPFA Benchmarking Exercise Outcomes and Actions

The outcomes of the Internal Audit Chartered Institute of Public Finance and Accountancy (CIPFA) 2018 audit benchmarking exercise were provided. The exercise was based on responses received from participating Internal Audit teams across UK local authorities. Potential areas for targeted improvement were highlighted and details were provided of how these had been addressed.

Decision

- 1) To note the outcomes of the CIPFA audit benchmarking club report.

- 2) To note the progress made by Internal Audit in addressing the key themes identified from the benchmarking exercise.

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

6. Corporate Leadership Team Risk Update

An update was provided on the Council's top risks and the key controls in place to mitigate them as at 24 October 2018. These risks and the associated controls had previously been scrutinised and challenged by the Corporate Leadership Team and were presented for oversight and review.

Decision

- 1) To note the Corporate Leadership Team Risk Update and the assurance provided by the risk management framework, controls and mitigations in operation.
- 2) To agree that a briefing note providing details of the membership and frequency of meetings of the Citizen's Panel would be provided.

(References – Governance, Risk and Best Value Committee, 28 August 2018 (item 10); report by the Executive Director of Resources, submitted.)

7. Corporate Governance Framework Self-Assessment 2017/18

The Council's Corporate Governance Framework self-assessment of its compliance with the framework for the financial year 1 April 2017 to 31 March 2018 was submitted for scrutiny. This was based on the Chartered Institute of Public Finance & Accountancy and Society of Local Authority Chief Executives model framework Delivering Good Governance in Local Government.

Decision

- 1) To note the Corporate Governance Framework Self-Assessment 2017-18.
- 2) To note that the Council overall had an effective framework and actions had been identified where improvement action was necessary.
- 3) To agree that the Convener would write to the Conveners of the Council's Executive Committees to ask that committees seek assurance from officers that Internal Audit recommendations were being actioned.

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

8. Change Portfolio

An update was provided on delivery and risk of the Council Portfolio of change. Since the last update to Committee in June 2018, the Corporate Leadership Team Change

Board had continued to meet monthly to monitor the overall shape and size of the portfolio, manage resource allocation and track project delivery.

Decision

- 1) To note the dashboard containing the status of projects within the portfolio as at the end of October 2018.
- 2) To note those projects which were currently assessed as Red and their supporting narrative and remedial action being taken.
- 3) To agree that future reports would include details of when the most recent reports were presented to Executive Committees on each project.
- 4) To agree that a briefing note providing more detail about the reasons for the budget pressure on the Edinburgh Leisure Sports Facilities and Schools project would be provided to members.

(References – Finance and Resources Committee, 5 June 2018 (item 12); report by the Chief Executive, submitted.)

9. Capital Theatres Company Performance Report 2017/18 – referral from the Culture and Communities Committee

The Culture and Communities Committee had considered the fifth annual Capital Theatres Company performance report prepared by the Executive Director of Place as a requirement of the Services Funding Agreement process adopted in 2013/14. The report had been referred to the Governance, Risk and Best Value Committee for consideration.

Decision

To note the report by the Executive Director of Place.

Declaration of Interests

Councillor Main declared a non-financial in this item as a Director of Capital Theatres and did not take part in the discussion.

(References – Culture and Communities Committee, 13 November 2018 (item 10); referral from the Culture and Communities Committee, submitted.)

10. Annual Assurance Schedule – Place

The Place Directorate Annual Assurance Schedule was submitted for scrutiny. Details were also provided of progress in developing an action plan to respond to the issues identified in the annual assurance statement.

Decision

- 1) To note the Place Directorate annual assurance schedule.

- 2) To note that an action plan was being developed to respond to the issues identified in the annual assurance statement, which would be combined with other Directorate plans to provide a composite action plan for reporting to the Corporate Policy and Strategy Committee.

(References – Governance, Risk and Best Value Committee, 31 July 2018 (item 4); report by the Executive Director of Place, submitted.)

11. Committee Reporting

Options developed by a short-life officer working group to improve the standard of committee reporting were detailed, including revised template options and a supporting workplan. Committee members were asked to consider the template options before referring the report to the Corporate Policy and Strategy Committee.

Decision

To refer the report to the Corporate Policy and Strategy Committee, with the following feedback:

- Members of the Governance, Risk and Best Value Committee considered that Options 1 and 2 had the most merit.
- Clear guidance should be provided to officers on completing equalities and sustainability impact assessments.
- It was important that the report author name should be on page 1 of the report.
- There should be a requirement to consider best value in the Financial Implications section.
- The Measures of Success section should be retained.

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

12. Whistleblowing Update

An overview was provided of the operation of the Council's whistleblowing service for the period 1 July to 30 September 2018.

Decision

To note the report, including that current follow-up arrangements for whistleblowing and Monitoring Officer reports should continue.

(References – Governance, Risk and Best Value Committee, 28 August 2018 (item 19); report by the Chief Executive, submitted.)

13. Resolution to Consider in Private

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

that it involved the disclosure of exempt information as defined in paragraph 14 of Part 1 of Schedule 7(A) of the Act.

14. Whistleblowing: Monitoring Report

Details were provided of the disclosures received and investigation outcome reports completed during the 1 July to 30 September 2018.

Decision

To note the report.

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

Governance, Risk and Best Value Committee

15 January 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	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	15 January 2019		Recommended for closure The Edinburgh Schools Inquiry update report on the agenda for 15 January 2019.
2	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	31 March 2019		A project is currently underway to look at short term interventions to increase

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	Chief Officer, Edinburgh Health and Social Care Partnership			<p>efficiency and contact time within the internal Home Care and Reablement service. This will consider issues such as sickness absence management, mobile working technology, improved management information and efficiency of travel.</p> <p>The replacement of the existing shift/resource allocation system has been placed on hold pending a wider consideration of the ICT strategy for the Partnership and the wide</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							variety of systems currently utilised within the Partnership. An outline business case is in development for the replacement of the existing Swift system. Any replacement for our shift allocation system would need to interface effectively with the replacement for Swift.
3	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	April 2019		The internal auditor's investigation is still ongoing therefore it may take a few months before an update is provided. The Executive

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p>Director for Communities and Families will provide an update once the Chief Internal Auditor's investigation is concluded.</p> <p>The final audit report would be referred from the Corporate Policy and Strategy Committee to GRBV.</p>
4	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	Chief Executive	January 2019		<p>Recommended for closure</p> <p>Report on the agenda for January 2019.</p>
5	26/09/2017	Principles to Govern the Working	To accept the high-level principles subject to further information on how elected	Chief Internal Auditor	November 2017		Deferred to September 2019.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		Relationships between the City of Edinburgh Council Governance, Risk and Best Value Committee and the Edinburgh Integrated Joint Board Audit and Risk Committee	members could best engage with the process.				
6	20/03/18	Internal Audit Quarterly Update Report Quarter 3 – (1 October – 31 December 2017)	<ol style="list-style-type: none"> 1) To circulate performance information in regard to third party suppliers for Adult Drug and Alcohol services to members for information. 2) To ask that Internal Audit provide a future update on GDPR readiness. 3) To ask for a report on the Edinburgh Alcohol 	<p>Chief Officer, Edinburgh Health and Social Care Partnership</p> <p>Chief Internal Auditor</p> <p>Chief Social Work</p>	<p>January 2019</p> <p>28 August 2018</p> <p>May 2018</p>	<p></p> <p>8 May 2018</p>	<p></p> <p>CLOSED</p> <p>CLOSED</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			and Drug Partnership governance and reporting arrangements and that that report be referred on to the Edinburgh Alcohol and Drug Partnership.	Officer/Head of Safer and Stronger communities			
7	31/07/18	Internal Audit Opinion and Annual Report for the Year Ended 31 March 2018	To request that each Director bring forward a plan on how they will strengthen the control environment within their Directorate and in future include reference to this within each Director's assurance statement.	Chief Executive and all Executive Directors	19 March 2019		Assurance schedules will be reported as follows: Resources – 30 October 2018 Place – 27 November 2018 Communities and Families – 15 January 2019 Chief Executive (Strategy and Communications) – 19 February 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							Edinburgh Health & Social Care Partnership – 19 March 2019
8	31/07/18	Licensing Forum - Update on Review of Constitution and Membership	To note the progress made on reviewing the appointment process and constitution, with a revised process and constitution to be submitted to the City of Edinburgh Council for approval.	Executive Director of Place	March 2019		Update report to GRBV is on the agenda for January 2019. The revised process and constitution will be submitted to Council in March 2019.
9	31/07/18	Expansion of Early Learning and Childcare from 600 – 1140 hours by 2020. Audit Scotland Report and Risks	To ask the Chief Executive to submit a report to the Edinburgh Partnership on workforce planning.	Chief Executive	April 2019		A report is scheduled to go to the Education, Children and Families Committee in March 2019 and will be reported to the Edinburgh Partnership thereafter.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
10	28/08/18	Committee Reporting	To request a report by the end of 2019 to monitor the impact of the steps taken to improve the process.	Chief Executive	End of 2019		
11	25/09/18	City of Edinburgh Council – 2017/18 Annual Audit Report to the Council and the Controller of Audit	<p>1) To agree that Place Directorate would provide a briefing note to members on the housing issues in the report.</p> <p>2) To agree that a report be brought back to committee to provide a progress update on the Roads Improvement Programme.</p> <p>3) To agree that the Governance, Risk and Best Value Committee Work Programme would be updated to include two overview reports; one on</p>	<p>Executive Director of Place</p> <p>Executive Director of Place</p> <p>Executive Director of Place</p>	<p>October 2018</p> <p>January 2019</p> <p>March 2019</p>		<p>1. CLOSED – briefing circulated to GRBV members on 12 October 2018.</p> <p>2. Recommended for closure – Roads Improvement Plan progress update on the agenda for January 2019.</p> <p>3. Overview report on Health and Social Care report will be submitted in February 2019;</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Housing and one on Health and Social Care, covering outstanding audit issues and the direction of travel. The Health and Social Care report was expected to include details of Integration Joint Board (IJB) governance and the responsibilities of the IJB and the Council.				Housing report will be submitted in March 2019.
12	30/10/18	Governance, Risk and Best Value Work Programme – 30.10.18	To note that a performance update on the garden waste charge, including the implementation of the new collection process, would be considered by the Transport and Environment Committee in December and should be referred to this committee.	Executive Director of Place	January 2019		Recommended for closure The Edinburgh Schools Inquiry update report on the agenda for 15 January 2019.
13	30/10/18	Delivery of the New Boroughmuir	That the Convener and Vice-Convener would	Convener/Vice-Convener	January 2019		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		High School – Post-Project Review (B agenda report)	discuss with officers what information on project implementation could be made public.				
14	27/11/18	Internal Audit: Capacity to Deliver the 2018/19 Internal Audit Plan as at 22 October 2018	That a briefing note would be circulated, providing detail on how the City Deal Partnership would seek external assurance on its programme of activities.	Chief Executive	January 2019		Recommended for closure Briefing note circulated on 7 January 2019.
15	27/11/18	Corporate Leadership Team Risk Update	That a briefing note providing details of the membership and frequency of meetings of the Citizen’s Panel would be provided	Chief Executive	October 2018		Recommended for closure Briefing note circulated on 12 October 2018.
16	27/11/18	Corporate Governance Framework Self-Assessment 2017/18	That the Convener would write to the Conveners of the Council’s Executive Committees to ask that committees seek assurance from officers that Internal Audit recommendations were	Convener	Not specified		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			being actioned.				
17	27/11/18	Change Portfolio	That a briefing note providing more detail about the reasons for the budget pressure on the Edinburgh Leisure Sports Facilities and Schools project would be provided to members.	Chief Executive	Not specified		<p>Recommended for closure</p> <p>Briefing note circulated on 9 January 2019.</p>

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	15 January 2019 7 May 2019 September 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	15 January 2019 7 May 2019 September 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	July 2019
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	August 2019
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 2019
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	August 2019

10	IT Audit Report	Scott Moncrieff	Scope agreed during annual external audit planning cycle	External Audit	Executive Director of Resources	Council Wide	Annually	October 2019, as part of the quarterly Status of the ICT Programme Update
11	Audit Charter	Scott Moncrieff	Annual Audit Charter	External Audit	Executive Director of Resources	Council Wide	Annually	March 2019
Section B – Scrutiny Items								
12	Change Portfolio		To ensure major projects undertaken by the Council were being adequately project managed	Major Project	Chief Executive	All	Six-monthly	May 2019
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	19 February 2019 7 May 2019
15	Whistleblowing Quarterly Report		Quarterly Report	Scrutiny	Chief Executive	Internal	Quarterly	19 February 2019 7 May 2019
16	Workforce Control	Staff	Annual report	Scrutiny	Executive Director of Resources	Council Wide	Annual	July 2019
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	Democracy	Annual report	Scrutiny	Chief Executive	Council Wide	Annual	Spring 2019

	Council Policies							
19	Edinburgh Shared Repairs Service and Legacy Closure Programme	Review	Progress reports	Scrutiny	Executive Director of Resources	All	Six-monthly	February 2019 Recommend removal from Work Programme – project has completed
20	Revenue Monitoring	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	March 2019 June 2019
21	Capital Monitoring	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	March 2019 June 2019
22	Revenue Outturn	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	August 2019
23	Capital Outturn and Receipts	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	August 2019
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	August 2019
26	Treasury – Mid-term report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	January 2019
27	Status of the ICT Programme	Review	Progress Reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	February 2019 June 2019

28	Annual Assurance Schedules	Review	Progress Report	Scrutiny	All Directorates	Council	Annual	January 2019 (Communities and Families) February 2019 (Chief Executive) March 2019 (EIJB)
Section C – Council Companies								
29	Capital Theatres	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	November 2019
30	Edinburgh Leisure	Review	Progress Report	Scrutiny	Executive Director for Communities and Families	Council Wide	Annual	January 2019
31	Capital City Partnership	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	May 2019
32	Transport for Edinburgh	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	June 2019
33	Lothian Buses	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	June 2019
34	Edinburgh Trams	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	June 2019
35	Edinburgh International Conference Centre	Review	Progress Report	Scrutiny	Executive Director of Resources	Council Wide	Annual	September 2019
36	Marketing Edinburgh	Review	Progress Report	Scrutiny	Chief Executive	Council Wide	Annual	September 2019

GRBV Upcoming Reports

Appendix 1

Report Title	Type	Flexible/Not Flexible
February 2019		
Review of CLT Risk Scrutiny	Scrutiny	Flexible
Whistleblowing Quarterly Report	Scrutiny	Flexible
Status of the ICT Programme	Scrutiny	Flexible
Annual Assurance Schedule – Chief Executive	Scrutiny	Flexible
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	Scrutiny	Flexible
Outstanding Audit Issues – Health and Social Care	Scrutiny	Flexible
March 2019		
Internal Audit Annual Plan for 2019/20	Scrutiny	Flexible
External Audit Annual Plan for 2019/20	Scrutiny	Flexible
Annual External Audit Charter	Scrutiny	Flexible

Welfare Reform Annual Update	Scrutiny	Flexible
CLT Risk Register		
Revenue Monitoring Quarterly Report	Scrutiny	Flexible
Capital Monitoring Quarterly Report	Scrutiny	Flexible
Treasury – Strategy Annual Report	Scrutiny	Flexible
Annual Assurance Schedule – Edinburgh Health and Social Care Partnership	Scrutiny	Flexible
Outstanding Audit Issues – Housing	Scrutiny	Flexible

Governance, Risk and Best Value Committee

10.00am, Tuesday, 15 January 2019

Accounts Commission: Local Government in Scotland – Financial Overview 2017/18

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

Executive summary

In November 2018, the Accounts Commission published its Scotland-wide review of local government financial performance for 2017/18. The report reiterates a number of the key messages included within 2016/17's overview, particularly around on-going challenges for councils in reconciling increasing, mainly demographic-led service demand with real-terms reductions in external funding. Relative expenditure on education and social care services therefore continued to increase in 2017/18, offset by necessary reductions in other service areas and targeted use of earmarked reserves to maintain financial balance.

Given the likelihood of continuing real-terms funding reductions, at least into the medium-term, there is an on-going need to deliver further efficiency savings and, more fundamentally, address demand in more efficient and effective ways if financial sustainability is to be secured. This will require difficult decisions and innovative thinking from both officers and councillors, particularly in health and social care where opportunities for improved financial management and planning by Integration Joint Boards (IJBs) are highlighted. This need for continuing savings emphasises the importance of medium and longer-term financial planning, with decisions requiring to be taken in the knowledge of anticipated impacts on both communities and the attainment of corporate objectives.

Accounts Commission: Local Government in Scotland – Financial Overview 2017/18

1. Recommendations

- 1.1 Members of the Governance, Risk and Best Value Committee are asked to:
- 1.1.1 note the contents of the report; and
 - 1.1.2 refer the report to the Finance and Resources Committee for its consideration in the context of setting the Council's revenue and capital budgets for 2019/20 as part of a longer-term programme of change.

2. Background

- 2.1 Until 2014/15, as an integral part of its annual programme of scrutiny and inspection across Scotland's local authorities, the Accounts Commission published a high-level, independent overview report. This annual report drew upon the full range of audit work undertaken in the preceding year, summarising findings and key themes emerging from financial statement, Best Value, Community Planning and wider performance audits.
- 2.2 For the 2015/16 and 2016/17 review years, a slightly different approach was adopted. Rather than providing coverage of all of the above areas within a single overview, a series of discrete reports was instead issued. For 2016/17, [the financial overview report](#), issued several months earlier than usual in November 2017 with the intention that it then inform and complement councils' budget-setting processes, was considered by the Governance, Risk and Best Value Committee on 16 January 2018. A Scotland-wide overview of service performance and the range of challenges facing councils was subsequently released in April 2018 and [considered by the Governance, Risk and Best Value Committee on 5 June 2018](#). A similar two-part approach is being adopted for the 2017/18 review year, with the financial overview report issued by the Accounts Commission on 29 November 2018.
- 2.3 As in 2016/17, the overview report is aimed primarily at councillors and senior officers and assesses councils' financial performance and preparedness in the context of a number of existing and emerging challenges. These challenges centre on reconciling demographic-led increases in service demand, other cost pressures and growing complexity arising from legislative change and other

external factors with on-going, real-terms reductions in funding. In seeking to enhance councillors' understanding of the issues concerned to help them to discharge effectively their scrutiny role, a number of specific suggested questions for consideration are also highlighted. These questions, and the accompanying contextual commentary, provide an accessible overview of the complex local government landscape.

- 2.4 Given its Scotland-wide coverage, the report's recommendations are intended to be of general applicability across all authorities. Edinburgh-specific and other reports covering areas of direct applicability to the Council's activities are, however, regularly considered by the Governance, Risk and Best Value Committee. Of particular relevance is the Council's own [Annual Audit Report](#), considered by the Governance, Risk and Best Value Committee on 25 September 2018.

3. Main report

Overview of report and key messages

- 3.1 The Accounts Commission report comprises four distinct sections. The first (on pages 9 to 17) provides a high-level overview of councils' income and expenditure in 2017/18, placing these within the context of recent years' trends. The second section (pages 18 to 26) then proceeds to examine the effectiveness of councils' financial management arrangements in the year.
- 3.2 Recognising the particular financial challenges being faced by many IJBs, the third section (on pages 27 to 30) examines their sources of funding, outturn performance, reserves position and longer-term sustainability. The final part of the report (on pages 31 to 36) provides an overview of the outcome of councils' budget-setting processes for 2018/19, before identifying a number of key messages geared towards securing both longer-term financial sustainability and on-going delivery of priority outcomes. The report also emphasises the importance of preparing, insofar as is practicable, for all potential outcomes linked to the United Kingdom's departure from the European Union on 29 March 2019.
- 3.3 In overall terms, the report concludes that in 2017/18, councils dealt well in balancing expenditure demands with available income, with reduced reliance on reserves to the extent that no council is now assessed to be using these at a level that risks its financial sustainability over the next two to three years. While also welcoming the sign-off of all thirty-two authorities' annual accounts without audit qualification, opportunities for improvement in the transparency and clarity of financial information provided to councillors and the public are highlighted.
- 3.4 Given the likelihood of continuing real-terms funding reductions, at least into the medium-term, the report concludes that there is an on-going need to deliver further efficiency savings and, more fundamentally, address demand in more

efficient and effective ways if financial sustainability is to be secured. This will require difficult decisions and innovative thinking from both officers and councillors, particularly in the area of health and social care where opportunities for improved financial management and planning by Integration Joint Boards are highlighted. This need for continuing savings emphasises the importance of medium and longer-term financial planning, with decisions requiring to be taken in the knowledge of anticipated impacts on both communities and the attainment of corporate objectives.

Relevance to Edinburgh

3.5 As noted above, the conclusions of the overview report are drawn from audit work undertaken across all Scotland's councils and, as such, the messages are intended to be of general relevance rather than specific to any one authority. In considering the report's contents, however, particular attention is drawn to the following:

- (i) **Paragraphs 15 to 20, pages 12 and 13 and Exhibit 4, page 13** – Edinburgh's combined level of General Revenue Grant and Non-Domestic Rates funding in 2017/18 was the second-highest in Scotland in absolute terms but the lowest expressed on a per capita basis. The latter position reflects a combination of factors but is mainly attributable to the size of the independent education sector, particularly at secondary level, economies of scale in service provision and the profile (in terms of numbers and bandings) of the local domestic tax base;
- (ii) **Exhibit 5 and Paragraph 23, page 14** – the combination of a baseline 3% increase across all bands, revised Scottish Government-determined multipliers for higher-banded properties and continuing improvements in collection rates raised some £28m of additional Council Tax income in 2017/18, amongst the highest such proportionate increases in Scotland. It is important to clarify, however, that the increase in the size of the Council Tax base as a result of the revised multipliers was offset against the Council's overall grant funding allocation, consistent with the underlying needs-based assessment of the Local Government Finance Settlement;
- (iii) **Paragraph 25, page 15** - the Council adopted a [corporate charging policy framework](#) in June 2014, with increases in most discretionary fees and charges linked to wider changes in inflation rates to maximise the level of investment in key services. It is proposed, however, to refresh this framework as part of the Change Strategy, with the intention of adopting a policy of full-cost recovery in appropriate circumstances and highlighting any cases where existing charging policy is not aligned to wider policy objectives (such as, for example, by disincentivising preventative actions or inadvertently subsidising non-priority groups);

- (iv) **Paragraphs 28 to 33, pages 16 and 17** – the Council’s approved budget for 2017/18 was underpinned by £39.5m of savings, equivalent to 4% of its net expenditure, with no use of unearmarked (general) reserves. The year-end outturn showed a slight underspend of £2.4m, with a broadly balanced position achieved across Directorates after provision of additional net in-year funding of £7.8m, enabled by savings in loan charges, additional Council Tax income and use of earmarked reserves. Echoing the position across Scotland, relative spend on education and social work increased in real terms, with reductions across other areas. While this pattern of spend is consistent with wider policy objectives, given that education and social work together represent around two-thirds of the Council’s net expenditure, there is an increasing need for all areas to contribute towards meeting savings requirements, with effective demand management key to securing longer-term financial sustainability;
- (v) **Exhibit 7, page 20** – the Council was one of a minority in Scotland that increased their levels of reserves in 2017/18 against the backdrop of an overall reduction of £18m. The Council’s recent external audit concluded that an effective approach to the management of reserves is in place, with the combination of unallocated and earmarked reserves appropriate to the risks it faces and the annual Risks and Reserves report considered by the Finance and Resources Committee identified as an example of good practice. The Council’s higher relative level of renewal and repairs fund reserves reflects planned investment in existing housing stock and future capital investment in new homes through the Council’s own housing development programme, with a significant corresponding planned drawdown in 2018/19;
- (vi) **Exhibits 8 and 9, pages 21 and 22** – as with reserves, councils’ relative levels of debt should be interpreted in the context of their contribution to achievement of wider strategic objectives and their underlying prudence, affordability and sustainability. The Council’s overall level of debt is influenced, for example, by the purchase of its Waverley Court headquarters building in 2008, with the approved business case predicated on delivering net savings relative to the previous lease arrangement of at least £38m over the borrowing term, as well as gaining ownership of the building. The Council’s overall level of debt has decreased by almost £200m since December 2012, with the resulting savings in loans charge expenditure maximising the level of resources available for frontline service provision. The on-going viability of using available cash balances in lieu of external borrowing is subject to regular review as part of the wider Treasury Management Strategy, with an intention to continue to use temporary deposits in 2018/19 pending undertaking borrowing, subject to appropriate rates being available, in subsequent years;

- (vii) **Paragraph 54, page 26** – following recommendations made as part of the 2016/17 annual audit, a number of changes were incorporated within the Council's 2017/18 revenue outturn report. Progress in the delivery of savings has been reported for a number of years and, in view of the reduction in the proportion being delivered from 88% in 2016/17 to 80% in 2017/18 (and a forecast of 70% in the current year), an increased emphasis has been placed on the importance of the enhanced robustness at the savings inception, development and implementation stages, with Council recently approving £1m of additional investment to invest in dedicated project management resources to assist in this process;
- (viii) **Paragraphs 57 to 71, pages 27 to 30** – the scale of the financial, demographic¹ and service redesign challenges facing the Edinburgh IJB has been well-documented, with the [most recent financial position update](#) considered by the Board on 14 December 2018 and follow-up findings of the Care Inspectorate and Healthcare Improvement Scotland emphasising the need for on-going improvements in practice, performance and delivery of key processes. The overview report's key messages around the importance of the targeted use of reserves and earmarked funds to support transformation as part of a medium- to longer-term financial framework therefore resonate with experiences in Edinburgh;
- (ix) **Paragraphs 75 to 88, pages 32 to 35** emphasise the range of factors (and accompanying uncertainty) influencing future grant funding levels but with available projections pointing to likely continuing real-terms reductions in funding over the medium-term, emphasising the importance of both longer-term and scenario planning. The Council was one of the first in Scotland to introduce a long-term financial plan, doing so in 2009. While [the plan](#) currently estimates an overall savings requirement of £106m over the four years to 2022/23, the appropriateness of these assumptions is subject to on-going review.

Subject to other commitments and priorities, the existing plan will be supplemented to include, albeit indicatively given the range of considerations involved, the subsequent six years up to and including 2028/29. In addressing these significant savings requirements and

¹ The continuing increase in demand for health and social care services reflects a range of factors including (i) growth in the number of people living in the city, (ii) increased life expectancy in the overall population which means people are living longer (but not necessarily healthier) lives, (iii) increased life expectancy amongst people with complex health conditions as a result of medical advances, (iv) increased prevalence of long-term conditions in the population as a whole and (v) health improvements not being equally experienced in all areas of the city, resulting in greater demand in areas of highest deprivation.

recognising the volume of savings delivered in recent years, development of [the Change Strategy](#) will continue, with a particular emphasis on more effective investment in preventative activity;

- (x) **Paragraphs 89 to 93, pages 35 and 36** – the Council’s approved budget for 2018/19 includes £36.5m of savings, as well as significant additional investment in a preventative maintenance strategy and key Council priorities of homelessness reduction and prevention, health and social care and measures to address the overall education attainment gap. While there is, as in 2017/18, no planned use of unallocated reserves, progress in savings delivery in 2018/19 has worsened, emphasising the need for enhanced robustness in subsequent years;
- (xi) **Paragraphs 94 to 97, page 36** – the Council’s preparedness for the potential impact of EU withdrawal upon its workforce was favourably assessed as part of the 2017/18 Annual Audit Report.

4. Measures of success

- 4.1 The report reiterates a number of principles of sound financial management and assesses councils’ current practices against these. The Council’s own arrangements were assessed to be effective as part of the 2017/18 Annual Audit process, with expenditure contained within budget for the eleventh successive year and almost 80% of approved savings delivered. In view of increased shortfalls in delivery apparent in the current year, however, enhanced arrangements at the savings inception, development and implementation stages are being put in place.

5. Financial impact

- 5.1 Delivery of a balanced budget in any given year is contingent upon the development, and subsequent delivery, of robust savings, alongside management of all risks and pressures, particularly those of a demand-led nature.

6. Risk, policy, compliance and governance impact

- 6.1 An annual report on the risks inherent in the budget process is considered by the Finance and Resources Committee and referred to Council as part of setting the revenue and capital budgets. This report was identified as an example of good practice as part of the 2016/17 external audit process.
- 6.2 The savings assurance process is intended to ensure that, as far as is practicable, those proposals approved by Council deliver the anticipated level of

financial savings in a way consistent with the expected service impacts outlined in the respective budget proposals.

- 6.3 A summary of progress in respect of savings delivery is reported to the Finance and Resources Committee on a quarterly basis, with additional detail and commentary on risks, mitigations and alternative measures (as appropriate) reported to Executive Committees.

7. Equalities impact

- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are now subject to an initial relevance and proportionality assessment and, where appropriate, an Integrated Impact Assessment is then undertaken. The equalities and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed.

8. Sustainability impact

- 8.1 While there is no direct additional impact of the report's contents, the Council's revenue budget includes expenditure impacting upon carbon, adaptation to climate change and contributing to sustainable development. In addition, all budget proposals are now subject to an upfront assessment across these areas as part of the Integrated Impact Assessment process.

9. Consultation and engagement

- 9.1 An extensive programme of engagement on themes comprising the Change Strategy is being undertaken, with the key findings emerging to be reported to the Finance and Resources Committee on 1 February 2019.

Stephen S. Moir

Executive Director of Resources

Contact: Hugh Dunn, Head of Finance

E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

10. Background reading/external references

[Accounts Commission - Local Government in Scotland – Financial Overview 2016/17](#), Governance, Risk and Best Value Committee, 16 January 2018

[Accounts Commission – Local Government in Scotland – Challenges and Performance 2018](#), Governance, Risk and Best Value Committee, 5 June 2018

[City of Edinburgh Council 2017/18 Annual Audit Report to the Council and the Controller of Audit](#), Governance, Risk and Best Value Committee, 25 September 2018

[Council Change Strategy: Planning for Change and Delivering Services 2019-23](#), Finance and Resources Committee, 27 September 2018

[Revenue Monitoring 2018/19: Month Six Position](#), Finance and Resources Committee, 4 December 2018

[2018/19 Financial Position](#), Edinburgh Integration Joint Board, 14 December 2018

[Corporate Charging Policy Framework](#), Finance and Resources Committee, 5 June 2014

11. Appendices

Appendix 1 - Accounts Commission: Local Government in Scotland – Financial Overview 2017/18

Local government in Scotland

Financial overview 2017/18



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
November 2018


The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission 

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

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Links

-  PDF download
-  Web link

-  Information box

Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.

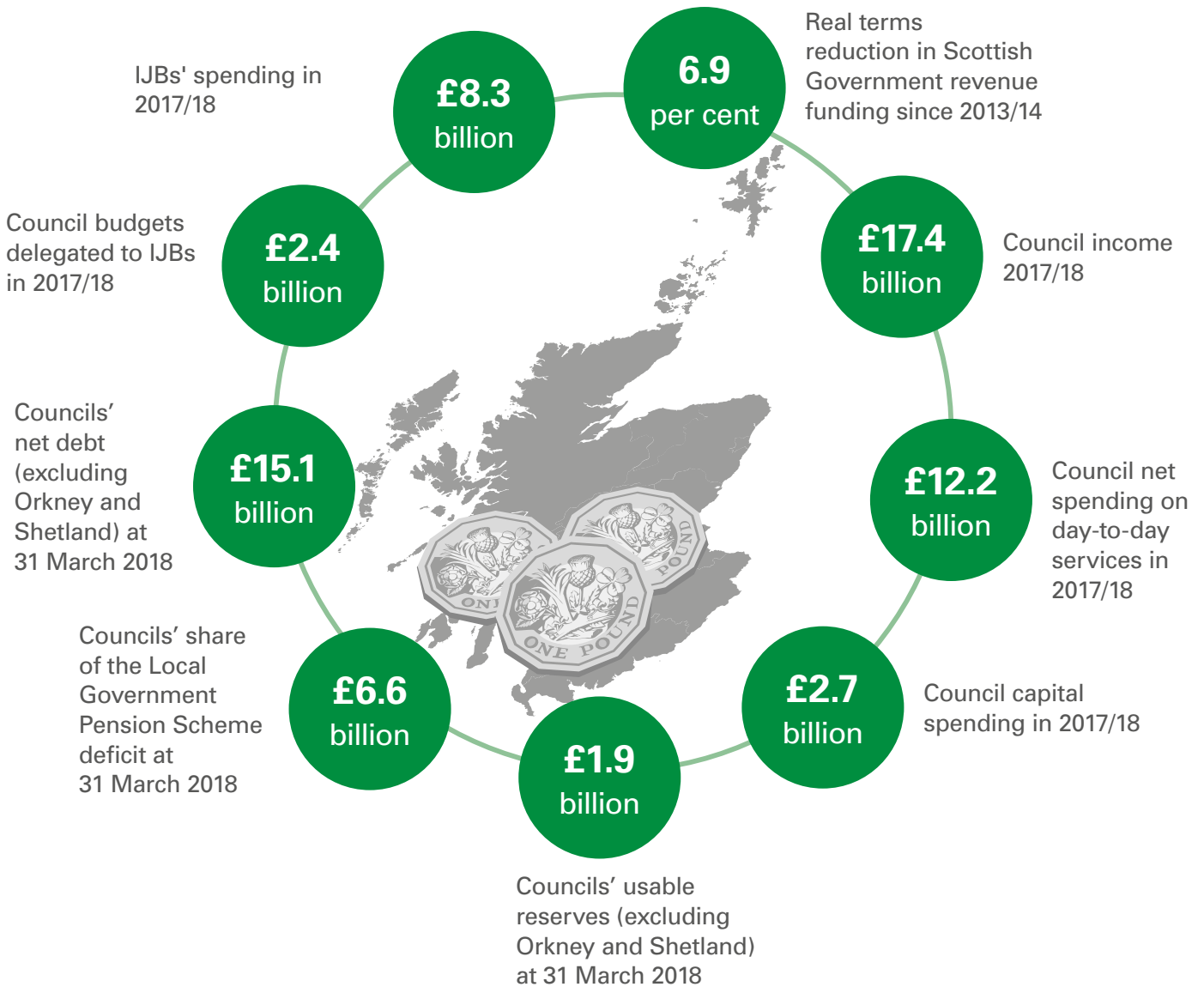


These question mark icons appear throughout this report and represent questions for councillors.

Audit team

The core team consisted of: Carol Calder, Kathrine Sibbald, Ashleigh Madjitey, Ruth Azzam and David Docherty, with support from other colleagues and under the direction of Brian Howarth.

Key facts



Chair's introduction



Welcome to the Accounts Commission's 2018 financial overview report for local government.


This report reflects a similar situation to last year as councils face an increasingly complex range of challenges and continuing pressure on finances. Challenges include increasing demand across many of the wide range of services councils deliver to local communities. Demand has to be met against tightening budgets in many service areas along with uncertainty stemming from external factors such as EU withdrawal.

One of the most significant issues for councils continues to be funding. In 2017/18, funding from the Scottish Government, councils' main source of funding, again reduced in real terms. The reduction was largely offset by increases in council tax and councils' fee income, with most councils applying the maximum three per cent increase to council tax. In total, the net effect of Scottish Government and council action was a reduction in funding of only 0.1 per cent in real terms although the impact on individual councils varied. In general, increased spending in education and social work was offset by reductions in other services. I would also note that the relationship of funding of individual councils to areas of deprivation remains unclear.

The forecast trend is for further reductions in funding from the Scottish Government in the medium term. Pressure therefore remains on councils to make further savings and find ways to meet service demand more efficiently and effectively. This will require difficult decisions and innovative thinking by councillors and senior management working together.

It is important that these decisions are taken in a planned and coordinated way. It is positive progress that almost all councils now have medium-term financial planning in place and some have made progress with long-term financial projections. I would encourage all councils to build on medium-term plans and develop suitable long-term financial planning. This supports consistency in financial decisions with corporate priorities and outcome aims, as well as supporting transformation initiatives. Councillors also need to be clear about the potential impact of planned savings or changes to fees and charges on the local community and economy as well as on achieving corporate objectives.

Last year, we highlighted the risk for some councils plans to use significant amounts of their reserves to manage funding gaps. I am pleased that this year, although overall reserves have continued to reduce, no council is using its reserves at a level that risks their financial sustainability in the next two to three years. We will continue to have an interest in how councils set their reserves policy and utilise reserves as funding pressures continue in the coming years.

The Commission recognises that one of the other most significant challenges for councils are financial issues associated with the Integration Joint Boards (IJBs). The majority of IJBs have underlying financial sustainability issues and without year-end support from the NHS and council partners, 20 out of the 30 IJBs would have reported deficits. In November 2018, we published a report on progress with [Health and social care integration](#) . This highlighted areas for improvement, including financial management and financial planning. The Commission will continue to keep a focus on IJBs and consider how best to monitor their progress in future.

Finally, we welcome that the audits of annual accounts from all 32 councils were signed off with no qualifications. This is testament to the hard work of council staff, especially those within the finance function, and of our auditors. We also note that again there has been some progress with the quality of reporting on financial matters. However, we encourage councils to continue to improve the transparency and clarity of financial information provided to councillors and the public.

I hope you find this overview useful and would welcome any feedback you may have.

Graham Sharp

Chair of Accounts Commission

Summary





Key messages

- 1** Councils depend on Scottish Government funding for a significant part of their income. Scottish Government revenue funding to councils reduced in 2017/18, in cash terms by 0.6 per cent (£0.06 billion) and in real terms, by 2.3 per cent (£0.22 billion). Council tax increases and increased fees and charges were used by councils to increase overall budgets by £0.3 billion (cash terms).
- 2** In 2017/18, councils managed funding gaps of four per cent in their net expenditure budgets of £12 billion, mainly through savings and planned use of reserves. Councils are under pressure to find different ways to fund and deliver services. In 2017/18, 24 councils increased council tax, whereas in 2018/19, all councils increased council tax.
- 3** Overall increases in spending in Education and Social Work were offset by reductions in other services.
- 4** Eighteen councils ended 2017/18 with lower levels of usable reserves than they had at the start of the year. Total usable reserves fell by £18 million, a relatively small amount.
- 5** Funding to the Integration Joint Boards (IJBs) increased in 2017/18 by three per cent in cash terms (1.4 per cent in real terms), including additional funding from the NHS. The majority of IJBs have underlying financial sustainability issues, with 20 incurring deficits or dependent on additional ('deficit') funding from their partners.
- 6** The financial outlook is for reductions in Scottish Government revenue funding to councils. This will mean continued and increasing financial pressures on council services, especially those that are not protected.
- 7** The impact of EU withdrawal is not yet clear, but councils need to identify the risks and develop contingency plans to manage these risks.

councils managed funding gaps of four per cent in their net expenditure budgets of £12 billion, mainly through savings and planned use of reserves

About this report

- 1.** This report provides a high-level independent analysis of the financial performance of councils during 2017/18 and their financial position at the end of that year. It also looks ahead and comments on the financial outlook for councils. It is one of two overview reports that the Accounts Commission publishes each year. The second report comments on the wider challenges and performance of councils. It will be published at the end of the financial year, in March 2019.
- 2.** Our primary sources of information for the financial overview are councils' 2017/18 audited accounts, including management commentaries and the 2017/18 external annual audit reports for each council. We have supplemented this with data submitted by councils to the Scottish Government through local finance returns (LFRs) and Provisional Outturn and Budget Estimates (POBE). LFRs present spending information on a different basis from the spending information that councils record in their annual accounts. We do not audit data contained in the LFRs.
- 3.** We refer to 'real-terms' changes in this report. This means we are showing financial information from past and future years at 2017/18 prices (and 2018/19 prices where 2018/19 comparisons are made), adjusted for inflation so that they are comparable. We also refer to figures in 'cash terms'. This means we are showing the actual cash or money paid or received.
- 4.** Throughout the report, we identify examples of questions that councillors may wish to consider, to help with understanding their council's financial position and to scrutinise financial performance. The Accounts Commission encourages councillors to use an appropriate level of scepticism in scrutiny and ensure they receive sufficient information to answer their questions fully. The example questions are also available on our website in [Supplement 1: Scrutiny tool for councillors](#) .
- 5.** Accompanying this report, and to facilitate insight and comparisons across the sector, we have provided additional financial information on our [website](#) . The information is based on councils' audited accounts. We hope this will be useful for senior council finance officers, their staff and other interested stakeholders. We will also publish a separate supplement on the Local Government Pensions Scheme (LGPS) in December 2018.
- 6.** Orkney and Shetland have been excluded from some exhibits that show usable reserves and debt. This is because their values would make it difficult to see the relative positions of other councils. Most councils hold usable reserves of between seven and 36 per cent of their annual revenue, whereas Shetland's reserves were 260 per cent of its annual revenue and Orkney's 329 per cent of its annual revenue. These large reserves relate to oil, gas and harbour-related activities. Both Orkney and Shetland also have significant investments rather than borrowing, unlike other councils.

Part 1

Councils' budgets and spending in 2017/18



Key messages

- 1** Councils depend on Scottish Government funding for a significant part of their income. Scottish Government revenue funding to councils reduced by 2.3 per cent (£0.2 billion) in real terms in 2017/18, but council tax, grants to services and fees and charges increased, and overall budgets grew by £0.3 billion in cash terms.
- 2** Between 2013/14 and 2017/18, funding from the Scottish Government to local government decreased at a faster rate, 6.92 per cent, than the Scottish Government revenue budget at 1.65 per cent.
- 3** Distribution of funding from the Scottish Government is based mainly on population but could be more transparent to ensure clarity about how funding distribution reflects factors that drive demand and costs in councils.
- 4** In 2017/18, councils managed funding gaps of four per cent in their net expenditure budgets of £12 billion, mainly through savings and planned use of reserves. Their outturn at the year-end was better than budgeted.
- 5** Overall increases in spending in Education and Social Work were offset by reductions in other services

Scottish Government revenue funding to councils reduced by 2.3 per cent (£0.2 billion) in real terms in 2017/18

Council funding

The main source of councils' funding is the Scottish Government

7. Scottish councils get their annual funding and income from a range of sources ([Exhibit 1, page 10](#)). In 2017/18, these totalled £17.4 billion. The main source of funding is the Scottish Government, contributing 55 per cent. In 2017/18, the Scottish Government provided £9.65 billion (compared to £9.71 billion in 2016/17). Within this total, a relatively small element (two per cent, £211 million) is for specific policy areas, such as the Pupil Equity Fund, previously known as the Attainment Scotland Fund. This has increased from £91 million (one per cent) in 2016/17.

Although Scottish Government funding reduced, increases in council tax and charges increased the total amount available to councils to meet expenditure

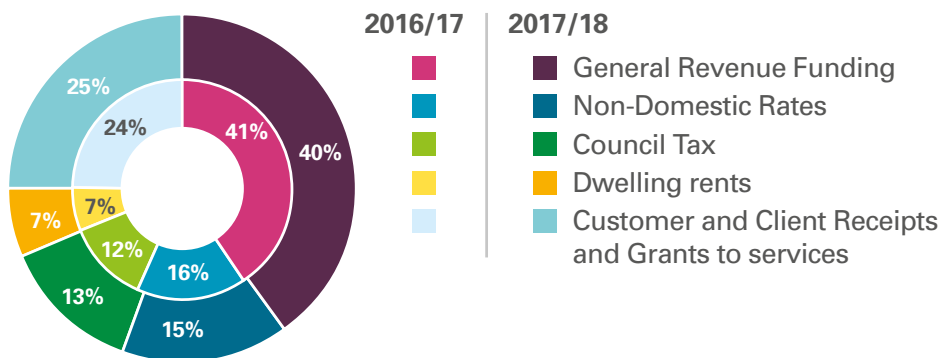
8. Total income and funding of £17.4 billion is an increase from £17.1 billion in 2016/17. Reductions in Scottish Government funding of £57 million have been

more than countered by increases in charges and grants to services, dwelling rents and council tax totalling £328 million. In total, this means that total income and funding is £271 million more in 2017/18 than 2016/17. Across Scotland in 2017/18, 13 per cent of income, £2.3 billion, was generated through council tax and 25 per cent, £4.3 billion, through fees, charges and grants credited to services.

Exhibit 1

Sources of council revenue income, 2017/18

Total funding and income to councils in 2017/18 was £17.4 billion.



Source: Finance Circulars and Audited Financial Statements



An element of Scottish Government 2017/18 funding was agreed late, limiting councils' ability to properly plan and agree their budgets

9. Provisional funding allocations for 2017/18 were issued to councils on 15 December 2016 and further increases were agreed and communicated to councils in a letter from the Finance Minister, on 2 February. The financial circular of 9 March 2017 confirmed these changes. The amount to be distributed to councils as revenue funding increased by £182 million (1.9 per cent). Councils agree their budgets at meetings during February and March. One council noted in its budget papers that 'In the last few days, (the Finance Minister) announced ...change(s) on 2nd February, the day before the administration's budget proposals were due to be signed off'. Another council noted that a 'very late and material revision was made to the revenue grant settlement... present(ing) challenges in terms of configuring a balanced budget at short notice and ensuring value for money spending proposals'. Receiving significant changes at a late stage in the budgeting process limits the time available to councils to plan, discuss and agree budgets.

Scottish Government Revenue funding fell by 2.3 per cent in real terms in 2017/18

10. Exhibit 2 (page 11) shows that in 2017/18 the **total revenue funding** ⁱ from the Scottish Government reduced by 0.6 per cent in cash and 2.3 per cent in real terms. Including additional funding of £34.5 million and health and social care funding via the NHS, Scottish Government funding was reduced by 0.8 per cent in real terms in 2017/18, compared to the previous year.



Total revenue funding:

This consists of general resource grants, specific revenue grants (together known as revenue grants), and Non-Domestic Rates income (NDR).

Total revenue funding does not include the additional £34.5 million added at Stage 1 of the Budget Bill to be paid in 2017/18 in respect of 2018/19. It also does not include health and social care funding paid to local government via the NHS.

Exhibit 2

Changes in Scottish Government funding in 2017/18

Scottish Government Revenue funding fell by 2.3 per cent in real terms in 2017/18.

	2016/17 £m	2017/18 £m	Cash %	Real %
Revenue Grant	6,939	6,985	0.7 ▲	-1.0 ▼
NDR	2,769	2,666	-3.7 ▼	-5.3 ▼
Total revenue funding	9,708	9,651	-0.6 ▼	-2.3 ▼
Further funding		35 ¹		
Health & social care funding via NHS	250	357		
	9,958	10,043	+0.9 ▲	-0.8 ▼

Note: £34.5 million was added at Stage 1 of the Budget Bill to be paid in 2017/18 and 2018/19. Accounting standards meant that this was correctly treated as 2017/18 income by councils.

Source: Finance Circulars 1/2017 and 4/2018

11. In 2017/18, the Scottish Government paid an additional £107 million to NHS boards to assist with health and social care. This was used mostly to offset new living wage and sleepover costs of care workers in local government.

Local government funding has reduced at a faster rate than other areas of the Scottish public sector

12. In May 2018, the Scottish Parliament Information Centre (SPICe) reported that between 2013/14 and 2017/18, funding from the Scottish Government to local government decreased at a faster rate than the Scottish Government revenue budget; 7.1 per cent and 1.8 per cent respectively. Using a similar approach, but with up-to-date inflators, the reductions have been 6.92 per cent and 1.65 per cent ([Exhibit 3, page 12](#)). This demonstrates a significantly higher impact on total local government funding compared to the total Scottish Government revenue budget. In cash terms, the funding from the Scottish Government to local government has fallen by 1.18 per cent while the Scottish Government revenue budget has grown by 4.41 per cent.

Distribution of funding from the Scottish Government could be clearer about how it reflects factors that drive costs in councils

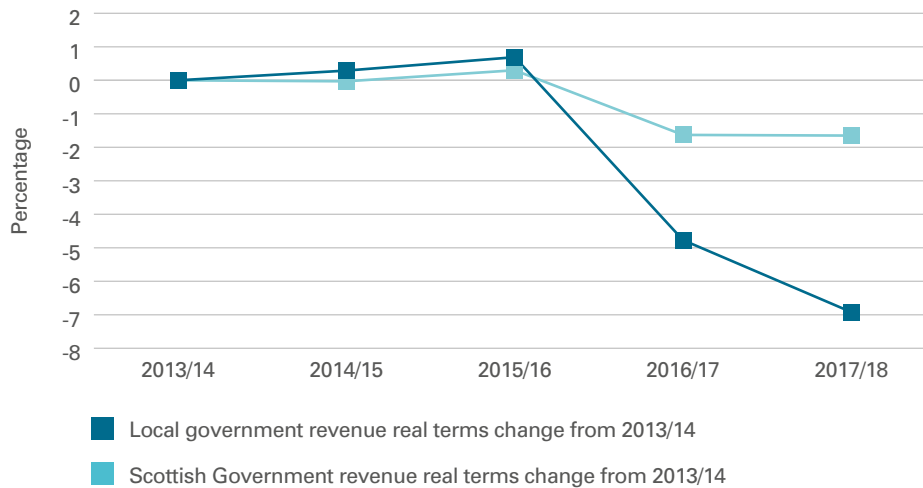
13. As we reported last year, the Scottish Government and COSLA's mechanism for distributing funding to councils is the main determinant of a councils' overall funding. Grant-aided Expenditure, or GAE, is a needs-based methodology, used to allocate the Scottish Government's pre-determined spending review totals among councils. It is made up of 89 indicators such as 'services for people with disabilities' and 'road maintenance'. These indicators are weighted to reflect factors that impact on the demand for and cost of delivering services, for example, 'the size of the 16 to 64 year-old population' and 'length of roads to maintain'.

14. The weighting factors determine the proportion of GAE funding that goes to each council. It is important to note that GAE is purely a methodology to redistribute spending review totals: councils are not obligated to spend the specific amounts on each area identified in the methodology.

Exhibit 3

Real terms change in revenue funding for Scottish Government and councils since 2013/14

Scottish Government revenue budget has fallen by 1.65 per cent between 2013/14 and 2017/18, while revenue funding to councils has fallen by 6.92 per cent over the same period.



Note: Local government funding shown is General Revenue Grant funding, other ring-fenced funding, and NDR.

Source: Audit Scotland; and SPICe



15. Since 2008/09, the total amount of GAE has remained at £7.9 billion and the weighting allocated to each GAE indicator has stayed the same. Each year the councils' relative proportion of funding has been recalculated using the 89 indicators, which means that the amount each council receives may change as its 'population', 'number of teachers', or value of other indicators change. However, the methodology used, and relative importance of each indicator used in arriving at the overall distribution of GAE has not changed in ten years.

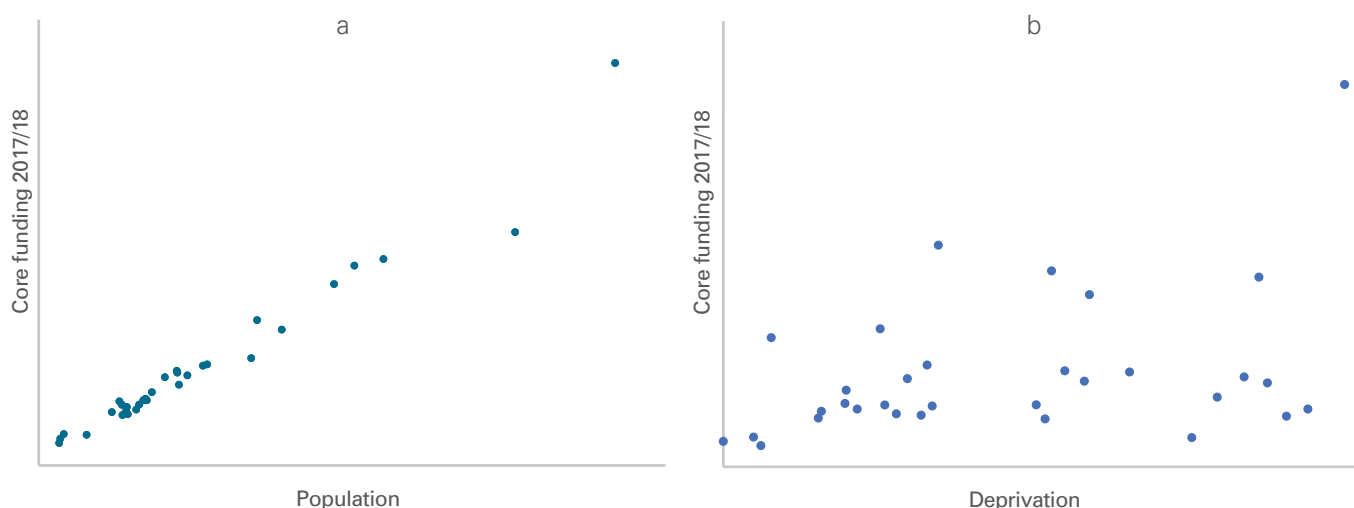
16. The majority of GAE is allocated according to population-based factors. Other factors are far less significant influences on total funding. For example, those which might be considered to link to deprivation, for example 'the number of current income deprived', are linked to a much smaller proportion of funding than population-based weighting factors.

17. This is demonstrated when we consider the relationship between how much funding a council receives and its population size and deprivation levels. The former is a very strong determinant of overall funding and the latter is only a moderate to weak factor ([Exhibit 4, page 13](#)). Given Scotland's demographic changes and the Scottish Government's commitment to tackling social and economic inequality, there is a risk that the GAE weightings no longer sufficiently represent need.

Exhibit 4

Scottish Government core funding compared to council population size and deprivation levels

The majority of core funding is allocated to councils according to population-based factors. A much smaller proportion of factors linked to deprivation influences funding levels.



Note: Deprivation has been calculated using the percentage of datazones in the council which are in the 30 per cent most deprived datazones in Scotland. Based on the Scottish index of multiple deprivation (SIMD).

Source: Scottish Government finance circulars; National Records for Scotland 2017 population estimates; and Scottish Index of Multiple Deprivation.



18. Scottish Government funding provided to councils on top of the GAE funding allocation, £3.7 billion in 2017/18, is either distributed using the same proportions as the GAE funding or through a separate methodology agreed by the Scottish Government and COSLA. The Scottish Government advises that in 2017/18, £0.2 billion was distributed using the GAE methodology and £3.5 billion through individual separate methodologies. The basis of the calculations for the separate methodologies are not publicly available and should be more transparent.

19. The £3.7 billion funding includes former ring-fenced grants, new policy commitments (since 2008/09), additional funding from the government spending reviews, special island needs allowance and loan charges. This funding, alongside the GAE, makes up the 'total estimated expenditure' which is then adjusted to take account of expected council tax and non-domestic rates income and specific ring-fenced grants such as the Pupil Equity Fund.

20. The Scottish Government and COSLA have two groups that consider the funding distribution allocations on a regular basis, the settlement and distribution group (SDG) which is supported by the data issues working group (DIWG). These groups work on understanding the strategic issues behind the distribution of funding and updating the data behind the indicators. Both groups include membership from Scottish Government, COSLA and several Directors of Finance. We recognise that a review of funding distribution is difficult in times of reducing budgets, as there will inevitably be some councils that end up with smaller allocations of funding, putting further strain on already tight budgets. But we continue to believe that it is important that the Scottish Government and COSLA assure themselves that the funding formula remains fit for purpose.

Council tax changes raised a further £189 million in 2017/18

21. Council tax is another important source of income for councils. In 2017/18, £2.3 billion, 13 per cent of council funding came from council tax, which is set by individual councils. Councils raised a further £189 million in 2017/18 through council tax, compared to 2016/17.

22. In 2017/18, the Scottish Government’s council tax freeze was lifted but with a maximum increase of three per cent. Twenty-four councils chose to increase council tax, with twenty-one increasing rates by the maximum three per cent ([Exhibit 5](#)). This raised an estimated £49 million.

23. The national changes in 2017/18, also included increases to the council tax bands E to H and removal of second-home discounts. These changes raised the remaining £140 million and benefited councils with a relatively higher proportion of higher banded properties.

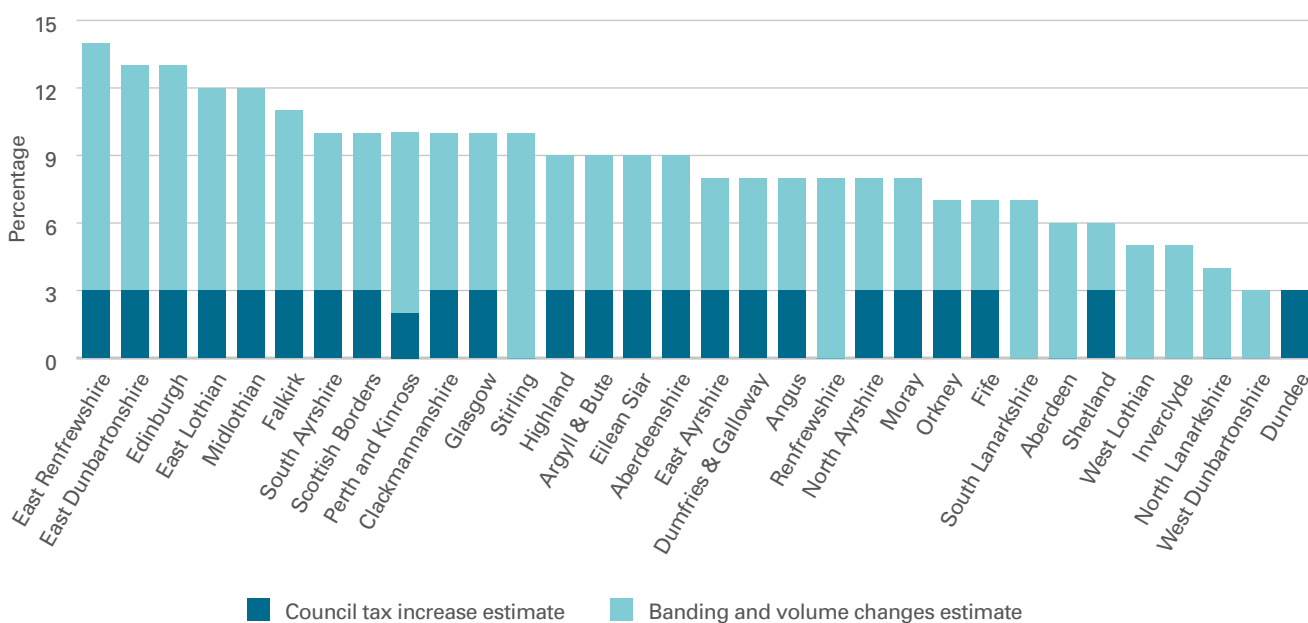
A significant element of income comes from fees, charges, house rent and grants taken directly to services

24. In 2017/18, 32 per cent (£5.4 billion) of councils’ income was generated from fees, charges, rents and grants taken to services. The majority of this sum comes from two sources including house rents and grants from government and other bodies, such as the Department of Work and Pensions, which are credited to services. A smaller proportion of this money is raised from a wide range of charges for services including parking charges, music tuition in schools and fees for road closure consent. These are not easily distinguishable in the audited financial statements.

Exhibit 5

Increase in council tax income by council, 2017/18

Council tax changes raised a further £189 million in 2017/18.



There is significant variation between councils in charges for services

25. There is wide variation in what councils charge for and the level of charge made for services. In 2017/18 and 2018/19, there is variation in how councils are making increases to their income from fees and charges. Some councils are making incremental increases across the range of charges and fees they use. Some councils are making significant increases to groups of fees and charges, such as those related to commercial waste, harbour management or to burial and cremation. Some councils are introducing new fees and charges, these include, for example, charges for garden waste collection, use of residential centres, car parking charges, public toilets, and for pest control.

26. An analysis of a sample of 16 types of charges, from data provided by local audit teams in each council, indicates that from 2016/17 to 2018/19, 11 increased by more than the rate of inflation. Inflation over the two-year period has been calculated at 4.7 per cent. The service charges which showed the highest increases were:

- purchase of grave (lair), where of the 22 councils that had provided information on fees, the average increase was 20 per cent
- adult burial (interment), where 23 councils reported an average increase of 12 per cent
- junior swimming access, where 11 councils reported an average increase of 11 per cent.

Councils' budgets 2017/18

Councils identified some consistent pressures in setting their 2017/18 budgets

27. Councils' 2017/18 budget papers identified some common themes in the pressures that councils were identifying. These include:

- Staff costs – as the single most significant expenditure for councils, changes to staff-related costs can generate significant pressure on budgets. Specific pressures included:
 - Pay inflation was a consistent pressure across councils. The Highland Council identified pay and pensions pressures of £4.2 million (0.7 per cent of its budget).
 - The introduction of the living wage and sleepover arrangements: this affected adult care services particularly. Renfrewshire Council's budget identified this pressure as £2.0 million (0.5 per cent of its budget)
- Other costs – inflationary pressures. Renfrewshire Council identified the ending of commissioned contracts and the renegotiation of new national care home contracts in adult care services as a budget pressure of £1.2 million (0.3 per cent of its budget).
- Financing costs – when a council borrows or invests in assets it can incur additional financing costs that become a new annual budget pressure. The Highland Council budgeted for additional pressures of £4.3 million (0.7 per cent of its budget) (including additional loans charges and unitary charges).



Does your council have a charging policy?

Is it in line with corporate plans and objectives?

When was this last reviewed?

Do you receive sufficient information about the potential impact on the service and wider community when making decisions about changing fees and charges?

What information do you need to be able to explain increases in fees and charges to your constituents?



How do you engage with the budget-setting process and ensure you have the opportunity to influence the development and content of a strategic budget?

- Apprenticeship levy – this is a new levy on bodies of 0.5 per cent of pay bills above £3 million. The Highland Council identified this as a pressure of £1.2 million (0.2 per cent of its budget), East Ayrshire as £0.8 million (0.2 per cent of its budget) and Dundee City Council £1.0 million (0.3 per cent of its budget). Budgets tended not to assume receipt of funding or grants from the Scottish Government or Scottish Apprenticeship Advisory Board in respect of the levy.
- Demand costs – increasing demand for services was noted as a cost pressure. This was most distinct in adult care services. Renfrewshire Council identified this as £1.2 million (0.3 per cent of its budget). East Ayrshire Council agreed to fund demand pressures in adult social care of £2.0 million (0.6 per cent of its budget).

Budgeted net expenditure of £12.4 billion included 'funding gaps' of four per cent

28. Councils' 2017/18 budgets identified total final net expenditure budgets of £12.4 billion. This is after fees, charges and grants are credited to services as budgeted income. These total net expenditure budgets were not fully met by remaining income from core Scottish Government funding, including NDR, and council tax. The shortfall or 'funding gap' was £0.5 billion (four per cent).

Funding gaps were managed by planned savings and temporary use of reserves

29. Councils identified funding gaps of up to six per cent of total revenue, but still managed to present balanced budgets through:

- planned budget savings of £0.4 billion (three per cent of revenue funding). These included management and staff reductions and restructuring, service redesign and procurement
- planned use of £0.1 billion of unearmarked reserves.

Some councils reverted to a temporary planned use of reserves due to the uncertainty presented by the local government elections in May 2017

30. The local government elections in May 2017 had a bearing on some councils' approach to budget-setting. With outgoing administrations and the possibility of changed incoming administrations, officers did not feel able to agree transformational savings plans with outgoing administrations or have confidence that these could be sustained with new incoming administrations. This meant that reserves were used as a short-term contingency to manage funding gaps in 2017/18 until wider transformational plans could be agreed with new administrations. This demonstrates why medium and long-term financial planning is important.

Councils' outturn against their 2017/18 budget was more favourable than planned

31. 2017/18 net expenditure was £12.2 billion compared to the final budget of £12.4 billion. Common themes for this improved position were savings on staff costs and loan charges.

32. As we noted above the planned use of reserves was £105 million. The actual use of revenue reserves was much lower at £38 million and those that planned to use unearmarked General Fund reserves to balance the budget did not need to use reserves in line with their plan.



How does annual budget-setting link to medium and long-term financial planning in your council?



Does your council have a savings plan?

What are the options to close future funding gaps?

How well are you kept informed about progress in delivering those savings?

Overall increases in spending in education and social work were offset by reductions in other services

33. Scottish Government provisional outturn data identified expenditure grew by 1.1 per cent in cash terms, compared to 2016/17. In real terms it fell by 0.6 per cent. There were significant differences in expenditure between services:

- Education expenditure increased by 3.2 per cent (1.5 per cent in real terms). This reflects several national priorities including raising attainment.
- Social Work expenditure increased by 2.4 per cent (0.7 per cent in real terms). This included funding the living wage and demand pressures.
- Other 'non-protected' services fell by 2.6 per cent (4.3 per cent in real terms). This includes environmental services, culture and related services, planning and development services, and roads and transport.



Which service areas are under the most pressure to make savings?

What impact will savings have on the delivery of services and outcomes for service users, the wider community and the local economy?

What are the potential risks?

Part 2

Councils' financial position



Key messages

- 1** Eighteen councils drew on their usable reserves in 2017/18, overall by a relatively small amount.
- 2** Some councils have relatively higher levels of debt for their size.
- 3** Local policies vary on whether cash and investments are held to support reserves. This could increase the need for further future borrowing.
- 4** Capital expenditure in 2017/18 decreased by five per cent in real terms. Housing and education were the main areas of investment. Despite this the number of social houses provided by councils continues to fall.
- 5** Some councils have had significant increases in their debt positions.
- 6** There were delays with the valuation of pensions liabilities in councils across Scotland in 2017/18, but the net pension liability has reduced substantially in 2017/18.
- 7** Management commentaries in councils' accounts should do more to explain financial outturn against budget.

in 2017/18, councils drew on their usable reserves by £18 million, a relatively small element of usable reserves

Councils' financial position

In 2017/18, councils drew on their usable reserves by £18 million, a relatively small element of usable reserves

34. In last year's overview report we noted that more councils were drawing on their usable reserves. This trend continued in 2017/18, with 18 councils ending 2017/18 with lower levels of usable reserves than they had at the start of the year. In 2016/17, 20 councils were in this position.

35. Some councils added to their usable reserves including South Lanarkshire (increased by £15 million, 15 per cent), Stirling (increased by £6 million, 22 per cent) and Dundee (increased by £7 million, 35 per cent), due to significant in-year surpluses relative to the usable reserve balance. One council had a significant reduction in usable reserves: Aberdeen City reduced its usable reserve by £21 million (25 per cent), through a combination of a General Fund deficit and using part of its capital reserve.



What is the council's reserve policy?

What have reserves been used for in recent years?

Supporting services and bridging the funding gap or transforming services?

36. It is important that councillors are aware how usable reserves are being used each year, especially where the cumulative scale of this is potentially significant to financial sustainability. Northamptonshire County Council, in its 2017/18 financial statements, identifies that 'financial pressureshave led to a position where the council has had to utilise almost all of its General Fund (£12 million) and earmarked reserves (£5.5 million) in order to deliver a balanced year-end outturn for 2017-18.' Our analysis based on 2018/19 budgets and levels of General Fund reserves indicates there are no short-term concerns in Scottish councils.

The overall total General Fund position is consistent with 2016/17 at £1.15 billion

37. Usable reserves held by councils totalled £2.4 billion. This includes General Fund balances and other statutory reserves. Within this total the General Fund balance remains relatively unchanged from 2016/17 at £1.15 billion. The nature and value of usable reserves are shown in [Exhibit 6](#).



What are the different types of usable reserves your council holds?

Do you know what these can be spent on?

Is it clear that the reserves are needed for the purposes they are assigned?

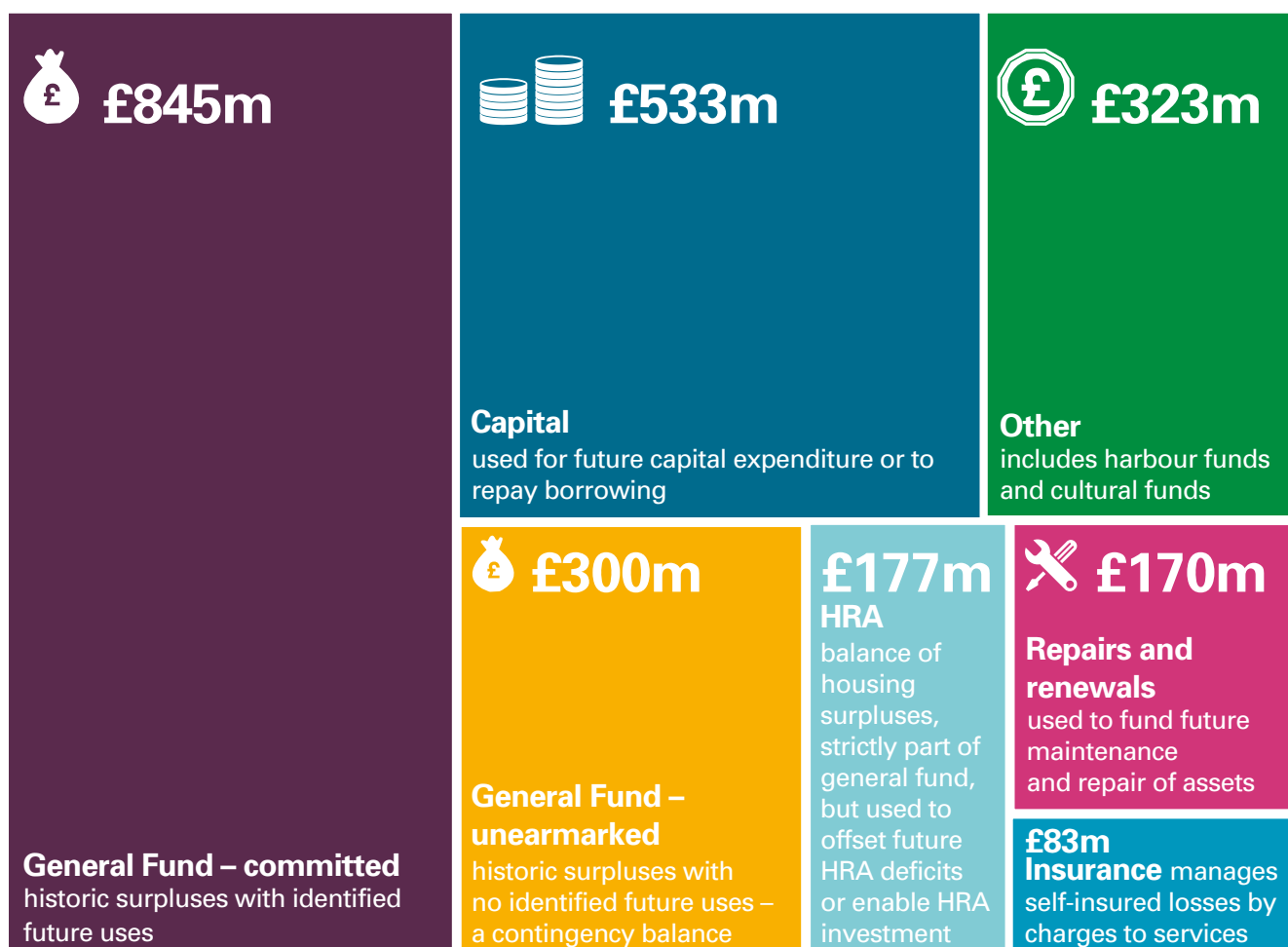
Are the reserves sufficient for those purposes?

Could the reserves be better used for something else?

Exhibit 6

The relative size and nature of council's usable reserves


In 2017/18, usable reserves held by councils totalled £2.4 billion.




There is significant variation in the relative size and the nature of reserves held

38. Councils adopt different strategies for creating and managing their reserves, with some councils operating significant capital funds with associated investment plans. This provides a significant variation in the nature and extent of funds held ([Exhibit 7](#)). Councillors should scrutinise the nature, extent and timing of plans for using specific and committed funds to ensure that these remain valid, appropriate and reasonable.

Some councils have relatively higher debt than others

39. Councils' **net debt**  varies by between 45 per cent of annual revenue in Shetland to 203 per cent in West Dunbartonshire ([Exhibit 8, page 21](#)). Higher levels of debt lead to higher annual costs of servicing this debt and councils need to ensure this is affordable. West Dunbartonshire has total debt of £535 million offset by cash assets of £22 million. This is a net external debt of £513 million compared to annual revenue of £253 million (from council tax, NDR, revenue support grant and dwelling rents).



Gross debt/net debt:

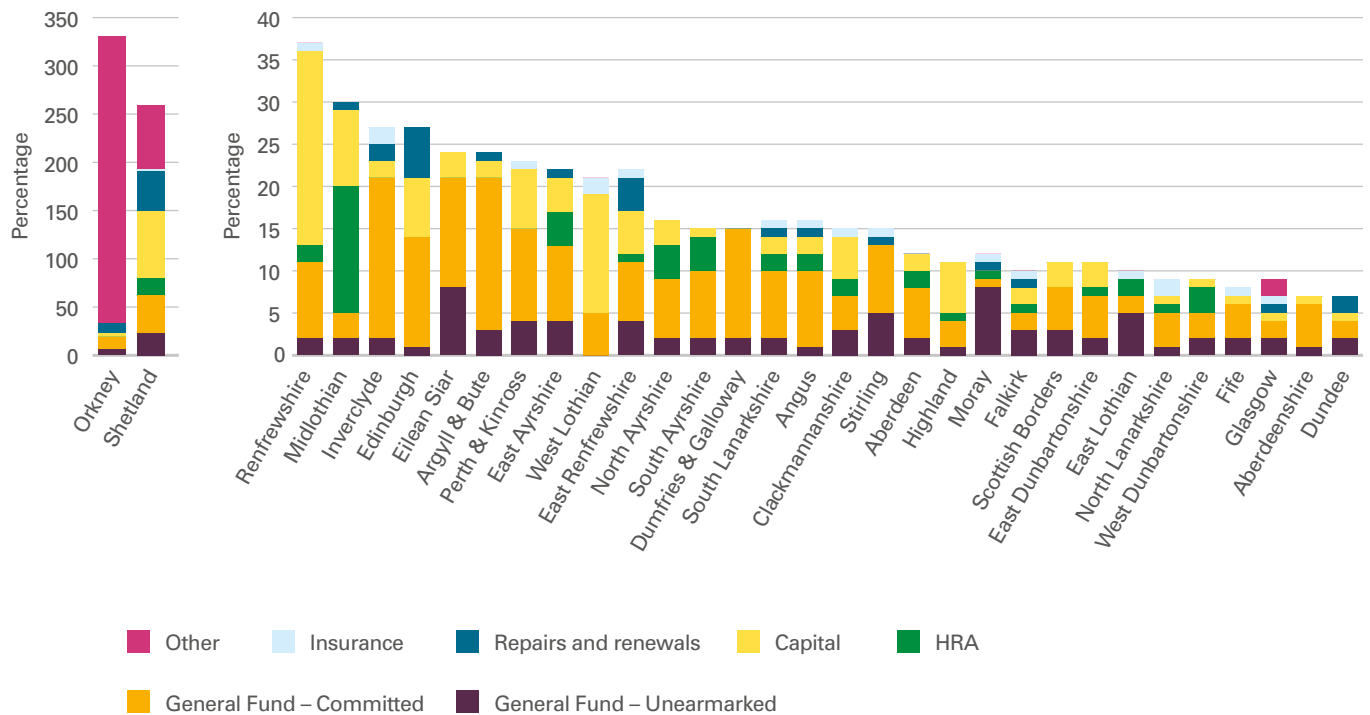
Gross debt is the total outstanding borrowing and the liabilities associated with PFI/PPP/NPDO and HuB schemes.¹ This includes both long and short-term balances.

Net debt is 'gross debt' less any cash or investments, which form part of the council's overall approach to treasury management.

Exhibit 7

Usable reserves as a percentage of council annual revenue

There is significant variation in the relative size and the nature of reserves held.



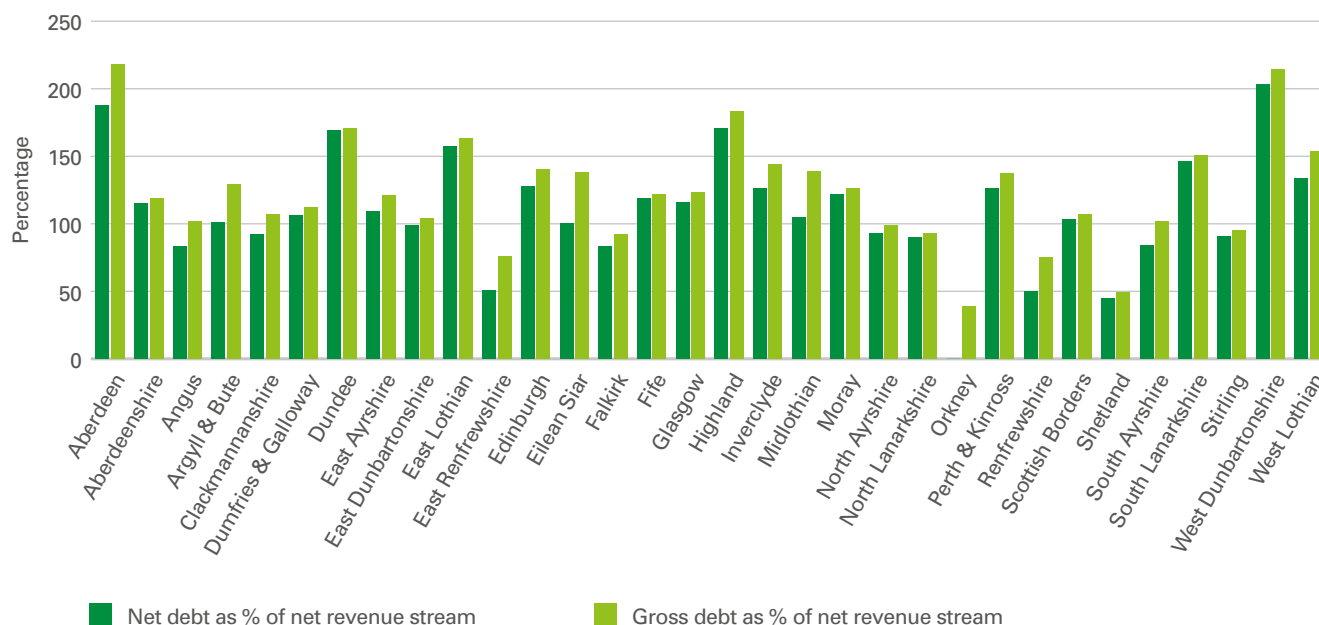
Source: Audited financial statements 2017/18 (Orkney and Shetland have reserves which are above 250 per cent of their annual revenue)



Exhibit 8

Council gross and net external debt compared to its annual revenue

Councils' net borrowing varies between 45 per cent of annual revenue in Shetland to 203 per cent in West Dunbartonshire.




Note: NRS is the net revenue stream, ie the net spending used for day-to-day delivery of council operations.

Source: Audited financial statements 2017/18 (Orkney is excluded as it has net investments)



Councils don't always have cash to support reserves and might need to borrow further

40. Thirteen councils have significant cash or investments that can be used to support the reserves position ([Exhibit 9, page 22](#)): spending reserves would reduce the cash or investments held. However, other councils have chosen in the past to use their cash or investments to fund capital spending rather than take on further borrowing. This means that some councils would need to borrow further over the longer term to provide the cash to spend on commitments identified in their reserves. This borrowing would increase their 'underlying' debt position from the position shown in [Exhibit 9](#).

41. Councillors should be aware of the current borrowing position and the potential need for future borrowing when agreeing authorised borrowing limits as part of the [prudential code](#) .

Capital spending in real terms reduced by five per cent in 2017/18

42. In real terms, capital expenditure decreased by £138 million (five per cent) between 2016/17 and 2017/18 to £2,698 million. [Exhibit 10 \(page 22\)](#), illustrates the level of capital expenditure across the main services areas. The majority of investment is in schools' estate, new social housing and major refurbishment of social housing.



What is the council's current debt position?

Do you have clear information about the potential need for future borrowing when agreeing authorised borrowing limits?

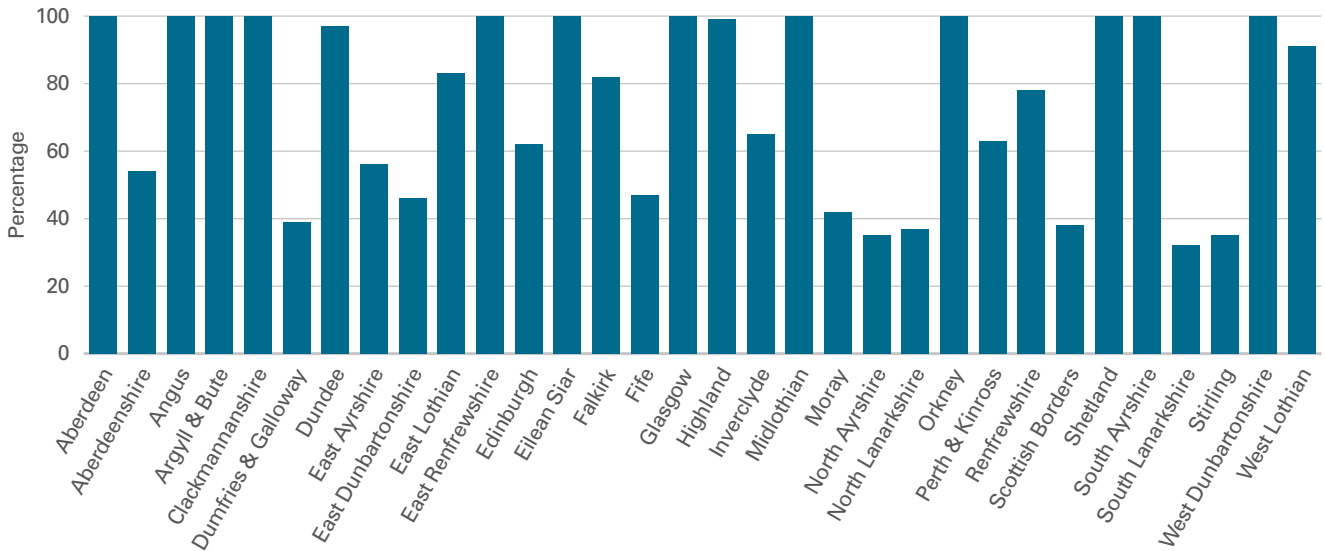
What share of the council's budget is taken up with interest payments and debt repayment?

What proportion of the council's debt is linked to inflation or at fixed rates? What does this mean for longer-term affordability?

Exhibit 9

Extent that usable reserves are represented by cash or investments

Thirteen councils have significant cash or investments that can be used to support the reserves position.



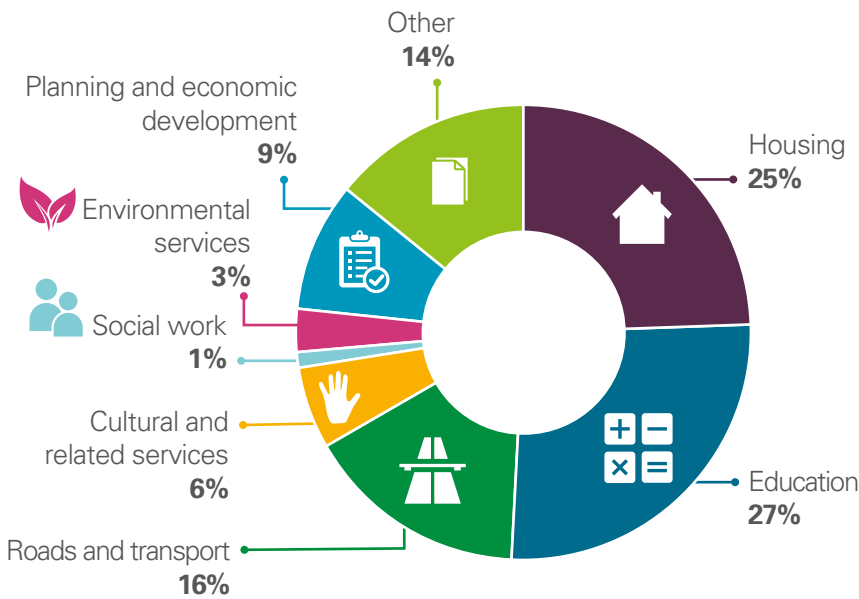
Source: Audited financial statements 2017/18 (100 per cent shown as max. amount, some councils exceed 100 per cent)



Exhibit 10

Capital expenditure by service area, 2017/18

The majority of investment is in schools' estate, new social housing and major refurbishment of social housing.



Source: Scottish Government POBE provisional outturn by service

Despite investment in social housing overall, numbers of council houses continue to fall

43. Across Scotland, social housing is provided by a mix of housing associations and by councils. In 24 areas, councils continue to be significant housing providers. The number of council houses in Scotland continued to fall slightly in 2017/18, down a further 334 houses (0.1 per cent of stock), although the rate of decrease has slowed. The right-to-buy council housing ended in Scotland on 31 July 2016, but applications submitted by that date are still being processed during 2017/18, with 1,640 sales in the first three quarters of 2017/18. Sales and other contributing factors, such as demolitions, continue to offset the number of new houses being completed by councils (with housing stock). This net movement varied between councils: 16 councils saw a decrease in house numbers and ten increased in 2017/18 (six councils no longer have housing stock following stock transfer).

Government grants and amounts from revenue continue to be the main sources of funding for capital expenditure

44. Sources of capital expenditure funding included ([Exhibit 11, page 24](#)):

- £1 billion of government grants (£138 million or 16 per cent higher than in 2016/17)
- £0.6 billion of internal charges to services (loans fund principal repayments) (£0.7 billion in 2016/17)
- £0.6 billion increase in the underlying need to borrow² (£0.7 billion in 2016/17) with £0.3 billion of this resulting in an increase in external borrowing.

Some councils had significant increases in their net debt position

45. Councils' net debt increased in 2017/18 by £0.6 billion to £15.1 billion. Twenty councils increased their net debt by a total of £0.8 billion, with another 11 councils reducing their net debt by £0.2 billion.

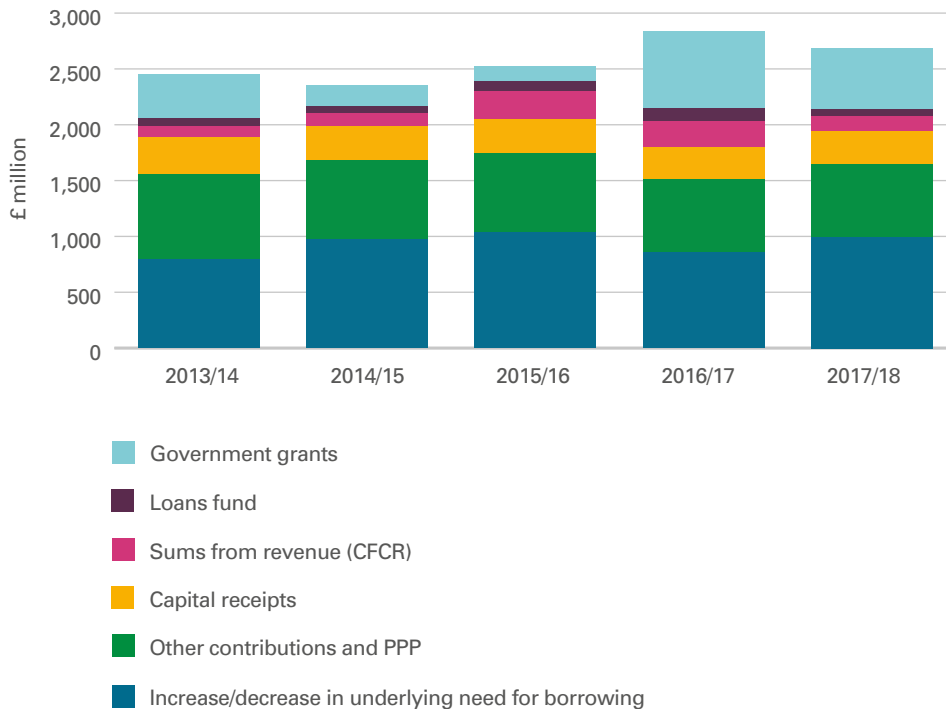
46. The councils with notable increases included:

- Argyll and Bute Council – a £58 million increase (31 per cent) due to increase in primary school finance leases and increased long-term borrowing.
- Aberdeen City Council – with the largest increase in net debt of £211 million (28 per cent) represented by a reduction in investments and an increase in finance leases, associated with Marischal Square and the ongoing capital investment and use of reserves to support delivery of the transition to its 'Target Operating Model'.
- Perth and Kinross Council – increased debt by £75 million (21 per cent) represented by an increase in long-term borrowing for capital expenditure.

Exhibit 11

Sources of funding for capital expenditure, 2013/14 to 2017/18 (real terms)

Government grants and amounts from revenue continue to be the main sources of funding for capital expenditure.



Source: Audited financial statements, sources of capital financing in real terms 2017/18 prices



Other key elements in the audited financial statements

There were delays with the valuation of pensions liabilities in councils across Scotland in 2017/18

47. Councils account for their share of the Local Government Pension Funds (LGPS) in accordance with International Accounting Standard 19 - Employee Benefits (IAS19). This relies on valuations of pension fund assets and liabilities by the scheme's actuary. Actuarial reports across Scotland used estimated data for the final part of the year. Asset returns estimated by the actuary for the final part of the year were significantly lower than actual returns, as a result of significant changes in markets. This resulted in pension fund assets reported in the council's balance sheet being understated in the unaudited accounts. This issue was corrected in the majority of audited accounts across Scotland.

48. In updating the IAS19 report, an actuary also identified an omission in the original calculation of liabilities in three councils resulting in an increase to the council's net pension liability.

49. This issue affected councils and a significant number of subsidiary bodies that are also members of the LGPS.

The net pension liability has reduced substantially in 2017/18 compared to 2016/17

50. In 2017/18, councils' total net pension liabilities in the Scottish Local Government Pension Scheme (LGPS) reduced by 43 per cent from £11.5 billion in 2016/17 to £6.6 billion in 2017/18. All councils reduced their liability, except for Aberdeen City Council. This significant improvement was due to:

- an increase in pension fund assets of £1.1 billion, an increase of four per cent
- a reduction in scheme liabilities of £3.8 billion due to reductions in life expectancy, lower than assumed salary increases and increases in the discount factor used to value future benefits, based on bond rates.

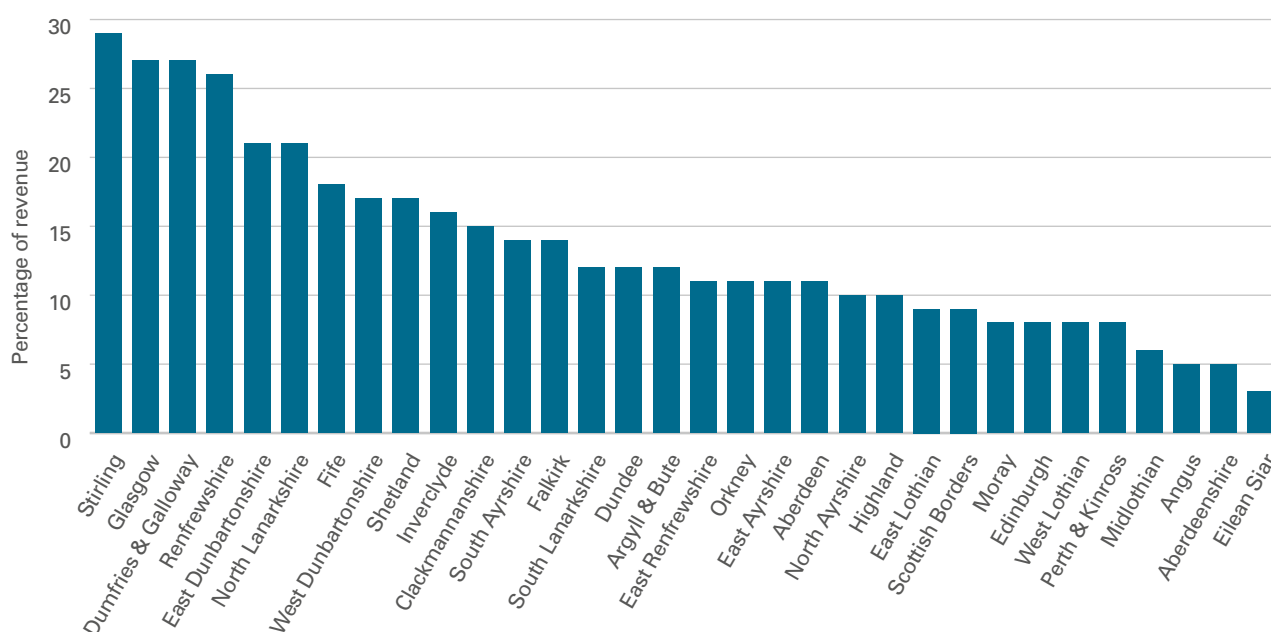
Unfunded LGPS liabilities vary significantly across councils

51. Unfunded liabilities are amounts that are not met by the Local Government Pension Schemes, but by individual employers. These can occur when an employer approves an early retirement, without actuarial reduction or with enhanced pension. [Exhibit 12](#) shows that value of these unfunded benefits as a percentage of the annual revenues of each council. These ongoing commitments can represent annual payments of one to two per cent of revenue.

Exhibit 12

The total liability for LGPS unfunded liabilities as a percentage of annual council revenue


The amounts councils are committed to pay to pension funds for historic early retirements over the medium to long-term varies significantly.



Source: Audited financial statements 2017/18 and IAS19 valuation reports by actuaries



Glasgow City Council reports additional financial pressures that may arise from further equal pay claims

52. In our *Equal Pay in Scottish councils*  report, we identified that all employers have a legal responsibility to ensure that women and men receive equal pay for equal work. In 1999, Scottish councils and trade unions reached the Single Status Agreement to harmonise local government pay and employment terms and conditions and eliminate pay inequality. Implementing the Single Status Agreement was a complex process that required all councils to undertake a large-scale job evaluation exercise. Councils underestimated the risks in this process and legal challenges continue to identify further issues.

53. Glasgow City Council has identified a new contingent liability³ disclosure in 2017/18 for equal pay claims, which it is unable to estimate. This is based on a May 2017 ruling by the Court of Session on pay protection claims, affecting around 8,000 claimants and an August 2017 ruling on the council's Job Evaluation Scheme. This will take time to resolve and the potential scale is likely to be significant and impact on the council's financial planning.

Financial management, governance and transparency

Management commentaries could do more to explain council outturns in the accounts

54. Auditors' reviews of accounts are increasingly concerned with the transparency and clarity of the narrative contained within the management commentary that accompanies the financial statements. There are a few key aspects to an assessment of whether financial reporting is transparent in the narrative:

- Is the outturn against budget position for the year clearly shown with the reasons for significant variances obvious?
- Is the outturn reported in the narrative reconciled to the movement in General Fund contained in the financial statements and major differences explained?
- Some councils do not specifically report on progress against agreed savings in their accounts. Therefore, it is difficult to demonstrate if planned savings were achieved. Councils that did report this said they achieved 105 per cent of their planned savings.

55. We identified Comhairle Nan Eilean Siar's management commentary as an example of good practice. Financial performance in 2017/18 was clearly identified in the management commentary. This included the income, expenditure and surplus/deficit positions for significant elements of the council's budget that was consistent with overall movements on the General Fund.

56. There were improvements in this area in 2017/18. However, there are still circumstances where these basic expectations of transparency are not met and the financial outturn in the management commentary does not help the reader understand clearly how the council has performed against budget and how this is reconciled to the accounts.



Do budget monitoring reports clearly explain financial performance against plans and any changes to plans, including the reasons for change?

Does the management commentary clearly explain the council's financial performance and the changes to plans and reasons for those changes?

What additional training would you like to receive to develop your knowledge and skills for financial scrutiny?


Part 3

Integration Joint Boards' overview 2017/18



Key messages

- 1** Funding to the IJBs increased in 2017/18 by three per cent in cash terms. Most of this additional funding came from the NHS and includes additional Scottish Government funding to the NHS for IJBs of £107 million.
- 2** The majority of IJBs have underlying financial sustainability issues, with 11 out of 30 incurring deficits in 2017/18. A further eight would have incurred deficits without additional ('deficit') funding from their partners.
- 3** Reserve positions vary enormously between IJBs.
- 4** Medium-term financial planning is not used by most IJBs and further improvements to financial management should be introduced.

57. Funding to the IJBs increased in 2017/18 by three per cent in cash terms. Including additional Scottish Government funding to the NHS for IJBs of £107 million. IJBs were established as a result of the Public Bodies (Joint Working) (Scotland) Act 2014 (the Act). They are partnerships between NHS boards and councils and are responsible for the delivery of adult health and social care, and in some council areas, for other services, such as children's services. We reported on progress in November 2018 in our report, [Health and social care integration – update on progress](#) .

58. In 2017/18, IJBs were responsible for directing £8.3 billion of health and social care resources, money that was previously separately managed by councils and NHS boards. In total, 29 per cent or £2.4 billion of IJB funding was allocated from councils, and £5.9 billion or 71 per cent from the NHS ([Exhibit 13, page 28](#)).

59. The total resources available to IJBs has increased by three per cent, in cash terms, from £8.1 billion in 2016/17. The majority of this £240 million was allocated from the NHS:

- £107 million was provided by Scottish Government to the NHS to direct towards social care services delivered by councils.
- In some cases, NHS boards directed additional funding to address overspends in prescribing.

the majority of IJBs have underlying financial sustainability issues



What is the IJB's financial position? Is it financially sustainable?

What are the levels of reserve held by the IJB?

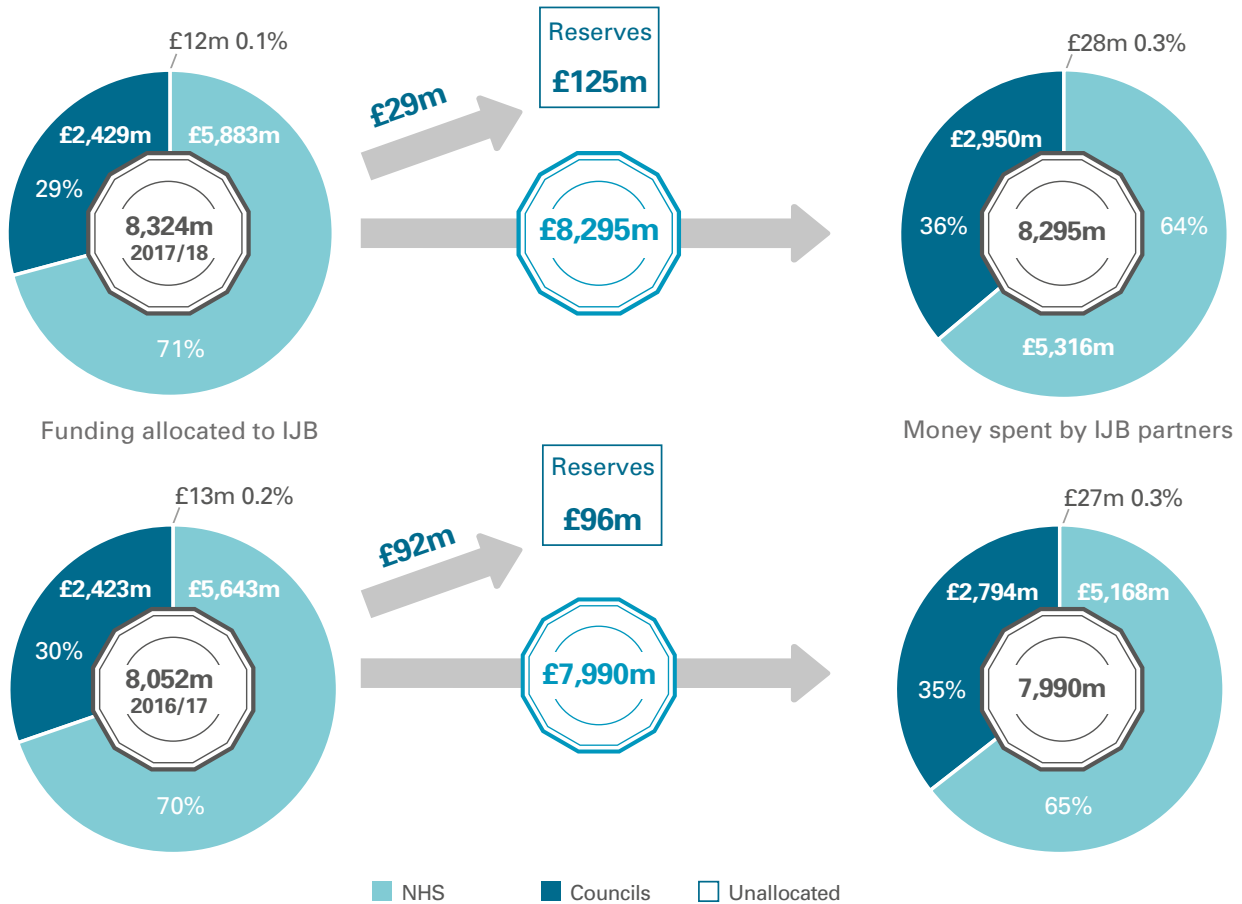
Are these in line with the IJB's reserve policy?

What does the IJB's financial position mean for the council and for the delivery of services?

Exhibit 13

Income and expenditure of Integration Joint Boards in 2016/17 and 2017/18

IJBs spent £8.3 billion on delivering health and social care services in 2017/18, 3.8 per cent (£305 million) more than in 2016/17. Of this 36 per cent was spent by councils and 64 per cent by the NHS.



Note: Some aspects of funding and expenditure is not attributed to either NHS or councils in a few audits. This represents about £15m and £12m of income in 2016/17 and 2017/18 respectively and around £28m of expenditure in both years.

Source: IJB audited accounts

60. IJBs spent £8.3 billion on delivering health and social care services in 2017/18, 3.8 per cent (£305 million) more than in 2016/17. Of this, 36 per cent was spent by councils and 64 per cent by the NHS.

61. The aim of the reform is to meet the challenges of Scotland’s ageing population by shifting resources to community-based and preventative care at home, or in a homely setting. Therefore, it would be reasonable to expect the difference between what the NHS allocates to IJBs and what it receives for acute services to increase. In 2017/18, the difference was 6.6 percentage points compared to 5.1 percentage points in 2016/17, but this does not necessarily represent any operational shift in how services are provided.

The majority of IJBs have underlying financial sustainability issues and without year-end support from partners, 20 out of 30 would have reported deficits

62. Fourteen IJBs had a surplus in 2017/18 compared to 23 in 2016/17. Those with a surplus added a further £42 million to their reserves (£95 million in 2016/17). This does not properly identify the underlying position, as 19 IJBs had additional funding from their partners, which improved their outturn position by £51 million. Without additional funding, a further eight IJBs would have reported a loss in 2017/18, rather than the 11 that did. Eight of the IJBs drew on reserves from previous years to meet in-year deficits.

63. Auditors report that prescribing costs and adult social care costs appear to be the main reasons for overspends. Auditors noted that in NHS Greater Glasgow and Clyde a 'risk-share' agreement on prescribing pressures with the health board has ended in 2017/18 and this will present IJBs in that area with greater financial risk in 2018/19.

Reserve positions vary enormously

64. The total of reserves held by IJBs has grown from £96 million in 2016/17 to £125 million over 2017/18, and now represents 1.5 per cent of total income (compared to 1.2 per cent in 2016/17).

65. IJBs hold reserves for two main purposes that assist strategic financial management and risk management:

- to earmark, or build up, funds which are to be used for specific purposes in the future
- to provide a contingency fund to cushion the impact of unexpected events or emergencies.

66. Forty per cent of the total reserves are held by two IJBs: £31 million in Glasgow and £18 million in North Lanarkshire. Comhairle nan Eilean Siar has the highest reserve relative to its income at ten per cent ([Exhibit 14, page 30](#)). North Ayrshire is unusual in having a negative reserve of £5.8 million.

67. The auditor for North Ayrshire IJB highlighted concerns that 'in the medium term, the IJB is faced with an extremely challenging financial position'. In line with many other IJBs, it has not achieved short-term financial balance, but it has not been deficit funded by its partners.

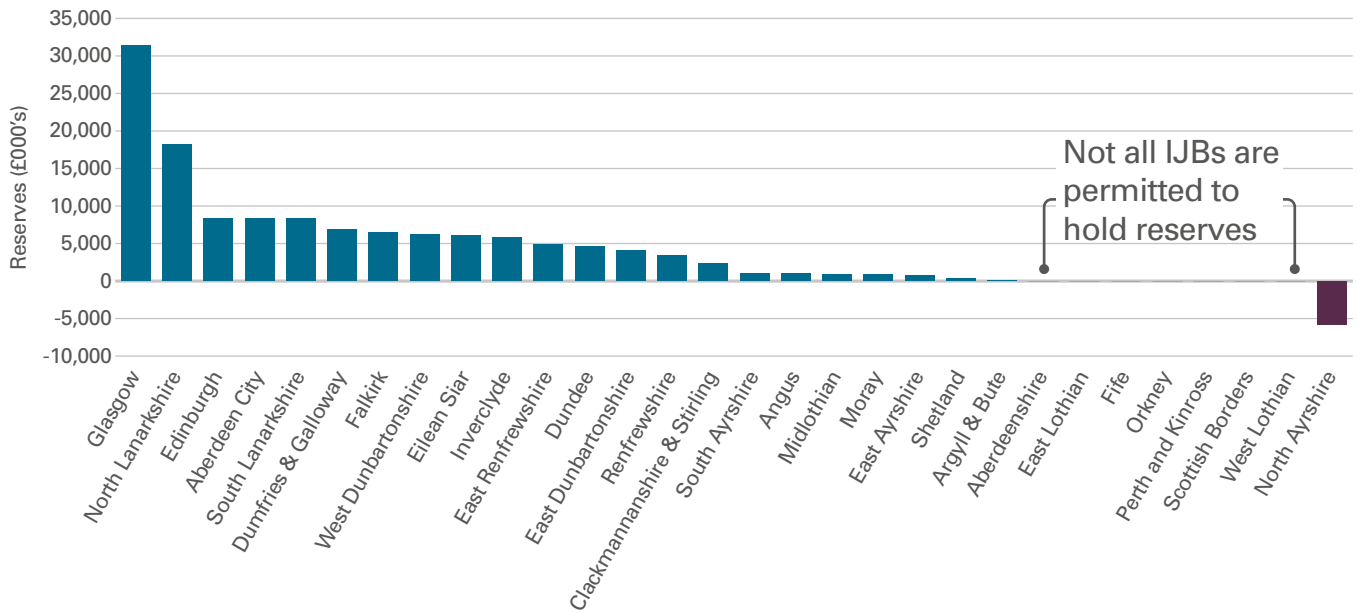
Funding gaps in 2018/19 are significant in IJBs and many do not have balanced budgets

68. Most auditors identified significant financial pressures in 2018/19 in their 2017/18 annual audit reports. The estimated funding gap for IJBs in 2018/19 was £248 million (three per cent of total income). Which is greater than identified in councils. Twelve of the IJBs still do not have balanced budgets for 2018/19 and a further four plan to incur deficits which will be met by accumulated reserves. We reported in November 2018, that these financial pressures make it difficult for IJBs to improve services.

Exhibit 14

Integration Joint Board reserves

Forty per cent of the total reserves are held by Glasgow and North Lanarkshire. North Ayrshire is unusual in having a negative reserve of £5.8 million.



Source: Audited financial statements 2017/18




IJB financial planning and financial management should be further improved

69. Only a third of IJBs have a medium-term financial plan, typically covering three years, and there is no evidence of longer term-financial planning.

70. Auditor's identified issues with financial management in the IJBs including:

- a lack of agreement or a late agreement of budgets
- poor financial monitoring due to delays and inaccuracies during the year
- instances where the projected outturns forecasts during the last quarter of 2017/18 were very different from those actually achieved.

71. As we reported in our [Health and social care report](#)  these are fundamental issue which will limit the ability of Integration Authorities to improve the health and social care system.

Part 4

Councils' financial outlook



Key messages

- 1** In 2018/19, Scottish Government revenue funding to local government increased by 0.2 per cent after two years of real-terms reductions.
- 2** The Scottish Government published a five-year financial strategy in May 2018, but multi-year budgets are not yet being developed. The financial strategy identifies greater future uncertainty and likely further reductions of nine per cent in real terms over the next five years in 'other non-protected' council funding.
- 3** Many councils are in the early stages of delivering transformational change.
- 4** Medium-term financial planning has been adopted by almost all councils, but less than half have significant long-term plans over five years.
- 5** Councils expect to manage smaller funding gaps in 2018/19 of £0.3 billion (two per cent), with all 32 councils raising council tax rates by three per cent in 2018/19. There are no councils where the budgeted use of reserves is a critical issue over the next three years.
- 6** The impact of EU withdrawal is not yet clear, but councils need to identify the risks and develop contingency plans to manage these risks, as far as possible.

councils expect to manage smaller funding gaps in 2018/19 of £0.3 billion (two per cent)

Council future funding

Scottish Government revenue funding to local government increased by 0.2 per cent

72. The Local Government Settlement in 2018/19 increased by 1.7 per cent (cash terms) from 2017/18 to £9.8 billion. This was a real-terms increase of 0.2 per cent ([Exhibit 15, page 32](#)).

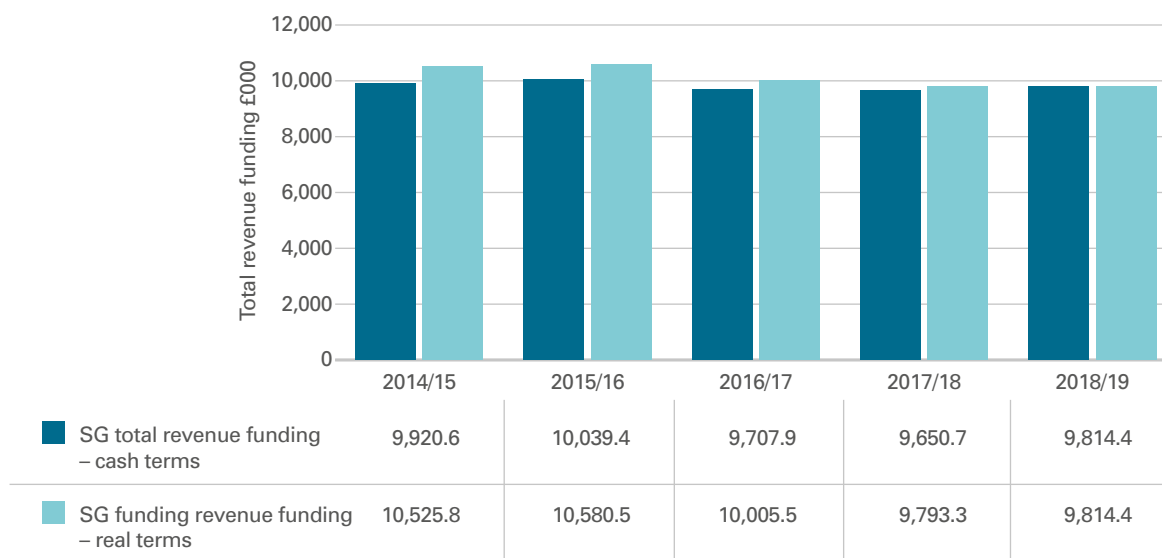
An increase in the 2018/19 settlement was late and the early payment of £35 million in 2017/18 reduced transparency in the funding available between the two years

73. On 31 January 2018, the Scottish Government announced an additional £160 million of general revenue grant funding for local authorities as part of the 2018/19 budget-setting process. Although welcomed by councils, this

Exhibit 15

Scottish Government funding to councils in real and cash terms

Scottish Government total revenue funding to councils increased in 2018/19 after two years of reduction.



Source: Audit Scotland; and Scottish Government financial circulars 2014/15 to 2018/19

announcement was late in the budget planning process (refer to [paragraph 9](#), for comments on late funding allocations). Of the additional £160 million, £35 million was reallocated from projected 2017/18 underspends within the Scottish Government and was paid to councils on 28 March 2018. For accounting purposes, following consultation with auditors, this was treated as 2017/18 income by councils. By paying 2018/19 funding allocations to local authorities in the previous financial year, this reduced transparency in the effective funding for each year to councils and increased the reserves carried by councils at 31 March 2018.

The Scottish Government published a five-year financial strategy in May 2018

74. Funding settlements to councils continue to be provided on an annual basis. This makes it challenging for councils to plan and budget effectively for the medium term, given such a significant proportion of their income comes from Scottish Government funding. On 30 June 2017, the Budget Process Review Group⁴ published its final report and this included a recommendation that the Scottish Government should develop a medium-term financial strategy. [The Scottish Government's five-year financial strategy](#)  was published in May 2018.

Multi-year budgets are not yet being developed by the Scottish Government.

75. The five-year financial strategy identifies that 'in recent years the Scottish Government has delivered a series of annual budgets, an approach which will continue for the 2019-20 budget process', but also identifies 'an expectation that the next UK Spending Review (in 2019) will ... provide the Scottish Government with the opportunity to develop a multi-year approach to the development of its budgets'.


76. The five-year financial strategy notes that 'as the Scottish Government moves away from being funded primarily through the block grant to a combination of devolved taxes and the block grant, the number of variables which will affect its longer-term funding outlook will increase'. Three key determinants are identified:

- changes in UK Government spending
- UK Government fiscal policy
- Scottish tax revenue relative to the rest of the UK.

77. The analysis suggests that, by 2022/23, the Scottish Budget could be around £37.6 billion, but scenario modelling indicates that the potential range for this could be between £35.5 billion and £39.7 billion, reflecting potential growth in the Scottish Budget between 2017/18 and 2022/23 of between £4.2 billion and £8.4 billion (in cash terms). The range of this variability amounts to around \pm six per cent of the overall budget.

78. The key resource budget commitments of the Scottish Government's social contract are Health, Police, Early Learning and Childcare, Attainment, Higher Education and Social Security. The financial strategy identifies greater future uncertainty and likely further reductions of nine per cent in real terms over the next five years in 'other non-protected' funding.

79. Two of these areas directly increase future local government funding settlements: early learning and childcare and attainment. Early learning and childcare commitments by the Scottish Government include further (recurring) uplifts in funding to councils of £210 million in 2019/20, £201 million in 2020/21 and £59 million in 2021/22. The Scottish Government has assumed a commitment to allocate additional specific revenue grants of £180 million in each of the three years 2018/19 to 2020/21 through the Pupil Equity Fund. However, other expenditure areas (non-protected areas), which are managed by councils, are not identified as a 'key resource budget commitment'.

80. The [SPICe briefing paper](#)  in June 2018, identified that 'The Scottish Government's Budget priority choices inevitably mean that other non-protected areas of spend must take up more of the slack from any future spending reductions. Under the range of scenarios provided by the Scottish Government, "other expenditure" will fall by between one and 16 per cent in real terms over the period to 2022/23, with the bulk of reductions occurring in 2019/20 and 2020/21... under the central scenario, other expenditure will fall in real terms by £1 billion (nine per cent). The largest element by far of "other expenditure" is the non-early learning and childcare part of Local Government.'

Financial pressures and planning

Councils continue to recognise significant financial challenges in the medium term

81. Most councils have identified financial challenges over the next few years including:


- decreasing revenue support grant and capital grant
- EU withdrawal and the risk of inflationary effects
- pay award pressures
- demand pressures, particularly the expected population growth in some council areas and the reduction in the relative proportion of working age to non-working age
- legislative changes which are not funded
- the economic performance of Scotland compared to the rest of the UK.

Many councils are in the early stages of delivering transformational change

82. Over half of councils began a new or refreshed transformation or change programme in the past year and one-third within the past three years. A few councils have yet to establish a programme. Because much of the transformation work is relatively recent it is too early to assess the effectiveness of the approaches taken.

83. The majority of work within transformational or change programmes is focused on service review and improvement work. Cross-organisational themes tend to focus on delivering, for example, staff and management restructures, office and property rationalisations, improvements in HR, payroll and finance systems. Some activity will have been more visible to the public such as digital approaches to customer services, increases in fees and charges, and redesign of waste management services. With funding expected to reduce further in the medium term, councils will need to consider more significant redesigns of how they operate and deliver services.

84. Transformation or change is challenging, and councils have highlighted a few common issues that have contributed to this including the effort and focus over recent years on establishing and progressing the health and social care arrangements with the NHS. Another factor is the long lead time and delays associated with ICT projects. With service and management redesign, the capacity of staff and management has been impacted. Over a third of councils have established training programmes to support transformation and change and over a third of councils have, or have recently agreed, to establish dedicated teams to support their programme.

85. The Accounts Commission recognises that with the financial pressures, councillors need to make difficult decisions. This requires effective political leadership and communications. It is essential that all councillors, not just the administration, work effectively with officers and other stakeholders to identify and deliver necessary savings. It is important that councils engage effectively with their communities about plans for savings and service redesign. We published a report [*Roles and working relationships in councils – are you still getting it right?*](#) , to support councillors in their role.



What is your council's financial position?

What particular challenges does the council face?

What new financial pressures are there for 2018/19 and 2019/20 and how much will these cost?



Does your council have a transformation plan?

Does it set out the aims and objectives and how and when these will be achieved?


Are projects within the transformation programme achieving their aims in terms of service quality, performance and cost?

How effectively are you engaged and informed about the council's transformation programme and kept informed about progress?

Are detailed options appraisals or business cases set out for changes to services planned within transformation activity?

Medium-term financial planning has been adopted by almost all councils, but less than half have significant long-term plans over five years

86. In previous reports we have emphasised the importance of medium and long-term planning to effective financial management. Councils have made good progress: 30 councils now have a medium-term financial plan. Councils' long-term financial planning is not as well developed. Sixteen councils do not yet demonstrate any long-term financial planning, some councils have elements of long-term financial plans evident such as long-term forecasting. Five councils have long-term financial plans that cover ten years or more. Only five of the plans that exceed five years appear to have considered the financial impact of population/demographic/demand changes over the longer term.

87. In the *Best Value Assurance Report on Fife Council*  this year, we identified that the ten-year long-term financial model, based on demand forecasts, is an example of good practice among Scottish councils.

88. Around a third of councils use scenario planning within their medium or long-term financial planning. It is important that councils continue to consider potential funding scenarios and the implications for and options for services in the medium and longer term. Transformational change plans are likely to cover a number of years and should be consistent with financial planning. Financial plans should also consider the impact of demand changes over the longer term.

Councils' budgets 2018/19

Councils expect to manage smaller funding gaps in 2018/19 of £0.3 billion (two per cent)

89. Councils' 2018/19 budgets identified total net expenditure budgets of £12.2 billion. These were not fully met by the remaining income from core Scottish Government and council tax. The shortfall or 'funding gap' was £0.3 billion (two per cent). The extent of funding gaps and savings plans is less in 2018/19 than 2017/18 and councils did not plan to use unearmarked reserves to support revenue budgets as they did in 2017/18.

90. All 32 councils raised council tax rates by three per cent in 2018/19, providing budgeted income of £2.5 billion.

91. In the 2018/19 budgets, all 32 councils increased council tax by the maximum three per cent, making the highest Band D rate, in Glasgow, at £1,286 and the lowest, in Eilean Siar, at £1,086.

Funding gaps are to be managed by planned savings, temporary use of reserves and additional fees and charges.

92. Councils presented balanced budgets with proposals to bridge the expected funding gap through:

- planned budget savings of £75 million (0.6 per cent of revenue funding)
- planned use of around £71 million of unearmarked reserves (0.9 per cent of net expenditure)
- increased fees and charges
- council tax increases.



Does the transformation programme of work aim to make positive change to improve outcomes for communities?

Is it about seeking opportunities to do things differently to maintain or improve performance or is the focus only on make savings?



Does your council have a long-term financial strategy (ten years or more) that reflects the anticipated changes in demographics and demands on services?

Do medium and long-term financial plans include a range of potential funding and financial scenarios?

Funding gaps vary between councils, there are no councils where the budgeted use of reserves would deplete them within three years

93. The number of councils budgeting to use unearmarked reserves in 2018/19 has reduced from 23 (in 2017/18) to 18. Last year we reported that three councils would run out of General Fund reserves within two to three years if they continued to use them at the levels planned in 2017/18. We are pleased to note that there are no councils in this position in 2018/19, with councils generally reducing their planned reliance on unearmarked General Fund reserves.

Withdrawal from the EU

94. The UK will leave the European Union (EU) on 29 March 2019. If the UK Government and EU agree the terms of the UK's withdrawal before this date, there will be a transition period to the end of 2020. Preparations for EU withdrawal across councils vary. Approaches commonly include monitoring and inclusion in risk registers as well as briefings and report to councillors. Some councils also reflect the risk in corporate and financial plans. Several councils have established working groups to focus on this issue.

95. If the UK Government and EU fail to agree arrangements for the UK's exit from the EU, there will be no transition period and organisations will need to respond immediately. There is an urgent need for all councils to identify the associated risks. It is critical they have contingency plans in place to allow them to manage these risks and respond rapidly in the event of the UK leaving the EU with no transition period.

96. The Scottish Government and COSLA are working with NHS boards, councils and other public bodies to draw together information on their workforces. This will be used to assess the potential impact of EU withdrawal on the delivery of services.

97. Audit Scotland produced a paper [*Withdrawal from the European Union, Key audit issues for the Scottish public sector*](#) , October 2018. We will consider further the implication of EU withdrawal for Scottish local government in our overview report *Local government in Scotland: Challenges and performance*, in March 2019. We have included questions from this key issues paper in [*Supplement 1: Scrutiny tool for councillors*](#)  accompanying this report.



What is the likely use of unearmarked reserves for 2018/19?

How does the remaining unearmarked reserve compare to forecast funding gaps?

What are the plans for using different reserve funds in 2019/20 and beyond?

Are these plans appropriate and reasonable?



What planning and measures has your council undertaken in preparation for EU withdrawal?

What are the risks and potential impacts of EU withdrawal for the functions of your council and for the wider communities of your council area, in terms of workforce, regulation and funding?

Endnotes



- 1 PFI/PPP/NPD/HuB - PFI is an approach financing public infrastructure where the private partner finances, designs, builds, and operates the infrastructure asset. PPPs, on the other hand, may refer to a wider range of public-private collaboration, and include several business structures and partnership arrangements such as joint ventures, concessions, outsourcing, and PFI. PFI and PPP generally involve a long-term contractual agreement between the public and private sectors with financing and risk sharing by the private partner. Scotland's Non-Profit Distributing (NPD) model is a type of PPP agreement. It differs from the PFI model in that that private sector returns are capped and any excess profit goes back to the public sector. NPDs also promote enhanced governance and transparency through the appointment of a public interest director to the project company.
- 2 An increase in the underlying need to borrow could be funded by a council over the short/medium term from working capital including reduced cash and investments. It may not result in external borrowing in year. In fact, many councils chose not to borrow as they did not consider current borrowing rates to be favourable.
- 3 Contingent Liability – a possible obligation that arises from past events and will be confirmed only by the occurrence or nonoccurrence of one-or more uncertain future events not wholly within the control of the council.
- 4 The remit of the group was 'to carry out a fundamental review of the Scottish Parliament's budget process following the devolution of further powers in the Scotland Act 2012 and Scotland Act 2016'.


Local government in Scotland

Financial overview

2017/18

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Governance, Risk and Best Value Committee

10.00am, Tuesday 15 January 2019

Capital Monitoring 2018/19 – Half-Year Position – referral from the Finance and Resources Committee

Item number	7.2
Report number	
Wards	All
Council Commitments	

Executive summary

On 4 December 2018, the Finance and Resources Committee considered a report which set out the overall position of the Council's capital budget at the half year position (based on month five data) and the projected outturn for the year. This report has been referred to the Governance, Risk and Best Value Committee as part of its work-plan.

Terms of Referral

Capital Monitoring 2018/19 – Half-Year Position – referral from the Finance and Resources Committee

Terms of referral

- 1.1 On 4 December 2018, the Finance and Resources Committee considered a report which set out the overall position of the Council's capital budget at the half year position (based on month five data) and the projected outturn for the year.
- 1.2 The Finance and Resources Committee agreed:
 - 1.2.1 To note the projected capital outturn position on the General Fund and Housing Revenue Account at month five.
 - 1.2.2 To note the prudential indicators at month five.
 - 1.2.3 To note that the Head of Finance was closely monitoring the capital receipts position.
 - 1.2.4 To refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.
 - 1.2.5 To agree that a briefing note be circulated to Committee members which provided clarity on how much of the budget for walking and cycling projects had been spent, what the percentage of the total budget was used for cycling projects, and offered a fuller explanation on the reasons for the slippage in the active travel projects.

For Decision/Action

- 2.1 The Governance, Risk and Best Value Committee is asked to consider this report as part of its work programme.

Background reading / external references

Finance and Resources Committee, 4 December 2018.

Laurence Rockey

Head of Strategy and Communications

Contact: Stuart Johnston, Committee Services

E-mail: stuart.johnston@edinburgh.gov.uk | Tel: 0131 529 7035

Links

Appendices

Appendix 1 - report by the Executive Director of Resources

Finance and Resources Committee

3.00pm, Tuesday 4 December 2018

Capital Monitoring 2018/19 – Half-Year Position

Item number

Report number

Executive/routine

Wards

Council Commitments

Executive Summary

The month five position shows that the Council is projected to require loans fund advances of £73.766m and will be in receipt of grants and capital income amounting to £129.182m. Together this will fund projected capital investment of £202.948m. Loans fund advances are projected to be lower than the revised budget as a result of an anticipation of general slippage in the programme.

The HRA capital investment programme is projecting to require loans fund advances of £20.742m and will be in receipt of grants and capital income amounting to £60.192m. Together this will fund projected capital investment of £80.934m. As reported at period three, loans fund advances are projected to be £1.672m lower than the revised budget as a result of changes to timescales for new homes developed through the Council's housebuilding programme being purchased by Edinburgh Living LLP.

Capital Monitoring 2018/19 – Half-Year Position

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are requested to:
- 1.1.1 Note the projected capital outturn position on the General Fund and HRA at month five;
 - 1.1.2 Note the prudential indicators at month five;
 - 1.1.3 Note that the Head of Finance is closely monitoring the capital receipts position, and
 - 1.1.4 Refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

2. Background

- 2.1 This report sets out the overall position of the Council's capital budget at the half year position (based on month five data) and the projected outturn for the year.

3. Main report

Existing Capital Plans

- 3.1 The position at month five is summarised in the table below.

	Outturn Variance at Month Five	Outturn Variance at Month Three	Movement from Month Three
	£000	£000	£000
Net (slippage) / acceleration in gross expenditure	(23,558)	(25,638)	2,080
Net (surplus) / deficit in capital receipts and grant income	(13,949)	(13,949)	0
Net increase / (decrease) in loans fund advances	(9,609)	(11,689)	2,080

- 3.2 The position at month five can be seen in Appendix 1, which shows the Capital Investment Programme gross expenditure budget of £226.506m funded by grants and other capital income of £143.131m and loans fund advances of £83.375m.
- 3.3 The revised budget reflects gross expenditure movements of £19.776m, which reflects the rephrasing of £20.229m of budgets to better reflect the delivery of major projects yet to commence. Details are set out in Appendix 2.
- 3.4 The projected slippage in gross expenditure has decreased by £2.080m. This relates mainly to acceleration in depot rationalisation projects (£3.439m) and Saughton Park (£4.430m) partially offset by slippage identified in highways, street lighting and transportation projects (£9.470m). Projected general slippage against the programme has reduced by £5.476m, reflecting the budget rephrasing referred to in paragraph 3.3 above.
- 3.5 Slippage of £14.025m of expenditure on the delivery of infrastructure projects under the Early Years Initiative is still projected. The associated specific capital grant received to date will be matched to actual expenditure and any grant unapplied in 2018/19 will be transferred to the Capital Grants Unapplied Account and drawn down in future years. Further work is being undertaken in conjunction with Communities and Families to develop delivery and expenditure profiles for each project within in the Early Years Initiative which will be incorporated in the revised Capital Investment programme which will be reported to this committee in January 2019.
- 3.6 Explanations for significant slippage and acceleration for General Fund projects projected at month five are presented in Appendix 3.
- 3.7 Members should note that in any given year, variance against budget will occur due to delays or unforeseen circumstances out with the control of the Council. An assumption of further slippage in the Programme of 5% of the revised budget excluding lending and the Management Development Funding which is specifically grant supported. This slippage assumption amounts to £6.137m has been made at this stage in the financial year. This general provision and specific project variances will be kept under review throughout the remainder of the year and amended as appropriate.

Capital receipts / grant income

- 3.8 Projected capital receipts from the sale of surplus assets, including those ringfenced for specific projects, are anticipated to be achieved at the budgeted level of £18.237m.
- 3.9 Members should also be aware that the value and timing of capital receipts can be impacted by a number of factors including abnormal costs arising from survey results and offers contingent on planning approvals. Any further revisions to the receipts programme will be reported within future capital monitoring reports.

Housing Revenue Account (HRA)

- 3.10 The Housing Revenue Account is not forecasting any slippage in gross expenditure at month five.
- 3.11 As reported to Finance and Resources on 16 August 2018, the HRA will receive capital receipts from Edinburgh Living LLP for the sale of completed homes of £15.18m in 2018/19, which exceeds the revised budget by £1.672m. This represents a change of profile of the pipeline of delivery and the total receipts achieved across the programme remain the same.
- 3.12 The full HRA capital investment budget position is shown in Appendix 4. At month five, the forecast is gross expenditure of £80.934m, capital receipts and grant income of £60.192m and loans fund advances of £20.742m.

Prudential Indicators

- 3.13 The Prudential Indicator monitoring at month five is shown in Appendix 5.

4. Measures of success

- 4.1 Completion of capital projects as budgeted for in the revised 2018/19 capital programme.
- 4.2 Identifying slippage at the earliest opportunity and accelerating projects where possible to ensure best use of available resources.

5. Financial impact

- 5.1 The projected 2018/19 general fund outturn outlines loans fund advances of £73.766m. The overall loan charges associated with this over a 20-year period would be a principal amount of £73.766m, interest of £46.977m, resulting in a total cost of £120.743m based on a loans fund interest rate of 5.0%. The loan charges will be interest only in the first year, at a cost of £1.863m, followed by an annual cost of £5.944m for 20 years.
- 5.2 The projected 2018/19 HRA outturn outlines loans fund advances of £20.742m. The overall loans charges associated with this over a 20-year period would be a principal amount of £20.742m, interest of £13.209m, resulting in a total cost of £33.951m based on a loans fund rate of 5.0%. The loan charges will be interest only in the first year, at a cost of £0.531m followed by an annual cost of £1.671m for 20 years.
- 5.3 Borrowing required is carried out in line with the Council's approved Treasury Management Strategy.
- 5.4 The loan charge costs outlined above will be met from this year's general fund and HRA revenue budgets for loan charges.

6. Risk, policy, compliance and governance impact

- 6.1 Significant budget virements have been undertaken and these complied with relevant financial rules and regulations.
- 6.2 Capital monitoring and budget setting processes adopted ensure effective stewardship of resources. The processes applied aim to ensure projects are delivered on time and budget whilst fulfilling the financial criteria of value for money.
- 6.3 Monitoring of major capital projects including risk assessment is carried out by the Council's Strategy and Insight service. The nature of capital projects means that there is an inherent risk of delays or unforeseen circumstances out with the control of the Council.

7. Equalities impact

- 7.1 The Council's capital expenditure contributes to the delivery of the public-sector equality duty to advance equality of opportunity and foster good relations e.g. enhancement works related to the Disability Discrimination Act, works on Children and Families establishments and capital expenditure on Council housing stock.

8. Sustainability impact

- 8.1 The impacts of the projects set out within the appendices of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below. Relevant Council sustainable development policies have been considered.
- 8.2 The proposals in this report will help achieve a sustainable Edinburgh because they are ensuring funding for key strategic projects that will enhance facilities and infrastructure in the city. A carbon impact assessment shall be carried out on each new project to achieve the most sustainable outcome for the city in each case.
- 8.3 The proposals in this report will increase the city's resilience to climate change impacts because they are securing funding for flood prevention projects.

9. Consultation and engagement

- 9.1 Consultation on the capital budget was undertaken as part of the budget process.

10. Background reading/external references

- 10.1 [Capital Monitoring 2018-19 - month three position](#) – Finance and Resources Committee, 16 August 2018

Stephen S. Moir

Executive Director of Resources

Contact: Denise Pryde, Senior Accountant

E-mail: denise.pryde@edinburgh.gov.uk | Tel: 0131 469 3195

11. Appendices

Appendix 1 - Capital Monitoring 2018/19 – General Fund

Appendix 2 – Movements in Revised Budget 2018/19 – General Fund

Appendix 3 - Slippage and Acceleration on Projects – General Fund

Appendix 4 - Capital Monitoring 2018/19 – HRA

Appendix 5 - Prudential Indicators 2018/19

Capital Monitoring 2018/19

General Fund Summary

Period 5

Expenditure	Approved Budget £000	Adjusts £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance £000	%
Communities and Families	54,597	(3,589)	51,008	23,216	36,081	(14,927)	0.00%
Edinburgh IJB	2,727	(2,711)	16	160	16	-	0.00%
Place	110,084	(5,277)	104,807	39,927	103,811	(996)	0.00%
Resources - Asset Management Works	17,575	4	17,579	5,454	16,081	(1,498)	0.00%
Resources - Other	16,221	(8,203)	8,018	864	8,018	-	0.00%
Lending	45,078	-	45,078	4,583	45,078	-	0.00%
General slippage in programme 5% (excluding lending and TMDF)					(6,137)	(6,137)	0.00%
Council Wide Projects			-	-	-	-	0.00%
Total Gross Expenditure	246,282	(19,776)	226,506	74,204	202,948	(23,558)	-10.40%
Income							
<i>Capital Receipts</i>							
General Services	11,715		11,715	814	11,715	-	0.00%
Ringfenced Asset Sales	6,395	137	6,532	218	6,532	-	0.00%
Less Fees Relating to Receipts	-	(10)	(10)	(10)	(10)	-	0.00%
<i>Total Capital Receipts from Asset Sales</i>	<i>18,110</i>	<i>127</i>	<i>18,237</i>	<i>1,022</i>	<i>18,237</i>	<i>-</i>	<i>0.00%</i>
Less additional receipt income to capital fund	(809)	-	(809)	-	(809)	-	0.00%
Drawdown from Capital Fund	14,782	-	14,782		14,782	-	0.00%
Developer and other Contributions	2,319	247	2,566	9,609	2,566	-	0.00%
Capital Grants Unapplied Account drawdown	3,451	374	3,825	1,037	2,276	(1,549)	-40.50%
<i>Total Capital Receipts</i>	<i>37,853</i>	<i>748</i>	<i>38,601</i>	<i>11,668</i>	<i>37,052</i>	<i>(1,549)</i>	<i>-4.01%</i>
<i>Grants</i>							
Scottish Government General Capital Grant	49,405	-	49,405	24,702	49,405	-	0.00%
Cycling, Walking and Safer Streets	691	-	691	-	691	-	0.00%
Management Development Funding	41,269	-	41,269	13,134	41,269	-	0.00%
Early Years and Childcare - Expansion	12,400	-	12,400	12,400	12,400	-	0.00%
Other Specific Government Grants	765	-	765	106	765	-	0.00%
Less Early Years Carried Forward					(12,400)	(12,400)	
<i>Total Grants</i>	<i>104,530</i>	<i>-</i>	<i>104,530</i>	<i>50,342</i>	<i>92,130</i>	<i>(12,400)</i>	<i>-11.86%</i>
Total Income	142,383	748	143,131	62,010	129,182	(13,949)	-9.75%
Balance to be funded through Loans Fund Advance	103,899	(20,524)	83,375		73,766	(9,609)	-11.52%

CAPITAL MONITORING 2018/19 - Period 5

Project budget reprofiled into future years

	£000	Comments
New Meadowbank Sport Centre	1,395	Revised expenditure profile based on tender award
CCTV	1,125	Awaiting business case
New South Edinburgh PS	1,070	Revised expenditure profile based on tender award
New Care Home	2,711	Awaiting EIJB strategic commissioning plans.
Burnshot Bridge reinstatement	800	Niddrieburn Provision underspend allocated to Burnshot to fund future years funding pressure
Parks - Cammo	628	Ringfenced funding for Cammo Estate, awaiting business case
Kings Theatre - Prudentially supported	5,000	Awaiting external funding decision
ICT	7,500	Reset of contract
	<u>20,229</u>	

CAPITAL MONITORING 2018/19 - Period 5**Slippage and Acceleration on Projects**

Slippage on projects is shown as a negative value, while acceleration or overspends are shown as positive values.

Key to variance category

<i>Type</i>	<i>Explanation</i>
1. Slippage due to unforeseen delays	Slippage that has occurred due to unforeseen circumstances or delays that for the most part, are out with the Council's control.
2. Slippage due to optimistic budget	Slippage that has occurred due to optimism bias when budget was set. Issues include projecting spend on block budgets when a programme of works has not been considered or designed, not applying a discount factor for adverse weather / risk issues, providing for too much contingency and predicting an optimistic works timetable.
3. Slippage due to timing of payments	Slippage that has occurred where a project is on time and schedule but is as a result of the timing of cash flows.
4. Acceleration on a project	Represents accelerated spend on a project i.e. due to better than anticipated progress.
5. Projected Underspend on a project	Projects where the final outturn is expected to be below budget.

Note that a project will exhibit an element of all of the above but the overriding reason has been considered when applying a variance category.

	Period 5 £000	Period 3 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
<u>Communities and Families</u>					
Early Years 2020	-14,025	-14,025	0	Delays resulting from the late announcement of complete funding package	1
St Crispins	-309	0	-309		2
Queensferry PS	-304	0	-304		2
Leith Victoria PS	-207	0	-207		2
Oxgangs YPC	-82	0	-82	The contractor has now been appointed and the project is scheduled to complete in Summer 2019	2
Net (slippage) / acceleration on various projects	0		0		4
Total Communities and Families	<u>-14,927</u>	<u>-14,025</u>	<u>-902</u>		
<u>Edinburgh Integrated Joint Board</u>					
Net (slippage) / acceleration on various projects	0	0	0		
Total Edinburgh Integrated Joint Board	<u>0</u>	<u>0</u>	<u>0</u>		
<u>Place</u>					
North Bridge major refurbishment	-6,835	0	-6,835	The appointment of the contractor has allowed for a reprofiling of the budget to reflect the phasing of works	3
Street Lighting LED - rephasing	-119	0	-119	The appointment of the contractor has allowed for a reprofiling of the budget to reflect the phasing of works	3
St Andrews Square	-433	0	-433	Delays in the programme to align with the work being planned for George St	2

	Period 5 £000	Period 3 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
Walking Projects	-583	0	-583	Projects on hold to a lack of internal staff	2
Seafield depot - Phase 2	500	0	500	The project has accelerated due to better than expected progress by the contractor	4
Bankhead Waste Transfer Station depot	2,939	0	2,939	The project has accelerated due to better than expected progress by the contractor	4
Cycle projects	-449	0	-449	Some projects on hold due to a lack of internal staff. The successful application for Community Links funding grants has also deferred the requirement to utilise CIP budgets until future years.	2
Water of Leith - phase 2	-1,051	0	-1,051	Final account of the project is being finalised and and may result in a further underspend which will be returned to the Roads block for use in 2019/20.	5
Saughton Park - HLF	4,430	0	4,430	Expenditure incurred in advance of receipt of grant income support	4
Net (slippage) / acceleration on various projects	605	0	605		4
Total Place	-996	0	-996		
<u>Resources - Asset Management Works</u>					
Slippage across the Asset Management Works programme	-1,498	0	-1,498		2
Total Resources - Asset Management Works	-1,498	0	-1,498		
<u>Resources - Other</u>					
Net (slippage) / acceleration on various projects	0	0	0		2
Total Resources - Other	0	0	0		
<u>Council Wide / Corporate Projects</u>					
Net (slippage) / acceleration on various projects	-6,137	-11,613	5,476		2
Total Council Wide / Corporate Projects	-6,137	-11,613	5,476		
Total for all Services	-23,558	-25,638	2,080		
Summary of Variance Category					
1	Slippage due to unforeseen delays	-14,025	-14,025	0	
2	Slippage due to optimistic budget	-10,002	-11,613	1,611	
3	Slippage due to timing of payments	-6,954	0	-6,954	
4	Acceleration on a project	8,474	0	8,474	
5	Projected final underspend	-1,051	0	-1,051	
		-23,558	-25,638	2,080	

Appendix 4

CAPITAL MONITORING 2018/19**Housing Revenue Account Summary****Period 5**

	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance	
				£000	%
Expenditure					
Core Programme	39,408	12,806	39,408	0	0.0%
House Building	41,526	17,578	41,526	0	0.0%
Total Gross Expenditure	80,934	30,384	80,934	0	0.0%

Income					
Capital Receipts	-19,431	-2,181	-21,103	-1,672	8.6%
Developers and Other Contributions	-27,740	-130	-27,740	0	0.0%
Specific Capital Grant	-11,349	-1,946	-11,349	0	0.0%
Total Income	-58,520	-4,257	-60,192	-1,672	2.9%

Loans Fund Advances					
Loans Fund Advances	22,414		20,742	-1,672	-7.5%
Total	22,414		20,742	-1,672	-7.5%

Appendix 5

PRUDENTIAL INDICATORS 2017/18 - Period 5

Indicator 1 - Estimate of Capital Expenditure

	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23
	Actual	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Council Wide / Corporate Projects	364	0	0	0	0	0	0	0	0	0	0
Unallocated funding - LDP priorities	0	0	0	12,525	12,525	0	0	0	0	0	0
Lending	6,470	45,078	45,078	25,618	25,618	57,542	57,542	73,665	73,665	117,879	117,879
Communities and Families	35,989	51,008	36,081	61,297	76,224	31,167	31,167	14,207	14,207	165	165
Edinburgh Integration Joint Board	496	16	16	4,240	4,240	5,000	5,000	5,000	5,000	0	0
Place	85,267	104,807	103,811	104,796	105,792	96,235	96,235	29,535	29,535	31,785	31,785
Resources	3,503	8,018	8,018	7,500	7,500	0	0	0	0	0	0
Resources - Asset Management Works	10,990	17,579	16,081	30,000	31,498	30,000	30,000	25,516	25,516	20,450	20,450
Trams	2,383	0	0	0	0	0	0	0	0	0	0
General slippage / acceleration across programme (5%)	0	0	-6,137	0	-7,030	0	2,173	0	3,601	0	-1,118
Total General Services	145,462	226,506	202,948	245,976	256,367	219,944	222,117	147,923	151,524	170,279	169,161
Housing Revenue Account	72,816	80,934	80,934	165,278	165,278	144,967	144,967	150,617	150,617	167,179	167,179
Total	218,278	307,440	283,882	411,254	421,645	364,911	367,084	298,540	302,141	337,458	336,340

The 'Lending' figures relate to lending by the Council to National Housing Trust (NHT) bodies and Edinburgh LLP. The LLP figures are based on a pipeline of development and will be subject to annual approval from Finance and Resources Committee and Council. The figures shown are indicative.

Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

	2017/18	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Forecast	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%	%	%
General Services	11.63	11.38	11.44	11.65	11.68	N/A	N/A
Housing Revenue Account	37.88	39.64	38.69	41.76	43.85	45.28	47.53

Figures for 2019/20 onwards are indicative as neither the Council nor HRA has set a budget for these years. The figures for General Services are based on the current long term financial plan that ends in 2022/23. HRA figures are based on the current business plan.

Appendix 5

Indicator 3 - Capital Financing Requirement

	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23
	Actual	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast	Estimate	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Services (including finance leases)	1,128,069	1,102,395	1,092,985	1,217,070	1,206,060	1,259,143	1,252,665	1,214,896	1,217,155	1,148,003	1,152,566
Edinburgh Living LLPs	0	12,870	12,870	33,614	33,611	86,647	86,685	159,189	159,298	275,105	275,280
NHT LLPs	66,725	98,933	98,933	103,651	103,651	107,693	107,693	107,693	107,693	107,693	107,693
Housing Revenue Account	381,070	384,112	382,355	438,190	436,836	466,873	461,476	488,779	477,131	489,859	467,863
Total	1,575,864	1,598,310	1,587,143	1,792,525	1,780,158	1,920,356	1,908,519	1,970,557	1,961,277	2,020,660	2,003,402

Forecasts include the capital financing requirement relating to PPP assets and advances to NHT and Edinburgh Living LLPs

Indicator 4 - Authorised Limit for External Debt

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Borrowing	1,955	1,999	2,054	2,014	1,961
Credit Arrangements	196	229	220	210	201
Total	2,151	2,228	2,274	2,224	2,162

Other Long-Term Liabilities includes finance lease repayments for PPP assets

Indicator 5 - Operational Boundary for External Debt

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Borrowing	1,475	1,599	1,744	1,804	1,861
Other Long-Term Liabilities	196	229	220	210	201
Total	1,671	1,828	1,964	2,014	2,062

Other Long-Term Liabilities includes finance lease repayments for PPP assets

Appendix 5

Indicator 6 - Loans Charges Associated with net Capital Investment expenditure plans

	2018/19	2019/20	2020/21	2021/22	2022/23
	Forecast	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000
Loans Fund Pooled Interest Rate 5.0%					
General Fund Services (excluding Lending)					
Loans Fund Advances in year	28,688	134,319	113,575	36,859	10,282
Year 1 - interest only	725	3,395	2,871	932	260
Year 2 - principal and interest	2,312	10,823	9,152	2,970	829
Housing Revenue Account (HRA)					
Loans Fund Advances in year	20,742	76,268	50,416	44,927	24,100
Year 1 - interest only	524	1,928	894	1,136	804
Year 2 - Core Programme - principal and interest	1,254	1,392	1,349	2,225	3,200
Year 2 - House Building Programme - principal and interest	338	3,858	2,202	1,491	0

The cost of servicing capital advances shown in this Indicator excludes those attributable to the advances to NHT and Edinburgh Livings LLPs as these are fully recoverable from those bodies.

Governance, Risk and Best Value Committee

10.00am, Tuesday 15 January 2019

Revenue Monitoring 2018/19 – month six position – referral from the Finance and Resources Committee

Item number	7.3
Report number	
Wards	All
Council Commitments	

Executive summary

On 4 December 2018, the Finance and Resources Committee considered a report which set out the projected overall six-month position for the Council's 2018/19 revenue expenditure budget based on analysis of actual expenditure and income to the end of August 2018 supplemented by subsequent analysis of underlying pressures and progress in realising savings associated with both approved and mitigating budget measures. This report has been referred to the Governance, Risk and Best Value Committee as part of its work programme.

Terms of Referral

Revenue Monitoring 2018/19 – month six position – referral from the Finance and Resources Committee

Terms of referral

- 1.1 On 4 December 2018, the Finance and Resources Committee considered a report which set out the projected overall six-month position for the Council's 2018/19 revenue expenditure budget based on analysis of actual expenditure and income to the end of August 2018 supplemented by subsequent analysis of underlying pressures and progress in realising savings associated with both approved and mitigating budget measures.
- 1.2 The Finance and Resources Committee agreed:
 - 1.2.1 To note that a number of significant pressures continued to be highlighted by Executive Directors, such that an overall year-end overspend of £2.075m, without the identification and implementation of further mitigating actions, was forecast as of month six.
 - 1.2.2 To note that in light of the projected position, relevant Executive Directors and the Chief Officer of the Health and Social Care Partnership / Edinburgh Integration Joint Board (EIJB) were identifying, as a matter of urgency, further proposed actions both to allow a balanced overall Council in-year position to be achieved and to address all recurring budget pressures on a sustainable basis, thereby enhancing the underlying robustness of the budget framework.
 - 1.2.3 To note the balanced projected position on the Housing Revenue Account (HRA) after making a £33.898m gross contribution towards housing investment.
 - 1.2.4 To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.
 - 1.2.5 To agree that the Chief Officer, Edinburgh Health and Social Care Partnership and the IJB's Chief Financial Officer be invited to answer questions related to the Health and Social Care Budget in the Revenue Monitoring report being brought to the Committee meeting on 1 February 2019.

- 1.2.6 To agree that a one-off meeting, prior to the next Finance and Resources Committee meeting, also be organised between Committee members, the Chief Officer, Edinburgh Health and Social Care Partnership and the IJB's Chief Financial Officer.
- 1.2.7 To agree that a briefing note be circulated to Committee members, in advance of the next Finance and Resources Committee meeting on 1 February 2019, on the recurring financial challenges and anticipated funding gap for the 2019/20 budget.

For Decision/Action

- 2.1 The Governance, Risk and Best Value Committee is asked to consider this report as part of its work programme.

Background reading / external references

Finance and Resources Committee, 4 December 2018.

Laurence Rockey

Head of Strategy and Communications

Contact: Stuart Johnston, Committee Services

E-mail: stuart.johnston@edinburgh.gov.uk | Tel: 0131 529 7035

Links

Appendices

Appendix 1 - report by the Executive Director of Resources

Finance and Resources Committee

3.00pm, Tuesday 4 December 2018

Revenue Monitoring 2018/19 – month six position

Item number

Report number

Executive/routine

Wards n/a

Council Commitments n/a

Executive Summary

The report sets out the projected Council-wide revenue budget position for the year based on analysis of period five data, building on both the earlier period two forecast and the subsequent progress update considered by the Committee on 11 October.

Further expenditure pressures within the Health and Social Care Partnership / Edinburgh Integration Joint Board since the position reported to the Committee on 11 October have been offset by favourable movements in the Communities and Families and Place Directorates such that the overall position as of period six points to a reduced overall year-end overspend of £2.075m without the identification and implementation of further mitigating actions. Failure to mitigate these pressures by the year-end will result in a reduction of the Council's unallocated reserves and, without recurring means of addressing underlying structural pressures within Directorates/Divisions, threaten the integrity of the wider budget framework.

Revenue Monitoring 2018/19 – month six position

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are recommended to:
- 1.1.1 note that a number of significant pressures continue to be highlighted by Executive Directors, such that an overall year-end overspend of £2.075m, without the identification and implementation of further mitigating actions, is forecast as of month six;
 - 1.1.2 note that in light of this projected position, relevant Executive Directors and the Chief Officer of the Health and Social Care Partnership / Edinburgh Integration Joint Board (EIJB) are identifying, as a matter of urgency, further proposed actions both to allow a balanced overall Council in-year position to be achieved and to address all recurring budget pressures on a sustainable basis, thereby enhancing the underlying robustness of the budget framework;
 - 1.1.3 note the balanced projected position on the Housing Revenue Account (HRA) after making a £33.898m gross contribution towards housing investment; and
 - 1.1.4 refer this report to the Governance, Risk and Best Value Committee as part of its work programme.

2. Background

- 2.1 This report sets out the projected overall six-month position for the Council's 2018/19 revenue expenditure budget based on analysis of actual expenditure and income to the end of August 2018 supplemented by subsequent analysis of underlying pressures and progress in realising savings associated with both approved and mitigating budget measures.

3. Main report

- 3.1 This report represents the second quarterly revenue monitoring report for 2018/19. On-going analysis of the revenue position is undertaken in line with agreed, risk-based principles, with any material changes reported in the intervening periods as required. In this vein, members received an interim progress update at the Committee's last meeting on 11 October.

3.2 A complementary schedule of meetings, aligned to the Council’s revised Committee structure, has also been developed at which directorate-specific commentaries are considered.

Overall position

3.3 As of period six, an overall overspend of £2.075m is forecast as shown in the table below. This variance reflects £12.216m of projected service expenditure in excess of approved levels, partially offset by £10.141m of savings, or additional income, across a number of corporate budgets and reserves.

Table 1 – 2018/19 Revenue Budget – Projected Expenditure

	Revised Budget (£000)	Period Budget (£000)	Period Actual (£000)	Period Variance (£000)	Projected Outturn (£000)	Outturn Variance (£000)
Directorates	821,760	342,389	351,338	8,949	833,976	12,216
Non-directorate specific areas	167,156	774	775	1	162,305	(4,850)
Movements in reserves	(4,454)	(4,454)	(4,454)	0	(8,745)	(4,291)
Sources of funding	(984,462)	(410,192)	(410,192)	0	(985,462)	(1,000)
In-year (surplus) / deficit					2,075	2,075

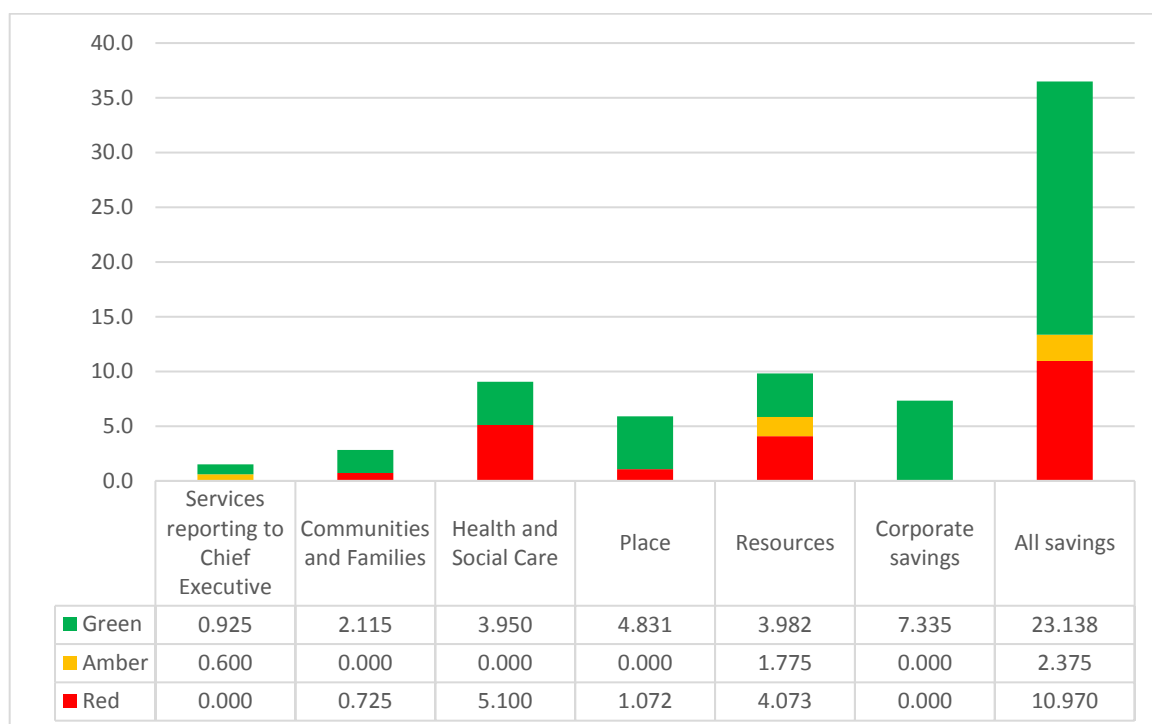
3.4 In light of this projected position, relevant Executive Directors and the Chief Officer of the EIJB are identifying, as a matter of urgency, further proposed actions to bring the Council’s overall revenue budget for 2018/19 into balance by the year-end. In addition, sustainable means of addressing all recurring budget pressures require to be identified to align to the 2019/20 expenditure baseline reflected in the Change Strategy report approved by the Committee on 27 September 2018.

3.5 Failure to address these in-year pressures by the year-end will result in a reduction of the Council’s unallocated reserves and, without recurring means of addressing underlying structural pressures within directorates and the EIJB, threaten the integrity of the wider budget framework, resulting in an increased financial budget gap in future years.

Delivery of approved savings

3.6 The approved budget for 2018/19 was predicated on the delivery of £36.5m of directorate-specific and corporate finance savings. As of the end of August, the overall RAG assessment of these savings indicates that, given actions planned or already undertaken, some 70% are on target to be delivered as shown in the chart below.

Chart 1 - RAG assessment of approved budget savings (£m), 2018/19 – August 2018



3.7 Those savings assessed by the Finance Division as red at this stage are set out in the following sections. This list reflects a similar overall anticipated level of delivery as was intimated to the Committee in June, emphasising the need for enhanced robustness in the savings inception, development and implementation process going forward.

3.7.1 Communities and Families

Home to School Transport – due to increases in the underlying volume and complexity of demand for children with special needs, the budgeted saving of £0.4m will not be delivered in the current year and alternative mitigating measures are being sought. A travel demand programme panel has, however, been established to examine means of stabilising this underlying demand through the development of a robust control framework. The panel is also proactively exploring opportunities to promote alternative arrangements, where appropriate, that increase young people’s independence whilst delivering attendant savings through greater use of shared transport.

Advice Services Review – the approved budget saving of £0.175m reflects planned savings in grant payments and staffing efficiencies. It is now intended, however, that relevant grants will be examined as part of the wider Health and Social Care Partnership grant review programme and therefore current agreements have been extended accordingly until 31

March 2019. The staffing review has also been rephased, with a consequent impact on the delivery of approved savings in 2018/19.

Senior Management efficiencies - £0.150m of planned savings in this area will not be achieved in 2018/19. Opportunities for management restructuring will, however, be re-examined in the context of a Council-wide review in this area as part of the 2019/20 budget process.

3.7.2 Health and Social Care Partnership / EIJB

Asset-based approach to demand management – “capacity-releasing” savings of £3m. There remains insufficient progress, at this stage, to attribute any specific savings to this initiative during the current year.

Service transformation - Self-Directed Support (SDS) - £1m of approved savings predicated on offsetting disinvestment of in-house services as a result of expansion of SDS. As yet, there is no tangible progress towards delivery of this saving in the current year.

Homecare re-ablement – no substantive progress has been made thus far in developing specific plans to deliver the £1m of assumed savings in this area.

Planned savings in discretionary expenditure – while partial delivery is anticipated in this area, a residual in-year pressure of £0.1m is apparent.

3.7.3 Place

Roundabouts and verge advertising – the associated tendering process has now been completed. While the timing of the contract award means that there is an in-year pressure of £0.2m, the full level of saving is expected to be delivered in 2019/20.

Garden waste charging – following the end of the initial registration period and the first post-implementation sign-up “window”, overall scheme take-up is above the levels assumed in the associated business case. While this level of participation, if sustained, will by extension result in delivery of the corresponding approved full-year saving, apportionment of relevant income in line with the revised implementation date results in a £0.5m in-year pressure.

Parking income – while work is on-going to establish the underlying reasons for the shortfall, at this stage £0.372m of the approved additional income of £0.800m is not anticipated to be received.

3.7.4 Resources

Asset Management Strategy and reviewing Property and Facilities Management (FM) – there is currently a forecast shortfall in Asset Management Strategy savings of £3.534m, comprising (i) lower-than-planned savings from changes to the FM model compared to business case assumptions, (ii) an increase in the overall floor area of the Council estate

relative to the original FM operating model and (iii) estate rationalisation savings being lower than planned. A further £0.539m of assumed staff turnover-related savings will not be delivered during the year.

- 3.8 The above savings assessments have been reflected in the wider outturn commentaries included in the following sections.

Directorate-specific budgets - Communities and Families

- 3.9 As of period six, the Executive Director of Communities and Families is forecasting an in-year overspend of £4.1m, primarily linked to increasing costs in several demand-led areas of service. This represents a positive movement of £0.9m since the equivalent position reported to the Committee's previous meeting on 11 October.
- 3.10 To date, projected unfunded gross budget pressures of £12.6m have been assessed. The main areas affected include temporary accommodation, home-to-school transport, rising school rolls, community access to schools and increased use of out-of-Council area placements linked to accommodating a number of Unaccompanied Asylum-Seeking Children (UASC) within the city. Savings and management action of £8.5m have been identified, leaving a net residual budget pressure of £4.1m.
- 3.11 The report to the Committee's meeting on 11 October reiterated the Executive Director of Communities and Families' commitment to making all efforts to identify mitigations to reduce these pressures. A strategy has been developed to identify and implement management actions required to address these, comprising vacancy control measures, a review of reserves, identification of income generation opportunities, an examination of the scope to stop or reduce planned levels of expenditure and the identification of any spend-to-save opportunities. All material areas of spend will continue to be actively monitored and potential mitigating actions identified with a view to reducing further the level of overspend by the year-end.

Health and Social Care Partnership / EIJB

- 3.12 The update reported to the Committee's meeting on 11 October continued to reflect an in-year projected overspend of £6.1m, representing net slippage across a number of demand management- and workforce-related initiatives.
- 3.13 Based upon initial analysis of period six data, a further deterioration in the overall service position is now apparent. Additional pressures in transport, supplies and services, third party payments and income have increased the gross in-year pressure to £8.121m.
- 3.14 Subject to formal approval by the EIJB Savings Governance Board, non-recurring EIJB contributions of £1.080m have been identified, reducing the net level of overspend to £7.041m. Analysis of remaining uncommitted funds potentially available to mitigate further the overall level of overspend is continuing, along with

in-depth modelling of anticipated purchasing expenditure based on commitments as recorded within the SWIFT system.

- 3.15 An agreement on funding to support additional service activity, receipt of which is predicated on the achievement of improvements in delayed discharge levels, is in the process of being finalised with NHS Lothian. The Health and Social Care Partnership will need to continue to monitor the position to ensure that the desired improvements targeted by this funding are achieved without impacting on the service's net budget.
- 3.16 As noted in the interim update considered by the Committee on 11 October, short-term actions led by the EIJB Head of Operations and EIJB Chief Finance Officer include:
- (i) further strengthening of controls over recruitment and agency staffing;
 - (ii) implementation of a new agency staffing contract;
 - (iii) reviewing, with the potential to stop, discretionary expenditure;
 - (iv) reviewing savings programme delivery, considering requirements for support through a supportive but robust challenge process;
 - (v) working with Finance colleagues to develop greater accountability within locality teams, including realignment of purchasing budgets, regular engagement, improved management information and training; and
 - (vi) initiating a review of reserves and uncommitted funds.
- 3.17 In view of the scale of the underlying pressures within the service once account is taken of one-off savings measures, a financial recovery plan, geared towards mitigating the in-year shortfalls above as part of re-attaining wider financial sustainability during 2019/20, will be presented to the EIJB's meeting on 14 December. Due consideration will need to be taken of the associated financial implications upon the Council's budget framework.

Place

- 3.18 Within the 2018/19 budget year, the primary focus of the Place Senior Management Team and Finance business partners has been to foster increased stability within the budget management strategy of the Directorate by means of enhanced budget transparency and sustainability. This approach has involved a wholesale realignment of Place budgets and a comprehensive half-year review of budget management performance, with iterations made to the strategy as required.
- 3.19 The Place budget management strategy includes a suite of management actions in order to achieve budget sustainability. In view of the timescales required to deliver this objective fully, these actions include related substitutions, as appropriate, to deliver approved 2018/19 approved savings. The suite of management actions comprising the strategy is at varying stages of delivery; not all have been achieved as of month six. Overall improvement is, however, apparent since the month three position, such that the projected overall service overspend has reduced from £1.5m

to £1.072m. The Senior Management Team will continue to identify potential measures, such that the overall position may be improved further by the year-end.

Resources

- 3.20 As outlined in the directorate-specific report contained elsewhere on today's agenda, the Resources Directorate is projecting a balanced overall position for the year following implementation of a range of financial control and management measures to contain a budget pressure of £4.073m in the Property and Facilities Management Division due to non-achievement of savings previously assumed from the Asset Management Strategy and to contribute towards wider in-year savings requirements across the Council.
- 3.21 The Resources Directorate will continue to progress identification of savings measures to offset any further budget pressures which may emerge, both to achieve outturn expenditure in line with the approved revenue budget for 2018/19 and mitigate underlying budget pressures on a sustainable basis.

Services reporting to the Chief Executive

- 3.22 While work is continuing to identify means of delivering the full income-related saving associated with the Strategy and Communications Division's Organisational Review, in view of existing vacancies within the service, at this stage a balanced position continues to be forecast.

Non directorate-specific budgets

- 3.23 The interim update report considered by the Committee on 11 October outlined a number of mitigating measures offsetting the service area pressures outlined in the preceding sections, together totalling £10.141m, as follows:
- (i) savings in loan charges expenditure of £3m;
 - (ii) additional income, based on an updated assessment of the size and profile of the Council Tax base, of £1m;
 - (iii) application of the 2017/18 underspend of £2.455m in respect of the Council Tax Reduction Scheme against welfare reform-related pressures in the current year;
 - (iv) a £1.6m saving, based on an updated analysis of applicable rates and in-scope contracts, in the required level of inflationary provision for the year relative to the approved budget;
 - (v) a £0.25m in-year anticipated underspend in respect of the Council's participation in the Carbon Reduction Commitment (CRC) energy efficiency scheme; and
 - (vi) following approval by Council on 25 October 2018, application of the remaining £1.836m of the confirmed in-year underspend for 2017/18 against in-year pressures.

Pensions auto-enrolment

- 3.24 In considering the third quarter's revenue monitoring report for 2017/18, members of the Committee were advised that the financial impact of the end of the auto-enrolment transitional period in October 2017 would be subject to on-going review. While staff automatically opted in under these arrangements retained the right to opt out again, analysis of the 500 employees concerned indicates that the vast majority have remained in pension scheme membership.
- 3.25 The Council's budget framework includes provision for a consequent increase in membership following the ending of the transitional period. In view of the extent of the increase observed, this provision has now been released in full and is reflected accordingly in the overall outturn projections detailed above.

Further actions

- 3.26 In view of residual in-year pressures across the Council as a whole, analysis of all non-directorate budgets will continue for the remainder of the year, with any further update included in the third quarter's report in February 2019. Given the extent of in-year corporate finance savings that are either of a one-off nature or assumed in the budget framework going forward, however, these should not be seen to detract from the more fundamental need to address underlying pressures within service areas if longer-term sustainability is to be secured.

Housing Revenue Account (HRA)

- 3.27 As of month five, a balanced position is projected on the Housing Revenue Account (HRA) after making a £33.898m gross contribution towards housing investment, including £26.401m drawn down from the Renewal and Repairs and Council Tax Discount Fund earmarked reserves. Additional details are included in the Place Directorate's month five monitoring report considered by the Housing and Economy Committee on 1 November 2018.

4. Measures of success

- 4.1 Achieving a balanced overall budget outturn position for 2018/19 and successful delivery of approved savings and key service performance indicators.

5. Financial impact

- 5.1 The report's contents point to a potential in-year overspend, highlighting the importance of prompt action to bring expenditure back in line with approved levels.
- 5.2 The Council's Financial Regulations set out Executive Directors' responsibilities in respect of financial management, including regular consideration of their directorate budgets.

6. Risk, policy, compliance and governance impact

- 6.1 The delivery of a balanced budget outturn for the year is the key target. The risks associated with cost pressures, increased demand and savings delivery targets are regularly monitored and reviewed and management action is taken as appropriate.
- 6.2 Ongoing communications by the Council's statutory section 95 Chief Financial Officer, the Head of Finance, have reinforced the respective accountabilities and responsibilities of Executive Directors, the Chief Officer of the EIJB and Heads of Service to maintain expenditure within approved budgets, in accordance with the Financial Regulations. Executive Directors and the Chief Officer of the EIJB also have a requirement to ensure that savings identified are both achievable and delivered to maintain a sustainable budget across the Council. With this in mind, structured plans are in place for review and feedback on current and future years' savings proposals to identify at an early stage where corrective action is required. In view of reducing levels of savings delivery in 2018/19, however, this process will be re-examined and strengthened at the proposal inception, development and implementation stages as part of the wider Change Strategy.

7. Equalities impact

- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are now subject to an initial relevance and proportionality assessment and, where appropriate, a formal Integrated Impact Assessment is then undertaken. The equalities and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed.

8. Sustainability impact

- 8.1 While there is no direct additional impact of the report's contents, the Council's revenue budget includes expenditure impacting upon carbon, adaptation to climate change and contributing to sustainable development. In addition, all budget proposals are now subject to an upfront assessment across these areas.

9. Consultation and engagement

- 9.1 In view of the overall projected position set out within this report, the Chief Executive has tasked Executive Directors and the Chief Officer of the EIJB with identifying mitigating actions to address in-year pressures and to review opportunities for additional savings proposals.
- 9.2 There is no external consultation and engagement arising directly from this report, although the Council's budget continues to be subject to a process of regular consultation and engagement.

10. Background reading/external references

- 10.1 [Revenue Monitoring 2017/18 – month eight position](#), Finance and Resources Committee, 23 January 2018
- 10.2 [Capital Coalition Budget Motion](#), City of Edinburgh Council, 22 February 2018
- 10.3 [Revenue Monitoring 2018/19 – month three position](#), Finance and Resources Committee, 16 August 2018
- 10.4 [Revenue Monitoring 2018/19 – progress update](#), Finance and Resources Committee, 11 October 2018
- 10.5 [Place Directorate – Financial Monitoring 2018/19 – month five position](#), Housing and Economy Committee, 1 November 2018

Stephen S. Moir

Executive Director of Resources

Contact: Hugh Dunn, Head of Finance

E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

11. Appendices

One – 2018/19 Revenue Budget – projected expenditure analysis

	Revised Budget	Period Budget	Period Actual	Period Variance	Projected Outturn	Outturn Variance	Percentage Variance
	£000	£000	£000	£000	£000	£000	
Service areas							
Services reporting to Chief Executive	9,413	4,338	4,252	(86)	9,413	0	0.0
Communities and Families	383,767	159,667	162,250	2,583	387,869	4,102	1.1
Health and Social Care	198,895	82,873	88,498	5,625	205,936	7,041	3.5
Place	58,964	24,568	25,500	932	60,036	1,072	1.8
Resources	167,147	69,453	69,348	(105)	167,147	0	0.0
Lothian Valuation Joint Board	3,575	1,490	1,490	0	3,575	0	0.0
Service areas total	821,760	342,389	351,338	8,949	833,976	12,216	1.5
Non-service specific areas							
Loan Charges	112,596				109,596	(3,000)	(2.7)
Other non-service specific costs less sums to be disaggregated:	28,305	n/a	n/a	n/a	26,704	(1,600)	(5.7)
- Apprenticeship Levy	1,857	774	775	1	1,857	0	0.0
- Early Learning and Childcare	1,176				1,176	0	0.0
- Carbon Tax	1,159				909	(250)	(21.6)
- Non-Domestic Rates (poundage uplift)	500				500	0	0.0
- Energy	500				500	0	0.0
- Discretionary Rates	500				500	0	0.0
Council Tax Reduction Scheme	26,672	n/a	n/a	n/a	26,672	0	0.0
Staff early release costs	3,200	n/a	n/a	n/a	3,200	0	0.0
Net Cost of Benefits	(127)	n/a	n/a	n/a	(127)	0	0.0
Interest and investment income	(9,183)	0	0	0	(9,183)	0	0.0
Non-service specific areas total	167,156	774	775	1	162,305	(4,850)	(2.9)
Movements in reserves							
Net contribution to / (from) earmarked funds	(4,454)	(4,454)	(4,454)	0	(8,745)	(4,291)	(96.3)
Movements in reserves total	(4,454)	(4,454)	(4,454)	0	(8,745)	(4,291)	(96.3)
Sources of funding							
General Revenue Grant	(360,928)	(150,387)	(150,387)	0	(360,928)	0	0.0
Non-Domestic Rates	(340,474)	(141,864)	(141,864)	0	(340,474)	0	0.0
Council Tax	(283,060)	(117,942)	(117,942)	0	(284,060)	(1,000)	(0.4)
Sources of funding total	(984,462)	(410,192)	(410,192)	0	(985,462)	(1,000)	(0.1)
In-year (surplus) / deficit	0	(71,484)	(62,534)	8,951	2,075	2,075	0.2

Governance, Risk and Best Value Committee

10.00am, Tuesday 15 January 2019

Treasury Management: Mid-term Report 2018/19 - referral from the City of Edinburgh Council

Item number	7.4
Report number	
Wards	All

Executive summary

The City of Edinburgh Council on 13 December 2018 considered a report which provided an update on Treasury Management Activity undertaken in the first half of 2018/19. The report was referred to the Governance, Risk and Best Value Committee for scrutiny.

Terms of Referral

Treasury Management: Mid-term Report 2018/19

Terms of referral

- 1.1 The City of Edinburgh Council on 13 December 2018 considered a report which provided an update on Treasury Management Activity undertaken in the first half of 2018/19. Approval was sought for the Treasury Management Strategy.
- 1.2 In accordance with the Strategy set in March 2018 the Council drew down no borrowing during the first half of the financial year and continued to fund capital expenditure temporarily from cash deposits. However, the Council had agreed a forward starting loan of £60m which the Council was committed to drawing down in October 2020 and which managed an element of the Council's future interest rate risk. The overall approach continued to generate significant short-term savings in Loans Charges for the Council.
- 1.3 The investment return for 2018/19 continued to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments as a priority.
- 1.4 The City of Edinburgh Council agreed:
 - 1) To approve the Treasury Management Strategy.
 - 2) To refer the report to the Governance, Risk and Best Value Committee for scrutiny.

For Decision/Action

- 2.1 The City of Edinburgh Council has referred the attached report to the Governance, Risk and Best Value Committee for scrutiny.

Background reading / external references

The City of Edinburgh Council 13 December 2018
Finance and Resources Committee 16 August 2018

Laurence Rockey

Head of Strategy and Communications

Contact: Louise Williamson, Assistant Committee Clerk

E-mail: louise.p.williamson@edinburgh.gov.uk | Tel: 0131 529 4264

Links

Appendices

Appendix 1 – report by the Executive Director of Resources

The City of Edinburgh Council

10.00am, Thursday 13 December 2018

Treasury Management: Mid-Term Report 2018/19 – referral from the Finance and Resources Committee

Item number	8.3
Report number	
Wards	All
Council Commitments	

Executive summary

On 4 December 2018, the Finance and Resources Committee considered a report which provided an update on Treasury Management Activity undertaken in the first half of 2018/19. The report has been referred to the City of Edinburgh Council for approval and for subsequent referral to the Governance Risk and Best Value Committee for scrutiny.

Terms of Referral

Treasury Management: Mid-Term Report 2018/19 – referral from the Finance and Resources Committee

Terms of referral

- 1.1 On 4 December 2018, the Finance and Resources Committee considered a report which provided an update on Treasury Management Activity undertaken in the first half of 2018/19.
- 1.2 In accordance with the Strategy set in March 2018 the Council drew down no borrowing during the first half of the financial year and continued to fund capital expenditure temporarily from cash deposits. However, the Council had agreed a forward starting loan of £60m which the Council was committed to drawing down in October 2020 and which managed an element of the Council's future interest rate risk. The overall approach continued to generate significant short-term savings in Loans Charges for the Council.
- 1.3 The investment return for 2018/19 continued to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments as a priority.
- 1.4 The Finance and Resources Committee agreed:
 - 1.4.1 To note the mid-term report on Treasury Management for 2018/19.
 - 1.4.2 To approve the changes to the Treasury Cash Fund Treasury Management Policy Statement.
 - 1.4.3 To note the forward borrowing undertaken by the Council.
 - 1.4.4 To refer the report to the City of Edinburgh Council for approval and subsequent remit by the City of Edinburgh Council to the Governance Risk and Best Value Committee for scrutiny.

For Decision/Action

- 2.1 The City of Edinburgh Council is asked to approve the report and refer it to the Governance Risk and Best Value Committee for scrutiny.

Background reading / external references

Finance and Resources Committee, 4 December 2018.

Laurence Rockey

Head of Strategy and Communications

Contact: Stuart Johnston, Committee Services

E-mail: stuart.johnston@edinburgh.gov.uk | Tel: 0131 529 7035

Links

Appendices

Appendix 1 - report by the Executive Director of Resources

Finance and Resources Committee

3.00pm, Tuesday, 4 December 2018

Treasury Management: Mid-Term Report 2018/19

Item number

Report number

Executive/routine

Wards

Council Commitments

Executive Summary

The purpose of this report is to give an update on Treasury Management activity undertaken in the first half of 2018/19.

In accordance with the Strategy set in March 2018 the Council drew down no borrowing during the first half of the financial year and continued to fund capital expenditure temporarily from cash deposits. However, the Council did agree a forward starting loan of £60m which the Council is committed to drawing down in October 2020 and which manages an element of the Council's future interest rate risk. The overall approach continues to generate significant short-term savings in Loans Charges for the Council.

The investment return for 2018/19 continues to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments as a priority.

Treasury Management: Mid-Term Report 2018/19

1. Recommendations

- 1.1 It is recommended that the Committee:
 - 1.1.1 notes the mid-term report on Treasury Management for 2018/19;
 - 1.1.2 approve the changes to the Treasury Cash Fund Treasury Management Policy Statement;
 - 1.1.3 notes the forward borrowing undertaken by the Council; and
 - 1.1.4 refers the report to City of Edinburgh Council for approval and subsequent remit by the City of Edinburgh Council to the Governance Risk and Best Value Committee for scrutiny.

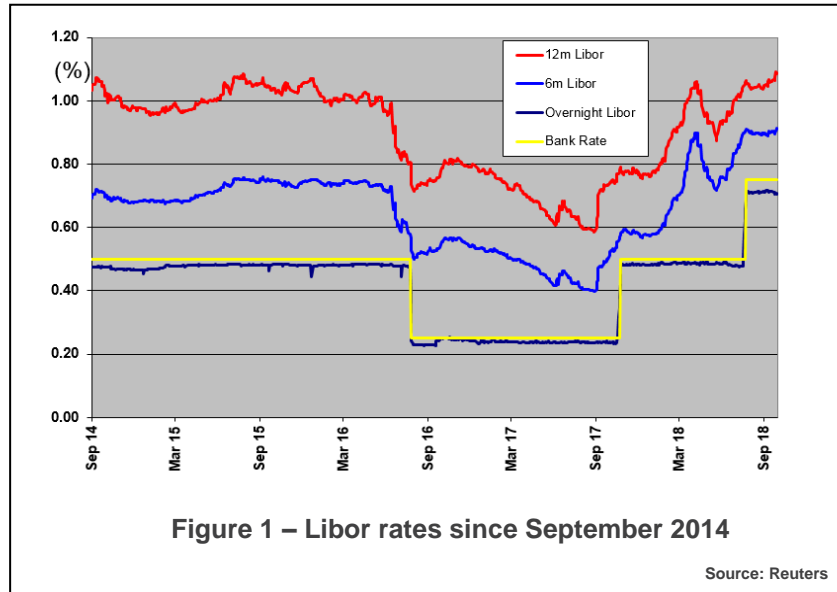
2. Background

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

3. Main report

3.1 UK Interest Rates

- 3.1.1 During the last six months, the Bank of England's (BoE) Monetary Policy Committee (MPC) made no change to monetary policy at its May and June meetings and then in a unanimous vote, increased UK Bank Rate from 0.50% to 0.75% in August. The Monetary Policy Committee made no change to Quantitative Easing (QE) which remains at £435bn. The MPC did note at the meeting of the 21st June that it now intends not to reduce its stock of purchased assets until the Bank Rate reaches around 1.5%. The previous guidance was around 2%, and the stock will be reduced at a gradual and predictable pace.



As can be seen in Figure 1 Libor rates increased anticipating the increase in UK Bank Rate in August. The shorter rates have since mainly levelled off with a slight increase in the 12-month rate anticipating a further increase in Bank Rate during the first quarter of 2019.

3.1.2 Table 1 gives a Reuters poll of up to 80 economists, taken 15th October, showing their forecasts for UK Bank Rate until Quarter 1 2020. This showed most economists polled believed that the UK Bank Rate will remain at 0.75% through Q4 2018 then increasing to 1% during Q2 2019 and to 1.25% in Q1 2020.

	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Median	0.75	0.75	1	1	1	1.25
Mean	0.75	0.78	0.88	0.96	1.05	1.11
Mode	0.75	0.75	1	1	1	1.25
Min	0.75	0.75	0.75	0.75	0.75	0.75
Max	0.75	1	1	1.25	1.25	1.5

Table 1 – Economists’ Forecasts for UK Bank Rate

Source: REUTERS

3.1.3 The annual rate of inflation (CPI) was 2.4% in September 2018, a decrease from 2.7% in August and above the Bank of England’s target rate of 2%. CPIH (Consumer Prices Index including owner occupiers’ housing costs) decreased slightly from 2.4% in August to 2.2% in September. Food and non-alcoholic beverages were the largest downwards contributors to inflation with transport, recreation and culture, and clothing and contributing to the decrease.

3.2 Investment Out-turn

3.2.1 The Council's cash balances are pooled and invested via the Treasury Cash Fund subject to the limits set out in the Treasury Management Policy Statement. Figure 2 below shows the daily investment in the Cash Fund since April 2009. The Treasury Management strategy is to ensure that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on these funds consistent with those risks. The Cash Fund's Investment Strategy continues to be based around the security of the investments.

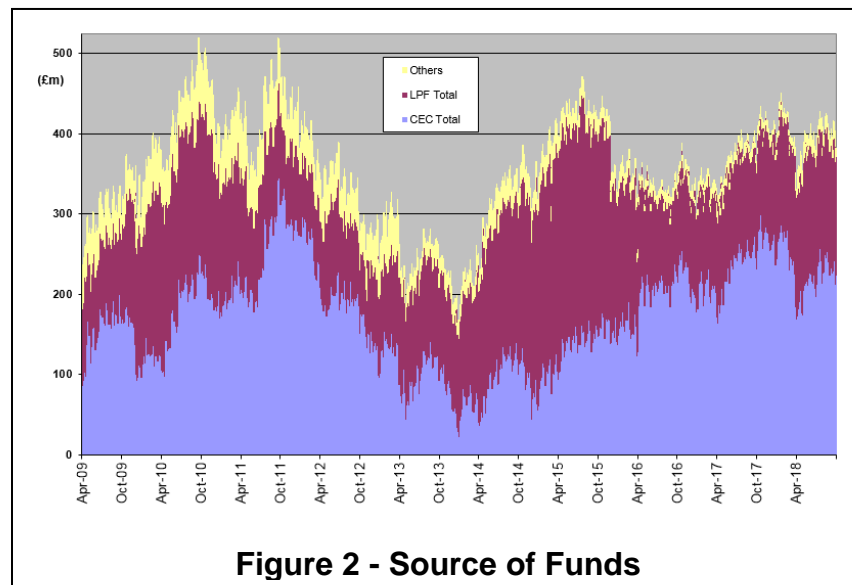
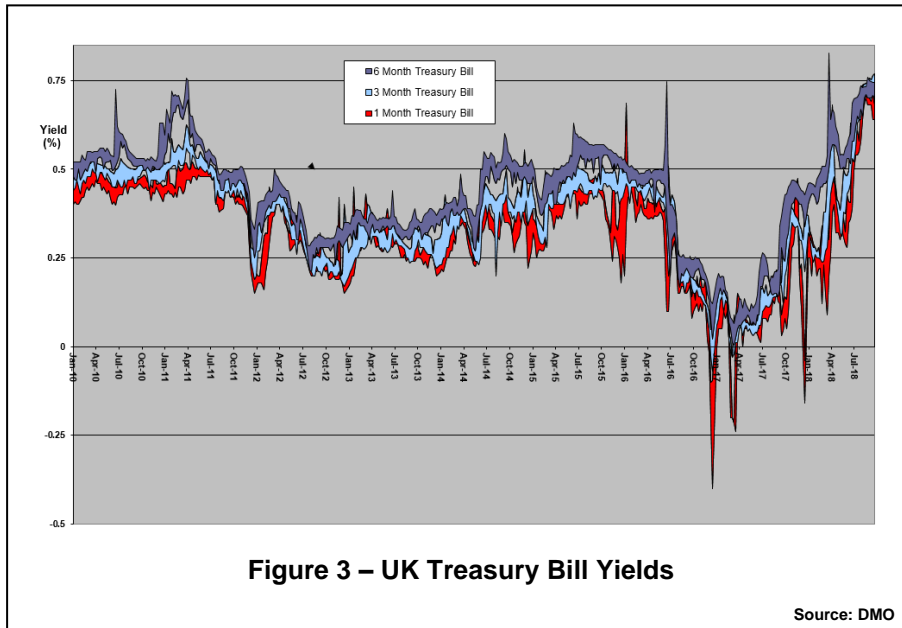
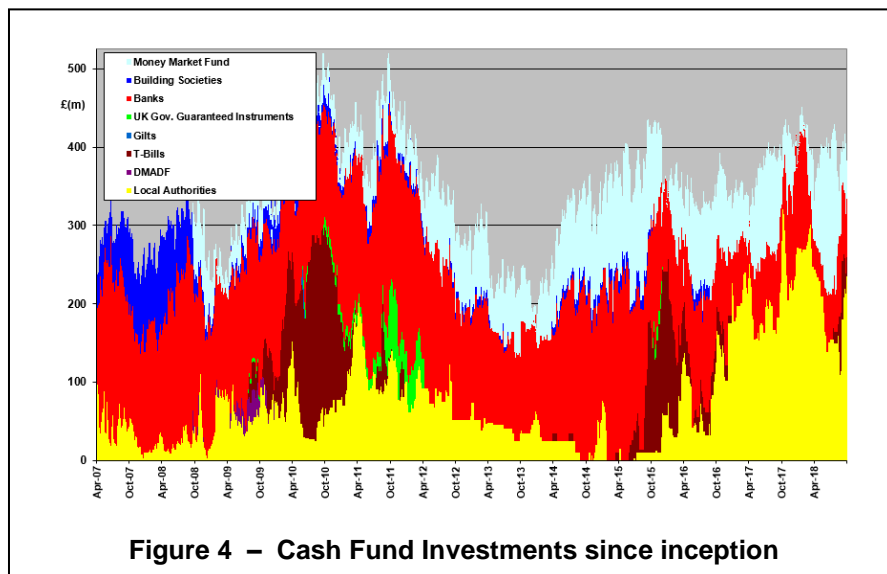


Figure 2 - Source of Funds

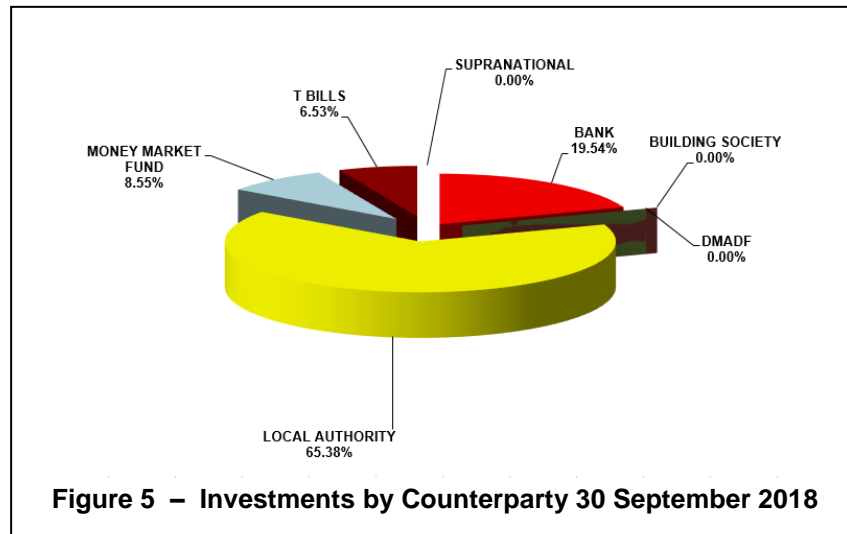
3.2.2 The rates achieved on the Council's call accounts have increased with the rise in UK Bank Rate. Although they are not all directly related so did not all change immediately. The rate on offer from the DMO's Debt Management Agency Deposit Facility (DMADF) was surprisingly high for deposits in excess of £25m and was used directly after the rise in Bank Rate for the first time since 2012. Figure 3 shows the rates achieved in the Friday auctions of UK Treasury Bills. Treasury Bill yields also increased with the increase in UK Bank Rate and proved useful in providing an uplift in rate while money market funds caught up. The amount of Treasury Bills was increased through to the end of the quarter with the holding reaching £90m at an average interest rate of 0.69% with the highest rate achieved being 0.719%.



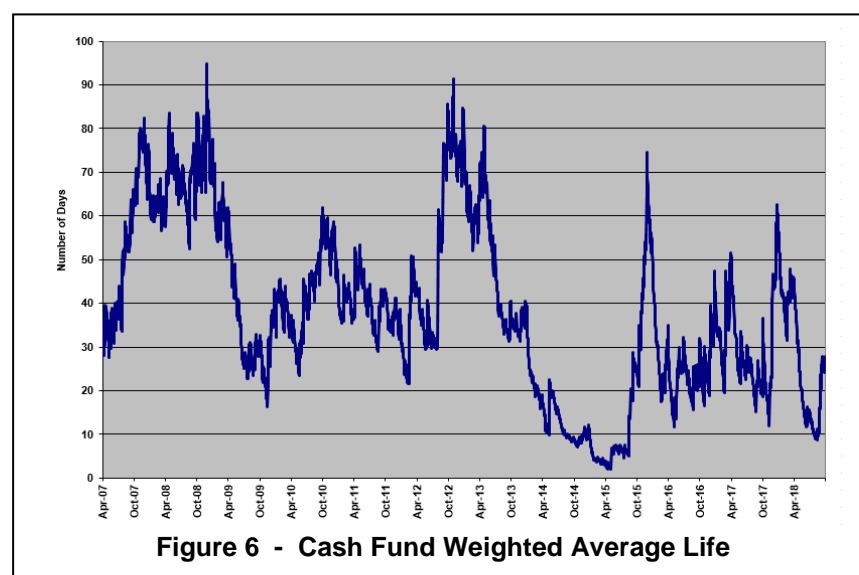
3.2.3 Figure 4 shows in detail the distribution of Cash Fund investments since inception in 2007. This continues to show the fund retaining a large percentage of local authority deposits and also the investment into UK Treasury Bills.



3.2.4 As can be seen in Figure 5, 65.4% of the fund was invested in Local Authority deposits between 23 different authorities, 6.5% invested in UK Treasury Bills, 19.5% was invested with Banks in call accounts split between instant access and 31 day notice with HSBC and 8.6% on deposit with Money Market Funds.

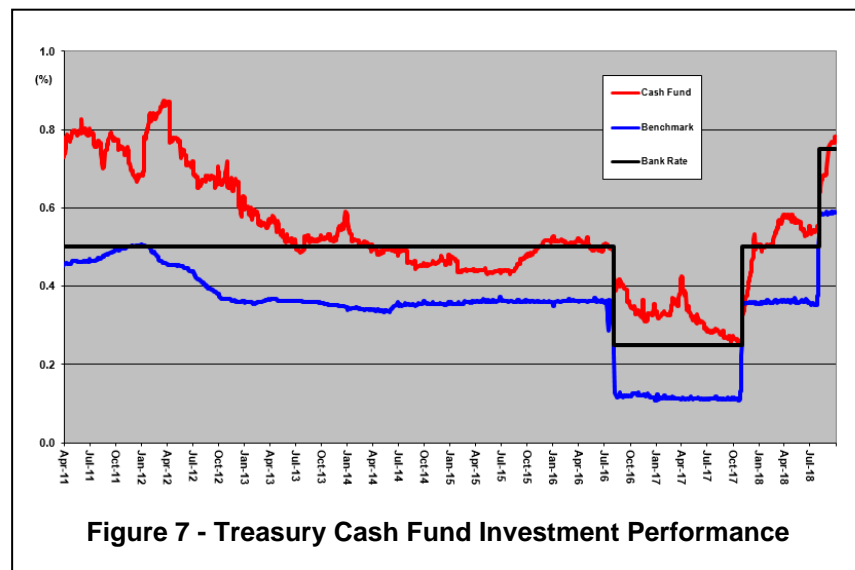


3.2.5 The investment strategy was based round the increase in UK Bank Rate in August. As anticipated the MPC increased rates at the start of August; as can be seen in Figure 6 the fund was perfectly profiled to take advantage of the rate increase. The low weighted average life of the fund allowed the cash fund to be able to react quickly to the hike in rates. Maturing deposits were placed on deposit at higher rates of interest and instant access money market funds allowed movement into bank call accounts that reacted instantly, UK Treasury Bills and Local Authority deposits. Notice was placed with Local Authority call accounts to increase interest rates which were agreed to and others increased the next working day with a clause that had been negotiated.



3.3 Cash Fund Performance

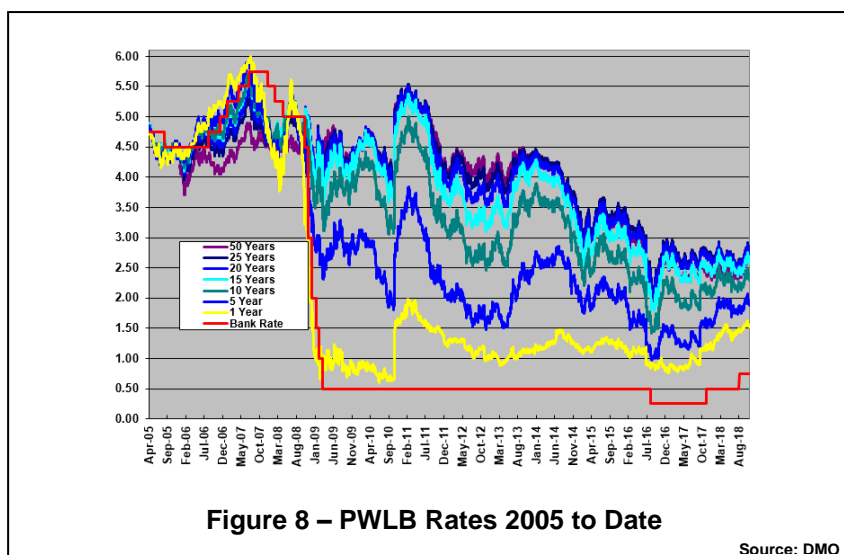
3.3.1 The annualised rate of return for the Cash Fund for the six months to September 2018 was 0.606% against a benchmark of 0.436%. Figure 7 below shows the daily investment performance of the Cash Fund against its benchmark since April 2011. As can be seen, Cash Fund performance picked up very quickly after the increase in UK Bank Rate. This was due to being able to move cash balances between accounts that had an instant uplift in rate from those that would take a while to catch up and also taking advantage of increased rates on fixed deposits with other Local Authorities, DMADF and UK Treasury Bills.



3.4 Debt Management Activity

3.4.1 Debt Management strategy for 2018/19 as outlined in the Strategy Report was to continue to use the Council's investment balances to fund capital expenditure. The Council has undertaken no PWLB borrowing since December 2012. Appendix 1 shows the current debt portfolio.

3.4.2 Figure 8 below shows the PWLB borrowing rates since April 2005. UK Gilt yields showed volatility in the first 6 months of the financial year – the 10 year gilt yield rising from 1.37% to 1.57% over the period. There was a sharp fall in yields in late May due to Italy's political crisis as the UK was viewed to be a safe haven.



3.4.3 Table 2 below shows a comparison of the projected cumulative capital expenditure to be funded by borrowing and the actual external debt. More detail on the Capital Advances, along with revised Prudential Indicators are contained in the Capital Monitoring – Period 5 report elsewhere on this agenda.

Capital Funding v. External Debt	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Outturn	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000
Debt b/fd	1,299,901	1,245,546	1,203,456	1,329,875	1,474,308	1,527,070
Cumulative Capital Expenditure b/fd	1,413,522	1,384,534	1,402,260	1,561,620	1,719,428	1,782,363
Over/underborrowed b/fd	-113,621	-138,988	-198,804	-231,746	-245,120	-255,293
GF Capital Financed by borrowing	14,516	28,688	134,319	113,575	36,859	10,282
HRA Capital Financed by borrowing	35,078	20,742	76,268	50,416	44,927	24,100
Lending to LLPs		45,078	25,618	77,603	73,665	117,879
less scheduled repayments by GF	-57,810	-55,750	-54,540	-57,466	-62,688	-65,893
less scheduled repayments by HRA	-18,290	-19,457	-21,788	-25,776	-29,272	-33,368
less scheduled repayments by Joint Boards	-2,482	-1,575	-517	-544	-556	-589
less scheduled repayments by LLPs			-159	-1,123	-1,052	-1,897
Underlying Need to Borrow	-28,988	17,726	159,360	157,808	62,935	52,412
plus total maturing debt	54,355	54,960	53,581	55,567	47,238	46,505
Total Borrowing Requirement	25,367	72,686	212,941	213,375	110,173	98,917
Cummulative Borrowing Requirement		72,686	285,628	499,002	609,175	708,092
Committed Market Borrowing				60,000		
Planned PWLB or short borrowing for year	0	12,870	180,000	140,000	100,000	110,000
Debt at end of the year	1,245,546	1,203,456	1,329,875	1,474,308	1,527,070	1,590,565
Cumulative Capital Expenditure	1,384,534	1,402,260	1,561,620	1,719,428	1,782,363	1,834,775
Cumulative Over/Under Borrowed	-138,988	-198,804	-231,746	-245,120	-255,293	-244,210

Table 2 - Summary of Capital Advances v. External Debt

3.4.4 It is intended to continue the strategy of using investments to temporarily fund the Council's borrowing requirement giving a projected under borrowing of £199m at the end of the financial year. However, as set out in the 2018/19 Strategy, borrowing to mitigate the interest rate risk on the capital advances for the Edinburgh Living LLPs will be considered on a tranche by tranche basis. Some PWLB Borrowing in 2018/19 for this is therefore included in the above table.

3.4.5 As can be seen from Table 2 above, the Council's cumulative borrowing requirement is substantial over the next few years. Significant work has been undertaken to investigate ways in which the interest rate risk on this requirement can be managed and mitigated. As part of this, the Council has agreed a £60m forward starting loan with Deutsche Pfandbriefbank (PBB). The loan is to be drawn down in October 2020 and the fixed rate of 2.613% on the 25 year annuity loan is considered to represent excellent value to the Council in managing its interest rate risk without taking on a cost of interest rate carry.

3.5 Change to Cash Fund Treasury Management Policy Statement

3.5.1 The European Union has brought in some regulatory changes relating to Money Market Funds (MMFs) and existing funds are required to be compliant with them by 21 January 2019. The Council currently invests in Constant Net Asset Value (CNAV) MMFs. However, under the new regulations, after January this type of fund will only be permitted to invest in Government Debt. It is therefore thought likely that the funds which the Council currently uses will change to being Low Volatility Net Asset Value (LVNAV) funds. The Cash Fund's Treasury Policy Statements permits the use of MMFs. Although there was no reference to CNAV in the list of Permitted Investment in the Policy Statement, item e. in table outlining the risks associated with each investment type stated that the Council would only use CNAV funds. Item e. has therefore been amended to remove the reference to CNAV funds and reflect the Council's likely usage of the LVNAV funds. A revised Treasury Cash Fund Treasury Management Policy Statement is included in Appendix 2.

3.6 Edinburgh Living Facility

3.6.1 The Council has previously approved lending £13m to Edinburgh Living to fund its purchase of 105 homes. However, cash flow modelling for Edinburgh Living showed that as with most new enterprises, there is a timing mismatch in the early life of the enterprise between initial costs and when the income stream from rents is going to be fully received. Therefore, at its meeting on 11 October 2018 the Finance and Resources Committee approved providing a short-term cash flow facility of up to £0.25m to Edinburgh Living.

4. Measures of success

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

5. Financial impact

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

6. Risk, policy, compliance and governance impact

- 6.1 The Council complies with the relevant CIPFA code of practice whilst undertaking Treasury Management activities. The significant financial risks associated with Treasury Management activities have been successfully managed during the first half of 2018/19.

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

- 9.1 None

10. Background reading/external references

- 10.1 None

Stephen S. Moir

Executive Director of Resources

Contact: Innes Edwards, Principal Treasury and Banking Manager

E-mail: innes.edwards@edinburgh.gov.uk | Tel: 0131 469 6291

11. Appendices

1: Outstanding Debt at 30 September 2018

2: Treasury Cash Fund Treasury Management Policy Statement

Appendix 1: Outstanding Debt at 30 September 2018

Market Debt (non LOBO)

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	30/06/2005	30/06/2065	5,000,000.00	4.4	220,000.00
M	07/07/2005	07/07/2065	5,000,000.00	4.4	220,000.00
M	21/12/2005	21/12/2065	5,000,000.00	4.99	249,500.00
M	28/12/2005	24/12/2065	12,500,000.00	4.99	623,750.00
M	14/03/2006	15/03/2066	15,000,000.00	5	750,000.00
M	18/08/2006	18/08/2066	10,000,000.00	5.25	525,000.00
M	01/02/2008	01/02/2078	10,000,000.00	3.95	395,000.00
			62,500,000.00		

Market Debt (LOBO)

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	12/11/1998	13/11/2028	3,000,000.00	4.75	142,500.00
M	15/12/2003	15/12/2053	10,000,000.00	5.25	525,000.00
M	18/02/2004	18/02/2054	10,000,000.00	4.54	454,000.00
M	28/04/2005	28/04/2055	12,900,000.00	4.75	612,750.00
M	25/02/2011	25/02/2060	15,000,000.00	7.411	1,111,650.00
M	25/02/2011	25/02/2060	10,000,000.00	7.411	741,100.00
M	26/02/2010	26/02/2060	5,000,000.00	7.381	369,050.00
M	26/02/2010	26/02/2060	10,000,000.00	7.381	738,100.00
M	01/07/2005	01/07/2065	10,000,000.00	3.86	386,000.00
M	24/08/2005	24/08/2065	5,000,000.00	4.4	220,000.00
M	07/09/2005	07/09/2065	10,000,000.00	4.99	499,000.00
M	13/09/2005	14/09/2065	5,000,000.00	3.95	197,500.00
M	03/10/2005	05/10/2065	5,000,000.00	4.375	218,750.00
M	23/12/2005	23/12/2065	10,000,000.00	4.75	475,000.00
M	06/03/2006	04/03/2066	5,000,000.00	4.625	231,250.00
M	17/03/2006	17/03/2066	10,000,000.00	5.25	525,000.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	07/04/2006	07/04/2066	10,000,000.00	4.75	475,000.00
M	05/06/2006	07/06/2066	20,000,000.00	5.25	1,050,000.00
M	05/06/2006	07/06/2066	16,500,000.00	5.25	866,250.00
			212,400,000.00		

PWLB

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	17/09/1993	15/11/2018	5,000,000.00	7.875	393,750.00
M	23/03/1994	15/11/2018	5,000,000.00	8	400,000.00
M	14/03/1994	11/03/2019	2,997,451.21	7.625	228,555.65
M	18/10/1993	25/03/2019	5,000,000.00	7.875	393,750.00
M	30/03/2009	30/03/2019	5,000,000.00	3.46	173,000.00
M	21/04/2009	21/04/2019	10,000,000.00	3.4	340,000.00
M	23/04/2009	23/04/2019	5,000,000.00	3.38	169,000.00
A	12/11/2008	12/11/2019	815,196.27	3.96	47,699.55
M	23/03/1994	15/11/2019	5,000,000.00	8	400,000.00
M	07/12/1994	15/11/2019	10,000,000.00	8.625	862,500.00
A	01/12/2008	01/12/2019	804,410.88	3.65	43,433.85
M	01/12/2009	01/12/2019	5,000,000.00	3.77	188,500.00
M	14/12/2009	14/12/2019	10,000,000.00	3.91	391,000.00
M	15/02/1995	25/03/2020	5,000,000.00	8.625	431,250.00
M	21/04/2009	21/04/2020	10,000,000.00	3.54	354,000.00
M	12/05/2009	12/05/2020	10,000,000.00	3.96	396,000.00
M	21/10/1994	15/05/2020	5,000,000.00	8.625	431,250.00
M	07/12/1994	15/05/2020	5,000,000.00	8.625	431,250.00
M	21/11/2011	21/05/2020	15,000,000.00	2.94	441,000.00
M	16/08/1995	03/08/2020	2,997,451.21	8.375	251,036.54
M	09/12/1994	15/11/2020	5,000,000.00	8.625	431,250.00
A	10/05/2010	10/05/2021	1,534,840.41	3.09	58,602.91
M	21/10/1994	15/05/2021	10,000,000.00	8.625	862,500.00
M	10/03/1995	15/05/2021	11,900,000.00	8.75	1,041,250.00
M	12/06/1995	15/05/2021	10,000,000.00	8	800,000.00
M	02/06/2010	02/06/2021	5,000,000.00	3.89	194,500.00
M	16/08/1994	03/08/2021	2,997,451.21	8.5	254,783.35
M	28/04/1994	25/09/2021	5,000,000.00	8.125	406,250.00
M	23/04/2009	23/04/2022	5,000,000.00	3.76	188,000.00
M	12/06/1995	15/05/2022	10,200,000.00	8	816,000.00
M	14/06/2010	14/06/2022	10,000,000.00	3.95	395,000.00
M	31/03/1995	25/09/2022	6,206,000.00	8.625	535,267.50
M	16/02/1995	03/02/2023	2,997,451.21	8.625	258,530.17
M	24/04/1995	25/03/2023	10,000,000.00	8.5	850,000.00
M	05/12/1995	15/05/2023	5,200,000.00	8	416,000.00
M	20/09/1993	14/09/2023	2,997,451.21	7.875	236,049.28
M	20/09/1993	14/09/2023	584,502.98	7.875	46,029.61
M	08/05/1996	25/09/2023	10,000,000.00	8.375	837,500.00
M	13/10/2009	13/10/2023	5,000,000.00	3.87	193,500.00
M	05/12/1995	15/11/2023	10,000,000.00	8	800,000.00
M	10/05/2010	10/05/2024	10,000,000.00	4.32	432,000.00
M	28/09/1995	28/09/2024	2,895,506.10	8.25	238,879.25
M	14/05/2012	14/11/2024	10,000,000.00	3.36	336,000.00

A	14/12/2009	14/12/2024	5,005,280.81	3.66	201,656.97
M	17/10/1996	25/03/2025	10,000,000.00	7.875	787,500.00
M	10/05/2010	10/05/2025	5,000,000.00	4.37	218,500.00
M	16/11/2012	16/05/2025	20,000,000.00	2.88	576,000.00
M	13/02/1997	18/05/2025	10,000,000.00	7.375	737,500.00
M	20/02/1997	15/11/2025	20,000,000.00	7.375	1,475,000.00
A	01/12/2009	01/12/2025	8,108,232.64	3.64	320,458.85
M	21/12/1995	21/12/2025	2,397,960.97	7.875	188,839.43
M	21/05/1997	15/05/2026	10,000,000.00	7.125	712,500.00
M	28/05/1997	15/05/2026	10,000,000.00	7.25	725,000.00
M	29/08/1997	15/11/2026	5,000,000.00	7	350,000.00
M	24/06/1997	15/11/2026	5,328,077.00	7.125	379,625.49
M	07/08/1997	15/11/2026	15,000,000.00	6.875	1,031,250.00
M	13/10/1997	25/03/2027	10,000,000.00	6.375	637,500.00
M	22/10/1997	25/03/2027	5,000,000.00	6.5	325,000.00
M	13/11/1997	15/05/2027	3,649,966.00	6.5	237,247.79
M	17/11/1997	15/05/2027	5,000,000.00	6.5	325,000.00
M	13/12/2012	13/06/2027	20,000,000.00	3.18	636,000.00
M	12/03/1998	15/11/2027	8,677,693.00	5.875	509,814.46
M	06/09/2010	06/09/2028	10,000,000.00	3.85	385,000.00
M	14/07/2011	14/07/2029	10,000,000.00	4.9	490,000.00
E	14/07/1950	03/03/2030	2,906.90	3	87.21
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	3,046.64	3	91.40
M	06/09/2010	06/09/2031	20,000,000.00	3.95	790,000.00
M	15/12/2011	15/06/2032	10,000,000.00	3.98	398,000.00
M	15/09/2011	15/09/2036	10,000,000.00	4.47	447,000.00
M	22/09/2011	22/09/2036	10,000,000.00	4.49	449,000.00
M	10/12/2007	10/12/2037	10,000,000.00	4.49	449,000.00
M	08/09/2011	08/09/2038	10,000,000.00	4.67	467,000.00
M	15/09/2011	15/09/2039	10,000,000.00	4.52	452,000.00
M	06/10/2011	06/10/2043	20,000,000.00	4.35	870,000.00
M	09/08/2011	09/02/2046	20,000,000.00	4.8	960,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	19/05/2006	19/11/2046	10,000,000.00	4.25	425,000.00
M	07/01/2008	07/01/2048	5,000,000.00	4.4	220,000.00
M	27/01/2006	27/07/2051	1,250,000.00	3.7	46,250.00
M	16/01/2007	16/07/2052	40,000,000.00	4.25	1,700,000.00
M	30/01/2007	30/07/2052	10,000,000.00	4.35	435,000.00
M	13/02/2007	13/08/2052	20,000,000.00	4.35	870,000.00
M	20/02/2007	20/08/2052	70,000,000.00	4.35	3,045,000.00
M	22/02/2007	22/08/2052	50,000,000.00	4.35	2,175,000.00
M	08/03/2007	08/09/2052	5,000,000.00	4.25	212,500.00
M	30/05/2007	30/11/2052	10,000,000.00	4.6	460,000.00
M	11/06/2007	11/12/2052	15,000,000.00	4.7	705,000.00
M	12/06/2007	12/12/2052	25,000,000.00	4.75	1,187,500.00

M	05/07/2007	05/01/2053	12,000,000.00	4.8	576,000.00
M	25/07/2007	25/01/2053	5,000,000.00	4.65	232,500.00
M	10/08/2007	10/02/2053	5,000,000.00	4.55	227,500.00
M	24/08/2007	24/02/2053	7,500,000.00	4.5	337,500.00
M	13/09/2007	13/03/2053	5,000,000.00	4.5	225,000.00
M	12/10/2007	12/04/2053	5,000,000.00	4.6	230,000.00
M	05/11/2007	05/05/2057	5,000,000.00	4.6	230,000.00
M	15/08/2008	15/02/2058	5,000,000.00	4.39	219,500.00
M	02/12/2011	02/12/2061	5,000,000.00	3.98	199,000.00
			939,050,876.65		

**SALIX INTEREST
FREE**

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
E	07/01/2015	01/09/2021	236,871.42	0	0.00
E	31/03/2015	01/04/2023	901,448.70	0	0.00
E	22/09/2015	01/10/2023	241,779.67	0	0.00
			1,380,099.79		

Appendix 2: Treasury Management Policy Statement

The City of Edinburgh Council Treasury Cash Fund Treasury Management Policy Statement

Summary

The Council operates the Treasury Cash Fund on a low risk low return basis for cash investments on behalf of itself, Lothian Pension Fund and other associated organisations. This Policy Statement covers the type of investments which are permitted for monies held with the Cash Fund and should be read in conjunction with the Treasury Policy Statement for the City of Edinburgh Council.

Approved Activities

The activity undertaken in the management of cash balances and their investment in cash and near cash instruments. In undertaking this activity, the key objective is the security of the monies invested. Accordingly, the investment types and counterparty limits below represent a prudent attitude towards the instruments with which and the institutions with whom investment will be undertaken.

Treasury Management Strategy

The treasury management strategy for the cash fund is to ensure that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on these funds consistent with those risks

Permitted Instruments

The Chief Financial Officer may invest monies in accordance with the Council's requirements only by using the following instruments:

- (a) Temporary deposit, Certificate of Deposit, collateralised deposit, structured deposit, commercial paper, floating rate note or Bonds with an approved institution of the Bank of England or with any other approved organisation for investment (see below)
- (b) UK Treasury Bills
- (c) Gilt-edged securities
- (d) Reverse Repurchase Agreements
- (e) Money Market Funds and Bond Funds
- (f) Debt Management Office's Debt Management Agency Deposit Facility

Limits on Investment

The approved limits on counterparties and investment types are as follows (where money limits and percentages are stated, the greater of the two should be applied):

- (a) DMO's DMADF, UK Treasury Bills and UK Gilts with no limit
- (b) UK local authorities with no limit.
- (c) other public bodies up to a maximum of £20 million per organisation.
- (d) The Council's bankers, where not otherwise permitted under (k) below, up to a limit of £20m on an overnight only basis other than when funds are received into the Council's bank account without pre-notification.
- (e) Money Market Funds with no limit in total but with no more than £30 million or 15% of the funds under management with any one Fund.

- (f) Bond Funds with no more than £20 million or 10% of the funds under management.
- (g) Supranational Bonds with a limit of £60 million or 20% of the fund in total.
- (h) financial institutions where the relevant deposits, CDs or Bonds are guaranteed by a sovereign government of AA or above up to a maximum of £60 million or 20 percent of the fund per institution for the duration of the guarantee in addition to the appropriate counterparty limit for the institution.
- (i) Local Authority Collateralised deposits up to a maximum of £30 million or 15 percent of the fund per institution up to a maximum of 5 years in addition to the appropriate counterparty limit for the institution.
- (j) Structured deposits up to a maximum of £20 million or 10 percent of the fund, subject to the appropriate counterparty limits for the institution also being applied.
- (k) financial institutions included on the Bank of England's authorised list under the following criteria:

Credit Rating	Banks Unsecured	Banks Secured	B. Socs. Unsecured	B. Socs. Secured
AAA	20% or £60m	20% or £60m	20% or £60m	20% or £60m
AA+	15% or £30m	20% or £60m	15% or £30m	20% or £60m
AA	15% or £30m	20% or £60m	15% or £30m	15% or £30m
AA-	15% or £30m	20% or £60m	10% or £20m	15% or £30m
A+	10% or £20m	15% or £30m	10% or £20m	10% or £20m
A	10% or £20m	15% or £30m	10% or £20m	10% or £20m
A-	10% or £20m	15% or £30m	5% or £10m	10% or £20m
BBB+	5% or £10m	5% or £10m	n/a	n/a
None	n/a	n/a	n/a	n/a

The credit ratings quoted in the above table are for the financial institution, instrument or security provided and are the lowest of the relevant long term ratings from the three main Credit ratings agencies, S&P, Moody's and Fitch.

Time Limits

In addition to the monetary limits above, the following maximum time limits will be placed on investments:

Category	Max. Time Limit
20% of Assets Under Management / £60m	5 Years
15% of Assets Under Management / £30m	1 Years
10% of Assets Under Management / £20m	6 months
5% of Assets Under Management / £10m	3 months

In addition to the above limits, no more than 25% of assets under management will have a maturity greater than 1 year.

In considering an investment, consideration is given to a wide range of information, not simply the credit ratings of the institution being considered. This will include financial information on the institution, relevant Credit Default Swaps and equity pricing data, and the general macro-economic, market and sector background. The investment risks and controls to mitigate those risks are outlined to the end of this document.

Policy on Delegation

The Treasury Cash Fund is operated under the Council's Treasury Policy Statement and the delegations are defined in that document.

Reporting Arrangements

This will include, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs. The Head of Finance will report to the Council as follows:

- (a) A Treasury Strategy prior to the commencement of the financial year.
- (b) A mid-term report during the financial year.
- (c) A Treasury Annual Report as soon as practicable after the end of the financial year.
- (d) Ad hoc reports according to need.

Type of Investment	Treasury Risks	Mitigating Controls
a. Deposits with the Debt Management Account Facility (UK Government) (Very low risk)	This is a deposit with the UK Government and as such counterparty and liquidity risk is very low, and there is no risk to value. Deposits can be between overnight and 6 months.	As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.
b. UK Treasury Bills (Very Low Risk)	These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates unless held to maturity. Maturity at issue is only 1, 3 or 6 months so will be used mainly in the 1 to 3 month period to provide a high level of security but a better return than the DMADF in (a).	As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments.
c. UK Gilts (Very Low Risk)	These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates unless held to maturity. There is a risk to capital if the Gilt needed to be sold, so should only be used on a hold to maturity basis as a proxy for a slightly longer maturity Treasury Bill	As this is a UK Government investment the monetary limit is unlimited to allow for a safe haven for investments. Would only be used on a hold to maturity basis at the very short end of the yield curve.
d. Deposits with other local authorities or public bodies (Very low risk)	These are considered quasi UK Government debt and as such counterparty risk is very low, and there is no risk to value.	Little mitigating controls required for local authority deposits, as this is a quasi UK Sovereign Government investment.
e. Money Market Funds (MMFs) (low/medium risk)	Pooled cash investment vehicle which provides short term liquidity.	Funds will generally be used to provide liquidity for the Cash Fund.
f. Bond Funds (low/medium risk)	AAA Rated Pooled cash investment vehicle investing in a range of Government, Financial Institutions and Government Bonds.	Fairly liquid vehicle investing in Bonds with a high average credit rating, will only be used for a relatively small proportion of the fund.
g. Call account deposit accounts with financial institutions (banks and building societies) (Risk is dependent on credit rating)	These tend to be moderately low risk investments, but will exhibit higher risks than the categories (a) to (d) above. Whilst there is no risk to value with these types of investments, liquidity is high and investments can be returned at short notice. These will be used to provide the primary liquidity source for Cash Management	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors. On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.
h. Term deposits with financial institutions (banks and building societies) (Low to medium risk)	The risk on these is determined, but will exhibit higher risks than categories (a) to (d) above. Whilst there is no risk to value with these types of	The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured

<p>depending on period & credit rating)</p>	<p>investments, liquidity is low and term deposits can only be broken with the agreement of the counterparty, and penalties may apply.</p>	<p>primarily by credit ratings from Fitch, Moody's and Standard and Poors</p> <p>On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>
<p>i. Certificates of deposits with financial institutions (risk dependent on credit rating)</p>	<p>These are short dated marketable securities issued by financial institutions and as such counterparty risk is low, but will exhibit higher risks than categories (a) to (d) above. There is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will normally be low.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors.</p> <p>On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>
<p>j. Structured deposit facilities with banks and building societies (escalating rates, de-escalating rates etc.) (Low to medium risk depending on period & credit rating)</p>	<p>These tend to be medium to low risk investments, but will exhibit higher risks than categories (a) to (d) above. Whilst there is no risk to value with these types of investments, liquidity is very low and investments can only be broken with the agreement of the counterparty (penalties may apply).</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors.</p> <p>On day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>
<p>k. Bonds (Low to medium risk depending on period & credit rating)</p>	<p>This entails a higher level of risk exposure than gilts and the aim is to achieve a higher rate of return than normally available from gilts. They do have an exposure to movements in market prices of assets held.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, on a hold to maturity basis. Bonds may also carry an explicit Government Guarantee.</p>
<p>l. Floating Rate Notes (Low to medium risk depending on credit rating)</p>	<p>These are Bonds on which the rate of interest is established periodically with reference to short term interest rates.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poors.</p> <p>Will be used in an increasing interest rate environment but only for a limited proportion of the portfolio.</p>
<p>m. Commercial Paper (Low to medium risk depending on credit rating)</p>	<p>These are short term promissory notes issued at a discount par. They entail a higher level of risk exposure than gilts and the aim is to achieve a higher rate of return than normally available from gilts. They do have an exposure to movements in market prices of assets held.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, on a hold to maturity basis. They are relatively short maturity.</p>

<p>n. Secured Investments (relatively low risk due to dual recourse)</p>	<p>These include Reverse Purchase Agreements (Repo) and Covered Bonds issued by banks and building societies.</p>	<p>Both Repo and Covered Bonds provide opportunities to lower credit risk by having any exposure supported by an enhanced level of high quality collateral such as Gilts in the case of Repo. The lower credit risk is reflected in the Cash Fund being able to invest larger % or value amounts as shown in the criteria for financial institutions in (k).</p>
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Governance, Risk and Best Value Committee

10.00am, Tuesday, 15 January 2019

Internal Audit: Overdue Findings and Late Management Responses as at 23 November 2018

Item number	7.5
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

Open and overdue Internal Audit (“IA”) findings

There were 113 open IA findings across the Council as at 23 November 2018, comprising 91 current findings and 22 of the 30 historic findings that were reopened in June 2018.

Of the 113 currently open IA findings and associated management actions:

1. a total of 38 of these findings are open, but not yet overdue;
2. 75 are currently reported as overdue as they have missed the last of the originally agreed implementation dates;
3. evidence in relation to 15 of these 75 overdue findings is currently being reviewed by IA to confirm that it is sufficient to support their closure, leaving the remaining 60 overdue findings still requiring to be addressed.

Internal Audit: Overdue Findings and Late Management Responses as at 23 November 2018

1 Recommendations

- 1.1 Members of the Governance, Risk and Best Value Committee are requested to note:
 - 1.1.1 the status of the overdue Internal Audit findings as at 23 November 2018; and
 - 1.1.2 the reasons for delay in finalising the Public Sector Cyber Security Action Plan draft report issued in September 2018.

2 Background

- 2.1 Overdue findings arising from IA reports and late management responses to draft IA reports are reported monthly to the Corporate Leadership Team and quarterly to the GRBV Committee.
- 2.2 The greater visibility that monthly CLT reporting provides should result in more Internal Audit findings being closed off in a timely manner.
- 2.3 The IA definition of an overdue finding is any finding where all agreed management actions have not been implemented, evidenced as implemented by management, and validated as closed by IA by the date agreed by management and IA and recorded in IA reports.
- 2.4 Where management believes that actions are complete and sufficient evidence is available to support IA review and confirm closure, the action is recorded as 'implemented' on the IA follow-up system. When IA has reviewed the evidence provided, the management action will either be 'closed' or 'rejected', with supporting rationale provided where required.
- 2.5 The IA Charter includes the requirement for receipt of management responses to draft IA findings within 10 working days. Where management responses are not received on time, details are included in this report.

3 Main report

Open and Overdue Findings

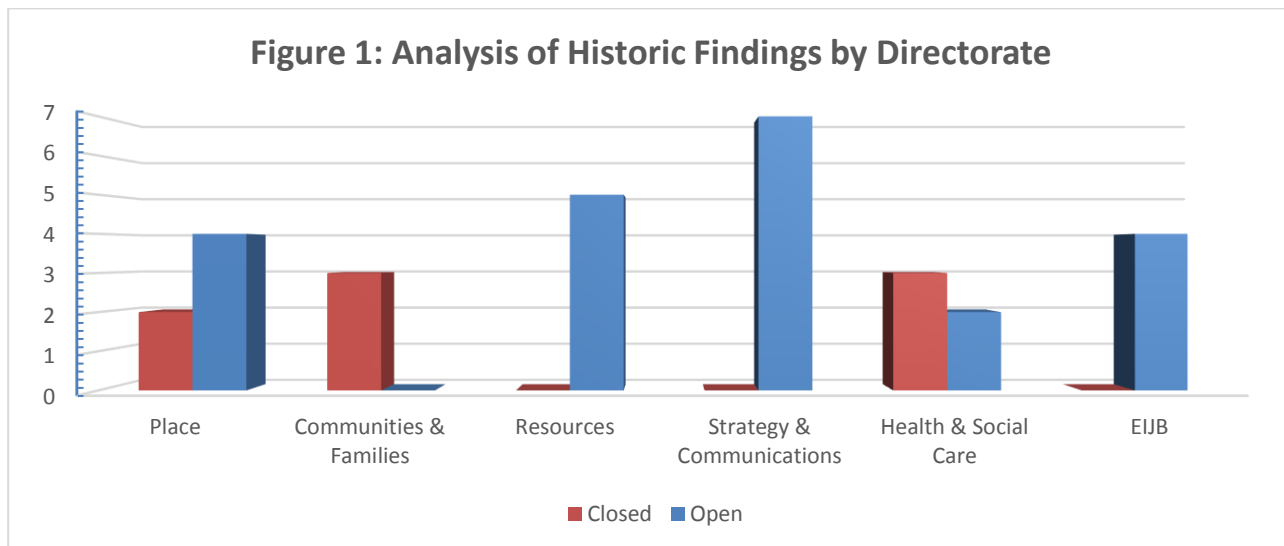
- 3.1 The 113 open IA findings across the Council have been split into the following two categories to enable separate monitoring and reporting of the 30 historic findings that were reopened in June 2018:
- 3.1.1 Current findings (91 in total) shows progress with findings raised, tracked, and reported on as part of the routine IA assurance cycle; and
- 3.1.2 Of the historic findings that were reopened, 22 in total remain overdue.
- 3.2 A total of 75 open IA findings (53 current; and 22 historic) are overdue as against the original implementation dates.
- 3.3 Future reports will include a reconciliation detailing the movement in the number of open and overdue findings since the date of the last report, with this report providing the baseline position.
- 3.4 Appendix 1 provides a graphic of the analysis detailed at 3.1 and 3.2 above.

Current Overdue Findings

- 3.5 Of the 91 current findings, 53 comprising 14 High; 33 Medium; and 6 Low are now technically 'overdue'.
- 3.6 However, IA is currently reviewing evidence to support closure of 11 of these findings (2 High; 7 Medium; and 2 Low), leaving a balance of 42 overdue findings (12 High; 26 Medium; and 4 Low) which remain to be addressed.

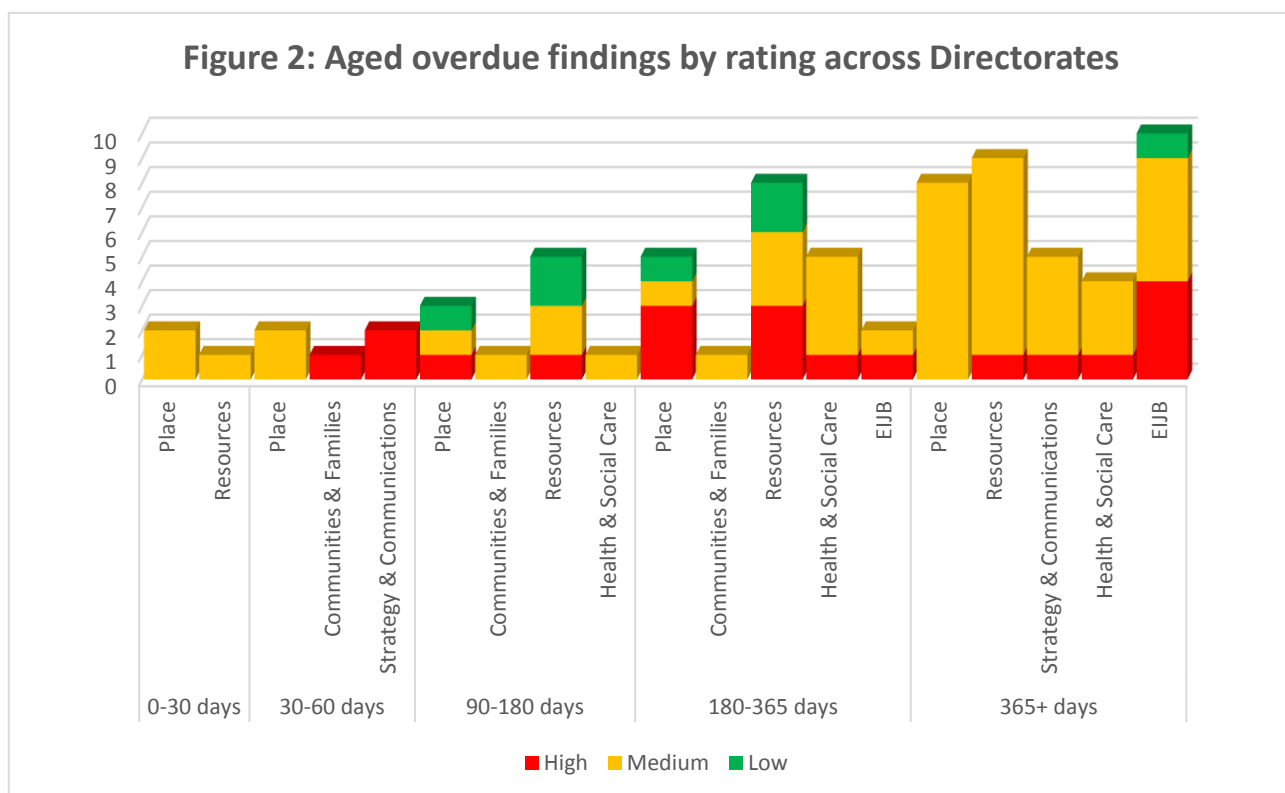
Historic Overdue Findings

- 3.7 Good progress is evident with regard to the closure of the 30 historic findings that were reopened, as 8 (4 High and 4 Medium) have now been closed by Place; Communities and Families; and Health and Social Care.
- 3.8 One Health and Social Care historic finding has also had its rating reduced from 'Medium' to 'Low' reflecting implementation progress.
- 3.9 Taking into account the progress noted above, a balance of 22 (6 High; 15 Medium; and 1 Low) historic overdue findings remain, allocated across directorates as follows:
- Place – 4 Medium;
 - Resources – 2 High; and 3 Medium (IA is currently reviewing evidence provided by Resources to support closure of 4 (1 High and 3 Medium) of these findings);
 - Health and Social Care / EIJB – 2 High; 3 Medium; 1 Low; and
 - Strategy and Communications - 1 High; and 6 Medium
- 3.10 Figure 1 below illustrates progress with closure of historic findings by each directorate.



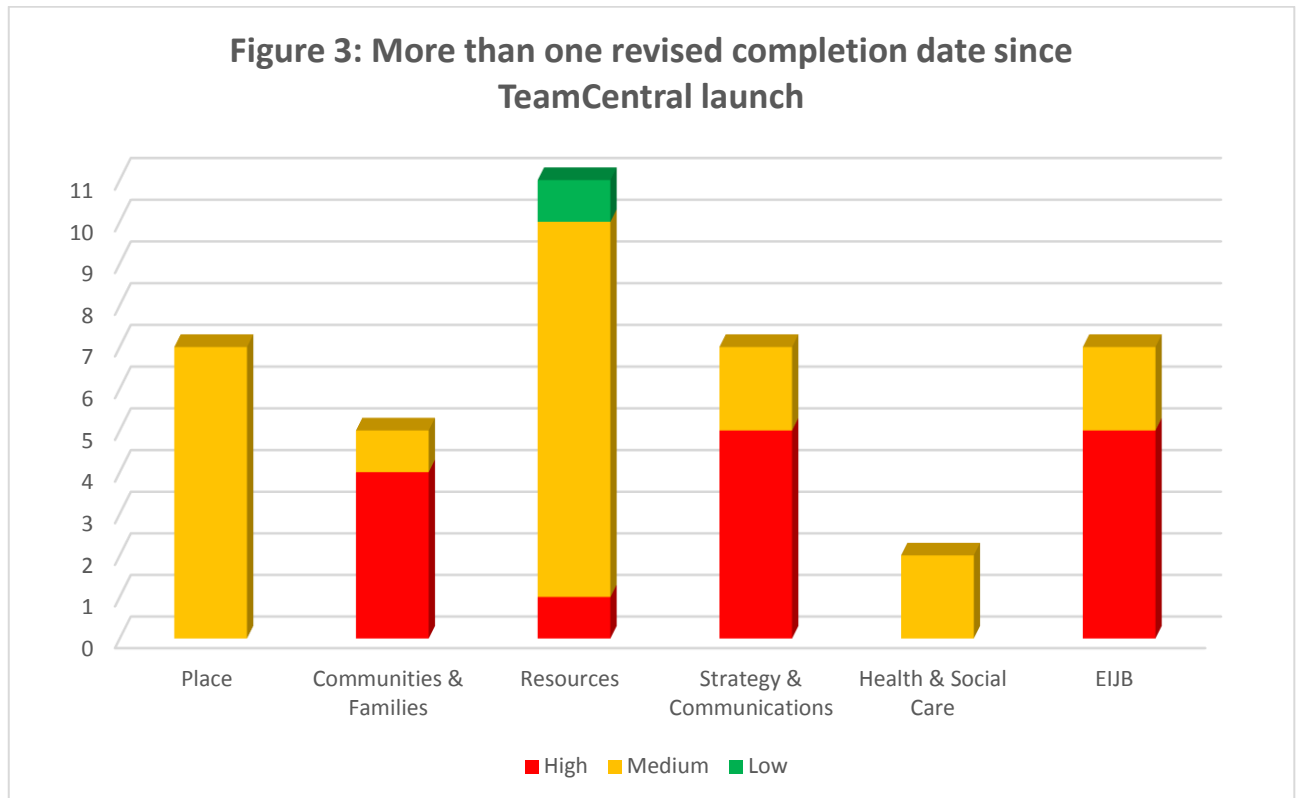
Overdue findings ageing analysis

- 3.11 Figure 2 illustrates the ageing profile of all 75 current and historic overdue findings by rating across directorates.
- 3.12 It should be noted that findings more than 180 days old include the remaining 22 historic findings to be closed (see 3.9 above).
- 3.13 This analysis highlights that a total of 68 current findings are more than 3 months old; and 58 more than six months old.



Revised Implementation Dates

- 3.14 Figure 3 illustrates that there are 28 overdue management actions across directorates where completion dates have been revised more than once since the implementation of TeamCentral in the middle of July 2018.
- 3.15 A total of 39 management actions have had their completion dates revised more than once. Of these, 15 are associated with High rated findings; 23 Medium; and 1 Low.



Agreed Management Actions Analysis

- 3.16 The 113 open IA findings are supported by a total of 299 agreed management actions. Of these, 169 management actions are overdue. Appendix 2 provides an analysis of these overdue management actions highlighting:

- their current status;
- overdue management actions that are resulting in overdue findings;
- instances where the latest implementation date has been missed; and
- instances where the implementation date has been revised more than once.

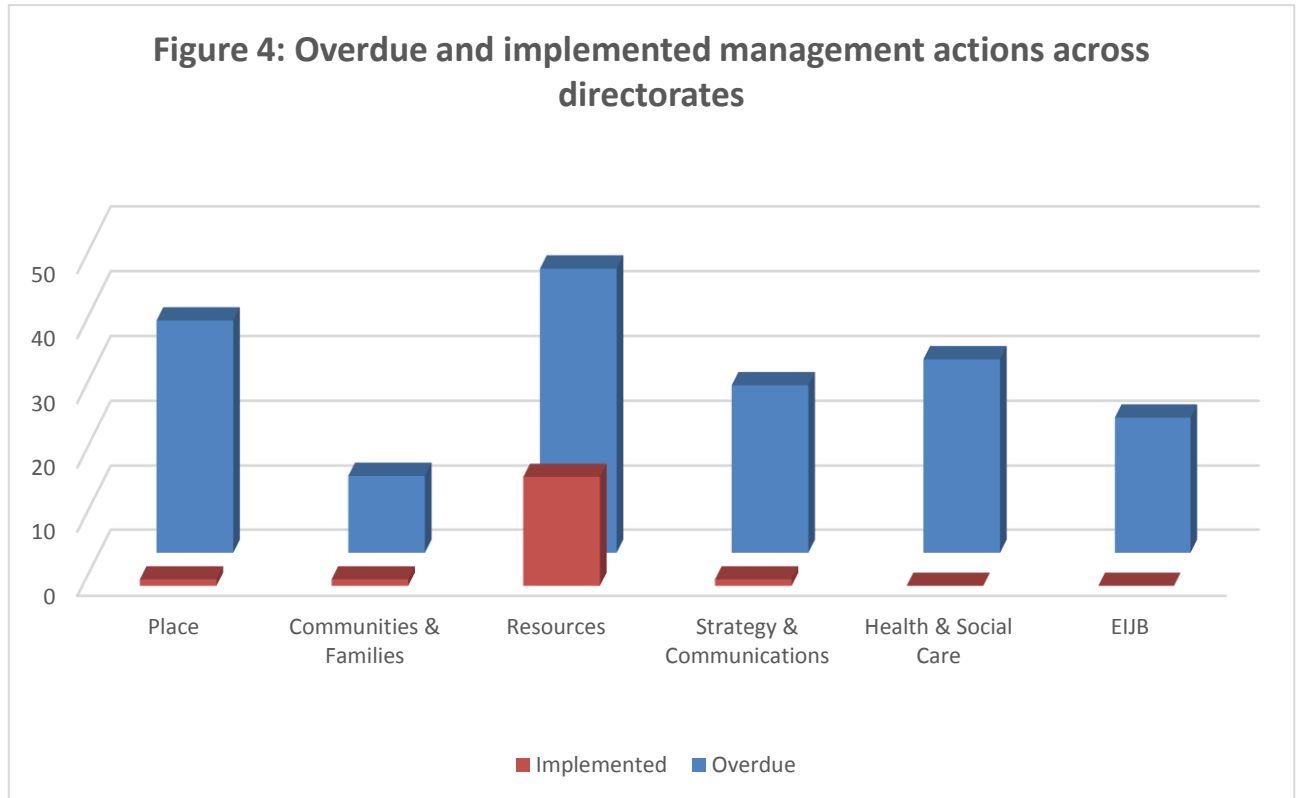
Further details can be provided upon request.

Implemented Management Actions

- 3.17 A total of 20 management actions associated with 11 findings are currently with IA for review to confirm whether they can be closed. With the exception of 3

management actions that relate to the Lothian Pension Fund, none are more than 8 weeks old, and all are being proactively reviewed and managed by the IA team.

- 3.18 Figure 4 illustrates the allocation of the 169 overdue management actions and the 20 that have been passed to IA for review to confirm whether they can be closed across the directorates.



Draft reports with late management responses

- 3.19 The Public Sector Cyber Security Action Plan draft report was issued in September 2018. It was agreed by Internal Audit with management that finalisation this report would be postponed to enable focus on submitting the Cyber Essentials Accreditation self-assessment to the Scottish Government. Accreditation was achieved in early November 2018 and IA is now working with management to finalise the report.

4 Measures of success

- 4.1 An increase in the implementation and closure of Internal Audit recommendations within their initial estimated and agreed closure date.
- 4.2 An improvement in the time taken to receive management responses and finalise Internal Audit Reports

5 Financial impact

- 5.1 There are no direct financial impacts arising from this report, although failure to timeously close management actions may have some inherent financial impact.

6 Risk, policy, compliance and governance impact

- 6.1 If agreed management actions supporting closure of Internal Audit findings are not implemented, the Council will be exposed to the risks set out in the relevant Internal Audit reports. Internal Audit findings are raised as a result of control gaps or deficiencies identified during reviews therefore overdue items inherently impact upon effective risk management, compliance, and governance.

7 Equalities impact

- 7.1 Not Applicable.

8 Sustainability impact

- 8.1 If agreed management actions supporting IA findings are implemented, but not sustained, this could result in increased and unnecessary exposure to service delivery risk.

9 Consultation and engagement

- 9.1 Not applicable.

10 Background reading/external references

- 10.1 [Internal Audit report - Historic Internal Audit Findings - Item 7.3](#)

Lesley Newdall

Chief Internal Auditor

Legal and Risk, Resources Directorate

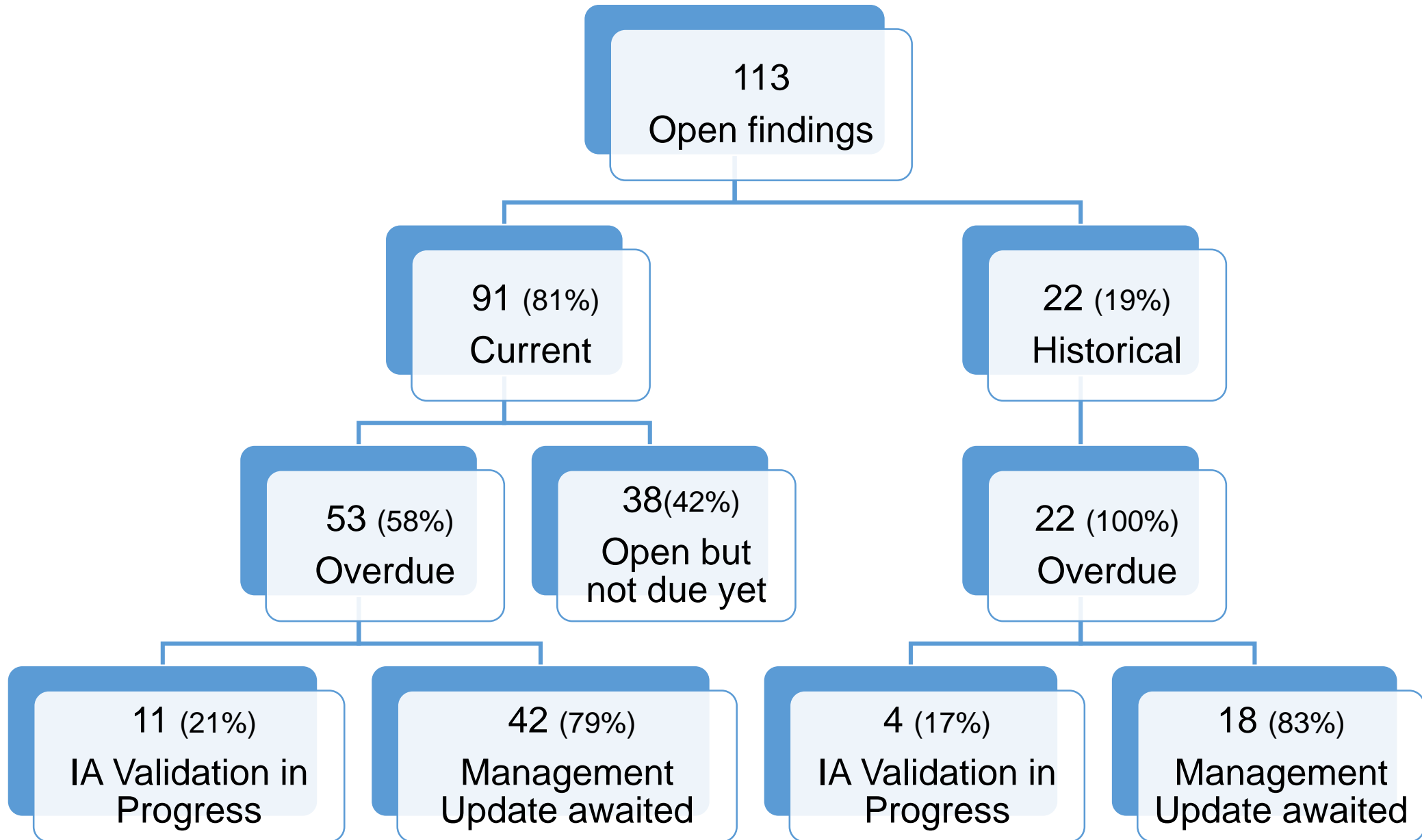
E-mail: Lesley.newdall@edinburgh.gov.uk | Tel: 0131 469 3216

11 Appendices

Appendix 1 – Graphic of Open and Overdue IA Findings

Appendix 2 - Overdue Management Actions Detailed Analysis

Appendix 1 - Internal Audit Open and Overdue findings position as at 23rd November 2018



Appendix 2 - Internal Audit Overdue Management Actions

Glossary of terms

Project – This is the name of the audit report.

Owner – The Executive Director responsible for implementation of the action.

Issue Type – This is the rating of the audit finding, categorised as Critical, High, Medium, Low and Advisory.

Issue – This is the name of the finding.

Status – This is the current status of the management action. These are categorised as Pending (the action is open and there has been no progress towards implementation), Started (the action is open and work is ongoing to implement the management action), Implemented (the service area believes the action has been implemented and this is with Internal Audit for validation).

Blue highlighting in the issue/status field illustrates overdue management actions that are resulting in overdue findings.

Agreed Management action – This is the action agreed between Internal Audit and Management to address the finding.

Estimated date – the original agreed implementation date.

Revised date – the current revised date. **Red** formatting in the dates field indicates the action has missed the last revised implementation date.

Number of revisions – the number of times the date has been revised post implementation of TeamCentral. **Amber** highlighting in the dates field indicates the date has been revised more than once.

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
1	<p>Asset Management Strategy</p> <p>Visibility and Security of Shared Council Property</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>Formalised rental agreements</p> <p>Started</p>	<p>A review of the office estate is underway by the Operational Estates team to identify third party users and approach them to seek appropriate leases or licences to allow them to occupy the premises and ensure the Council is appropriately reimbursed.</p>	<p>Estimated Date: 31/10/2018</p> <p>Revised Date: 07/01/2019</p> <p>No of Revisions 1</p>
2	<p>Asset Management Strategy</p> <p>Visibility and Security of Shared Council Property</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>Review of existing shared property</p> <p>Pending</p>	<p>The Operational Estates team are also reviewing third sector tenancies across the Operational Estate. This will require the collation of information directly from establishments (who have traditionally made direct arrangements with third parties), to capture all instances and formalise these arrangements. Given the size and complexity of this task, it is envisaged that this will take around two years to complete.</p>	<p>Estimated Date: 31/10/2018</p> <p>Revised Date: 31/01/2019</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
3	CCTV Infrastructure CCTV Operations Stephen Moir, Executive Director of Resources	High	Recommendation 1 Implemented	The server hardware at New Parliament House (NPH) has been updated and is now secured behind constructed partition with air conditioning. Access is restricted by controlled entry, and the installation of air conditioning should now negate the need to leave the door open in summer to support ventilation. NPH is a 24/7 facility and would not normally be unstaffed. Security of downloaded images has been addressed with a lockable filing cabinet. All procedures have been reviewed with policy guidance updated. These will be included in the ongoing work of the Procedures Sub group of the Closed Circuit Television (CCTV) Working Group. From a disaster recovery perspective currently, all NPH alarms can be manually transferred to Waverley Court (WC) in the event of a catastrophic failure / loss of service. An upgrade CCTV viewing capability at Waverley Court is currently being scoped. The existing WC server will also be afforded better protection to future proof and prolong service life. This will include an upgrade to the capacity and capability of the default processes providing limited CCTV monitoring capability at Waverley Court.	Estimated Date: 27/04/2018 Revised Date: No of Revisions 0
4	CCTV Infrastructure CCTV Strategy Alistair Gaw, Executive Director of Communities and Families	High	Recommendation 2 Started	The sub 'Policy and Procedures' group will deliver a standard set of CCTV operational processes and procedures to be implemented across all three CCTV service areas. These will include the areas noted in the audit recommendation.	Estimated Date: 28/09/2018 Revised Date: 26/10/2018 No of Revisions 3

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
5	CCTV Infrastructure CCTV Operations Alistair Gaw, Executive Director of Communities and Families	High	Recommendation 2 Started	Public Space supervisors undertake review of staff work on a monthly basis in line with legislation around CCTV Governance. This is to be rolled out across Security and Concierge services. Additionally, the new policies and procedures being developed will include the requirement to record that the reviews have been performed, and document the actions taken to address any gaps identified, and any Data Protection breaches.	Estimated Date: 28/09/2018 Revised Date: 27/02/2019 No of Revisions 2
6	CCTV Infrastructure CCTV Operations Alistair Gaw, Executive Director of Communities and Families	High	Recommendation 3 Started	The 'Policy and Procedures' sub group is developing a standard set of CCTV policy and procedures to be applied consistently across the entire Council CCTV Estate. These procedures will include records management requirements for CCTV images held on systems and also downloaded CCTV images. The requirement for an annual review to confirm to incorporate any necessary changes will also be included.	Estimated Date: 28/09/2018 Revised Date: 27/02/2019 No of Revisions 3
7	CCTV Infrastructure CCTV Operations Alistair Gaw, Executive Director of Communities and Families	High	Recommendation 4 Implemented	The Council's Risk Management team will be engaged to support a review of CCTV risk registers across all three areas, and ensure that the risk registers are refreshed. Risk registers will be standardised where possible. All security related CCTV risks have now been recorded on Property and Facilities Management risk register.	Estimated Date: 28/09/2018 Revised Date: 31/10/2018 No of Revisions 1

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
8	CGI Contract Management - Programme Management Joint governance model Stephen Moir, Executive Director of Resources	Medium	Recommendation 1 Implemented	Recommendation agreed. In partnership with CGI, the existing Governance Operational Framework document will be expanded to include detailed coverage of the areas highlighted above.	Estimated Date: 31/10/2018 Revised Date: No of Revisions 0
9	Drivers Pre-employment and ongoing checks - Council Drivers Stephen Moir, Executive Director of Resources	High	Pre-employment and ongoing checks - Council Drivers rec 3 Pending	The recruitment procedure will be update to state that a pre-recruitment checklist, which will also include driving eligibility checks, must be completed signed by the recruiting manager and provided to Human Resources (HR) before an employment contract is issued.	Estimated Date:28/09/2018 Revised Date: No of Revisions 0
10	EBS: Contract Management - IA Follow Up Repairs Direct Paul Lawrence, Executive Director of Place and SRO	Medium	Recommendation 3.1 Pending	Review year end results and agree appropriate service level agreement (SLA), bringing in line with other Council services and projected resource levels.	Estimated Date: 31/05/2018 Revised Date: No of Revisions 0
11	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Risk and Supplier Performance Management Judith Proctor, Chief Officer	High	Rec 1 - Risk Management Pending	A contracts management risk register will be developed describing, prioritising, and addressing risks to delivery. The risk register will be shared with and approved by the Core group by January 2018. The risk register will be refreshed quarterly and reviewed by the Core Group.	Estimated Date: 30/03/2018 Revised Date: 30/06/2018 No of Revisions 1

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
12	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Supplier Sustainability Judith Proctor, Chief Officer	Medium	Rec 1- Supplier Sustainability Risk Pending	A supplier sustainability risk will be recorded in the risk register to be developed by March and implemented by March 2018.	Estimated Date: 30/03/2018 Revised Date: 30/06/2018 No of Revisions 1
13	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Supplier Sustainability Judith Proctor, Chief Officer	Medium	Rec 2 - Contingency Plans Pending	Contingency plans will be developed, discussed with existing suppliers, and approved by the Core Group.	Estimated Date: 31/01/2018 Revised Date: No of Revisions 0
14	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Key Person Dependency and Process Documentation Judith Proctor, Chief Officer	Medium	Rec 2 - Contract Management Processes Started	The existing contract management procedures will be summarised in a single document. It will include the dates information needs to come in, the key contacts, the escalation process in the event of non-performance and the priority metrics that would trigger those processes (waiting times, numbers taken onto caseloads, planned discharges). There will still be subject knowledge and judgement involved in monitoring the contracts; the escalation process cannot be reduced to an algorithm. To be agreed with the providers to confirm our shared understanding and shared with the Edinburgh Alcohol and Drug Partnership (EADP) core group by January 2018.	Estimated Date: 31/01/2018 Revised Date: 30/06/2018 No of Revisions 1

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
15	<p>Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management</p> <p>Risk and Supplier Performance Management</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Rec 2 - Escalation Process</p> <p>Pending</p>	<p>The existing contract management procedures will be summarised in a single document. It will include the dates information needs to come in, the key contacts, the escalation process in the event of non-performance and the priority metrics that would trigger those processes (waiting times, numbers taken onto caseloads, planned discharges). There will still be subject knowledge and judgement involved in monitoring the contracts; the escalation process cannot be reduced to an algorithm. To be agreed with the providers to confirm our shared understanding and shared with the EADP core group by January 2018.</p>	<p>Estimated Date: 31/01/2018</p> <p>Revised Date: 30/06/2018</p> <p>No of Revisions 1</p>
16	<p>Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management</p> <p>Key Person Dependency and Process Documentation</p> <p>Judith Proctor, Chief Officer</p>	Medium	<p>Rec 3 - Document of Escalation Process</p> <p>Pending</p>	<p>The existing contract management procedures will be summarised in a single document. It will include the dates information needs to come in, the key contacts, the escalation process in the event of non-performance and the priority metrics that would trigger those processes (waiting times, numbers taken onto caseloads, planned discharges). There will still be subject knowledge and judgement involved in monitoring the contracts; the escalation process cannot be reduced to an algorithm. To be agreed with the providers to confirm our shared understanding and shared with the EADP core group by January 2018.</p>	<p>Estimated Date: 31/01/2018</p> <p>Revised Date: 30/06/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
17	<p>Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management</p> <p>Risk and Supplier Performance Management</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Rec 3 - Performance Expectations</p> <p>Pending</p>	<p>The existing contract management procedures will be summarised in a single document. It will include the dates information needs to come in, the key contacts, the escalation process in the event of non-performance and the priority metrics that would trigger those processes (waiting times, numbers taken onto caseloads, planned discharges). There will still be subject knowledge and judgement involved in monitoring the contracts; the escalation process cannot be reduced to an algorithm. To be agreed with the providers to confirm our shared understanding and shared with the EADP core group by January 2018.</p>	<p>Estimated Date: 31/01/2018</p> <p>Revised Date: 30/06/2018</p> <p>No of Revisions 1</p>
18	<p>Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management</p> <p>Key Person Dependency and Process Documentation</p> <p>Judith Proctor, Chief Officer</p>	Medium	<p>Rec 4 - Key Supplier Contracts</p> <p>Pending</p>	<p>The existing contract management procedures will be summarised in a single document. It will include the dates information needs to come in, the key contacts, the escalation process in the event of non-performance and the priority metrics that would trigger those processes (waiting times, numbers taken onto caseloads, planned discharges). There will still be subject knowledge and judgement involved in monitoring the contracts; the escalation process cannot be reduced to an algorithm. To be agreed with the providers to confirm our shared understanding and shared with the EADP core group by January 2018.</p>	<p>Estimated Date: 31/01/2018</p> <p>Revised Date: 30/06/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
19	<p>Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management</p> <p>Risk and Supplier Performance Management</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Rec 4 - Timeframes</p> <p>Pending</p>	<p>The existing contract management procedures will be summarised in a single document. It will include the dates information needs to come in, the key contacts, the escalation process in the event of non-performance and the priority metrics that would trigger those processes (waiting times, numbers taken onto caseloads, planned discharges). There will still be subject knowledge and judgement involved in monitoring the contracts; the escalation process cannot be reduced to an algorithm. To be agreed with the providers to confirm our shared understanding and shared with the EADP core group by January 2018.</p>	<p>Estimated Date: 31/01/2018</p> <p>Revised Date: 30/06/2018</p> <p>No of Revisions 1</p>
20	<p>Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management</p> <p>Risk and Supplier Performance Management</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Rec 5 - Independent Validation</p> <p>Pending</p>	<p>The HSC (HSC) quality assurance (QA) team will be approached to discuss the potential for an annual audit review that may reduce our dependence on provider generated data. They will provide an options paper to the Core group by January 2018 confirming whether this is possible. Implementation Date 31.01.2018. If the QA team can support completion of an annual review, the first annual review will be performed by June 2018. If this is not possible, management will accept this risk on the basis that there is insufficient resource capacity within the contract management team. Implementation Date 29.06.2018.</p>	<p>Estimated Date: 31/01/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
21	<p>Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management</p> <p>Key Person Dependency and Process Documentation</p> <p>Judith Proctor, Chief Officer</p>	Medium	Rec 5 - Records Management Policy Pending	Records retention policy: Direction will be requested from the Information Governance team in relation to Records Management Policy requirements and how they should be applied to retention, archiving and destruction of contract management information. Any lessons learned will be shared with the HSC contracts management team.	<p>Estimated Date:30/03/2018</p> <p>Revised Date:30/06/2018</p> <p>No of Revisions1</p>
22	<p>External Vulnerability Assessment</p> <p>There is not a Design Authority or appropriate governance forum in place for assessing the impact on enterprise security</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	Design Authority Started	The existence of a Design Authority is a contractual requirement in the CGI contract. The creation of this Authority will be progressed with CGI as a matter of priority.	<p>Estimated Date: 31/08/2017</p> <p>Revised Date: 03/03/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
23	<p>Foster Care Review</p> <p>Foster & Kinship Care Vetting, Approval, and Agreements</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>1. Foster Carer Vetting</p> <p>Pending</p>	<p>Family Based Care process for checking carers has been updated and revisions included in service End to End procedures. Specific actions include all statutory checks (Protecting Vulnerable Groups, Medical and Local Authority) having to be requested immediately at recruitment screening stage and three months prior to Carer Review. This will eliminate checks not being available as evidence for Fostering Panels. FBC Team Leader quality assurance checklists for foster care assessments have been updated to require sight of signed copies of assessment reports prior to Panel submission. Team Leaders will review in supervision that signed copies of all completed assessment reports are held in the Carers paper file.</p>	<p>Estimated Date: 31/05/2018</p> <p>Revised Date: 31/12/2018</p> <p>No of Revisions 1</p>
24	<p>Foster Care Review</p> <p>Foster & Kinship Care Vetting, Approval, and Agreements</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>2. Kinship Carer Vetting</p> <p>Pending</p>	<p>Assessment reports are checked by the Team Leader before forwarding to panel and/or Agency Decision Maker. This will ensure that statutory checks are included as well as being referred to in the assessment. Team leaders will also ensure that all submissions are signed by the assessor and countersigned by themselves. Team leaders will be informed from now that they will sign all assessments. Assessors are, in the main, engaged out with of FBC and commissioned via a fixed fee format for their completed assessments. Some are Council employees and others are not. A plan will be developed to enable them to create and use an electronic signature or similar sign off method.</p>	<p>Estimated Date: 30/09/2018</p> <p>Revised Date: 31/12/2018</p> <p>No of Revisions 2</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
25	Foster Care Review Foster & Kinship Care Vetting, Approval, and Agreements Alistair Gaw, Executive Director of Communities and Families	High	3. Foster Carer Assessment and Decisioning Pending	FBC Team Leader quality assurance checklists for foster care assessments have been updated to require sight of signed copies of assessment reports prior to Panel submission. Team Leaders will review in supervision that signed copies of all completed assessment reports are held in the Carers paper file and required in End to End processes. Additional, regular file auditing undertaken internally with this the service will quality assure procedures are being implemented.	Estimated Date: 31/05/2018 Revised Date: 31/12/2018 No of Revisions 1
26	Foster Care Review Foster & Kinship Care Vetting, Approval, and Agreements Alistair Gaw, Executive Director of Communities and Families	High	4. Kinship Carer Assessment and Decisioning Pending	Kinship assessors will be asked to sign and include their name with all of their assessment submissions. Team Leaders will also be asked to sign and include their name when endorsing the assessment. This will be incorporated into Kinship processes.	Estimated Date: 30/09/2018 Revised Date: 31/12/2018 No of Revisions 2
27	Foster Care Review Foster & Kinship Care Vetting, Approval, and Agreements Alistair Gaw, Executive Director of Communities and Families	High	5. Foster Carer Agreements Pending	End to End procedures specify that a Carer Agreement must be signed by the carer and Council, a copy provided to the carer and the original held on file.5.2 Formal checks will be implemented (prior to placements being offered) to ensure that all foster and kinship carer agreements have been signed by both the carer and the Council, and that a copy of the signed agreement has been issued to the carer and securely retained by the Council.	Estimated Date: 30/06/2018 Revised Date: 31/12/2018 No of Revisions 1

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
28	<p>Foster Care Review</p> <p>Foster & Kinship Care Vetting, Approval, and Agreements</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>6. Kinship Carer Agreements</p> <p>Pending</p>	<p>Procedures to be reviewed and updated to specify that a Carer Agreement must be signed by the carer and Council, a copy provided to the carer and the original held on file.6.2 Formal checks will be implemented (prior to placements being offered) to ensure that all foster and kinship carer agreements have been signed by both the carer and the Council, and that a copy of the signed agreement has been issued to the carer and securely retained by the Council.</p>	<p>Estimated Date: 30/09/2018</p> <p>Revised Date: 30/11/2018</p> <p>No of Revisions 1</p>
29	<p>Foster Care Review</p> <p>Arrangements for Young People</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>Recommendation 2</p> <p>Pending</p>	<p>All placements of 17-year olds to be reviewed, taken to Children's Practice Team Manager meeting, and discuss requirement and timescales.</p>	<p>Estimated Date: 31/07/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
30	<p>HSC Care Homes - Corporate Report</p> <p>A1.2: Gylemuir</p> <p>Judith Proctor, Chief Officer</p>	High	<p>A1.2(1)</p> <p>Started</p>	<p>Action plan developed in discussion with Care Inspectorate. Gylemuir action group set up with monthly meetings to monitor outputs and outcomes</p>	<p>Estimated Date: 28/02/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
31	HSC Care Homes - Corporate Report A1.2: Gylemuir Judith Proctor, Chief Officer	High	A1.2(3) Started	A new risk was added to the Edinburgh Integration Joint Board risk register in relation to Gylemuir. The HSC risk register is in the process of being refreshed with specific locality risks being developed that will be recorded in Datex (NHS risk Management system). A specific risk for Gylemuir will be recorded in the relevant locality risk register and in the consolidated HSC risk register.	Estimated Date: 28/02/2018 Revised Date: 31/07/2018 No of Revisions 1
32	HSC Care Homes - Corporate Report A1.2: Gylemuir Judith Proctor, Chief Officer	High	A1.2(5) Started	The staffing model at Gylemuir house has been reviewed, a Senior Charge Nurse has been seconded in to support direct management and professional support of NHS staff while the recruiting process continues to identify a substantive Senior Charge Nurse. NHS staff continue to operate under NHS governance and are professionally accountable through the nursing line. It is expected that this post will be permanently filled by April 2018 Nursing staff remain under NHS terms and conditions. The Senior Charge Nurse is directly managed by the Care Home manager and professionally accountable to the professional lead in North West locality.	Estimated Date: 30/04/2018 Revised Date: No of Revisions 0
33	HSC Care Homes - Corporate Report A2.2: Purchasing Controls Judith Proctor, Chief Officer	Medium	A2.2(1) Started	All requisitioners / authorisers listed and limits will be reviewed, agreed, and formally documented. Discussions will be held with Finance and revised limits have agreed and implemented. Revised limits will be based on the highest invoice value expected in any one unit and applied consistently across all Care Homes Unit Managers.	Estimated Date: 28/03/2018 Revised Date: 30/11/2018 No of Revisions 2

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
34	HSC Care Homes - Corporate Report A2.2: Purchasing Controls Judith Proctor, Chief Officer	Medium	A2.2(2)Started	Current approval guidelines and requisitioners / authorisers established to reflect new locality structure. Cluster Managers will approve any invoices that are out with the authority limits for Unity Managers.	Estimated Date:28/02/2018 Revised Date:30/11/2018 No of Revisions2
35	HSC Care Homes - Corporate Report A2.3: Welfare Fund and Outings Funds Judith Proctor, Chief Officer	Medium	A2.3(2) Started	A working group has been established that will focus on welfare. The remit of the group will focus on welfare committees; constitutions; accounts; criteria and donations. 2 officers from the working group have been assigned responsibility to write and implement welfare guidelines.	Estimated Date: 31/07/2018 Revised Date: 15/12/2018 No of Revisions 1
36	HSC Care Homes - Corporate Report A2.3: Welfare Fund and Outings Funds Stephen Moir, Executive Director of Resources	Medium	A2.3(3) Started	A working group has been established that will focus on welfare. The remit of the group will focus on welfare committees; constitutions; accounts; criteria and donations. 2 officers from the working group have been assigned responsibility to write and implement welfare guidelines Task assigned to Business Officer for annual accounts and daily bookkeeping. Guidelines to be written for consistency.	Estimated Date: 31/07/2018 Revised Date: 31/07/2019 No of Revisions 2
37	HSC Care Homes - Corporate Report A2.4: Bank Account & Cash Holding Stephen Moir, Executive Director of Resources	Low	A2.4(2) Started	The recorded list of signatories will be issued annually by Treasury to the Care Homes with a request that they revert back within one month detailing any leavers who should be removed. Finance will then make the appropriate adjustments to existing bank account signatories.	Estimated Date: 30/06/2018 Revised Date: 31/01/2019 No of Revisions 1

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
38	HSC Care Homes - Corporate Report A2.7: Resident's Assets on Death Judith Proctor, Chief Officer	Low	A2.7(1) Started	Form 309 to be reviewed. Assigned to Business Support Officers to review and update in liaison with Unit Managers.	Estimated Date: 28/02/2018 Revised Date: 15/12/2018 No of Revisions 1
39	HSC Care Homes - Corporate Report A2.7: Resident's Assets on Death Judith Proctor, Chief Officer	Low	A2.7(2) Implemented - Audit Approved	To be reviewed and included in Admissions and discharge procedure paperwork.	Estimated Date: 28/02/2018 Revised Date: 15/12/2018 No of Revisions 2
40	HSC Care Homes - Corporate Report A3.3: Performance & Attendance Management Stephen Moir, Executive Director of Resources	Medium	A3.3(2) Business Support Teams Implemented	Business Support Teams All Business Support Officers have attended the training and will cover performance conversations for handymen and domestic care home staff. MyPeople has been updated to reflect completion of annual performance conversations for these employees.	Estimated Date: 28/02/2018 Revised Date: 15/12/2018 No of Revisions 3
41	HSC Care Homes - Corporate Report A3.3: Performance & Attendance Management Judith Proctor, Chief Officer	Medium	A3.3(2) Health & Social Care Teams Started	HSC Teams will ensure that annual performance conversations (once completed) are recorded on the iTrent system.	Estimated Date: 30/06/2018 Revised Date: No of Revisions 0

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
42	HSC Care Homes - Corporate Report A3.3: Performance & Attendance Management Judith Proctor, Chief Officer	Medium	A3.3(3) Health & Social Care Teams Started	HSC Teams will ensure that managing attendance workshops have been attended by all HSC line managers in Care Homes.	Estimated Date: 30/06/2018 Revised Date: 30/11/2018 No of Revisions 1
43	HSC Care Homes - Corporate Report A3.3: Performance & Attendance Management Stephen Moir, Executive Director of Resources	Medium	A3.3(4) Business Support Teams Implemented	This is the responsibility of the Unit manager for their direct reports. The Business Support Officer will ensure that the Unit Manager is aware on a monthly basis for Domestic and Handymen reporting to them. The Business Support Officer is required to monitor and report through the Customer process on a monthly basis. The staff nurse / charge nurse to be appointed at Gylemuir will ensure that this is performed for all NHS staff.	Estimated Date: 30/06/2018 Revised Date: 15/12/2018 No of Revisions 1
44	HSC Care Homes - Corporate Report A3.3: Performance & Attendance Management Judith Proctor, Chief Officer	Medium	A3.3(4) Gylemuir Pending	This is the responsibility of the Unit manager for their direct reports. The Business Support Officer will ensure that the Unit Manager is aware on a monthly basis for Domestic and Handymen reporting to them. The Business Support Officer is required to monitor and report through the Customer process on a monthly basis. The staff nurse / charge nurse to be appointed at Gylemuir will ensure that this is performed for all NHS staff.	Estimated Date: 30/06/2018 Revised Date: No of Revisions 0

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
45	HSC Care Homes - Corporate Report A3.3: Performance & Attendance Management Judith Proctor, Chief Officer	Medium	A3.3(4) Health & Social Care Teams Pending	This is the responsibility of the Unit manager for their direct reports. The Business Support Officer will ensure that the Unit Manager is aware on a monthly basis for Domestic and Handymen reporting to them. The Business Support Officer is required to monitor and report through the Customer process on a monthly basis. The staff nurse / charge nurse to be appointed at Gylemuir will ensure that this is performed for all NHS staff.	Estimated Date: 30/06/2018 Revised Date: No of Revisions 0
46	HSC Care Homes - Corporate Report A3.4: Agency Staffing Judith Proctor, Chief Officer	Medium	A3.4(2) Started	The Business Support Officer (BSO) will assist the Unit Manager (UM) (See A2.1). A paper is being presented to the HSC Senior Management Team week commencing 15th January 2018 that proposes a solution where information will be provided to Locality Managers who will prepare reports for Care Homes. If this solution is agreed, it will be implemented immediately.	Estimated Date: 31/03/2018 Revised Date: 31/10/2018 No of Revisions 1
47	HSC Care Homes - Corporate Report A4.1: Business Continuity Plans Stephen Moir, Executive Director of Resources	Medium	A4.1(1) Started	List pulled together by Business Support Officer and Business Support Managers and has been distributed.	Estimated Date: 28/02/2018 Revised Date: 15/12/2018 No of Revisions 1

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
48	HSC Care Homes - Corporate Report A4.1: Business Continuity Plans Stephen Moir, Executive Director of Resources	Medium	A4.1(2) Started	List pulled together by Business Support Officer and Business Support Managers and has been distributed.	Estimated Date: 28/02/2018 Revised Date: 15/12/2018 No of Revisions 1
49	HSC Care Homes - Corporate Report A4.1: Business Continuity Plans Stephen Moir, Executive Director of Resources	Medium	A4.1(3) Implemented	This will be included as part of a new monthly controls process to be implemented and monitored via completion of a monthly spreadsheet. A working group has been established to document all processes to be included. Unit Managers will be responsible for the content of the incident flow charts.	Estimated Date: 30/06/2018 Revised Date: 15/12/2018 No of Revisions 1
50	HSC Care Homes - Corporate Report A5.2: Asset Registers Stephen Moir, Executive Director of Resources	Low	A5.2: Asset Registers Implemented	The asset registers currently used in Social Work centres has been copied and e mailed to all business support teams and unit managers in care homes for completion.	Estimated Date: 28/02/2018 Revised Date: 15/12/2018 No of Revisions 1

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
51	<p>Historic Unimplemented Findings</p> <p>CG1502 - issue 1 Health & Social Care Demographic Provision</p> <p>Judith Proctor, Chief Officer</p>	Medium	<p>Recommendation 1</p> <p>Started</p>	<p>Review future cost estimates for social care services for older people every two years in line with the publication of updated population projections by National Records of Scotland. (The next publication is expected in 2016).</p>	<p>Estimated Date: 31/08/2016</p> <p>Revised Date: 30/11/2018</p> <p>No of Revisions 1</p>
52	<p>Historic Unimplemented Findings</p> <p>MIS1601 - issue 1 Budgetary Impact</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>Recommendation 1 - Budgetary Impact</p> <p>Implemented</p>	<p>The repairs and maintenance budget for 2016/17 will be closely monitored as services are now procured direct from suppliers and an imbedded due diligence process has been developed. This will inform the budget setting process but it should, however, be noted that this has historically been based on availability and not need.</p>	<p>Estimated Date: 31/03/2017</p> <p>Revised Date: 29/06/2018</p> <p>No of Revisions 1</p>
53	<p>Historic Unimplemented Findings</p> <p>CG1513 - issue 1. Data architecture is not being managed within Facilities Management and the wider Corporate Property department which is delaying the CAFM implementation</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>Recommendation 1a</p> <p>Implemented</p>	<p>The Computer Aided Facilities Management (CAFM) system delivery is now part of the scope for the Asset Management Strategy (AMS) approved by Finance and Resources in September 2015. It is accepted that closing out Phase 1 of the implementation plan must be a priority for the Division and therefore additional resources within the Council and Technology Forge are required to be put in place as a matter of urgency in order to help progress with implementation. The AMS proposes that the CAFM implementation is fully resourced and prioritised, as part of the delivery of the wider programme. In this context, new oversight and direction has been introduced to ensure robust project management to accelerate delivery.</p>	<p>Estimated Date: 31/03/2016</p> <p>Revised Date: 30/06/2016</p> <p>No of Revisions 2</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
54	<p>Historic Unimplemented Findings</p> <p>CG1515 - issue 1 Records Management Procedures</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	High	<p>Recommendation 1a</p> <p>Pending</p>	<p>Development and roll out of a 5 year implementation plan by the Information Governance Unit for the creation and review of records management manuals across the Council to be included in this year's information governance annual plan.</p>	<p>Estimated Date: 28/02/2016</p> <p>Revised Date: 30/11/2018</p> <p>No of Revisions 2</p>
55	<p>Historic Unimplemented Findings</p> <p>HSC1603 - issue 1 Performance Management Framework in development</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Recommendation 1a</p> <p>Started</p>	<p>We now monitor and have data against the 23 core indicators. However, the 2016/17 data will not be available by July 2017. This is a national issue and Scottish Government is aware of it. A Performance Board is being established as part of the overall governance framework for the HSC Partnership which will work closely with the Integration Joint Board (IJB) Performance and Quality Group. The main role of the Performance Board will be to agree the core set of performance indicators and monitor delivery against these. The Board will have its first meeting in February 2017.</p>	<p>Estimated Date: 28/02/2017</p> <p>Revised Date: 28/02/2019</p> <p>No of Revisions 1</p>
56	<p>Historic Unimplemented Findings</p> <p>SFC1502 - issue 1 Effective Monitoring within Uniform</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 1a</p> <p>Pending</p>	<p>The monitoring system is robust but it is accepted that further standardisation could be achieved. This will be reviewed and where appropriate changes made. In particular standardisation of 'checking clauses' will be explored and introduced.</p>	<p>Estimated Date: 31/01/2016</p> <p>Revised Date: 01/08/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
57	<p>Historic Unimplemented Findings</p> <p>ED1501 Issue 1 Resource risk with delivering the SEAP programme</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 1a</p> <p>Started</p>	The Communications Plan will be rolled out.	<p>Estimated Date: 31/01/2016</p> <p>Revised Date: 31/03/2019</p> <p>No of Revisions 3</p>
58	<p>Historic Unimplemented Findings</p> <p>CG1515 - issue 1 Records Management Procedures</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	High	<p>Recommendation 1b</p> <p>Pending</p>	The IGU will work with Directorate Record Officers this year to review existing records management (RM) documentation – this will be incorporated into the implementation plan. Subsequent reviews will be split between the annual information governance maturity assessment and the IGU's rolling risk based review of RM manuals.	<p>Estimated Date: 31/12/2016</p> <p>Revised Date: 30/11/2018</p> <p>No of Revisions 2</p>
59	<p>Historic Unimplemented Findings</p> <p>HSC1603 - issue 1 Performance Management Framework in development</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Recommendation 1b</p> <p>Started</p>	An initial meeting has taken place to discuss the content of the Annual Performance Report. A core group has been identified to take this forward and a series of meetings is being arranged for early in the New Year. The intention is for a draft report to go to the IJB Development session in April 2017.	<p>Estimated Date: 31/07/2017</p> <p>Revised Date: 28/02/2019</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
60	<p>Historic Unimplemented Findings</p> <p>RES1617 - issue 1 Information Security</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	High	<p>Recommendation 1b</p> <p>Started</p>	<p>Once adopted, the policy (and associated procedures) will be monitored through the Information Council. As part of this process, information security will be audited on annual basis through the information governance maturity model which includes specific questions around information security and the protection of records. This will be a mandatory exercise for all Council services and is currently being piloted through the Schools Assurance Framework.</p>	<p>Estimated Date: 31/12/2016</p> <p>Revised Date: 31/03/2019</p> <p>No of Revisions 2</p>
61	<p>Historic Unimplemented Findings</p> <p>SFC1502 - issue 1 Effective Monitoring within Uniform</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 1b</p> <p>Pending</p>	<p>Team managers can already review progress. This arrangement will be formalised and recorded so it can be evidenced.</p>	<p>Estimated Date: 31/01/2016</p> <p>Revised Date: 01/08/2018</p> <p>No of Revisions 1</p>
62	<p>Historic Unimplemented Findings</p> <p>ED1501 Issue 1 Resource risk with delivering the SEAP programme</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 1b</p> <p>Started</p>	<p>A risk register will be developed as part of the reporting to Committee. Resourcing the Sustainable Energy Action Plan (SEAP) is still an ongoing concern. As the Council Transformation Programme progresses, it will be crucial to ensure existing resources are in place (as far as possible) to ensure delivery of the SEAP.</p>	<p>Estimated Date: 30/04/2016</p> <p>Revised Date: 31/03/2019</p> <p>No of Revisions 3</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
63	<p>Historic Unimplemented Findings</p> <p>HSC1603 - issue 1 Performance Management Framework in development</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Recommendation 1c</p> <p>Pending</p>	<p>A governance framework has been developed and documented setting out the roles remits and membership of the various committees and groups and the relationship between them.</p>	<p>Estimated Date: 28/02/2017</p> <p>Revised Date: 28/02/2019</p> <p>No of Revisions 1</p>
64	<p>Historic Unimplemented Findings</p> <p>CG1515 - issue 1 Records Management Procedures</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	High	<p>Recommendation 1c</p> <p>Pending</p>	<p>The IGU will work with the relevant service areas to investigate whether common procedures can be developed – this will be incorporated into the implementation plan.</p>	<p>Estimated Date: 30/09/2016</p> <p>Revised Date: 30/11/2018</p> <p>No of Revisions 2</p>
65	<p>Historic Unimplemented Findings</p> <p>RES1617 - issue 1 Information Security</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	High	<p>Recommendation 1c</p> <p>Started</p>	<p>The information governance maturity model will be used to audit information security arrangements across the Council to ensure that controls are embedded and followed. Incident reporting will also help to inform this process by identifying risk areas. Similarly, the Council's Information Asset Register will also help to identify security risks to Council information, ensuring that Council information is being properly managed.</p>	<p>Estimated Date:31/12/2016</p> <p>Revised Date:31/03/2018</p> <p>No of Revisions2</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
66	<p>Historic Unimplemented Findings</p> <p>HSC1502 - issue 1 lack of routine monitoring of users</p> <p>Judith Proctor, Chief Officer</p>	Low	<p>Recommendation 1c</p> <p>Started</p>	<p>It is proposed that an online training module is developed to provide a mixture of operational guidance and system controls which would be mandatory for all Swift users to complete. Staff would be expected to undertake an annual refresher.</p>	<p>Estimated Date: 30/04/2016</p> <p>Revised Date: 31/01/2019</p> <p>No of Revisions 1</p>
67	<p>Historic Unimplemented Findings</p> <p>SFC1502 - issue 1 Effective Monitoring within Uniform</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 1c - escalation and review</p> <p>Started</p>	<p>This will be taken forward as part of exercise outlined above.</p>	<p>Estimated Date: 31/01/2016</p> <p>Revised Date: 01/08/2018</p> <p>No of Revisions 1</p>
68	<p>Historic Unimplemented Findings</p> <p>CG1515 - issue 1 Records Management Procedures</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	High	<p>Recommendation 1d</p> <p>Started</p>	<p>The IGU to regularly report to the Information Council on progress with initial pilots, then the wider roll out and eventually a review and audit schedule.</p>	<p>Estimated Date: 31/12/2016</p> <p>Revised Date: 30/11/2018</p> <p>No of Revisions 2</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
69	<p>Historic Unimplemented Findings</p> <p>RES1617 - issue 2 Information Governance Readiness</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Recommendation 2a</p> <p>Started</p>	<p>Data Stewards have been identified through the development of the Council's Information Asset Register. A learning needs analysis has been undertaken that will inform specific training needs for this and other information asset management roles within the Council to supplement existing guidance and documentation. Training content is currently under development which will be aligned to the Council's new induction and mandatory learning framework.</p>	<p>Estimated Date: 30/09/2016</p> <p>Revised Date: 01/10/2018</p> <p>No of Revisions 1</p>
70	<p>Historic Unimplemented Findings</p> <p>CG1515 - issue 2 Training</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Recommendation 2b</p> <p>Pending</p>	<p>IGU is currently finishing the development of an annual information governance maturity assessment that will assess compliance at local and corporate levels – with an initial pilot planned and a full roll out later in the year.</p>	<p>Estimated Date: 31/12/2016</p> <p>Revised Date: 31/03/2019</p> <p>No of Revisions 3</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
71	<p>Historic Unimplemented Findings</p> <p>RES1617 - issue 2 Information Governance Readiness</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Recommendation 2b</p> <p>Started</p>	<p>The Information Governance Unit has completed the development of content for an annual information governance maturity model that will assess IG compliance at local and corporate levels. This will provide a baseline measurement in relation to the information governance strategy. Delivery methods are currently being investigated with business implementation , with initial pilot planned for June with a full roll out later in the year. The maturity model content and assessment criteria have also been aligned to Internal Audit's own audit methodology as part of the Schools Assurance Framework Pilot. This exercise will help to inform the development of the maturity model. Maturity model results will be reported to the Council Leadership Team and information asset owners on an annual basis, including areas of particular risk which will inform future Information Council work plans.</p>	<p>Estimated Date: 31/12/2016</p> <p>Revised Date: 01/10/2018</p> <p>No of Revisions 1</p>
72	<p>Historic Unimplemented Findings</p> <p>HSC1603 - issue 2 Performance information does not meet the needs of users</p> <p>Judith Proctor, Chief Officer</p>	Medium	<p>Recommendation 2c</p> <p>Started</p>	<p>The existing Performance Improvement Meeting (PIM) will be replaced by a Performance Board, membership of which will include all members of the IJB Executive Team.</p>	<p>Estimated Date: 28/02/2017</p> <p>Revised Date: 28/02/2019</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
73	<p>Historic Unimplemented Findings</p> <p>RES1617 - issue 2 Information Governance Readiness</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Recommendation 2c</p> <p>Started</p>	<p>The establishment of data services under the new Strategy and Insight Division will help to identify data quality issues from source systems. Data Services will feed back to services and Data Council.</p>	<p>Estimated Date: 31/07/2016</p> <p>Revised Date: 01/10/2018</p> <p>No of Revisions 1</p>
74	<p>Historic Unimplemented Findings</p> <p>CG1513 - issue 2 Data Quality</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>Recommendation 2d</p> <p>Implemented</p>	<p>Action Tracker now in place within the Strategic Asset Management team which is reviewed and monitored on a weekly basis.</p>	<p>Estimated Date: 31/03/2016</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
75	<p>Historic Unimplemented Findings</p> <p>HSC1603 - issue 2 Performance information does not meet the needs of users</p> <p>Judith Proctor, Chief Officer</p>	Medium	<p>Recommendation 2d</p> <p>Started</p>	<p>The set of indicators agreed by the PIM, which includes the Locality Managers are under development and monitoring information will be available on both a citywide and locality basis.</p>	<p>Estimated Date: 31/03/2017</p> <p>Revised Date: 28/02/2019</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
76	<p>Historic Unimplemented Findings</p> <p>RES1617 - issue 2 Information Governance Readiness</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Recommendation 2d</p> <p>Started</p>	<p>Information Governance Strategy already references data quality. Data Quality Policy will be revised to include more detailed data collation elements, and to confirm structural changes and responsibilities. A central reference point for key information will be provided by the Data Services.</p>	<p>Estimated Date: 31/08/2016</p> <p>Revised Date: 01/10/2018</p> <p>No of Revisions 1</p>
77	<p>Historic Unimplemented Findings</p> <p>CG1513 - issue 2 Data Quality</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>Recommendation 2e</p> <p>Implemented</p>	<p>Data Quality Manager to be recruited within Corporate Property for CAFM.</p>	<p>Estimated Date: 31/03/2016</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
78	<p>Historic Unimplemented Findings</p> <p>HSC1503 - issue 3 Quality Assurance</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Recommendation 3a</p> <p>Pending</p>	<p>There is an existing file audit process that will pick up on overall issues of both data quality and quality of recording. In order to address the specific issues identified through this audit the Quality Assurance Team will undertake a themed audit in respect of Personal Support Plans. This will involve engaging with key managers to establish the questions that need to be answered and will include consideration of the model used in the North West Team.</p>	<p>Estimated Date: 31/12/2016</p> <p>Revised Date: 29/03/2019</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
79	<p>Historic Unimplemented Findings</p> <p>SFC1502 - issue 3. Review of Historic Contributions</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	Recommendation 3a Pending	<p>This process began at the start of this year. Finance asked officers within Transport to review the list of unused developer contributions with a view to stating if infrastructure has been delivered in line with the S.75 conditions. In doing this, we asked officers to consider any historical works that may have been carried out that may meet the S.75 conditions. The aim is to maximise as much of this unspent contribution as possible and get legal opinion on if we should reimburse developers for any unspent contribution received. A partial return has been provided but more information is required before a final decision on how to treat this historical developer contribution can be made. Finance will set some clear timescales to officers within Transport so that this exercise may be brought to a conclusion. Following on from this, Finance will then liaise with Legal Services to determine what action is required – either to bank the income on the basis of infrastructure delivery or consideration of paying back unused contribution to developers.</p>	<p>Estimated Date:31/01/2016</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
80	<p>Historic Unimplemented Findings</p> <p>RES1617 - issue 3 Training</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	Recommendation 3a Started	<p>The Information Governance e-learning module is mandatory for all Council staff. There have been numerous general and targeted communications within the organisation to remind staff to complete the module. As of 1 March 2016, 5837 members of staff have started the module – 72% of staff who have access to a PC. Of these, 5141 have passed.</p>	<p>Estimated Date: 31/12/2016</p> <p>Revised Date: 31/08/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
81	<p>Historic Unimplemented Findings</p> <p>CG1513 - issue 3 Management Information Production could be more efficient</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>Recommendation 3b</p> <p>Implemented</p>	<p>Identify and assess current key performance indicators (KPIs) and implement regular reporting on energy, water and waste KPIs, identifying performance improvements and delivering against key actions.</p>	<p>Estimated Date: 30/06/2016</p> <p>Revised Date: 30/06/2016</p> <p>No of Revisions 2</p>
82	<p>Historic Unimplemented Findings</p> <p>RES1617 - issue 3 Training</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Recommendation 3b</p> <p>Started</p>	<p>The IGU has also created a briefing note of key information governance messages which has been disseminated to 'hard to reach' staff who do not have access to PCs. This is also supported, where required, by tailored team briefings and training provided by the Data Protection Team.</p>	<p>Estimated Date: 31/12/2016</p> <p>Revised Date: 31/08/2018</p> <p>No of Revisions 1</p>
83	<p>Historic Unimplemented Findings</p> <p>RES1608 - issue 3.1 Project Governance and Risk Management</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Recommendation 3b</p> <p>Started</p>	<p>Major Projects require Project and Programme Managers to manage risk on their projects and programmes and identify key risks in bi-monthly updates to the Portfolio & Governance Manager. However, going forward there will be a recommendation that a standard approach to risk management is mandated for all projects and programmes (see above comment). This will involve submission of a project risk register to the designated Steering Group on a routine basis. Additionally, consolidation of project risks will be presented for consideration within the quarterly corporate risk management process.</p>	<p>Estimated Date: 31/03/2017</p> <p>Revised Date: 30/11/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
84	<p>Historic Unimplemented Findings</p> <p>CG1513 - issue 3 Management Information Production could be more efficient</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>Recommendation 3c</p> <p>Implemented</p>	<p>Formalise arrangements as to the production of such PI's. The creation of performance specific roles and responsibilities will form part of the AMS Review which is currently in progress.</p>	<p>Estimated Date: 30/06/2016</p> <p>Revised Date: 30/06/2016</p> <p>No of Revisions 2</p>
85	<p>Historic Unimplemented Findings</p> <p>RES1617 - issue 3 Training</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Recommendation 3c</p> <p>Started</p>	<p>In addition, all staff have read the Council's information governance and data protection policies which are part of the Council's annual mandatory policy awareness programme.</p>	<p>Estimated Date: 31/12/2016</p> <p>Revised Date: 31/08/2018</p> <p>No of Revisions 1</p>
86	<p>Historic Unimplemented Findings</p> <p>RES1617 - issue 3 Training</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Recommendation 3d</p> <p>Started</p>	<p>Upon completion of the Council's Transformation exercise and associated structural changes, all staff will be asked to undertake refresher training, including role specific training currently being developed.</p>	<p>Estimated Date: 31/12/2016</p> <p>Revised Date: 31/08/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
87	<p>Historic Unimplemented Findings</p> <p>RES1617 - issue 3 Training</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Recommendation 3e</p> <p>Started</p>	<p>The Council is also exploring different ways of delivering an induction and mandatory learning framework. A different approach was recently agreed by CLT based on three levels – (1) mandatory for all staff; (2) mandatory learning for professional areas; (3) mandatory learning which is role specific; and also reported to Governance Risk and Best Value (GRBV) committee. The IGU has been involved in discussions to ensure that information governance and data protection are an essential part of any change process.</p>	<p>Estimated Date: 31/12/2016</p> <p>Revised Date: 31/08/2018</p> <p>No of Revisions 1</p>
88	<p>Historic Unimplemented Findings</p> <p>RES1617 - issue 3 Training</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Recommendation 3g</p> <p>Implemented</p>	<p>Information Asset Owners and Data Stewards have been identified for each information asset. However, it is envisaged that roles and personnel may be subject to change as a result of organisational change and re-structure. Nevertheless, tools and specific role training are currently being developed to support Information Asset Owners and Data Stewards in their role. Roll out is planned following completion of the Council's Transformation Exercise.</p>	<p>Estimated Date: 30/09/2016</p> <p>Revised Date: 31/08/2018</p> <p>No of Revisions 1</p>
89	<p>Historic Unimplemented Findings</p> <p>CW1502 - issue 4 Governance Reporting</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Recommendation 4</p> <p>Started</p>	<p>Executive Directors have been assigned responsibility for Arm's Length Companies and are responsible for ensuring that the respective Executive Committee can provide appropriate scrutiny. A report addressing proposed scrutiny arrangements will be considered by Council on 2 June 2016.</p>	<p>Estimated Date: 30/09/2016</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
90	<p>Historic Unimplemented Findings</p> <p>SFC1502 - issue 4 Reporting</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 4a</p> <p>Pending</p>	<p>This has been established while the Audit has been underway. See Corporate Leadership Team report on Local Development Plan Action Programme – Governance Arrangements.</p>	<p>Estimated Date: 31/10/2015</p> <p>Revised Date: 29/06/2018</p> <p>No of Revisions 1</p>
91	<p>Historic Unimplemented Findings</p> <p>SFC1502 - issue 4 Reporting</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 4b</p> <p>Pending</p>	<p>Planning Information Bulletins are now being used to advise managers and Planning Committee members of progress on matters. Developer Contributions will be done annually</p>	<p>Estimated Date: 31/10/2015</p> <p>Revised Date: 29/06/2018</p> <p>No of Revisions 1</p>
92	<p>Historic Unimplemented Findings</p> <p>SFC1502 - issue 4 Reporting</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 4c</p> <p>Pending</p>	<p>The review of the Internal Working Arrangements process will revisit roles and responsibilities for S75 agreements from 'start to finish' of process.</p>	<p>Estimated Date: 30/06/2016</p> <p>Revised Date: 29/06/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
93	<p>Historic Unimplemented Findings</p> <p>HSC1503 - issue 6 Sign off process - Assessments and Budgets</p> <p>Judith Proctor, Chief Officer</p>	Medium	<p>Recommendation 6a</p> <p>Started</p>	<p>Workarounds on Swift will be deactivated by 31 December 2016:Extract of Agreed Management Action from Audit Report (Final)'Workarounds' on Swift will be deactivated by 31 December 2016:Work is being taken forward through the HSC Transformation Project (Governance, Devolved Budgets and Budget Management) to implement the budget management functionality within SWIFT which will address issues around separation of duties. A working group has been established and identified all the workstreams required to implement delegated budget management. A workshop will be held in mid-May 2016 to agree new operational processes including the management of budgets through SWIFT with authorisation limits and the facility for budget holders to authorise within the system. Further progress is dependent on the agreement of budget and staffing structures across localities in order to avoid the need to set up these structures twice on SWIFT which would represent a significant duplication of work. This Action also relates to work being undertaken to address Iss2 from Audit RS1245.</p>	<p>Estimated Date: 31/12/2016</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
94	<p>Historic Unimplemented Findings</p> <p>HSC1503 - issue 6 Sign off process - Assessments and Budgets</p> <p>Judith Proctor, Chief Officer</p>	Medium	Recommendation 6b Started	<p>Work is being taken forward through the HSC Transformation Project (Governance, Devolved Budgets and Budget Management) to implement the budget management functionality within SWIFT which will address issues around separation of duties. A working group has been established and identified all the workstreams required to implement delegated budget management. A workshop will be held in mid-May 2016 to agree new operational processes including the management of budgets through SWIFT with authorisation limits and the facility for budget holders to authorise within the system. Further progress is dependent on the agreement of budget and staffing structures across localities in order to avoid the need to set up these structures twice on SWIFT which would represent a significant duplication of work. This Action also relates to work being undertaken to address Iss2 from Audit RS1245.</p>	<p>Estimated Date: 31/12/2016</p> <p>Revised Date: 31/07/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
95	<p>Historic Unimplemented Findings</p> <p>RES1601 - issue 1 Supplier Management</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>Recommendation 5</p> <p>Started</p>	<p>Chief Procurement Officer to determine generic principles of contract management with specific focus on Contract Owners, Contract Users, Contractors, as well as Managers and any other specific staff as agreed. Specific and relative skills training for contract owners will need to be assessed and implemented by Directors. Directors should ensure that suitably skilled staff are identified as Contract Owners. Head of Human Resources will be responsible for the establishment of a Training Programme for those with responsibilities within the contractor management process.</p>	<p>Estimated Date: 31/12/2017</p> <p>Revised Date: 31/03/2019</p> <p>No of Revisions 1</p>
96	<p>IJB Data Integration & Sharing</p> <p>The existing processes lack robustness (access management, data protection)</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Access management</p> <p>Started</p>	<p>The existing processes within the Council and NHS Lothian for notifying system owners of staff changes will be communicated to all managers of integrated teams. Establishing an integrated system setting out the systems access requirements for all posts and the mechanism for gaining access for new staff and notifying system owners of leavers and changes in role will be a priority for the nominated officer to be identified in respect of ICT and Information Governance.</p>	<p>Estimated Date: 30/09/2017</p> <p>Revised Date: 30/09/2018</p> <p>No of Revisions 1</p>
97	<p>IJB Data Integration & Sharing</p> <p>The governance processes are not sufficiently mature to support the vision</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Communication</p> <p>Started</p>	<p>Vision and goals in respect of ICT to be conveyed through the development and publication of an ICT Strategy for HSC Partnership.</p>	<p>Estimated Date: 31/10/2017</p> <p>Revised Date: 31/12/2018</p> <p>No of Revisions 2</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
98	IJB Data Integration & Sharing Lack of available training, policies and guidance Judith Proctor, Chief Officer	Medium	Compliance with training plan Started	A training plan will be developed to ensure all existing staff who need to access systems belonging to both the Council and NHS Lothian receive the appropriate training to enable them to use the system appropriately with due regard to data protection. Training on all systems to be used by a post holder will become part of the mandatory training for new appointments. Compliance with this arrangement will be overseen by the nominated officer with responsibility for ICT and Information Governance.	Estimated Date: 31/03/2018 Revised Date: 30/09/2018 No of Revisions 1
99	IJB Data Integration & Sharing Hardware compatibility and connectivity in NHS and COUNCIL locations Judith Proctor, Chief Officer	Medium	Connectivity and Hardware compatibility Started	The ICT and Information Governance Steering Group will request a review of connectivity and hardware compatibility to be conducted across all sites housing integrated teams and consider any recommendations arising from that review.	Estimated Date: 30/06/2017 Revised Date: 31/05/2018 No of Revisions 1
100	IJB Data Integration & Sharing Lack of available training, policies and guidance Judith Proctor, Chief Officer	Medium	Data Protection Training Started	The nominated officer with responsibility for ICT and Information Governance will work with relevant colleagues in the Council and NHS Lothian to develop an integrated approach to data protection training taking account of the role and responsibilities of the IJB.	Estimated Date: 31/12/2017 Revised Date: 30/09/2018 No of Revisions 1

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
101	IJB Data Integration & Sharing The governance processes are not sufficiently mature to support the vision Judith Proctor, Chief Officer	High	Prioritisation Started	Prioritisation of requirements to be agreed through the HSC Partnership ICT and Information Governance Steering Group.	Estimated Date: 30/09/2017 Revised Date: 31/12/2018 No of Revisions 2
102	IJB Data Integration & Sharing The governance processes are not sufficiently mature to support the vision Judith Proctor, Chief Officer	High	Roadmap Started	Roadmap of ICT requirements to be developed based upon priorities for delivery of the IJB Strategic Plan.	Estimated Date: 30/09/2017 Revised Date: 31/12/2018 No of Revisions 2
103	Leavers Process Deactivation of Security Passes Stephen Moir, Executive Director of Resources	Medium	Deactivate temporary passes Started	All temporary passes will be deactivated on 1 April. Cardholders will need to contact Security to reactivate them.	Estimated Date: 30/04/2017 Revised Date: 31/12/2018 No of Revisions 3
104	Local Development Plan Financial Modelling Paul Lawrence, Executive Director of Place and SRO	High	FundingStarted	Challenge of infrastructure proposals will be performed at the LDP Action Programme oversight group. Complete and agree Financial Model of 2018 LDP Action Programme Annual Report to CLT and F&R Committees Prepare update to Financial Model in line with next LDP project plan.	Estimated Date: 31/03/2018 Revised Date: No of Revisions 0

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
105	<p>Local Development Plan</p> <p>Local Development and Action Plan governance arrangements</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>Governance Arrangements</p> <p>Started</p>	<p>Review the LDP risk register at the next relevant governance meeting to confirm that risks have either been addressed or will be transferred across into Action Programme. Agree project plan for LDP 2 project which implements above recommendations. (March 2018) Action Programme – review governance arrangements, agree Management Information, prepare and agree Risk, Issues and Dependency Register, agree Communications Plan. (March 2018)</p>	<p>Estimated Date: 31/03/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
106	<p>Local Development Plan</p> <p>Governance arrangements over infrastructure appraisals</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Infrastructure Governance arrangements</p> <p>Started</p>	<p>Establish and agree appropriate roles, resources and the responsibilities for delivery the above matters as an early action in the project plan for LDP 2. Oversight will be provided by the Project Board to ensure that all individual appraisals performed across Service Areas have applied these recommendations. (sept 18)</p>	<p>Estimated Date: 31/03/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
107	<p>Lothian Pension Fund - Review of IT Business Resilience and Disaster Recovery</p> <p>LPF Business Continuity and Disaster Recovery requirements are not specified in third party contracts</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>Recommendation 3</p> <p>Pending</p>	<p>Disaster Recovery requirements will be added to the list of ongoing ICT issues currently being discussed with ICT. Lothian Pension Fund's (LPF) full list of requirements will then be shared with the Resources ICT representative (to be established with ICT) to ensure that these are communicated to ICT.</p>	<p>Estimated Date: 28/02/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
108	<p>Lothian Pension Fund - Review of IT Business Resilience and Disaster Recovery</p> <p>LPF Business Continuity and Disaster Recovery requirements are not specified in third party contracts</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>Recommendation 4</p> <p>Pending</p>	<p>LPF recovery and resilience requirements will be communicated to the Resources Resilience Business Partner for inclusion on the agenda at the next Resources Resilience Meeting.</p>	<p>Estimated Date: 28/02/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
109	<p>Lothian Pension Fund - Review of IT Business Resilience and Disaster Recovery</p> <p>Adequacy of existing Disaster Recovery and Business Continuity arrangements</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>Recommendation 5</p> <p>Pending</p>	<p>Business Impact Analysis of LPF, including supplier recovery requirements, to be updated and communicated fed into Council's Business Continuity arrangements, with subsequent updates provided annually.</p>	<p>Estimated Date: 28/02/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
110	<p>Lothian Pension Fund - Review of IT Business Resilience and Disaster Recovery</p> <p>Adequacy of existing Disaster Recovery and Business Continuity arrangements</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>Recommendations 1,2,3,4,6,7,& 12</p> <p>Started</p>	<p>To address recommendations 1, 2, 3, 4, 6, 7 & 12: The Business Continuity plan will be updated to include: LPF Business critical systems. Procedures that will be applied by third parties in the event of an incident including supplier recovery time and point objectives for the web hosted systems used by LPF. Oversight, monitoring and follow-up of supplier DR tests will be performed as part of the annual review of the LPF plan and any adverse outcomes that cannot be resolved will be included in the LPF risk register. The LPF Management team will maintain oversight of the plan to ensure that key business processes and team roles and responsibilities in the event of a disaster accurately recorded. The revised plan will be reviewed/approved by the LPF management team, the Head of Finance and the Executive Director of Resources and shared with the Council Resilience Committee to ensure that Council are fully aware of LPF requirements.</p>	<p>Estimated Date: 30/06/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
111	<p>Lothian Pension Fund Cyber Security</p> <p>LPF Security Oversight</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>Supplier Risk Management Framework</p> <p>Implemented</p>	<p>LPF agrees to implement both recommendations. Existing third party contracts will be reviewed on a risk prioritised basis.</p>	<p>Estimated Date: 30/09/2017</p> <p>Revised Date: 31/03/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
112	<p>LPF - Information Governance</p> <p>Retention and Disposal</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>Retention and Disposal</p> <p>Implemented</p>	<p>Recommendations accepted – all actions recommended by Internal Audit will be fully implemented.</p>	<p>Estimated Date: 28/02/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
113	<p>Mortuary Services</p> <p>Mortuary Contingency: Action Plans, Roles and Responsibilities</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Mortuary Contingency: Action Plans, Roles and Responsibilities</p> <p>Started</p>	<p>Work with Corporate Resilience Unit to update contingency plans drafted before transformation review. Work with NHS Lothian to support them taking on the role of host mortuary for mass fatalities, thus easing pressure on Council mortuary.</p>	<p>Estimated Date: 31/03/2017</p> <p>Revised Date: 31/01/2019</p> <p>No of Revisions 3</p>
114	<p>Mortuary Services</p> <p>Risk Register Mitigating Controls</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Risk Register Mitigating Controls</p> <p>Implemented</p>	<p>Work with Environment Service and Place Directorate to update the risk register post transformation review. A mortuary plan is under development and should be completed before the end of December 2016. Implementation by 31/01/2017 is anticipated.</p>	<p>Estimated Date: 31/03/2017</p> <p>Revised Date: 30/06/2018</p> <p>No of Revisions 2</p>
115	<p>Non Housing Invoices</p> <p>Availability of documentation</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>CAFM</p> <p>Started</p>	<p>It is anticipated that CAFM will be in operational use (services being implemented on a rolling programme thereafter) in early 2017 with a non-Housing repairs and maintenance implementation process in place for FY 2017/18.</p>	<p>Estimated Date: 01/04/2017</p> <p>Revised Date: 31/08/2018</p> <p>No of Revisions 2</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
116	<p>Non Housing Invoices</p> <p>Schedule of Rates</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>New non-housing contractor framework</p> <p>Started</p>	<p>The non-Housing contractor framework will be re-tendered during 2017. The inclusion of detailed best-value and due-diligence options will be considered as part of the process. This may include schedule of rates, gain share, penalties etc or a combination.</p>	<p>Estimated Date: 31/08/2017</p> <p>Revised Date: 30/06/2018</p> <p>No of Revisions 2</p>
117	<p>Pension Tax</p> <p>Accuracy of System Based Pension Tax Calculation</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>Recommendation 1 Pending</p>	<p>LPF Management Response - General: In this regard, it is considered that the degree of assurance which can be attained from the long-established and extensive validation regime, including automated regression tests, together with the scale of audit scrutiny across the wider Local Government Pension Schemes, should serve to indicate a low likelihood of fundamental systemic weakness. The rationale for such is covered in detail in response to Recommendations 1 and 2 below. 1. To place in context, it is emphasised that for the annual allowance calculation such data changes by LPF are very limited indeed, i.e. annual input of allowance quantum and date. In respect of externally supplied data tables (sources are Government Actuary's Department, the Fund's Actuary and the software system supplier), these are loaded directly to the system, e.g. through Microsoft Excel. Agreed Action - LPF will ensure that its input of factors by a member of staff (system specialist) is checked either by peer or managerial review.</p>	<p>Estimated Date: 23/04/2018</p> <p>Revised Date: 31/05/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
118	Pension Tax Pensions Tax Operational Process Controls Stephen Moir, Executive Director of Resources	Medium	Recommendation 1, 2 & 5 Started	1, 2 and 5. LPF will utilise the functionality of the new employer portal to submit all such data queries and, if required, corrections to the respective employer for confirmation. LPF will amend its procedures to record completion of such validations	Estimated Date: 31/10/2018 Revised Date: No of Revisions 0

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
119	Pension Tax Accuracy of System Based Pension Tax Calculation Stephen Moir, Executive Director of Resources	High	Recommendation 2 Pending	<p>2. Aquila Heywood does not presently hold International Assurance Engagement Standards (IAES) 3402 accreditation. Indeed, none of the tenderers for LPF's recent procurement for pension administration software system made any reference to IAES3402 in response to detailed questions as to quality assurance has been a member of the LGPS Testing Working Party but has declined the opportunity in recent years, given staff resource constraints. Scale and history of Heywood LGPS market: Aquila Heywood is the largest supplier of life and pensions administration software solutions in the UK. The company has been providing pension administration systems to Scottish LGPS authorities for over 20 years and is currently the sole provider to the 11 pension funds in Scotland. It is also the largest supplier, by far, to the LGPS funds in England and Wales. Since 1975, Aquila Heywood has been the chosen technology partner for the Computerised Local Authority Superannuation System (CLASS) group. This now consists of 80 authorities and is the largest membership group of local government, police and fire pension schemes in the UK. Audit of pensions administration calculations LPF is subject to regular review by both Internal and External Audit. Notably, pensions administration calculations have been subject to sample checking on a recurring, at least annual, basis over many years. No evidence of systemic weakness has been identified. This experience is mirrored by other LGPS authorities. Acceptance that assurance is not absolute LPF totally accepts that calculation assurance is not absolute. Aquila Heywood provides a "Known Error List (KEL)" alert and "workarounds" to its clients to enable interim corrective action to be taken, prior to software rectification. LPF has contacted Aquila</p>	Estimated Date: 23/04/2018 Revised Date: 29/03/2019 No of Revisions 1

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
				<p>Heywood and has received the following response: "SOC2 (ISAE 3402) is a priority for Aquila Heywood, our efforts are currently focused on reviewing and implementing a program of change across our internal and hosting infrastructures and ensuring that we are fully prepared for General Data Protection Regulations (GDPR), following which we intend to turn our attention to the requirements for Service Organisation Control (SOC) 2 compliance and reporting. We envisage being in a position to provide more precise timeframes for the implementation and scope of our SOC2 program during Q2 of 2018. As things stand today we can confirm that our hosting provider, Blue Chip, are already SOC2 accredited." Please also refer to the additional responses provided by Aquila Heywood on Altair change controls included at Appendix 2.</p> <p>Agreed Action - LPF will implement the recommendation that it should request and review Aquila Heywood's available industry accreditations and attestations annually. Agreed Action - LPF will review and revise existing technology risks included in their risk register to reflect the specific risks associated with use of systems provided and hosted by external third parties (shadow information technology).</p>	

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
120	<p>Pension Tax</p> <p>Pensions Tax Operational Process Controls</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>Recommendation 3 & 4</p> <p>Started</p>	<p>3 and 4: IA recommendations will be fully implemented</p>	<p>Estimated Date: 30/09/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
121	<p>Pensions Payroll Outsourcing</p> <p>Moorepay Data Security Controls</p> <p>Stephen Moir, Executive Director of Resources</p>	Low	<p>Moorepay Data Security Controls</p> <p>Implemented</p>	<p>Reviews of data security for Moorepay is being considered as part of the preparations for GDPR and in proportion to the relative risks of all LPF's systems and controls. Ongoing assurance will be considered as an integral element of LPF's internal audit planning and risk review processes. Risk and compliance controls have already been updated to address this.</p>	<p>Estimated Date: 29/06/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
122	<p>Personalisation SDS - Option 3</p> <p>Data Quality</p> <p>Judith Proctor, Chief Officer</p>	Medium	<p>Data Quality</p> <p>Started</p>	<p>A change management process will be established and overseen by the SDS Infrastructure Steering Group. The inconsistencies in data recording are as a result of numerous changes to processes and trying to reduce the recording burden of implementing these on frontline practitioners. The Research and Information Team are aware of all changes to recording practice and take these into account. A summary of all changes and the impact on data extraction has also been produced.</p>	<p>Estimated Date: 30/06/2016</p> <p>Revised Date: 31/10/2018</p> <p>No of Revisions 5</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
123	Personalisation SDS - Option 3 Sign offs - Personal Care Plans Judith Proctor, Chief Officer	Medium	Sign offs - Personal Care Plans Started	Ensure that there is a mechanism in place on SWIFT for the senior to record that they have signed off the support plan. At present any edits made by the senior at the time of the review will show that the senior has both prepared and reviewed the plan. Data quality reports will be set up to identify any support plan signed off by the assessor who produced the plan. Sector Managers and seniors to ensure appropriate oversight and sign off by senior for the personal care plans	Estimated Date: 30/06/2016 Revised Date: 30/09/2018 No of Revisions 3
124	Planning Control - Building Standards Process and Quality Assurance Paul Lawrence, Executive Director of Place and SRO	High	CCNP Procedure Started	The whole process of construction, compliance and notification plans (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.	Estimated Date: 30/04/2018 Revised Date: No of Revisions 0
125	Planning Control - Building Standards Process and Quality Assurance Paul Lawrence, Executive Director of Place and SRO	High	Deemed Determination - Building Warrants Pending	A Microsoft (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	Estimated Date: 30/03/2018 Revised Date: No of Revisions 0

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
126	<p>Planning Control - Building Standards</p> <p>Implementation of The Building Standards Continuous Improvement Programme</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>Document and resource management system</p> <p>Pending</p>	<p>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.</p>	<p>Estimated Date: 28/09/2018</p> <p>Revised Date: 30/11/2018</p> <p>No of Revisions 1</p>
127	<p>Planning Control - Building Standards</p> <p>Workload Allocation and Management</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>Management Reports - Caseload Allocation</p> <p>Pending</p>	<p>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 key performance outcome (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.</p>	<p>Estimated Date: 29/06/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
128	<p>Planning Control - Building Standards</p> <p>Customer Information and Engagement</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>Post Warrant Surveys</p> <p>Pending</p>	<p>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.</p>	<p>Estimated Date: 30/04/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
129	<p>Planning Control - Building Standards</p> <p>Workload Allocation and Management</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>Workload Allocation Process</p> <p>Pending</p>	<p>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.</p>	<p>Estimated Date: 30/03/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
130	<p>Port Facility Security Plan</p> <p>Third Party Security arrangements</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Appropriate contractual arrangements with Security company</p> <p>Started</p>	<p>Agreed, The Port Facility Security Officer (PFSO) will draft a document titled “Hawes Pier Cruiseliners Security Procedures – Requirements”, to reflect the City of Edinburgh Council’s PFSO expectations as required by Department for Transport (DfT) of the security company on a cruise liners arrival at Hawes Pier (Complete). Shipping agent / Security company will be sent the “Hawes Pier Cruiseliners Security Procedures – Requirements” document for verbal agreement prior to the cruiseliner season. The Hawes Pier Cruiseliners Security Procedures – Requirements”, document will be sent to the Council Legal team for review. On successful review, the legal team shall prepare a letter to be sent to the shipping agent (Denholm Wilhelmsen), making a formal legal agreement between the shipping agent and Council that this document will form part of the contract between the shipping agent and the security company for cruiseliner arrangements at Hawes Pier, South Queensferry.</p>	<p>Estimated Date: 28/09/2018</p> <p>Revised Date: 01/04/2019</p> <p>No of Revisions 2</p>
131	<p>Project Benefits Realisation</p> <p>Benefits Realisation</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	High	<p>Consolidated Benefits Realisation Plan</p> <p>Started</p>	<p>Recommendation agreed. However, responsibility for Benefits Realisation will remain responsibility of the agreed Benefit Owners.</p>	<p>Estimated Date: 28/09/2018</p> <p>Revised Date: 29/03/2019</p> <p>No of Revisions 2</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
132	Project Benefits Realisation Benefits Realisation Laurence Rockey, Head of Strategy & Insight	High	PG Business Case Review Started	A Working Group has been set up that comprises representation at Head of Service level across departments. This group has a role in reviewing business cases prior to submission to the change board. This group and change board would only be involved in review of significant change business cases.	Estimated Date: 28/06/2018 Revised Date: No of Revisions 0
133	Project Benefits Realisation Benefits Realisation Laurence Rockey, Head of Strategy & Insight	High	Post Implementation Reviews Started	Portfolio and Governance (PG) to schedule and undertake post implementation reviews. Annual schedule to be agreed between PG and Senior Responsible Officers for Portfolio Projects and Programmes, either recently closed or scheduled to close within the next six months. Additionally, PG will develop guidance for Benefits Management which will be available on the Orb.	Estimated Date: 30/06/2018 Revised Date: 31/12/2018 No of Revisions 1
134	Project Benefits Realisation Programme Management Laurence Rockey, Head of Strategy & Insight	Medium	Project & Governance Reporting Started	Reporting arrangements to both the Change Board, Corporate Policy and Strategy and GRBV have been reviewed and agreed. A new dashboard was presented at the Change Board in December and will be refined over the next few months. A workshop with GRBV is also planned and feedback from this will be incorporated within our revised reporting proposals. The proposed delivery unit will have responsibility for identifying, documenting and providing visibility of lessons learned and themes that can be applied to any new projects and programmes. Responsibility for undertaking lessons learned exercise remains the responsibility of individual projects and programmes.	Estimated Date: 29/06/2018 Revised Date: 29/03/2019 No of Revisions 1

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
135	Property Maintenance Facilities Management helpdesk guidance Stephen Moir, Executive Director of Resources	Medium	Hard FM Service Level Agreements Implemented	New Hard Facilities Management (FM) Services SLAs are being developed as part of the AMS Transformation workstream which will give clear guidance to helpdesk and customers on services delivered, prioritisation process and associated timescales. These are anticipated to be in place by April 2017 although the full supplier tender will not be complete to support until December 2017.	Estimated Date: 31/12/2017 Revised Date: 31/12/2019 No of Revisions 1
136	Property Maintenance Monitoring of outstanding jobs Stephen Moir, Executive Director of Resources	Medium	Monitoring of outstanding jobs Started	The AS400 system does not allow recoding or reporting on completion until invoice stage. Contractors are already confirming when jobs complete to agreed SLAs (mechanical and electrical in particular). This includes outstanding jobs. New contracts being procured will require all contracts to report on performance but this is not anticipated to be complete until end 2017 by which time CAFM will also be in place. CAFM will support monitoring of outstanding works orders. In the meantime, as noted in Finding 2, an interim monitoring/tracking process has been developed for condition survey high risk/urgent items.	Estimated Date: 31/12/2017 Revised Date: 31/12/2018 No of Revisions 2
137	Purchasing Budget Management Financial Controls Stephen Moir, Executive Director of Resources	High	Financial Controls - Issue 2 - Rec. 12 Started	The backlog has been addressed and the review process changed to review the full population of client returns every 6 months with effect from January 2018.	Estimated Date: 28/09/2018 Revised Date: 03/12/2018 No of Revisions 1

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
138	Purchasing Budget Management Financial Controls 0	High	Financial Controls - Issue 2 - Rec. 2 Started	Recommendations 2, 3, 5 – 7; 9; and 11 will be addressed within scope of the strategic management action detailed in the Executive Summary at Section 2.	Estimated Date: 25/09/2018 Revised Date: No of Revisions 0
139	Recycling Targets Internal Waste Management Strategy Paul Lawrence, Executive Director of Place and SRO	Medium	Approval of Resource Use Policy Started	Our proposed management action is to approach the Sustainable Development Unit and Facilities Management to establish a working group to review any existing internal waste policy, the purpose being to incorporating this within, and consult on, a refreshed Waste Strategy Document (Ref Action 2). The inclusion of the Sustainable Development Unit is critical in moving forward this action as they hold responsibility for development of the Council's internal waste policy and recording data on internal waste arisings. Waste & Fleet Services will commit to taking the lead in establishment of the internal working group. Opportunities to improve the way in which the Council gathers and records data on its own waste arisings will be a key outcome of the working group. The Council's Trade Waste Service (part of the Waste & Fleet structure) has already met with Facilities Management to identify opportunities to increase the range of recycling opportunities across the Council estate. New services such as food waste recycling will be available in major Council offices such as Waverley Court and is already available across a number of schools.	Estimated Date:30/09/2016 Revised Date:31/08/2018 No of Revisions2

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
140	<p>Recycling Targets</p> <p>Communication of Waste Management Strategy</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Communication of Waste Management Strategy</p> <p>Pending</p>	<p>As outlined within the response to Action 2, it is our intention to refresh the existing strategy and to consult with both internal and external stakeholders to help shape the final strategy. A series of commitments/actions will be a key output from the strategy and progress against individual actions/commitments will form a key part of reporting progress to stakeholders.</p>	<p>Estimated Date: 31/03/2017</p> <p>Revised Date: 31/08/2018</p> <p>No of Revisions 2</p>
141	<p>Resilience BC</p> <p>Resilience responsibilities</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	High	<p>Resilience responsibilities Rec 5</p> <p>Started</p>	<p>Governance arrangements for the Council Resilience Group (CRG) and its subgroups will be considered as part of the regular resilience management review.</p>	<p>Estimated Date: 28/09/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
142	<p>Resilience BC</p> <p>Resilience responsibilities</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	High	<p>Resilience responsibilities Rec 6</p> <p>Started</p>	<p>Formal terms of reference for the CRG will be developed by Resilience and submitted for approval at the September CRG meeting.</p>	<p>Estimated Date: 28/09/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
143	<p>Review of the General Data Protection Regulations Readiness Programme</p> <p>Field Level Documentation to support evidencing compliance with data protection principles (including data minimisation)</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Medium	<p>Field Level Documentation - Issue 2 rec 1</p> <p>Pending</p>	Data Protection Impact Assessment (DPIA) guidance will be revised to encourage the provision of evidence, when appropriate, as part of the DPIA submission, including field level descriptions.	<p>Estimated Date: 31/10/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
144	<p>Review of the General Data Protection Regulations Readiness Programme</p> <p>Programme Progress and Information Governance Capacity</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	High	<p>Programme Progress and Information Governance Capacity - Issue 1 rec 1 a</p> <p>Pending</p>	The project resource available to the IGU has been reviewed and augmented. The secondment has ended, but the fixed-term contract has been extended to December 2019.	<p>Estimated Date: 28/09/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
145	<p>Review of the General Data Protection Regulations Readiness Programme</p> <p>Programme Progress and Information Governance Capacity</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	High	<p>Programme Progress and Information Governance Capacity - Issue 1 rec 1b</p> <p>Pending</p>	Operational activities will be subject to review and a report made to Corporate Leadership Team (CLT) on longer term resource impacts for the IGU and service areas in meeting statutory requirements.	<p>Estimated Date: 28/09/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
146	<p>Review of the General Data Protection Regulations Readiness Programme</p> <p>Programme Progress and Information Governance Capacity</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	High	<p>Programme Progress and Information Governance Capacity - Issue 1 rec 2</p> <p>Pending</p>	The GDPR Action Plan will be revised to reflect outstanding work, taking into account revised project resource (see above). The GDPR Project will continue to be monitored and any associated risks resulting from operational pressures will be reported through the Council's Change Board.	<p>Estimated Date: 31/08/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
147	<p>Service Level Agreements with Outside Entities</p> <p>Service Level Agreements</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Low	<p>Service Level Agreements PI</p> <p>Pending</p>	Directors will ensure that a service level agreement (SLA) has been established with all arms level organisations (ALEOs) that they support. The SLA should set out all services provided and received by the Council, key activities and deliverables, and the respective roles and responsibilities of the Council and the counterparty. The agreements should be for a one year period and refreshed annually to ensure that agreed services and charges remain appropriate.	<p>Estimated Date: 30/11/2017</p> <p>Revised Date: 31/08/2018</p> <p>No of Revisions 1</p>
148	<p>Service Level Agreements with Outside Entities</p> <p>Service Level Agreements</p> <p>Stephen Moir, Executive Director of Resources</p>	Low	<p>Service Level Agreements Res</p> <p>Pending</p>	Directors will ensure that a service level agreement (SLA) has been established with all arms level organisations (ALEOs) that they support. The SLA should set out all services provided and received by the Council, key activities and deliverables, and the respective roles and responsibilities of the Council and the counterparty. The agreements should be for a one year period and refreshed annually to ensure that agreed services and charges remain appropriate.	<p>Estimated Date: 30/11/2017</p> <p>Revised Date: 29/06/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
149	<p>Service Level Agreements with Outside Entities</p> <p>Service Level Agreements</p> <p>Laurence Rockey, Head of Strategy & Insight</p>	Low	<p>Service Level Agreements SI</p> <p>Pending</p>	<p>Directors will ensure that a service level agreement (SLA) has been established with all arms level organisations (ALEOs) that they support. The SLA should set out all services provided and received by the Council, key activities and deliverables, and the respective roles and responsibilities of the Council and the counterparty. The agreements should be for a one year period and refreshed annually to ensure that agreed services and charges remain appropriate.</p>	<p>Estimated Date: 30/11/2017</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
150	<p>Short Term Homelessness Provision</p> <p>Inaccurate Data on Homeless Information System (HIS) Database</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>Data held on HIS should be audited and cleansed</p> <p>Started</p>	<p>Work is ongoing to migrate the Homelessness Information System (HIS) to Northgate by 31 March 2018. Prior to the system migration, a full data cleanse will take place. Data retention guidelines will be applied fully once Northgate is in place. Currently there is no facility to cleanse HIS and the time and costs to deliver this would prohibitive.</p>	<p>Estimated Date: 31/03/2018</p> <p>Revised Date: 28/02/2019</p> <p>No of Revisions 2</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
151	<p>Social Work Centre Bank Account Reconciliations</p> <p>Corporate Appointee Client Fund Management</p> <p>Stephen Moir, Executive Director of Resources</p>	High	Recommendation 1b - Business Support Started	<p>Business Support: Business Support will enable the review of current processes and guidelines in conjunction with Hub and Cluster Managers with sign off at the Locality Managers Forum. Business support will review all Corporate Appointee accounts and contact the relevant social worker, support worker or hub where the funds are over £16K for immediate review. Business support will advise social work when the funds exceed £16K where there is not a valid reason (for example, client deceased and social worker discussing estate with solicitor). Clarity on contact with Department of Work and Pensions (DWP) is being progressed and will be written into the new guidelines. Regular reporting will be introduced from the revised systems being implemented. This will be provided monthly at Senior Social Work level and annually for HSC management.</p>	<p>Estimated Date: 31/05/2018</p> <p>Revised Date: 28/06/2019</p> <p>No of Revisions 1</p>
152	<p>Social Work Centre Bank Account Reconciliations</p> <p>Corporate Appointee Client Fund Management</p> <p>Judith Proctor, Chief Officer</p>	High	Recommendation 2 Started	<p>New guidelines will be written to ensure clarity of responsibilities. Sections will be included detailing Social Work; Business Support; and Transactions team responsibilities. The objective is to create and implement an end to end process that includes eligibility criteria, DWP processes and a full administrative process that will be applied centrally and across Locality offices; clusters; and hubs.</p>	<p>Estimated Date: 30/04/2018</p> <p>Revised Date: 28/06/2019</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
153	<p>Social Work Centre Bank Account Reconciliations</p> <p>Corporate Appointee Client Fund Management</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Recommendation 3</p> <p>Started</p>	<p>Disability residential and day clients cash administration is currently being reviewed and updated. Robust processes have already been implemented and further processes are scheduled for review. Deceased client process will be a section within the main guidelines and the update of these processes is in progress.</p>	<p>Estimated Date: 30/04/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
154	<p>Social Work Centre Bank Account Reconciliations</p> <p>Corporate Appointee Client Fund Management</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>Recommendation 4</p> <p>Implemented</p>	<p>Each individual property will be reviewed to minimise the risk of cash movement across main offices and protocols put in place for each.</p>	<p>Estimated Date: 29/06/2018</p> <p>Revised Date: 30/11/2018</p> <p>No of Revisions 1</p>
155	<p>Social Work Centre Bank Account Reconciliations</p> <p>Corporate Appointee Client Fund Management</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>Recommendation 5</p> <p>Started</p>	<p>Monitoring of all client cash is held on a separate spreadsheet that the Business Support Officer will sign off weekly. The business support team manager will check against the new procedure and countersign monthly.</p>	<p>Estimated Date: 31/05/2018</p> <p>Revised Date: 30/11/2018</p> <p>No of Revisions 1</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
156	Social Work Centre Bank Account Reconciliations Corporate Appointee Client Fund Management Judith Proctor, Chief Officer	High	Recommendation 6 Started	Disability Day & Residential processes will be included in the new procedures under a specific section and will include the requirement to document and retain evidence of transactions, and ensure that cash balances are appropriately secured.	Estimated Date: 31/05/2018 Revised Date: No of Revisions 0
157	Social Work Centre Bank Account Reconciliations Corporate Appointee Client Fund Management Judith Proctor, Chief Officer	High	Recommendation 7 Started	Monthly reconciliation by Business Support Officers in Disability Day & Residential has already been implemented	Estimated Date: 30/04/2018 Revised Date: No of Revisions 0
158	Social Work Centre Bank Account Reconciliations Corporate Appointee Client Fund Management Judith Proctor, Chief Officer	High	Recommendation 8 Started	Refresher training will be offered as part of the implementation of the new guidelines to all staff involved in the process, and recorded on staff training records. The training will also be incorporated into the new staff induction process.	Estimated Date: 31/05/2018 Revised Date: No of Revisions 0

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
159	<p>Social Work: Pre-Employment Verification</p> <p>Recruitment of Existing Employees</p> <p>Judith Proctor, Chief Officer</p>	Medium	<p>Recruitment of Existing Employees</p> <p>Pending</p>	<p>Locality Managers to obtain confirmation from their recruiting managers that nominated candidates are being requested to bring their PVG certificate to the pre-employment checks meeting. This requirement has been effectively communicated to all relevant managers / staff and a mechanism will be introduced to ensure that the requirement is being adhered too. This procedure will be embedded within the HSC and Safer & Stronger Communities protocol.</p>	<p>Estimated Date: 31/03/2017</p> <p>Revised Date: 30/04/2018</p> <p>No of Revisions 1</p>
160	<p>Waste & Cleansing Health & Safety</p> <p>Significant incident / emergency procedure</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 1 2</p> <p>Started</p>	<p>In conjunction with colleagues in Resilience develop an emergency procedure, to include a specific bomb threat procedure, for Waste and Cleansing Services. Once developed to ensure that procedures are communicated to all staff via toolbox talks.</p>	<p>Estimated Date: 28/09/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
161	<p>Waste & Cleansing Health & Safety</p> <p>Significant incident / emergency procedure</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 1.1</p> <p>Pending</p>	<p>Arrange workshop with Resilience to understand the requirements of significant incident and escalation procedures. Develop the procedure and arrange tool box talks with staff to cascade the procedure.</p>	<p>Estimated Date: 28/09/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
162	<p>Waste & Cleansing Health & Safety</p> <p>Operational health and safety roles and responsibilities</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 2.1 and 2.2</p> <p>Started</p>	1. and 2 - In conjunction with Property and Facilities Management produce list of site and equipment checks to be carried out and agree responsibilities.	<p>Estimated Date: 31/07/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
163	<p>Waste & Cleansing Health & Safety</p> <p>Operational health and safety roles and responsibilities</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 2.3 and 2.4</p> <p>Started</p>	3. and 4 - Co-develop Health and Safety (HS) Roles and Responsibilities for each site and provide to relevant Managers on site.	<p>Estimated Date: 31/10/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
164	<p>Waste & Cleansing Health & Safety</p> <p>Supervisory assurance</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recommendation 3.1</p> <p>Started</p>	To hold briefings with all Drivers / Crew Leaders to reinforce HS roles and responsibilities.	<p>Estimated Date: 31/07/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
165	Waste & Cleansing Health & Safety Health and safety training Paul Lawrence, Executive Director of Place and SRO	Medium	Recommendation 4.1 Started	Develop Business Case for training officer roles and, if approved, recruit.	Estimated Date: 28/09/2018 Revised Date: No of Revisions 0
166	Waste & Cleansing Health & Safety Health and safety training Paul Lawrence, Executive Director of Place and SRO	Medium	Recommendation 4.2 Started	Identify within training matrix the training that is core and non-core.	Estimated Date: 28/09/2018 Revised Date: No of Revisions 0
167	Waste & Cleansing Health & Safety Health and safety training Paul Lawrence, Executive Director of Place and SRO	Medium	Recommendation 4.3 Started	Work with HR to define procedure for training compliance. Ensure Training consultation with staff covers non-attendance.	Estimated Date: 31/10/2018 Revised Date: No of Revisions 0
168	Waste & Cleansing Health & Safety Health and safety training Paul Lawrence, Executive Director of Place and SRO	Medium	Recommendation 4.4 Pending	Review training delivered to substantive Supervisors against the induction package for Trainee Supervisors. Develop and carry out plan to fill knowledge/training gaps for substantive supervisors	Estimated Date: 31/10/2018 Revised Date: No of Revisions 0

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates
169	<p>Waste & Cleansing Health & Safety</p> <p>Health and safety metrics</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Low	<p>Recommendation 5.1</p> <p>Started</p>	<p>Request reporting training for Waste and Cleansing Managers on reporting functions within the SHE Accident and Investigation system and include monthly HS performance and trend reports on Operations and Senior Management Team meeting agendas</p>	<p>Estimated Date: 31/07/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>
170	<p>Waste & Cleansing Health & Safety</p> <p>Health and safety metrics</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Low	<p>Recommendation 5.2</p> <p>Started</p>	<p>HS performance to be included within Looking Ahead conversations</p>	<p>Estimated Date: 31/07/2018</p> <p>Revised Date:</p> <p>No of Revisions 0</p>

Governance, Risk and Best Value Committee

10.00am, Tuesday, 15 January 2019

Internal Audit Update Report: 1 August to 23 November 2018

Item number	7.6
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

A total of 6 audits have been completed in the current plan year. This includes 3 audits from the 2018/19 Internal Audit (“IA”) plan and 3 of the 6 audits carried forward from the 2017/18 plan. Additionally, 22 of the remaining 44 reviews included in the 2018/19 plan are now in progress.

A refreshed IA journey map, including key performance indicators (KPIs), has also been designed and implemented to support timely and effective delivery of the annual plan, and manage both stakeholder expectations and involvement in the audit process.

Key IA priorities for the next quarter include ongoing focus on delivery of the 2018/19 plan and follow-up of open findings; making appointments to vacant roles within the team; finalising the 2019/20 annual audit plan; planning to re-procuring the existing co-source contract; and performing a TeamCentral post-implementation review following launch of the system to support follow-up in July 2018.

Internal Audit Update Report: 1 August to 23 November 2018

1. Recommendations

- 1.1 Committee is recommended to note:
 - 1.1.1 the outcomes of the completed audits;
 - 1.1.2 progress with the delivery of the 2018/19 IA plan and the carried forward 2017/18 audits
 - 1.1.3 implementation of IA key performance indicators to support timely and effective delivery of the annual plan; and
 - 1.1.4 key IA priorities and ongoing areas of focus.

2. Background

- 2.1 Internal Audit is required to deliver an annual plan of work, which is scoped using a risk-based assessment of the Council's activities. Additional reviews are added to the plan where considered necessary to address any emerging risks and issues identified during the year, subject to approval from the Governance, Risk and Best Value Committee ("GRBV").
- 2.2 The 2018/19 IA plan approved by GRBV in March 2018 included 50 audits. This was subsequently reduced to 47 audits in November 2018, when the Committee approved the rebased plan.
- 2.3 IA progress and copies of completed reports are presented to the Governance, Risk, and Best Value Committee quarterly for their review and scrutiny.
- 2.4 All audits performed for the Lothian Pension Fund (LPF) are subject to separate scrutiny by the Pension Audit Sub-Committee and the Pensions Committee, and are included in this report for completeness.
- 2.5 Audits performed for the Edinburgh Integration Joint Board (EIJB) are presented to the EIJB Audit and Risk Committee for scrutiny, with any reports that are relevant to the Council subsequently referred to the GRBV Committee.
- 2.6 Audits performed for the City of Edinburgh Council (the Council) that are relevant to the EIJB will be recommended for referral to the EIJB Audit and Risk Committee by the GRBV Committee.

3. Main report

Completed Audits

- 3.1 A total of 6 audits have been completed in the current plan year, comprising 3 from the 2018/19 plan and 3 of the 6 audits carried forward from 2017/18. Five audits have been completed since the update provided to the Committee on 28 August 2018.
- 3.2 The outcomes of 3 completed reviews (Carbon Reduction Commitment Scheme; The Edinburgh Mela; and Structures and Flood Prevention) have confirmed that the controls supporting these processes and services are 'adequate'; whilst the Garden Waste and Fleet Project reviews have been assessed as 'generally adequate' and 'significant enhancements required' respectively.
- Further detail on the completed reviews and their report ratings are included at Appendix 1.
- 3.3 The Garden Waste Lessons Learned report was presented to the Transport and Economy Committee on 6 December 2018 in line with the motion approved by the GRBV Committee at their August meeting.

Progress with delivery of the 2018/19 IA Plan and 2017/18 audits carried forward

- 3.4 Delivery of the remainder of the 2018/19 IA plan is now underway, with a total of 22 of the remaining 44 reviews (47 audits less 3 from 2018/19 completed) included in the plan now completed or in progress.
- 3.5 In addition to the 3 reports that have been finalised for the current plan year, 2 draft reports have been issued and 4 reports draft reports are currently being prepared. A further 5 audits are in fieldwork, with 8 at the initial planning stage of the IA process.
- Further detail is included at Appendix 1.
- 3.6 It is also expected that the remaining 3 audits carried forward from 2017/18 will be completed by December 2018.
- Further detail is included at Appendix 2.

Internal Audit Key Performance Indicators

- 3.7 IA has developed and implemented a refreshed IA journey map which includes a set of key performance indicators (KPIs) that specify expected delivery timeframes for both the IA team and management at all stages of the audit process. These have been designed to support timely and effective delivery of the annual plan, and manage both stakeholder expectations and their involvement in the audit process.

- 3.8 Performance against KPIs will be monitored throughout the plan year, with key themes provided monthly to the Corporate Leadership Team (CLT) and included in the quarterly updates provided to the Committee. Delivery against the KPIs will also support the assessment of IA performance included in the annual opinion.

Internal Audit Key Priorities

- 3.9 Key priorities and ongoing areas of focus for Internal Audit include:
- 3.9.1 delivery of the 2018/19 IA plan and ongoing focus on follow-up of open and overdue findings;
 - 3.9.2 making appointments to the vacant principal audit manager and auditor roles;
 - 3.9.3 finalising the 2019/20 IA annual plan;
 - 3.9.4 re-procuring the existing IA co source contract; and
 - 3.9.5 performing a TeamCentral post-implementation review following launch of the system to support the follow-up process in July 2018.

4. Measures of success

- 4.1 Delivery of the IA plan and implementation of agreed management actions to address findings raised in IA reports will strengthen the Council's control framework.

5. Financial impact

- 5.1 No direct financial impact.

6. Risk, policy, compliance and governance impact

- 6.1 Internal Audit findings are raised as a result of control gaps or deficiencies identified during audits. If agreed management actions are not implemented to support closure of Internal Audit findings, the Council will be exposed to the risks set out in the relevant Internal Audit reports.

7. Equalities impact

- 7.1 Not applicable.

8. Sustainability impact

- 8.1 Not applicable.

9. Consultation and engagement

9.1 Not applicable.

10. Background reading/external references

10.1 None.

Lesley Newdall

Chief Internal Auditor,

Legal and Risk Division, Resources Directorate

E-mail: lesley.newdall@edinburgh.gov.uk | Tel: 0131 469 3216

11. Appendices

Appendix 1 Summary of 2018/19 IA Plan Progress

Appendix 2 Summary of 2017/18 Audits Carried Forward

Appendix 3 IA Journey Map and Key Performance Indicators

Appendix 4 Final Report - Garden Waste – Lessons Learned

Appendix 5 Final Report - Carbon Reduction Commitment Scheme

Appendix 6 Final Report - The Edinburgh Mela

Appendix 7 Final Report - Structures and Flood Prevention

Appendix 8 Final Report - Fleet Project

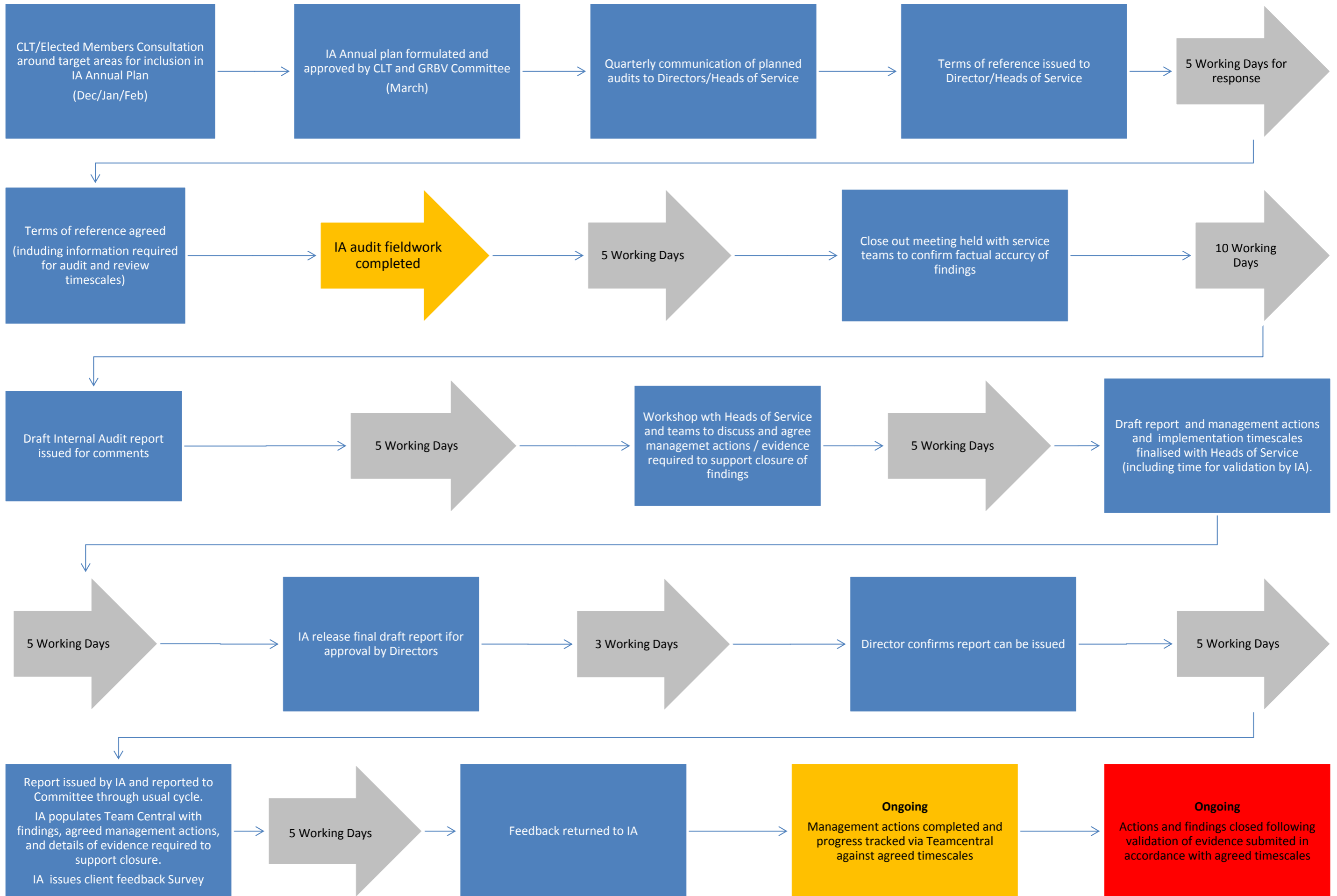
Appendix 1 – Summary of 2018/19 IA Plan Progress

Audit Review		
Completed		Report Rating
1.	Transfer of the Management of Development Funding Grant (presented to the Committee for scrutiny in August 2018)	Adequate
2.	Garden Waste – Lessons Learned	Generally Adequate
3.	Carbon Reduction Commitment Scheme	Adequate
Draft Reports Issued to Management		Expected Completion
4.	Compliance with IR35 and Right to Work Requirements	December 2018
5.	Public Sector Cyber Security Action Plan	December 2018
Draft Report Preparation		
6.	Planning and Section 75 Developer Contributions	December 2018
7.	Street Lighting and Traffic Signals	December 2018
8.	Schools Assurance Framework Review	December 2018
9.	Validation	December 2018
Fieldwork		
10.	System Access Rights	Mid November
11.	Edinburgh Tram Extension	Ongoing
12.	Looked After and Accommodated Children / St Katherine's	December 2018
13.	Quality, Governance, and Regulation	March 2019
14.	Enterprise Resource Planning System Implementation	Ongoing
Planning		
15.	Emergency Prioritisation and Complaints	to be determined
16.	EIJB Partnership Infrastructure and Support – Integration Scheme	to be determined
17.	EIJB Governance Structures	to be determined
18.	Edinburgh Royal Military Tattoo – Health and Safety	to be determined
19.	Localities Operating Model	to be determined
20.	Licencing – HMO Licencing	to be determined
21.	Lothian Pension Fund - Unitisation	to be determined
22.	Lothian Pension Fund – Unlisted Investment Valuations (PwC)	to be determined

Appendix 2 – Summary of 2017/18 Audits Carried Forward

Audit Review		
Completed		
Report Rating		
1.	The Edinburgh Mela	Adequate
2.	Structures and Flood Prevention	Adequate
3.	Fleet Project	Significant Enhancements
Draft Reporting		Expected Completion
4.	Customer Transformation	December 2018
5.	St James Project	December 2018
6.	Zero Waste Project	December 2018

Appendix 3 - Internal Audit Journey Map and Key Performance Indicators



Appendix 4

The City of Edinburgh Council

Garden Waste Bin Collection Project: What Worked Well and Lessons Learned

Final Report

15 November 2018

Contents

1.	Background	2
2.	Executive Summary	3
3.	What Worked Well	3
2.2	Internal Audit Scope and Opinion	3
3.	Detailed Findings	5
	Appendix 1 – Basis for our classification	6

1. Background

1.1 Governance, Risk, and Best Value Committee Motion

At the Governance, Risk, and Best Value (GRBV) committee in August, a motion was submitted requesting a report from the Chief Internal Auditor on the implementation of the Garden Waste Charge, to understand what worked well and where lessons can be learned.

As the Internal Audit Garden Waste review had concluded, it was agreed with management that the Garden Waste project team would provide an update on what aspects of the project worked well (section 2.1 below), with Internal Audit focusing on the lessons learned based on the audit scope (section 2.2).

1.2 Background

In February 2018, as part of the annual budget setting process, the Council agreed to implement a £25 annual charge for collection of garden waste bins to be effective from 8 October 2018. An estimated 120,000 households across the City currently receive free garden waste collection, with approximately 46% of households expected to register for the new service. An initial registration period was available from 18 June to 22 July 2018 enabling customer to register for the service and pay the associated charge. Further registration periods are planned to be available throughout the year.

In April 2018, a garden waste project was established to manage the design and implementation of the new garden waste process. The project team included representation from management across Council services including Waste and Cleansing, Customer, Communications and Finance with project support provided by the Council's Portfolio and Governance (P&G) team. Online transactions elements of the project were incorporated into the existing Customer Digital Enablement (CDE) 'channel shift' programme.

The project decided that online registration for the service via "mygovscot - my account" was the preferred method for customer registration and payment. Customers with no online access could also register and pay through the Customer Contact Centre; using self-serve kiosks at locality officers; and libraries using a debit or credit card. Registration by telephone was also an option, with additional call handlers recruited, however, this was not widely publicised in to encourage higher volumes of online registration.

On 21 June 2018, the Council wrote to all customers eligible for the garden waste collection service to provide written notification of the service changes; and details of the online registration and payment process.

The original process involved customers registering online and providing confirmation that they had read and understood the service terms and conditions (T&Cs) prior to making payment online using their mygovscot account. Where customers registered by phone, T&Cs were physically mailed out with a request for customer to read, sign and return them. This was based on advice received from Legal advising that terms and conditions should be signed and returned prior to accepting payment. Customers were advised that following receipt of signed T&Cs, the Customer Contact Centre would telephone customer to request and process the relevant payment.

Shortly after the registration process commenced, concerns were raised by both Elected Members and members of the public regarding the potential risk of third party fraud associated with the outbound call process. Specifically, the potential risk of 'bogus callers' telephoning customers, claiming to Council employees and fraudulently obtaining customers' payment card details. In response to this, outbound calls for payment for garden waste were ceased.

During the registration period, management also became aware of customers who were unable to self-serve either online or at local office self-serve kiosks, and introduced a process to accept payment by cheque, cash or card payment in local offices. Of the total 56,028 registrations, a total of 7,800 (14%) were processed via inbound calls or payments at local offices.

2. Executive summary

2.1 What Worked Well

The project team consider that positive aspects of the project include:

- The scoping of the project and the potential benefits that could be realised was undertaken effectively. Officers benchmarked against other UK Councils and established that an estimated 46% of residents that previously qualified for the garden waste service would be likely to continue to use the service and pay for it. This has been slightly exceeded in the number of registrations.
- The introduction of an exemption from the charge in line with an eligibility criteria of qualification for the Council Tax Reduction Scheme, and its impact on the potential income that would be achieved, was also modelled effectively and the total percentage of exempt household registrations is in line with predicted levels.
- It is noted that that delay in the introduction of the new garden waste service to align with the new waste collection routes has meant that the full year additional income cannot be achieved in 2018/19. Notwithstanding this, the total (full-year) income that the new service was targeted to recover was estimated at £1.3m. At the time of writing this report, the actual total full-year income achieved was £1.6m. This is a positive contribution towards the Council's overall budget.

2.2 Internal Audit Scope and Opinion

2.2.1 Scope of the review

In response to the concerns raised by elected members, Internal Audit (IA) agreed to perform an urgent review based on the findings only methodology detailed in the Internal Audit Charter, with the objective of reviewing the initial garden waste registration process and confirming that the new process applied with effect from 27 June was appropriately designed and operating effectively. We also considered the adequacy and effectiveness Garden Waste project governance to ensure that any potential control gaps were identified and resolved in advance of any future registration periods. Our audit work was completed in July 2018, and this document reflects the status of the garden waste project as at 22 August 2018.

2.2.2 Opinion

Summary of findings raised	
Medium	1. Project management and governance
Medium	2. Garden Waste Registration Process

Our review of the controls established to mitigate the key risks associated with the garden waste project governance and initial registration and payment process confirmed that they are generally adequate, with some enhancements required. We identified moderate areas of weakness in the project governance framework and controls supporting registration that (if not addressed) could impact the success of subsequent registrations.

The weaknesses identified are mainly attributable to tight project timeframes between the decision to apply the garden waste charge (22 February 2018); establishing the project team (5 April 2018); and the start of the registration process (18 June 2018).

Whilst there was effective cross-team collaboration between the services involved in delivering the revised garden waste service, project management and delivery roles, responsibilities, and accountabilities between Place (Waste and Cleansing) and Resources (Customer) were not clearly documented. Additionally, the risks and limitations associated with decisions made regarding the online only registration process and outbound payment calls were not fully recorded and reported to established project governance forums.

We also established that security questions supporting all outbound calls to customers (which often include calls to request payment) are not aligned with recommended best practice as they are based on publicly available information, and do not include questions on unique references to verify the identity of both parties.

Consequently, two Medium rated lessons learned findings and supporting recommendations on project governance and the registration and payment process are included at section 3 below. The medium ratings reflect that there have been no reported instances of fraud in relation to the security aspects of the outbound calls; and the opportunity for the Project team to address project governance prior to future registration periods and delivery of the remaining aspects of the project.

In addition to the IA review, the project team has also performed their own lessons learned review which includes recommendations to address the improvement opportunities identified. There would be benefit in aligning the actions identified with the lessons learned recommendations included in this report to ensure that they are all effectively implemented.

Our detailed lessons learned recommendations are included at Section 3 below.

3. Detailed Findings

1. Project governance

Medium

Review of the project governance framework established to support implementation of the new garden waste registration and payment process highlighted the following areas for improvement that should be addressed prior to the next registration window in October 2018:

- Whilst an initial project business case was prepared, it was not developed into a full project implementation document, detailing project structure; governance; and roles and responsibilities (e.g. for decision making);
- Consequently, whilst the online transactions aspects of the project were governed through the existing Customer Digital Enablement (CDE) programme, roles and responsibilities for design; approval and implementation; were not clearly documented between Resources (Customer) and Place (Waste and Cleansing);
- The project plan was essentially a project timeline and did not specify roles and responsibilities or consider dependencies that could impact on project deliverables;
- Project status reporting did not report on overall project progress and status, and instead focused solely on development of the online transactions process through the CDE programme;
- Whilst a project action and decision log was developed and used, it did not include all significant project decisions. Review of the decision log confirmed that decisions in relation to the online only registration and payment process; stopping outbound payment calls and changing the process to include registration and acceptance of cash and card payments at local offices were not documented;
- The decision to limit the initial registration process to predominately online with payment by debit and credit card only, did not consider how citizens with no current accounts (circa 7%) and those who do not manage utilities online (circa 20%) would register for the service. Management has confirmed that the decision to adopt a predominately online registration process was due to time constraints, and that the approach was agreed with both Senior Management and Elected Members, although no evidence is available to support this approval. Consequently, alternatives for those customers who could not pay by debit/credit card had to be developed and implemented (although this was done quickly and effectively based on existing processes) once the registration window had opened;
- The risk of third party fraud associated with outbound payment calls was not recorded on the project risk log on the basis that this is an established process already applied within the Council;
- The Data Privacy Impact Assessment (DPIA) provided to the Information Governance Unit (IGU) for the original registration and payment process did not include details of the outbound payment calls process; and
- The IGU recommended that call scripts should be prepared to ensure a consistent approach for any customer telephone conversations (red rated action). In response, the DPIA Risk Mitigation Assessment completed by the project stated that training would be provided for staff alongside scripts which would provide a consistent approach to all questions and ensure privacy legislation is followed. Management has advised that the new agents received training on the system and process. Review of adviser scripts confirmed however, that whilst they included details of the registration process flow / system steps to be followed, they did not detail the customer conversations that would be performed by the new agents.

Risk

Risk that future registrations and the remainder of the project are not successfully implemented with an adverse impact on customers and the Council's reputation.

Internal Audit Recommendation(s)

1. A project plan should be developed in line with the Council's standard project management methodology with roles and responsibilities for decision making and delivery of the remaining aspects of the garden waste project documented;
2. The project plan should be updated on an ongoing basis and used as the basis of governance reporting to confirm the overall project status and progress with all project deliverables;
3. The Garden Waste project risks, issues, and dependencies (RAID) log should be updated to include all risks, issues and dependencies identified. Actions, owners, and timeframes to address the risks, issues and dependencies should be recorded and tracked, and the rationale for accepted risks clearly documented;
4. Ongoing analysis of customer demographics should be performed following closure of each registration period to ensure an appropriate range of registration and payment options are available to meet customer needs, and adequate resources are allocated to meet demand;
5. A revised DPIA should be performed (based on the revised process for future registration) and provided to the IGU. All IGU recommendations following review of the DPIA should be implemented prior to implementation of the process for subsequent registration windows; and
6. Call scripts should be prepared to support all customer calls and provided to all call centre teams involved in garden waste registration prior to the next registration window, with training provided where required.

Agreed Management Action(s)

1. Rather than retrospectively adding to the current project documentation the Service is developing a project plan for a portfolio of related on-going projects (garden waste, four-day week and infrastructure improvements) rather than develop individual plans. A structure chart will be created to highlight roles and responsibilities.

Owner: Paul Lawrence, Executive Director of Place
Contributors: Gareth Barwell; Andy Williams; Karen Reeves; Louise Wood

Implementation Date: 30 November 2018

2. The project plan described above will be reviewed weekly at the 'Waste Changes' meeting attended by Senior Management to allow overall monitoring of project status and progress, and will then be updated as required.

Owner: Paul Lawrence, Executive Director of Place
Contributors: Gareth Barwell; Andy Williams; Karen Reeves

Implementation Date: 14 December 2018

3. The project RAIDS log will be reviewed weekly at the 'Waste changes' meeting in conjunction with the project plan, to ensure that all risks, issues and dependencies are identified and recorded; with owners and timeframes allocated, and progress updates provided. The rationale for all risk based decisions made at the 'Waste Changes' meeting will also be recorded.

Owner: Paul Lawrence, Executive Director of Place
Contributors: Gareth Barwell; Andy Williams; Karen Reeves

Implementation Date: 14 December 2018

4. The data from the first registration period and subsequent registration windows in October 2018 and February 2019 will be analysed to build a cumulative picture of how residents are registering for the service (on-line, over the phone, in person) to ensure the correct resources are allocated to support future registration periods.

This analysis will be provided to the Customer Digital Enablement project board for consideration of future garden waste registration design changes and to ensure appropriate allocation of resources.

Owner: Paul Lawrence, Executive Director of Place

Implementation Date: 29 March 2018

Contributors: Gareth Barwell Andy Williams; Karen Reeves; Lisa Hastie

5. It has been agreed with IGU that any changes to the registration transaction process and additional garden waste forms will be detailed in addendums to the current DPIA.

Any process changes required following IGU review of the DPIA will agreed at the weekly Waste Changes meeting and either recorded as risks, issues, and dependencies on the project's RAIDS log (where appropriate), or incorporated in the project plan.

The process changes agreed (for example changes to call scripts) will then be communicated to the service teams supporting the registration process.

Owner: Paul Lawrence, Executive Director of Place

Implementation Date: Registration process update addendum by 31 October 2018. Future processes on-going

Contributors: Gareth Barwell; Andy Williams; Karen Reeves; Karin Hill

6. New scripts have been prepared ahead of next registration to ensure a consistent approach from all customer contact centre staff involved.

This is supported by both face to face coaching and system based training.

Owner: Stephen Moir, Executive Director of Resources

Implementation Date:

Contributors: Nicola Harvey Neil Jamieson; Lisa Hastie

Implemented 27 August 2018

Date for completion of IA validation: 30 November 2018

2. Garden Waste Registration Process

Medium

Management has estimated that circa 50 garden waste registration outbound payment calls had been made prior to 27 June when all outbound payment calls ceased.

During a walkthrough to confirm the design of the new registration process on 4 July, we established that some outbound payment calls were scheduled (after 5pm) in relation to the backlog of terms and conditions received. This was highlighted to management and contact centre staff were advised to cease all outbound calls for payment for garden waste with immediate effect.

Management estimated that a further 4 outbound payment calls were made following the process change on 27 June, but could not confirm this number as the supporting MI could not be extracted from Call Centre systems, as system limitations do not enable identification of outbound calls specifically made to request payment.

The Customer Contact Centre subsequently listened to recordings of all calls made between 28 June and 4 July and confirmed that a total of 13 outbound payment calls were made to process payment from customers who had returned T&Cs prior to the revised process being implemented.

Whilst security questions were used to verify customer identity on the outbound payment calls, these comprised three questions based on publicly available information, and did not include a unique reference to verify the identity of both parties.

Management has confirmed that the same security questions are used to verify customer identity where outbound payment calls are performed as part of other established Council processes.

This caller verification approach is not aligned with good practice which recommends that security questions should comprehensively confirm a caller's identity by confirming (for example) an account or reference number that is uniquely associated with the transaction being discussed; and that security questions should avoid public information that can easily be obtained by a fraudster, whilst finding a balance between questions based on references that genuine customers can answer that do not appear on customer correspondence. Examples of further guidance are available at: [Best Security Questions for Call Centres](#) and [Caller Verification - How Far Should You Go?](#)

Risk

Increase in the existing potential risk of third party fraud where fraudsters contact customers impersonating Council employees and obtain bank details, as no (non publicly available) unique identifier was used to support outbound calls requesting payment from customers.

Internal Audit Recommendation(s)

1. Senior management should consider whether outbound payment calls for services remains appropriate given the potential risk of third party fraud, and present a proposal for approval by the Corporate Leadership Team and the Corporate Policy and Strategy Committee;
2. If it is decided that outbound payment calls for all Council services should stop, the decision should be clearly communicated (and regularly reinforced) across all Directorates and Services to ensure all employees are aware of the decision. The Council's position should also be made public to ensure that citizens are clear that any future calls requesting payment where the caller claims to be a Council employee could be potentially fraudulent;
3. If it is decided that outbound payment calls will continue, then customer security questions should be revised to ensure alignment with industry best practice, by inclusion of a question that relates to a unique reference, enabling effective caller and customer verification, with this process consistently applied;
4. Training and call scripts should be provided to all employees involved in making outbound payment calls; and
5. The revised process should be effectively implemented and sustained.

Agreed Management Action(s)

1. Contact Centre now make no outbound calls to take payment. Outbound calls are made for Housing Rents and Council Tax, however, for any payment the customer is required to make an inbound contact using the Council's publicised payment options.

Owner: Stephen Moir, Executive Director of Resources

Implementation Date: Implemented 10 October 2018

Contributors: Nicola Harvey, Neil Jamieson; Lisa Hastie

Date for completion of IA validation 30 November 2018

2. The Corporate Leadership Team has agreed that the Council will no longer make outbound payment calls for services. This decision will be implemented and communicated as follows as detailed below:

- The decision will be reflected in the Council's 'Corporate Debt Policy' with the decision and policy change communicated via the Council's website.

Owner: Stephen Moir, Executive Director of Resources

Implementation Date: 21 December 2018

Contributors: Nicola Harvey; Neil Jamieson

3. The change will also be:

- Communicated via the Orb; Managers News; and the Chief Executive's blog;
- Reinforced at the Wider Leadership Team Meeting; and
- Communicated via other social media channels used by the Council.

Additionally, all CLT members will be requested to reinforce the decision with their direct reports

Owner: Laurence Rockey, Head of Strategy and Communications

Implementation Date: 29 March 2019

Contributors: Chris Wilson; Donna Rodger

Appendix 1 - Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

The City of Edinburgh Council
Internal Audit

Carbon Reduction Commitment Scheme

Final Report

Date 11th December 2018

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This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2018/19 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2018. 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 Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is a UK government scheme aimed at improving energy efficiency and cutting carbon dioxide emissions in large public and private sector organisations that are high energy users. The scheme came into force in April 2010 under the CRC Energy Efficiency Scheme Order 2010, that was subsequently replaced by Order 2013. The Scottish Environment Protection Agency (SEPA) oversees operation of the scheme in Scotland.

Under 'Phase 2' of the Scheme, which runs from April 2014 to March 2019, the Council is required to estimate their annual energy usage based on historic usage and anticipated changes or information provided by energy suppliers; convert this into carbon emissions (using an online data entry system for the calculation); and annually surrender pre-purchased allowances equal to the value of reported emissions. Guidance on scheme requirements is available online for registered users.

There is a statutory requirement for the Council to submit an annual report by the end of July detailing carbon emissions for the year 1st April to 31st March. A CRC Working Group (WG) has been established, which includes the Corporate Finance Senior Manager (chair); the Energy Manager; the Carbon & Utility Officer (administrative support); the Street Lighting & Traffic Signals Infrastructure Manager; and the Data Auditor. The WG ensures that the Council submits accurate returns; that the Annual Report is submitted on time; and that there is adequate resource and support in place to meet scheme requirements. Any issues arising are escalated to the Corporate Leadership Team (CLT) along with the final report for approval prior to submission. Submission delays and / or inaccurate data can result in fines being incurred.

An Evidence Pack is maintained to support the allowances purchased; report submissions; and to evidence ongoing compliance with the scheme. This information must be retained by all scheme participants and could potentially be audited by, or on behalf of, the CRC administrator, so it is essential that it is produced and maintained in accordance with scheme regulations. Data included in the evidence pack data is subject to an internal review by the Carbon & Utility Officer for accuracy and compliance with the available guidance.

The Council's compliance with the scheme was audited by SEPA in November 2014, with a few recommendations made for improvement.

The CRC was initially an incentive scheme to assist organisations in meeting targets to reduce their carbon emissions by 40% by 2020, and the Council has signed up to the SE2020 pledge to achieve this target. The current CRC scheme will continue until 2019, at which point it will be phased out.

Scope

The scope of this review assessed the design and operating effectiveness of the key controls established to confirm ongoing compliance with the UK Government's Carbon Reduction

Commitment Scheme, with focus on governance; process effectiveness; evidence retention; annual reporting; and implementation of SEPA and Internal Audit recommendations.

Sample testing included reporting for the period of 1st April 2017 to 31st March 2018. Our audit work concluded on 7th November 2018, and our findings and opinion are based on the outcomes of our testing at that date.

2. Executive summary

Total number of findings: None raised

Summary of findings raised	
High	N/A
Medium	N/A
Low	N/A

Opinion

Our review confirmed that an adequate and appropriate control environment and governance and risk management framework has been established to support the CRC scheme, and is operating effectively to ensure ongoing compliance with prescribed UK Government scheme requirements.

A summary on the effectiveness of the key controls for each of the areas included in our scope is included below:

- 1. Governance** - ongoing oversight of the CRC scheme is provided by the CRC Working Group (WG) that meets up to 3 times per year to discuss reporting and any emerging issues, with action notes prepared, retained, and circulated to members.

The CRC Handbook is the main guidance for the WG and outlines the relevant roles and responsibilities of WG members, including reporting and timeframes. The Handbook is updated annually to reflect any changes made by the Government to the scheme.

All CRC annual reports are reviewed by the CLT, and there is also an established route for escalation of any emerging significant issues to the CLT if required.

- 2. Process Effectiveness** - process walkthroughs confirmed that effective validation has been established to confirm accuracy of energy consumption; forecasting; and usage calculations for Council sites and street lighting / traffic signals. Progress with carbon emission reduction is also closely monitored, with monthly and annual usage comparisons performed.

This ongoing monitoring prevents excess purchase of allowances, and supports realistic forecasting of future energy consumption. Further controls to prevent excess purchase of allowances includes SystemsLink (the online database used to record consumption data) which highlights instances where data input for sites differs significantly from historic meter readings. These exceptions are then investigated by the Carbon & Utility Officer.

- 3. Evidence Retention** - a key CRC scheme requirement is for maintenance of an evidence pack containing meter readings and all other data recorded supporting the reporting process. Our review confirmed that a comprehensive evidence pack is maintained that provides a full audit trail supporting the CRC reporting process.

4. **Annual Reporting** - the street lighting content of CRC reports is validated independently each month by Power Data Associates to confirm accuracy, with an annual review of all other content performed by Finance.

All reports are then reviewed by the Energy & Sustainability Manager and the Corporate Finance Senior Manager prior to submission to the CLT.

5. **Implementation of SEPA and Internal Audit recommendations** - the evidence pack is also subject to both internal and external audit, and was last audited by SEPA in 2014.

The Data Auditor also performs spot checks on the data for 6 randomly selected sites each year. Additional checks are performed by the Street Lighting & Traffic Signals Infrastructure Manager on reports and bills received for street lighting.

Outcomes from the audits are discussed at the WG meetings and subsequently tracked on the Action Notes, noting the date to be implemented along with the action owner. Recommendations from the audits completed by Finance are tracked by the Data Auditor, and a departmental tracker is also used for all recommendations providing visibility of any that have not yet been addressed.

Appendix 1 - Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

The City of Edinburgh Council

Internal Audit

Edinburgh Mela Ltd. – Due diligence review in advance of the
City of Edinburgh Council Grant Award

Final Report

13 November 2018

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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 are many 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 Edinburgh Mela Ltd. (EML) is a company registered with the Companies House, and is also registered as a Charity with the Office of the Scottish Charity Regulator (OSCR) Both registrations were in May 1995. EML's main objective is delivery of the annual Edinburgh Mela festival.

Mela is a Black, Asian, and Minority Ethnic (BAME) inspired festival that aims to be open to all communities and includes local, national, and international performers and artists in the field of music; dance; storytelling; visual arts; and spoken word. The festival also includes a selection of business stalls selling clothes, food, and drinks. The Mela has been held annually since 1995 with the exception of 2016 when no event took place due to constitutional, compliance, and funding challenges.

The festival has historically been funded via a combination of grants from the City of Edinburgh Council (the Council); Creative Scotland; Scottish Government EXPO funding (until 2015); fundraising; and revenue generated from the event. This funding covers both the festival and EML operational costs.

The Council's Director of Culture is responsible for allocation of grant funding to organisations across the city, and reports directly to the Executive Director of Place and to the Council's Culture and Communities (previously the Culture and Sports) executive committee. The Executive Director of Place, also reports to the Council's Transport and Environment executive committee in relation to the non-cultural services delivered by the Place Directorate.

Grant funding is allocated to organisations on the basis that they can demonstrate an ability to meet the terms of the Council's funding agreement, which is designed to meet Audit Scotland requirements in relation to 'Following the Public Pound' - refer [Audit Scotland - Following the Public Pound](#).

The Council contributed £77K to the Mela in 2015/16. Whilst no event took place in 2016/17, the Council agreed grant funding of £15k towards the end of that financial year, which included £5K allocated to business overheads; £5K towards developing a renewed event plan; and £5K to cover rent arrears. Funding for rent arrears was transferred directly to the service responsible for the Council-owned premises.

The Council provided £35K to EML in 2017/18 for the September 2018 Mela festival, a substantial reduction in the previous revenue funding level of £77K. The funding was agreed by the Culture and Sport Committee in March 2017. This funding was provided on the basis that EML could demonstrate that it met the terms of the Council's funding agreement.

The Council then requested provision of relevant documentation and information from EML to demonstrate their ability to meet the terms of the funding agreement prior to release of funds towards the delivery of the September 2018 event. In response, the EML Chair raised concerns regarding the nature and extent of information requested in comparison to previous years.

The Council's Director of Culture and the EML Chair then agreed that the Council's Internal Audit team (IA) should review the adequacy of EML governance arrangements and adequacy of the documentation provided to meet funding agreement requirements.

The EML Board advised that they have historically had City of Edinburgh Council Elected Member representation on the EML Board, predominantly as Chair, and confirmed that the EML Board structure changed in 2017 with the recruitment of new members and appointment of a new interim Chair who will remain in post until after the 2018 festival, and the subsequent appointment of a new Chair.

The EML Board has also advised that EML is currently engaged in an ongoing employment tribunal that could potentially (dependent on the outcomes) have a significantly adverse future financial impact on the organisation.

Scope

The objective of this review was to assess whether Mela met the requirements of the 2017/18 funding agreement, and confirm that they have established sufficient governance arrangements and had adequate plans in place to deliver the festival and support the 2018 award.

Please refer [Appendix 2](#) for the detailed terms of reference.

2. Executive summary

Total number of findings

Critical	-
High	-
Medium	2
Low	-
Advisory	-
Total	2

Summary of findings

Our review of EML's current governance framework; their ability to meet the Council's 2017 funding agreement conditions; and adequacy of plans to deliver the 2018 Mela festival confirmed that significant enhancements are required to meet EML's objective of securing funding to deliver an annual Mela festival.

A separate report has been prepared and provided to EML to ensure that they are aware of the weaknesses in their governance framework, with recommendations provided to highlight how it could be improved.

Retrospective review of the processes and controls applied by the Council to ensure that EML met the terms of the funding agreement prior to allocation of funds for the 2018 Mela festival were generally adequate but with enhancements required. Consequently, 2 Medium rated findings have been raised.

The first finding reflects a moderate risk of non-compliance with Audit Scotland's 'Following the Public Pound' requirements in instances where grant funding is provided to organisations who fail to meet the Council's funding agreement conditions.

The second finding reinforces the need to obtain independent confirmation from EML solicitors that there were no outstanding fees due for payment prior to the Mela event in September 2018 (this had

not been provided at the conclusion of our review at the end of July) to mitigate the risk that grant funding provided could be inappropriately disbursed by EML.

Further detail is provided at [Section 3](#) below.

3. Detailed findings

1. Compliance with Audit Scotland and Council funding agreement requirements

Findings

No funding application was received from EML for the 2017 Mela event. Instead, an event plan was submitted following the 2016/17 grant award to fund its preparation, and a 2017/18 grant was requested by the Chair of the EML Board (who was also the Convenor of the Council's Transport and Economy Committee) from the Council's Executive Director of Place.

A funding agreement was subsequently established, however EML was unable to fully meet the terms of the agreement in the following areas:

1. Financial stability - EML 2017 financial statements recorded a loss of £4,603 in contrast to a forecast surplus of £31,950; and
2. Inability to provide the following documents required to meet the funding agreement conditions:
 - Monthly fundraising updates;
 - Regular detailed reports on the arts event programme (with focus on the marquee event); and
 - An updated and comprehensive risk assessment and mitigation plan well in advance of event delivery. This was provided by EML 5 days prior to the 2017 event.

Given EML's inability to fully meet the terms of the Council's funding agreement, and considering the associated political, reputational and financial risks, the Executive Director of Place made a decision (within his approved delegated financial authorities) to release a reduced amount of funding (£15K) in 2016/17 in comparison to the £77K funded in 2015/16 when the last Mela event took place. The rationale for this risk-based decision was not documented.

Business Implication

- Inability to demonstrate compliance with Audit Scotland 'Following the Public Pound' requirements as EML did not meet the requirements of the Council's funding agreement; and
- Potential for inconsistent treatment of organisations applying for Council funding.

Finding Rating

Medium

Action plans

Recommendation

1. The current funding processes followed by the Culture Service should be consistently applied to ensure that funding is only awarded to organisations who can demonstrate their ability to meet Council funding agreement requirements. This process should ensure that:

Responsible Officer

1. Director of Culture

<ul style="list-style-type: none"> no funding should be processed or released without receipt of a completed application form and subsequent finalised funding agreement; the final instalment of funding is only released when all funding conditions have been met, with supporting evidence provided; <p>2. Where risk-based decisions are made to award funding despite the inability of organisations to meet the terms of funding agreements, the rationale supporting these decisions should be recorded and retained.</p>	
Agreed Management Action	Estimated Implementation Date
<p>1. The current funding process was last audited in 2016/17 and confirmed that the current grant application and funding processes are well managed. The current funding processes will be applied consistently across all applications and recipients.</p> <p>2. Should risk-based decision-making circumstances arise, then the rationale and processes supporting these decisions will be fully recorded and retained.</p>	<p>Both actions were completed by end July 2018</p> <p>IA validation by: 30 November 2018.</p>

2. Potential EML Contingent Financial Liability

Findings

The EML Board advised that that the organisation is involved in an ongoing employment tribunal that could result in a potentially significant contingent financial liability if the tribunal outcome is not in favour of EML, and that EML does not currently have adequate financial resources to cover this potential contingent cost.

EML management also confirmed that legal fees incurred (£6K) were paid from company reserves for the first tribunal session in 2016, and that subsequent legal fees for the second tribunal session held in 2018 had not been invoiced prior to the Mela event in September 2018. A further tribunal session is also scheduled for October/November 2018.

As their solicitor was on annual leave, EML was unable to provide independent confirmation prior to the conclusion of the audit (3 July 2018) that:

- there were no outstanding legal costs due to be paid prior to the 2018 event; and
- the final stages of the tribunal (and the ultimate decision) will conclude after the 2018 Mela event.

Business Implication

Potential use of Council funds to cover EML tribunal legal costs;

Finding Rating

Medium

Action plans

Recommendation

The Council should obtain formal written confirmation from the EML solicitors that:

- There are no outstanding legal costs due to be paid prior to the Mela event in September 2018; and

Responsible Officer

1. Director of Culture, Place

- The final stages of the tribunal (and the ultimate decision) are scheduled post the Mela event in September 2018.

Agreed Management Action

Estimated Implementation Date

The Council obtained formal written confirmation from the EML solicitors that :

1. There are no outstanding legal costs due to be paid prior to the Mela event in September 2018.
2. The final stages of the tribunal (and the ultimate decision) are scheduled post the Mela event in September 2018.

Both received by 16 July 2018.

IA validation date: 30 November 2018.

Appendix 1 - Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Appendix 2 – Terms of Reference

Terms of Reference – Due Diligence in advance of City of Edinburgh Council Grant Award

To: Paul Lawrence, Executive Director of Place
Geoff Palmer, Interim Chairman of the Board, Mela Ltd
Lynne Halfpenny, Director of Culture, City of Edinburgh Council

From: Lesley Newdall, Chief Internal Auditor

Date: 20 June 2018

Cc: Devika Ponnambalam, Mela Ltd Festival Administrator / Project Manager
Lindsay Robertson, Culture Manager (Arts, Festivals, Events & Public Safety), City of Edinburgh Council
Stephen Moir, Executive Director of Resources

This review is being performed at the request of Edinburgh Mela Ltd and the City of Edinburgh Council Director of Culture.

Background

The Edinburgh Mela is a registered Scottish Charity that is also registered with Companies House.

The main objective of the company is delivery of the Edinburgh Mela festival, which is a community event that seeks to engage with the Black, Asian, and Minority Ethnic (BAME) community by promoting and developing performance through music; dance; storytelling; the visual arts; and spoken word.

If the Mela is not delivered, it could have adverse cultural and reputational impacts for both Edinburgh Mela Ltd and the Council

The most recent festivals delivered by Mela in Edinburgh were in 2015 and 2017. There was no festival in 2016 due to constitutional, compliance, and funding challenges. The next Mela festival is planned for September 2018.

The festival has historically received grant funding via a combination of grants from the City of Edinburgh Council (the Council); Creative Scotland; Scottish Government EXPO funding until 2015; fundraising; and revenue generated from the event. This funding covers the both the festival and company's operational costs.

The Council contributed £76K to the Mela in 2015/16; £15k in 2016/17; and £35K in 2017/18. This funding is provided on the basis that Mela will meet the terms of the Council's funding agreement, which is designed to meet Audit Scotland requirements in relation to 'Following the Public Pound' - refer Audit Scotland - following the public pound.

These requirements specify that public sector organisations must apply effective governance when providing funds and resources to arms-length organisations to ensure that they are disbursed for the purpose intended, and that the funds are used efficiently and effectively to support the economy; equal opportunities; and achievement of sustainable development.

Funding organisations are also expected to implement effective monitoring that is commensurate with the value of, and the risks associated with, the funds provided.

The Mela management team has advised that the structure of the Board changed in 2017, with new board members recruited. As part of this process, a new chairman of the Board was appointed on an interim

basis. The chairman has advised that he will remain in post until after the Mela 2018 festival and appointment of a new chair.

The Mela management team has also advised that it is currently engaged in an ongoing employment tribunal that could potentially (dependent on the outcomes) have a significantly adverse future financial impact on the organisation.

Scope

The objective of this review is to assess whether Mela met the requirements of the 2017/18 funding agreement, and confirm that they have established sufficient governance arrangements and have adequate plans in place to deliver the festival and support the 2018 award.

Limitations of Scope

No

Approach

Our audit approach is as follows:

- Review documentation provided to confirm compliance with the Council's 2017 funding award;
- Review and discuss established governance arrangements and 2018 festival plans with Mela Ltd Board members and employees; and
- Understand the potential impact of future contingent financial costs.

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

Sub-process	Control Objectives
Compliance with 2017 funding award	<p>Obtain and review documentation provided by Mela Ltd to confirm that:</p> <ul style="list-style-type: none"> • The company Articles of Association have been reviewed and refreshed, with a revised version lodged at Companies House and provided to the Office of the Scottish Charities Regulator; • Monthly fundraising updates were provided to the Council; • Regular detailed report was provided on the arts event programme, with focus on the marquee event; • A festival risk assessment and mitigation plan was prepared in advance of the event and provided to the Council; and • Acknowledgement of Council funding was included in specified public information; publicity; and press releases. Clear and effective guidance has been prepared and issued across all Service Areas to support ongoing policy compliance.
Governance Arrangements	<p>Confirm that Mela Ltd has established appropriate governance arrangements that are operating effectively. Specifically, confirm that:</p> <ul style="list-style-type: none"> • There is a clear terms of reference in place for the Board, and Board members are fully aware of their roles and responsibilities; • Board meetings are held regularly and the meeting outcomes minuted; • Clear delegated authorities have been established for authorising expenditure, and these are consistently applied;

	<ul style="list-style-type: none"> • Regular management accounts are produced and presented to the Board enabling them to assess the effectiveness of financial management and the ongoing viability of the organisation; • The company's risks are regularly assessed; recorded; and discussed at the Board, and appropriate controls implemented to mitigate the risks identified; • Annual financial statements are prepared; independently reviewed (if applicable) and lodged with both Companies House and the Office of the Scottish Charities Regulator; and • Obtain formal confirmation that the current chairman of the Board will remain in place until after the festival and appointment of a new chairperson.
2018 Festival Plans	<p>Confirm that the following key plans have been developed to support the 2018 Mela festival:</p> <ul style="list-style-type: none"> • Forecast attendance; • Financial forecast detailing the expected costs to run the festival and the expected income it will generate; • Fundraising plans to support any shortfall between expected funding and festival costs; • A festival programme detailing the planned events; participants and key suppliers; • Marketing and promotion plans; • Recruitment plans; and • Details of risks, issues and dependencies associated with delivering the festival, and plans to ensure that these are addressed.
Future contingent financial costs	<p>Obtain formal confirmation from Mela Ltd solicitors in relation to the ongoing employment tribunal that:</p> <ul style="list-style-type: none"> • All costs legal incurred to date have been paid; • There are no outstanding legal costs due to be paid prior to the festival; and • The final stages of the tribunal (and the ultimate decision) are scheduled post the Mela festival.

Internal Audit Team

Name	Role	Contact Details
Lesley Newdall	Chief Internal Auditor	lesley.newdall@edinburgh.gov.uk 0131 429 3216
Dheeraj Shekhar	Principal Audit Manager	dheeraj.shekhar@edinburgh.gov.uk 0131 469 3221
Karen Sutherland	Senior Auditor	Karen.sutherland@edinburgh.gov.uk 0131 529 7786

Key Contacts

Name	Title	Contact Details
Geoff Palmer	Interim Chair of Mela Ltd. Board	geoff.palmer4@btinternet.com
Devika Ponnambalam	Festival Administrator / Project Manager	info@edinburgh-mela.co.uk
Lynne Halfpenny	Director of Culture, City of Edinburgh Council	0131 529 3657 lynne.halfpenny@edinburgh.gov.uk
Lindsay Robertson	Service Manager, Cultural Strategy (Arts, Events & Festivals)	0131 529 6719 lindsay.robertson@edinburgh.gov.uk

Timetable

Fieldwork Start	11 June 2018
Fieldwork Completed	15 June 2018
Discussion of Draft Findings	18 June 2018
Submission of Draft Report	21 June 2018
Response from Auditee	25 June 2018
Final Report to Auditee	29 June 2018

Appendix 7

The City of Edinburgh Council **Internal Audit**

Structures and Flood Prevention

Final Report

13 November 2018

PL1704

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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

Structures and Flood Prevention are responsible for management of the Council's transport infrastructure such as bridges; flood prevention; coastal defences; reservoirs; and structural schemes including new works; improvements; maintenance work; inspections; and assessments.

In August 2016, Internal Audit (IA) completed a review of Infrastructure Inspections and raised four findings (two High and two Medium) to address control gaps identified in relation to completion of principal bridge inspections (High); inspection and maintenance of retaining walls (High); maintenance of an accurate and up to date bridge inventory (Medium); and completing general Inspections every two years in line with the Council's Design Manual for Roads and Bridges (Medium).

Management advised the agreed actions arising from the recommendations were expected to be implemented by April 2017, and all findings have now been closed. Our follow-up audit was carried out in April 2018, intending to verify the closed actions were being sustained over a period of time

It is also important to ensure that emergency infrastructure repairs are appropriately prioritised, with third party contractors used to complete this work managed in line with the Council's established procurement framework.

The Council's Contract Standing Orders (CSOs) state that a minimum of three written or formal quotes must be obtained for contracts valued between £3,000 - £25,000. Procurement waivers can be applied in certain situations (for example, where there is an impact on service users in emergencies). Waivers should be sought in writing and approved by the relevant Executive Director or Head of Service in consultation with the Chief Procurement Officer and the Head of Legal and Risk (where appropriate). A record of the decision approving a waiver must be retained by the relevant Executive Director and (where appropriate) an entry made in the waiver register.

Additionally, the Council must ensure that it remains compliant with the requirements of the HMRC Construction Industry Scheme (CIS) when making payments to contractors engaged to complete infrastructure work.

Under the CIS the Council is required to register for the scheme; verify whether contractors are registered with the scheme prior to making any payments; make deductions from subcontractor payments at the correct rates; and pass them to HMRC as advance payment towards the subcontractor's tax and national insurance bills.

Further information on the CIS is available at www.gov.uk/what-is-the-construction-industry-scheme.

Scope

The objective of this review was to confirm that:

- The findings raised in the 2016 Infrastructure Inspections had been effectively implemented and sustained;
- Emergency infrastructure repairs are appropriately prioritised, with third party contractors appointed in line with the Council's established procurement framework and effectively managed; and
- Payments made to contractors are in line with CIS requirements.

2. Executive summary

Summary of findings raised	
1. Low	Incomplete and Inaccurate Bridges Inventory (reopened finding)
2. Medium	Procurement of emergency bridge repair contracts
3. Low	Emergency Procedures

Opinion

Our review of the controls established to ensure that infrastructure repairs are effectively prioritised and managed confirmed that they are generally adequate with some enhancements required. Some Areas of weakness and non-compliance were identified that may put the achievement of the Council's objectives in relation to management of infrastructure repairs at risk.

We established that agreed management actions supporting three of the four findings (2 High and 1 Medium) raised in the 2016 Infrastructure Inspections audit have been implemented and sustained, with effective controls now established to support ongoing completion of principal bridge inspections; inspection and maintenance of retaining walls; and completion of general infrastructure inspections every two years.

However, the agreed management actions supporting the Medium rated finding raised to ensure that an accurate and up to date bridge inventory is maintained on the structures asset management system (WDM) were implemented, but have not been effectively sustained.

Fieldwork established, that whilst a new process was implemented to restrict; validate; and approve changes to the WDM bridge inventory, resourcing issues resulted in a backlog of amendments for minor and low risk changes. The original Medium rated finding has therefore been reopened and reduced to Low to reflect the ongoing risk. We have since confirmed the backlog has been addressed, however this finding will be recorded as overdue, based on the original 31 December 2016 implementation date until the agreed management actions have been validated as sustained.

We also confirmed that there are currently no established procurement arrangements with contractors for emergency repairs to bridges, and that the Council procurement standing orders are not consistently applied when awarding contracts for emergency bridge repairs. Consequently, a further Medium rated finding has been raised, reflecting the need to address this moderate control weakness.

Additionally, structural and flooding emergency procedures require to be reviewed; refreshed and communicated to all Structures and Flood Prevention staff involved in dealing with emergency repairs. Consequently, a Low rated finding has been raised, reflecting the need to address this minor control weakness.

We did note that effective supplier performance and quality controls have been established and are operating effectively in relation to emergency structural repair work, with regular onsite meetings to monitor progress with representation from the Council and the contractor; inspection of all work completed; and provision of a certificate of payment by an approved engineer prior to payment.

Review of a sample of contractor payments also confirmed that effective controls have been established and are consistently applied to ensure ongoing compliance with HMRC CIS requirements.

3. Detailed findings

1. Incomplete and Inaccurate Bridges Inventory (reopened finding)

Low

Information about the city's bridges is stored in the WDM Structures Asset Management System.

The bridge inventory was migrated from a previous product to WDM circa 2012. Whilst the list of structures is complete, data updates are required on a regular basis following inspections, maintenance and other, miscellaneous reasons.

There is a validation process to ensure that subsequent amendments to the bridge inventory are accurate and complete: The process includes required fields and a log of amendments to data. Write access to the database is controlled by managers to ensure consistency. However, during our follow-up review, a backlog of some low risk/minor amendments was found. Management advised this was partly due to resources and staff changes.

We have confirmed the backlog has since been addressed. The need for new amendments arise on a regular basis, therefore management will need to ensure the validation process is sustained.

Risk

Inspection and maintenance work relies on accurate and complete information about the bridge stock, including dimensions, materials, and history of maintenance.

Action Plan

1.1 Sustainment of validation process

Management should implement a monthly checking process to ensure the required amendments to the structures database are input on a regular basis.

Agreed Management Action

The bridge inventory will be finalised and kept up to date using the validation process. A senior team member will review the amendments file on a monthly basis to ensure forms are regularly input.

Owner: Paul Lawrence, Executive Director of Place

Contributors: Gareth Barwell; Cliff Hutt; Richard Berry; Graham Milne

Implementation Date: 31 December 2016

Revised Date: 31 January 2019

2. Procurement of emergency bridge repair contracts

Medium

Currently, the Council does not have established procurement arrangements with contractors for emergency bridge repairs. The current approach is ad-hoc with decisions to appoint contractors made by management based on the circumstances at the time, and the engineering work required.

Review of a sample of three contracts for emergency bridge repairs established that one of the contracts (valued at £10,600) had not been procured in line with the CSOs, as three quotes were not obtained.

Management advised that the decision to award the contract to was made by senior management based on protecting pedestrian safety needs, however, no evidence was available to confirm that the procurement waiver approval process was retrospectively applied.

Risk

- Increased financial costs for unprocured emergency repairs; and
- Non-compliance with applicable procurement standing orders.

Action Plan

2.1 Framework for procurement

Management should consider establishing a procurement framework for planned and emergency bridge repair work.

Agreed Management Action

A framework for planned and emergency repair work is currently being procured and is due to complete in March 2019.

Owner: Paul Lawrence, Executive Director of Place

Contributors: Gareth Barwell; Cliff Hutt; Richard Berry; Graham Milne

Implementation Date: 30 April 2019

2.2 Compliance with CSO waiver process

Management should ensure that the procurement process is consistently applied when awarding contracts for emergency repair work, with the procurement waiver framework applied retrospectively (when required).

Agreed Management Action

Compliance with the Council's Contract Standing Orders waiver approval process has been reinforced in a communication circulated to appropriate staff.

Owner: Paul Lawrence, Executive Director of Place

Contributors: Gareth Barwell; Cliff Hutt; David Strachan; Richard Berry; Graham Milne

Implementation Date: Complete 27 September 2018

3. Emergency Procedures

Low

Structural emergency procedures are summarised on one page and included in the Council's Operating Instructions for Bridges and Flood Prevention. The procedures include details of Council employees and external agencies who should be contacted in the event of an emergency.

Management confirmed that the summary procedures are adequate given the limited number of structural emergencies that occur. However, the Structures and Flood Prevention team has been subject to significant employee turnover in recent years.

Additionally, flood emergency procedures are documented in the Council's Flooding Emergency Plan. Flood Alert Action Packs have also been prepared to cover all areas of the City, and include names and contact details for both Council employees and volunteers.

Our sample testing established that the Flood Control Room Action Alert Pack is dated August 2013 and contains a number of incomplete sections and track changes. Management advised this was being updated, but was not completed due to resourcing challenges.

Risk

The Council cannot respond effectively in the event of a significant infrastructure or flood emergency

resulting in:

- failure to contain the incident;
- potential public Health and Safety consequences;
- fines from the Health and Safety Executive; and
- potential reputational damage.

Action Plan

3.1 Review of Structural Emergency Procedures

Management should review; refresh; and communicate the current structural emergency procedures included within the Operating Instructions to ensure that it adequately details the process to be applied in the event of an emergency.

Agreed Management Action

The review of the current structural emergency procedures will be complete and communicated by 31 December 2018.

Owner: Paul Lawrence, Executive Director of Place

Contributors: Gareth Barwell; Cliff Hutt; David Strachan; Richard Berry

Implementation Date: 28 February 2019

3.2 Review of Flood Action Packs

All Flood Action packs should be reviewed; refreshed; and communicated to ensure that they adequately detail the processes to be applied in the event of an emergency.

Agreed Management Action

All Flood Action packs will be reviewed, refreshed and communicated annually to staff. Latest updates will be completed by 31 December 2018.

Owner: Paul Lawrence, Executive Director of Place

Contributors: Gareth Barwell; Cliff Hutt; David Strachan; Gordon McOmish; Sean Fahy

Implementation Date: 28 February 2019

3.3 Annual review of emergency procedures

All emergency procedures should be reviewed and refreshed annually, with changes made communicated to team members.

Agreed Management Action

As above, all emergency procedures will be reviewed, refreshed and communicated annually to staff.

Owner: Paul Lawrence, Executive Director of Place

Contributors: Gareth Barwell; Cliff Hutt; David Strachan; Gordon McOmish; Sean Fahy

Implementation Date: 28 February 2019

Appendix 1 - Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Appendix 8

The City of Edinburgh Council **Internal Audit**

Fleet Project Management

Final Report

19 December 2018

Project number PR1702

Contents

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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

Approximately 60% of the Council's current vehicle fleet is eight or more years old, and the costs associated with maintaining ageing fleet and using "spot" hires to cover ongoing vehicle breakdowns and vehicles which cannot be economically repaired are significant.

It is estimated that circa £10-15m capital investment would be required to purchase new and repair existing fleet assets required to support ongoing service delivery.

Management has recognised for some time that an alternative fleet operating model was required to ensure availability of fleet assets to support ongoing service delivery; reduce capital investment requirements; reduce ongoing revenue costs; and support delivery of Council wide revenue savings targets.

Consequently, a working group was established in September 2017 with the objective of scoping a fleet project that would focus on the four key areas noted below:

1. Assessing the benefits of implementing an alternative fleet financing model for the majority of fleet vehicles;
2. Introducing use of telematics (electronic vehicle tracking systems) and engaging with service areas to standardise fleet; reduce vehicle numbers; and improve utilisation;
3. To review fleet maintenance operations to ensure that they effectively support delivery of front line services; and
4. Potential introduction of paperless documents and compliance records.

Assessing the benefits of changing to an alternative fleet financing model is the most advanced of the four work streams noted above, however, it is essential that any new arrangements are aligned with the Council's strategy and will support the remaining three workstreams included within scope.

Scope

The scope of this review assessed the design and operating effectiveness of the key project management and governance controls established to support delivery of the fleet project and mitigate the following Corporate Leadership Team (CLT) risks:

- Transformation and change agenda; and
- Maintaining service with less resource.

Review of project documentation was performed during the period May 2018 to June 2018. Our review concluded on 28th September 2018, and our opinion and findings are based on the outcomes of our testing at that date.

2. Executive summary

Total number of findings: 1

Summary of findings raised

1. High	Fleet project management and governance
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Opinion

Our review of the key project management and governance controls established to support delivery of the fleet project confirmed that significant enhancements are required, as no project management and governance frameworks have yet been established to support timely and effective project delivery.

Management has recognised the need to implement a new fleet operating model for some time, and has made significant progress towards its design (most notably in relation to a potential fleet contract hire model).

Whilst the current project manager (the Fleet and Workshops Manager, appointed in October 2016) has made progress, the project is being managed in addition his ongoing service delivery responsibilities. Consequently, project progress and establishment of project management and governance frameworks have been significantly impacted by lack of a suitably skilled and dedicated project management resource.

As project documentation has not yet been established detailing the scope; timeframes and associated costs and benefits of the fleet project, it has not been possible to confirm that project deliverables are aligned with the wider Council strategy; will deliver the expected capital and revenue cost savings and operational benefits; or establish project completion timeframes.

Whilst the Head of Place Management and the project management team have a clear vision of project deliverables and benefits based on their knowledge of Council fleet services; the external fleet industry; and extensive skills and experience, lack of a formal project management and governance framework prohibits the CLT Change Board and relevant executive committees from reviewing and scrutinising planned project deliverables and progress.

Consequently, 1 High rated finding has been raised.

3. Detailed findings

1. Project management and governance framework

High

Discussions with the Head of Place Management; the fleet project manager; and review of fleet project documentation established that:

- 1. Project Management Resources** – no dedicated project management resource has been obtained to support delivery of the fleet project. Currently the Fleet and Workshops manager is managing the project in addition to his ongoing service delivery responsibilities;
- 2. Project Approval** – a project initiation document has yet to be prepared detailing the scope of and benefits associated with the fleet project for review and approval by the Corporate Leadership Team (Change Board);
- 3. Project Governance Forums** – whilst some initial design group meetings have been held between Fleet Services; Procurement; and Finance, no defined governance structure has yet been established to support the fleet project (for example a project board supported with appropriate membership and a clearly defined terms of reference to provide scrutiny and challenge on project progress, or workstreams responsible for delivering specific elements of the project);

Additionally, the agreed actions from the initial meetings with Procurement and Finance have but not been recorded and monitored to ensure that all agreed actions have been completed;

- 4. Project Benefits** – whilst a draft financial model has been developed to assess the benefits associated with implementing a new fleet financing model, these have not been provided to an established project board; the CLT Change Board; and executive committees for review and challenge. Additionally, wider project costs and benefits whilst considered, have not yet been documented and quantified.

Management has advised that key operational benefits are expected to include an electronic and paperless fleet management system; and telematic solutions that are compatible with Council's existing fleet systems such as Tranman;

- 5. Project Plan** - no project plan has been established detailing the timeframes and responsibilities for delivery of the areas included within the project scope;
- 6. Project risks, issues, and dependencies** – the risk, issues, and dependencies associated with delivery of the fleet project have not yet been considered and recorded in a project risks, issues, and dependencies (RAIDS) log;
- 7. Project progress reporting** – the fleet project is included in the Council's change portfolio. Due to the absence of a dedicated project manager, regular fleet project progress reporting has not yet been established for inclusion in the CLT Change Board management information pack;
- 8. Stakeholder engagement plan** - internal and external stakeholder engagement plans have not yet been established. The project team has confirmed that while there has been informal engagement with internal stakeholders, external stakeholders, whilst considered, have not yet been recorded; and
- 9. Procurement strategy and plan** – there is currently no defined project procurement strategy and plan. The project team has conducted informal 'meet the bidder sessions' however the outcomes of these meetings were not documented.

Risks

- With no project initiation document detailing the rationale for the project; its scope; and associated project costs and benefits, it is not possible to confirm that project deliverables are fully aligned with the Council's strategy;
- The project may not be effectively managed and / or governed, resulting in potential late delivery; outcomes that do not meet expectations; and inability to deliver benefits;
- Risks, issues, and dependencies that are not effectively managed could adversely impact project delivery if they crystallise;
- Application of a procurement process that is not aligned with the Council's established processes and standing orders;
- Stakeholder needs are not identified; incorporated in the project plan and are not delivered;
- Lack of compatibility between new fleet management systems and existing systems; and
- Potential duplication with the existing CGI telematics contract for existing Council vehicles.

1. Recommendation – Project Management Resource

Experienced project management resource should be identified and allocated to the fleet project to support effective project delivery;

Agreed Management Action

Project manager now in place.

Owner: Paul Lawrence, Executive Director of Place

Implementation Date: 31 January 2019

Contributors: Gareth Barwell, Head of Place Management; Scott Millar, Fleet and Workshops Manager

2. Recommendation – Project Governance Framework

An appropriate project governance framework should be designed and implemented. This should include (but not be limited to) a project board with appropriate representation from senior management who will be responsible for scrutiny of project progress and decision making. The project governance framework should also include clear terms of reference detailing the roles and responsibilities of all established governance forums.

Agreed Management Action

Project board to be finalised and evidence submitted indicating terms of reference, meeting scheduling and meeting notes

Owner: Paul Lawrence, Executive Director of Place

Implementation Date: 29 March 2019

Contributors: Gareth Barwell, Head of Place Management; Scott Millar, Fleet and Workshops Manager

3. Recommendation – Project Management Framework

a) Guidance should be obtained from the Strategy and Insight Change and Delivery team in relation to an appropriate project management framework. Initial guidance is available at [project management toolkit](#). The agreed framework should then be designed and implemented.

b) The framework should include (but not be restricted to) a full project business case; project initiation document; project plan; RAID log; benefit tracker; and project status / highlight reporting.

It is also expected that benefits will include an electronic and paperless fleet management system; and telematic solutions that are compatible with Council's existing fleet systems such as Tranman;

- c) All project documentation should be provided to the project board for ongoing review and scrutiny, and project status / highlight reporting provided to the Strategy and Insight Change and Delivery team for submission to the CLT Change Board; and
- d) Actions from all project governance meetings should be documented; allocated; and monitored to confirm their completion.

Agreed Management Action

- a) Agreed. The guidance designed by Strategy and Insight will be applied to support the Fleet project management framework;
- b) Agreed – all documentation noted above will be prepared to support the project;
- c) Project documentation will be approved by the Project Board. Status reporting will be provided to Strategy and Insight for inclusion in the CLT Change Board pack; and
- d) Agreed – actions will be documented; allocated; and monitored to confirm their completion.

Owner: Paul Lawrence, Executive Director of Place
Contributors: Gareth Barwell, Head of Place Management; Scott Millar, Fleet and Workshops Manager

Implementation Date: 28 June 2019

4. Recommendation – Stakeholder Engagement

An internal and external stakeholder engagement plan should be developed; approved by the Project Board; and applied throughout the project, with key actions included in the overall project plan.

Agreed Management Action

An internal/ external stakeholder engagement plan will be developed; approved by the project Board and applied throughout the project. Any key stakeholder engagement actions will also be reflected in the project plan.

Owner: Paul Lawrence, Executive Director of Place
Contributors: Gareth Barwell, Head of Place Management; Scott Millar, Fleet and Workshops Manager

Implementation Date: 28 June 2019

5. Recommendation – Procurement Strategy and Plan

A procurement strategy and plan should be designed in consultation with the Procurement team; approved by the project board; implemented and consistently applied to support the procurement process.

This should include (but not be limited to) ensuring that the new fleet management system will support paperless processes and is compatible with existing fleet systems; and establishing the position in relation to existing CGI contractual arrangements for telematics.

Agreed Management Actions

- a) A procurement and strategy plan will be designed along with the procurement team; approved by the project Board and used to support the procurement process;
- b) The request for procurement will include requirements in relation to paperless processes and compatibility with existing fleet systems; and
- c) The contractual position with CGI regarding telematics will be confirmed prior to commencement of procurement.

Owner: Paul Lawrence, Executive Director of Place

Implementation Date: 30 July 2019

Contributors: Gareth Barwell, Head of Place Management ; Scott Millar, Fleet and Workshops Manager

Appendix 1 - Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Governance, Risk and Best Value Committee

10am, Tuesday, 15 January, 2018

Annual Assurance Schedule – Communities and Families

Item number	7.7
Executive/routine	Executive
Wards	All
Council Commitments	

Executive Summary

The purpose of this report is to present the Annual Assurance Schedule from the Executive Director of Communities and Families to the Governance, Risk and Best Value Committee for scrutiny.

Annual Assurance Schedule – Communities and Families

1. Recommendations

- 1.1 To note the Community and Families Directorate annual assurance schedule, submitted for scrutiny.
- 1.2 To note that an action plan is being developed to respond to the issues identified in the annual assurance statement, which will be combined with other Directorate plans to provide a composite action plan for reporting to the Corporate Policy and Strategy Committee.

2. Background

- 2.1 Each year the City of Edinburgh Council requires that the individual Executive Directors complete certificates of assurance that represent their professional view of the effectiveness and appropriateness of controls in their areas of responsibility. These certificates support the writing of the Annual Governance Statement which is a component part of the authority's Statement of Accounts.
- 2.2 An assurance schedule, to help prompt Executive Directors and relevant Heads of Service to consider various aspects of their control environment, is circulated in advance of certificates.
- 2.3 On 31 July 2018 the Chief Internal Auditor, in her annual opinion, reported weaknesses in regard to the Council's internal controls for the year ended 31 March 2018. The Governance, Risk and Best Value Committee requested that an action plan from each Directorate be developed to identify how they are going to improve internal controls.
- 2.4 On 7 August 2018 the Corporate Policy and Strategy Committee also considered the Internal Audit Opinion and called for an update report on Directorate actions to strengthen controls including the timescales for implementation.

3. Main report

- 3.1 The Communities and Families directorate includes, Schools and Lifelong Learning, Children's Services, and Safer and Stronger Communities. Safer and Stronger Communities became part of Communities and Families Directorate in June 2018.

3.2 In 2017/18 the Communities and Families directorate employed 10,690 people and Safer and Stronger Communities employed 495 people.

3.3 Budget Information for 2017/18:

	Staff budget	Total expenditure budget	Net budget
	£m	£m	£m
C&F (excl SSC)	273.9	369.6	343.2
SSC	20.5	72.3	27.9
C&F (incl SSC)	294.4	441.9	371.1

3.4 The Communities and Families (appendix 1) and Safer and Stronger Communities (appendix 2) schedules were completed and returned to the Strategy and Insight Division, which includes the corporate governance team, after which a Certificate of Assurance was issued. This informed the drafting of the Annual Governance Statement, submitted to Council as part of the Unaudited Annual Accounts on 28 June 2018.

3.5 The Certificates of Assurance require that Heads of Service and Executive Directors confirm that:

3.5.1 they have considered the effectiveness of controls in their service area/directorate, including controls in Communities and Families to mitigate major risks to their service area/directorate's objectives;

3.5.2 to the best of their knowledge, appropriate controls are in operation upon which they can give reasonable assurance and that there are no significant matters arising that should be raised specifically in the Annual Governance Statement (or otherwise); and

3.5.3 they have identified actions that will be taken to continue improvement.

3.6 In the Communities and Families Directorate, the schedule was completed by senior managers from across the directorate and the analysis and outcomes from this have formed the basis on which the Executive Director's statement was completed.

- 3.7 Before signing their Certificate of Assurance, the Head of Service or Executive Director concerned should personally assure themselves that the schedule has been completed accurately.
- 3.8 An action plan for Communities and Families is attached at appendix 3. This includes actions in relation to identified internal control weaknesses. In each instance a responsible officer and a deadline for completion is included.
- 3.9 Communities and Families report annually to the Education, Children and Families Committee on assurance activities in schools (appendix 4). This report outlines the key themes emerging from the Assurance Framework and our recommendations to provide continual improvements in Communities and Families establishments' management of risk through a robust control environment.
- 3.10 Documents for this year's self-assurance process have been sent to all educational establishments in December 2018, with a return date of the end of January 2019.

4. Measures of success

- 4.1 Improved internal controls and good governance throughout all service areas.
- 4.2 Identification of areas where controls require strengthening.

5. Financial impact

- 5.1 The annual assurance process and production of the annual governance statement is contained within relevant service area budgets.

6. Risk, policy, compliance and governance impact

- 6.1 The assurance schedule exercise acts as a prompt for service areas to think about good governance and the internal control environment. Action plans support improvements in areas where weaknesses have been identified.
- 6.2 Completed schedules are reviewed by a group led by the Democracy, Governance and Resilience Senior Manager and consists of representatives from Internal Audit and Governance.

7. Equalities impact

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

8. Sustainability impact

- 8.1 There are no direct sustainability impacts as a result of this report.

9. Consultation and engagement

- 9.1 The annual assurance schedule exercise is a corporate activity concerned with internal controls and does not require consultation or external engagement.
- 9.2 The Annual Assurance Schedule template for 2017/18 was drafted using input from the Council's subject matter experts. This included contributions from Resilience, Internal Audit, Health and Safety, Corporate Governance, Legal Services, Finance and Human Resources.

10. Background reading/external references

- 10.1 [City of Edinburgh Council – 28 June 2018 – Unaudited Annual Accounts 2017-18](#)
- 10.2 [Internal Audit Opinion and Annual report for the Year ended 31 March 2018, report to Governance, Risk and Best Value Committee, 31 July 2018](#)

Alistair Gaw

Executive Director of Communities and Families

Contact: Alistair Gaw, Executive Director of Communities and Families

E-mail: alistair.gaw@edinburgh.gov.uk | Tel: 0131 469 5725

11. Appendices

- 11.1 Appendix 1 – Communities and Families Annual Assurance Schedule
- 11.2 Appendix 2 – Safer and Stronger Communities Annual Assurance Schedule
- 11.3 Appendix 3 – Communities and Families and Safer and Stronger Communities Action Plans
- 11.4 Appendix 4 – Communities and Families Assurance Framework Report August 2018

Executive Director's Schedule to Support Evidence of Assurance for the Annual Governance Statement

For the year end 31 March 2018

Directorate	Communities & Families				
Completed by	Cheryl Buchanan	Job title	Operations Manager	Date completed	May 2018
Signed off by	Alistair Gaw 	Job title	Executive Director Communities & Families		
Print name of signatory	Alistair Gaw	Date of signature	21 May 2018		

Introduction

The Statement of Accounts 2017/2018 includes the Annual Governance Statement signed by the Council Leader, the Chief Executive and the Head of Finance. The Annual Governance Statement is supported by Certificates of Assurance from each of the Executive Directors.

The Certificates of Assurance require Executive Directors to confirm that:

1. they have considered the effectiveness of controls in their directorates, including controls in place to mitigate major risks to their directorate's objectives;
2. to the best of their knowledge, appropriate controls are in operation upon which they can place reasonable assurance and that there are no significant matters arising that should be raised specifically in the Annual Governance Statement (or otherwise); and
3. they have identified actions that will be taken to continue improvement.

Completing this schedule helps prompt Executive Directors to consider various aspects of their control environment before signing their Certificate of Assurance. Executive Directors should seek assurance through issue of a similar schedule to their Heads of Service to satisfy themselves that effective controls are in place across all service areas.

This schedule should be used as a prompt to think about good governance and the internal control environment and is not an exhaustive list.

Guidance on completing the schedule

The schedule should be completed by the Executive Director or by a nominated senior manager (suggested managers to provide information and/or responses are highlighted below). Additional guidance notes are provided throughout the document.

Before signing the Certificate of Assurance Executive Directors should ensure that this schedule has been completed accurately.

Please note that although evidence does not need to be attached to the completed schedule, accurate reference should be made to any supporting evidence because **responses made in the schedule may be subject to audit at a later date.**

Your assessment should consider how your directorate's arrangements would stand up to external scrutiny. When completing the schedule please include your assessment of the directorate's compliance and, if your assessment is partially or not compliant, please note planned improvement actions in the relevant column.

Please return your completed schedule to governance@edinburgh.gov.uk no later than **Friday 27 April 2018**.

Section	Requirements	Supporting officers
Section 1	Internal Control Environment	Head of Service
Section 2	Risk and Resilience	Service Area Risk Committee Representative/Resilience Co-ordinator
Section 3	Workforce Controls	Head of Service
Section 4	Council Companies	Senior Relationship Lead / Company Observer(s)
Section 5	Policy	Head of Service
Section 6	Governance and Compliance	Head of Service
Section 7	Information Governance	Directorate Record Officers
Section 8	Health & Safety	SMT Health & Safety Lead
Section 9	Performance	Head of Service
Section 10	Commercial and Contract Management	Head of Service
Section 11	Change and Projects	Head of Service
Section 12	Financial Control	Service Area Financial Manager or Representative
Section 13	Group Accounts	RESOURCES only
Section 14	National Agency Inspection Reports	Head of Service
Section 15	Internal Audit, External Audit & Review Reports	Head of Service
Section 16	Progress	Executive Director

For further information or assistance please contact:

Gavin King
Democracy, Governance and Resilience Senior Manager
Strategy & Insight
529 4239 or gavin.king@edinburgh.gov.uk

Laura Callender
Governance Compliance Manager
Strategy & Insight
529 3655 or laura.callender@edinburgh.gov.uk

1 Internal Control Environment requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
1.1	You must have internal controls and procedures in place throughout your service area that are proportionate, robust, monitored and operate effectively.	<p>Independent monitoring procedures in place ensure impact of control weaknesses are identified at an early stage.</p> <p>Schools and Lifelong Learning (SLL) and Children's Services (CS) SMTs are provided with monthly budget reports for financial monitoring purposes. The Senior Management Teams meet regularly with budget holders. Senior accountants understand the needs of the services, meet regularly with the teams and contribute to decision making to prioritise budget spend</p> <p>Schools have a three-stage approach to authorising orders.</p> <p>Order processes for the wider department are in place with appropriate level authorisation.</p> <p>A process of review of all Health and Safety policies/procedures is being progressed through the C&F Health and Safety Working Group.</p> <p>Corporate Health and Safety undertake audits in Communities and Families establishments as part of their annual programme.</p> <p>Risk/Health and Safety progress is reported on a quarterly basis to the Communities</p>	Partially compliant	<p>Only 75% of schools returned their self-assurance statement for the 2017/18 return. Follow up action will be taken to ensure assurance is provided by all establishments.</p> <p>Some schools have had a low uptake of parents using ParentPay. Operational staff will work with ParentPay and schools to improve uptake and help move more schools to be a cashless environment.</p> <p>SLL will work with business partners delivering training courses to ensure they are widely available, well communicated and can meet demand. Council wide improved mechanisms e.g. electronic systems are required to manage Essential Learning in a suitably robust way.</p>

			<p>and Families SMT.</p> <p>Risk Committees take place within Communities and Families on a quarterly basis, chaired by the Council's Chief Risk Officer.</p> <p>Communities and Families has a Risk Management Group that coordinate strategic risk activities to ensure internal controls, policies, procedures and training are in place and managing risk effectively. The role of the group is also to ensure effective risk communication is in place. The group has service wide representation including Headteachers and Business Managers.</p> <p>SLL SMT work with procurement to address any issues regarding contract management. Schools have a procurement forum group that meets regularly – chaired by procurement and attended by school business managers. CS manages a small team of commissioning officers who manage contracts and work in partnership with senior officers to ensure that we are getting value for money.</p> <p>Communities and Families heads of establishments complete an annual Self Assurance questionnaire, the questions and statements cover all internal control procedures from an establishment perspective. This provides risk management data as well as risk profiling information at a local level to show the actual risk maturity. The annual self-</p>	<p>The results from the SLL annual self-assurance process information are being analysed to provide feedback to managers and business partners, ensuring they are made aware of risks, gaps in knowledge and training requirements and that improvements are put in place where required.</p>
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			<p>assurance exercise provides colleagues with a reminder of where relevant policies and procedures are through the validation information provided which sign posts colleagues to information on the Orb. The annual self-assurance exercise also provides colleagues with an opportunity to call out areas where controls are not embedded.</p> <p>New essential learning/training matrices were created for 2017/18. Some staff have reported difficulty accessing some essential training due to staff cover and availability of training dates for some courses.</p> <p>Parent Pay was introduced across all schools in 2017 enabling parents to pay online for their children's meals and school trips and reducing the amount of cash collected in schools. This provides improved financial controls.</p>		
1.2	You must have controls and procedures in place to manage the risks in delivering services through council companies, partners and third parties.	Please describe and/or give examples of the controls and procedures that you have in place and how these are monitored, tested and reported.	Communities and Families contracts with third parties have a standard set of conditions and grants to third parties are subject to the Council standard conditions of grant funding (recently updated). All organisations are required to provide information about service delivery using standard contract or grant monitoring templates generally on an annual basis. All grant awards have an identified monitoring officer as do the majority of contract awards, however there continues to be a	Partially compliant	

			<p>capacity issue to achieve full coverage. There is also an issue of providing ongoing training for these officers.</p> <p>Within Corporate Property the PPP contract management team is responsible for managing the services provided by the two PPP providers and the consequent associated risks.</p> <p>The Council Observer on the Board of Edinburgh Leisure and Senior Education Manager (Lifelong Learning) participate in Board meetings but don't vote or make any decisions. Involvement in these meetings allows the Council to be made aware of any risks and performance of the company. The observer has full access and awareness of company board documentation.</p>		
1.3	Your internal controls and procedures and their effectiveness must be reviewed regularly.	Please describe how these are reviewed, by whom and how often.	<p>Risk registers are reviewed at the Communities and Families Senior Management Team meeting and Risk Committees on a regular basis.</p> <p>The Communities and Families Risk Management Group which meets monthly has a risk register which is a standing agenda item.</p> <p>The Education, Children and Families Committee review the risk register annually. The risk register includes details of all controls and actions relating to the risk management discussion/review and revised scoring of the risks ensures that risks are reviewed adequately.</p>	Compliant	

			<p>Communities and Families also works with Internal Audit who review and report on Directorate risk, for example, Information Security, providing the Communities and Families Risk Management Group with management information and advice on the adequacy of controls / recommendations for any further work required.</p> <p>Internal audit/Corporate Health and Safety audit and the annual Self Assurance exercise which all Communities and Families establishments return provide a very effective review of the effectiveness of controls and procedures. The planner used alongside the self-assurance checklist means that controls are reviewed in a proportionate way at establishment level throughout the year plus there is the annual return by heads of establishment in February.</p> <p>Internal Audit are also working on a Schools Business Manager toolkit to help colleagues understand and put controls in place, this should be ready for the start of new academic year in 2018.</p>		
1.4	Did the last review of your internal control environment identify any weaknesses that could have an impact on the Annual Accounts?	Please include the date of the last review, whether any weaknesses were identified and, if so, how these have been or will be addressed.	The Self Assurance exercise for 2017/18 has not identified control weaknesses that would have an impact on the annual accounts.	No	

1.5	Has the monitoring process applied to funding/operating agreements identified any problems that could have an impact on Annual or Group Accounts?	Please describe the arrangements you have in place, including an overview of the monitoring process and frequency of reporting, and summarise any problems that have been identified.	The facilities management review and the transfer of management of secondary school sports facilities to Edinburgh Leisure after 6pm have both been identified as having an impact on SLL income and expenditure.	Yes	An internal CEC/Edinburgh Leisure board, supported by CEC Finance, monitor expenditure. Changes in practice in the use of school buildings out with school hours will help manage the financial impact of the FM review.
2	Risk and Resilience requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
2.1	Your risk management arrangements should identify the key risks to your service area (and the Council) including those arising from: <ol style="list-style-type: none"> 1. Change (e.g. structural, service delivery, demographic and/or management) 2. Partnerships (external and internal) 3. Projects 4. Legal or regulatory action(s), and 5. Reputational damage. 	Please describe your risk management arrangements and confirm that these adequately cover the three categories listed.	Risk Management continues to identify new risks and focus on new risks arising through regular discussion on risk and prioritisation of discussion on key areas of concern through risk committees, the C&F Risk Management group which meets monthly and regular discussion at the C&F SMT. This year the C&F Senior Management Team reviewed the services risk architecture in terms of risk forums. This means that Health and Safety Committees/Working Groups/Risk Committees and Risk Management Groups are diarised and operating to provide the forums for risk management for the categories listed. The C&F Risk Register is a dynamic document and a standard agenda item on the various forums/groups.	Compliant	

2.2	You must have effective controls and procedures in place to manage the risks identified above to a tolerable level or actions put in place to mitigate and manage the risk.	Please describe the controls and procedures that you have in place.	<p>The C&F risk committees and regular risk report updates at the C&F Senior Management Team manage controls and procedures to mitigate against the negative impact of identified risks.</p> <p>Where Council wide controls and procedures are required, risks are escalated, for example to the Council Leadership Team.</p> <p>The Communities and Families Risk Management Group also have an input with regards to the effectiveness and appropriateness of controls making improvements wherever necessary.</p>	Compliant	
2.3	The robustness and effectiveness of your risk management arrangements must be regularly reviewed.	Please describe how you review your risk management arrangements, who does this and how often.	Risk management arrangements are reviewed to ensure the effectiveness and appropriateness of controls and improvements made wherever necessary.	Compliant	
2.4	Did the last review identify any weaknesses that could have an impact on the Annual Accounts?	Please include the date of the last review, any weaknesses that were identified and how these will be addressed.		No	

2.5	There must be appropriate escalation/communication to the service area Risk Committee and CLT Risk Committee (as appropriate) of significant issues, risks and weaknesses in risk management.	Please describe the process for escalation/communication to the relevant Risk Committees.	The C&F Risk Management Group escalate any significant issues, risks and weaknesses to the C&F Risk Committee who escalate to the CLT Risk Committee. Risk escalation and communication is managed well. We have appropriate risk architecture and involvement of risk colleagues to ensure there is expertise in terms of the risk discussions.	Compliant	
2.6	You should have arrangements in place throughout your service area for the identification, recording and minimising of bribery risks.	Please describe these arrangements and how they are monitored and reported.	Hospitality and gift registers are regularly updated and reviewed.	Compliant	
2.7	You should have arrangements in place to promote and support the embedding of the Council's Whistleblowing Policy and procedures, including raising awareness of the routes for concerns to be raised.	Please describe the arrangements you have in place, including the reporting of disclosures received by management to the Council's independent service provider.	This is part of the annual policy reading and e-learning required and documented in the essential learning matrix for all SLL staff.	Compliant	
2.8	You should have arrangements in place throughout your service area for the recording and addressing of audit actions.	Please describe these arrangements and how they are monitored and reported.	Audit actions are recorded and addressed, however following up on overdue actions requires a more robust system.	Partially compliant	Senior managers are alerted to audit actions however are not routinely kept informed of overdue actions until they are very overdue. Council wide improved mechanisms e.g. electronic systems are required to manage audit actions in a

					suitably robust way.
2.9	<p>Your service area should have appropriate resilience arrangements in place, including:</p> <ol style="list-style-type: none"> 1. A Service Area Resilience Group and Workplan 2. A Resilience Coordinator and deputies for each essential activity area 3. A Counterterrorism Coordinator and deputy 4. A Building Incident Manager for each staffed Council premise. <p>All who should have received the appropriate training.</p>	Please confirm your compliance with each requirement and how you ensure each is managed.	SLL work closely with our Resilience Business Partner, Kimberley Campbell, and have an annual resilience workplan. Cheryl Buchanan is the Resilience Coordinator and Counterterrorism Coordinator. Deputies have yet to be identified. Building Incident Managers are in place for each staffed Council establishment.	Partially compliant	Deputies have yet to be identified.
2.10	Your business continuity plans and arrangements should mitigate the business continuity risks facing your service area's essential activities.	Please detail the plans and arrangements you have in place and explain how and when these are reviewed and reported.	Business Continuity Plans are regularly reviewed as part of the Council Wide Business Impact Analysis (BIA) Process. A Loss of Premises exercise is currently being undertaken between C&F and Resilience which will enable risks to be identified and plans put in place to manage risks.	Compliant	
3	Workforce Control requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
3.1	You should have arrangements in place to ensure workforce resources are managed properly, including compliance with payroll policies, overtime controls, absence management and performance e.g. home/remote	Please describe these arrangements and how they are monitored and reported.	Controls are in place for this. There has been a sustained effort in SLL and CS over 2017/18 to address long term absence management Progress has been made and work is ongoing with HR Case Management support. CS managers have put in place support and challenge panels to assist	Compliant	Continued progress is required on absence management.

	working.		team managers to manage absence.		
3.2	You should have robust controls in place to manage off-payroll workers/contractors, including agency workers and consultants, ensuring approved framework contracts have been used and that those engaged are wholly compliant with the provisions of IR35 Council guidance and procedures.	Please detail the controls you have in place to ensure compliance and explain how these are monitored and reported.	Controls are in place for this. SLL are working closely with Procurement Services to ensure compliance where individual establishments have engaged compliantly with consultants however the aggregate spend between all establishments over a year means we must engage/contract differently going forward.	Partially compliant	Continued work with Corporate Procurement Services to identify aggregate spend and contract requirements.
3.3	You must ensure that recruitment and selection is only undertaken by appropriately trained individuals and is fully compliant with Council policies and procedures, including vacancy approvals and controls.	Please describe how you ensure compliance.	Controls are in place for this. The essential learning matrix includes training requirements for all recruiting managers.	Compliant	
3.4	You should have robust controls in place to manage new starts, movers and leavers, including induction and mandatory training, IT systems security (access and removal) and access to buildings and service users' homes.	Please describe the controls and monitoring in place.	Controls are in place for this. Induction processes include essential learning and managers are compliant with starter/leaver processes and security requirements.	Compliant	

3.5	You must have robust controls in place to ensure that statutory workforce requirements are met, e.g. PVG/disclosure checks, statutory registration/qualification, European Working Time Directive, right to work in the UK.	Please describe the controls you have in place, including monitoring and reporting arrangements.	Controls are in place for this. Staff cannot start in post until PVG checks are complete and CEC has received paperwork. Recruiting managers know their requirements to check qualifications/registration/right to work etc. and are responsible for providing the relevant information to HR recruitment.	Compliant	A council wide risk has been identified where an organisation can be placed on a supplier list and be paid by CEC without a contract being in place and therefore without a process of asking for confirmation that the company and their employees are all PVG checked.
3.6	You should have arrangements in place to manage staff health and wellbeing, ensuring sickness absence is managed in compliance with the policy, including stress risk assessments and referrals to occupational health.	Please describe the arrangements you have in place to ensure compliance.	Processes are in place for this. There has been a sustained effort in SLL and CS over 2017/18 to address long term absence management Progress has been made and work is ongoing with HR Case Management support.	Compliant	Continued progress is required on absence management. It is hoped the new occupational health provider will better support this process.
3.7	You must ensure compliance with essential training requirements and support learning and development appropriately, including professional CPD requirements.	Please detail how you monitor to ensure compliance.	A complete review of essential learning for all SLL and CS staff was undertaken and new matrices were created and published for all staff groups. Managers are required to keep records of all staff training requirements at local level. Council wide recording mechanisms e.g. electronic systems would greatly improve this process and make it more efficient. Teaching staff are required to submit a regular professional update through the GTCS to maintain their registration.	Compliant	

3.8	You should have arrangements in place to support and manage staff performance e.g. regular 1:1/supervision meetings, performance/spotlight conversations.	Please describe the arrangements you have in place.	Processes are in place for this and staff/managers are aware of their responsibilities.	Partially compliant	Work is ongoing to ensure the looking back/forward conversations and meetings between staff and managers are recorded in MyPeople as required.
3.9	You must ensure compliance with HR policies and procedures across all service areas, e.g. Code of Conduct, Disciplinary, Grievance, Bullying and Harassment.	Please describe how you monitor compliance across all service areas, e.g. maintaining a register of gifts and hospitality, recording conflicts of interest, recording and approving secondary employment where required.	Controls are in place for this. Compliance with HR policies and procedures is included in the essential learning matrix for all staff groups.	Compliant	
4	Council Company requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
4.1	You must have arrangements in place for the oversight and monitoring of the council companies you are responsible for that give you adequate assurance over their operation and delivery for the Council.	Please describe the arrangements you have in place, including observer attendance at board meetings, monitoring and reporting on performance/development/risks, Governance Hub, etc.	The Service Manager for Lifelong Learning attends the Edinburgh Leisure board meetings as a Council Observer.	Compliant	
4.2	You must ensure that an appropriate Service Level Agreement, or other appropriate legal agreement, is in place for each Arm's Length External Organisation that you are responsible for.	Please confirm that this is the case, that each agreement is up to date and the frequency of review.	Appropriate Service Level Agreements are in place for Edinburgh Leisure. The SLA is discussed and agreed annual before the award of the annual service payment for delivery of service.	Compliant	

4.3	You must regularly consult and engage with recognised trade unions.	Please describe the arrangements you have in place.	Engagement with recognised trade unions is done on a regular basis. Union representatives are invited to attend various forums including C&F health, safety and wellbeing committee and the technical FM and C&F working group.	Compliant	
5 Policy requirements		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
5.1	You should have arrangements in place to ensure all service area staff are made aware of and fully understand the implications of relevant existing and new council policies.	Please describe the arrangements you have in place at service area level e.g. Employee Handbook requirements, as well as locally in relation to operational and/or role specific requirements.	This is included in the staff essential learning matrix for all SLL staff groups. Additionally, on the Orb, schools have a Schools Team Space page with links to policies. Key Health and Safety policies have been communicated through a 'Risk Matters' branded update.	Compliant	
5.2	You should have arrangements in place for the annual review of policies owned by your service area, via the relevant executive committee, to ensure these comply with the Council's policy framework.	Please describe the arrangements you have in place to ensure the policies you are responsible for are up to date and fit for purpose (reflecting organisational changes, best practice, operational experience and legislative changes).	All new SLL and CS policies are promoted and made available to all staff on the Orb. It is the role of managers to ensure that their staff are aware of policies and procedures as part of staff management. A policy register is in place and available on line. All policies are reviewed and updated regularly and reported to Education Children and Families Committee or other committees are required.	Compliant	
5.3	You should ensure that policies and procedures of particular relevance to services within your service area are implemented in a planned and consistent manner.	Please describe the arrangements you have in place e.g. action plans, training programmes, etc.	Where policies and procedures are required for specific staff groups they are out on the agenda and discussed in team meetings. Specific policies including Child Protection/Health and Safety and Significant Occurrence reporting is supported by Learning and Development activities.	Compliant	
6 Governance and Compliance requirements		Guidance notes	Response and reference to evidence	Assessment	Improvement actions

6.1	You must ensure service area staff are aware of their responsibilities in relation to the Council's governance framework e.g. Committee Terms of Reference and Delegated Functions, Scheme of Delegation, Contract Standing Orders, Financial Regulations.	Please describe the arrangements you have in place to ensure operational decisions and activities are carried out within agreed parameters.	<p>Information on Committee terms of reference and delegated functions is readily available on the Orb.</p> <p>Details on the scheme of delegation are readily available on the Orb and staff are directed to read this. It is the line manager's responsibility to ensure that staff are aware of the guidance and how it should be used.</p> <p>Information on Contract Standing Orders is available on the Orb (this information is reviewed annually). The procurement handbook is on the Orb and managers would direct staff to this in terms of advice and information regarding procurement within the Council.</p>	Compliant	
6.2	The authority, responsibility and accountability levels within your service area should be clearly defined, with proper officer designation delegated, recorded, monitored, revoked and reviewed regularly to meet the requirements of the Scheme of Delegation.	Please describe the process for this including how this is undertaken, by whom and the frequency of review.	<p>As above.</p> <p>This is managed between Senior HR Business Partner and Senior Executive Officer</p>	Compliant	
6.3	You should have arrangements in place to ensure your service area's activities are fully compliant with relevant Scottish, UK and EU legislation and regulations.	Please describe the arrangements you have in place, including risk assessment, monitoring and compliance with statutory reporting requirements.	<p>Controls are in place for this.</p> <p>Service area activities are set out in service area plans and are compliant with relevant legislation and regulations.</p>	Compliant	
7 Information Governance requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions	

7.1	Service area staff must be made aware of their responsibilities in relation to the proper management of Council information, including the need to adhere to Council policies, procedures and guidance around: information governance; records management; data quality; information rights; information compliance; information security; and ICT acceptable use.	Please describe the arrangements in place and how these are monitored and reported.	We are working towards our staff having a solid understanding of their responsibilities in relation to information management. Information Governance is included within the essential learning matrices for staff.	Partially compliant	The self-assurance statements for 2017/18 indicate staff have a lack of confidence in what is required of them in relation to information governance. SLL are working with the IG team to plan how to address these concerns, improve staff knowledge and provide additional training where required.
7.2	Data sharing arrangements with third parties must be recorded, followed and regularly reviewed throughout all service areas in your service area.	Please describe the arrangements in place and how these are monitored and reported.	We are working closely with information governance to identify all places where data sharing arrangements are required.	Partially compliant	Work is ongoing to ensure all arrangements with third parties have been identified and required data sharing agreements in place.
7.3	Privacy impact assessments must be completed to assess risks to processes that handle personal data (when appropriate) throughout all service areas in your service area.	Please describe the arrangements in place and how these are monitored and reported.	We are working closely with information governance to identify all places where privacy impact assessments are required.	Partially compliant	Work is ongoing to ensure privacy impact assessments are in place.
7.4	All service area staff must be made aware of their responsibilities to report and manage data protection and information security breaches.	Please describe the arrangements in place and how these are monitored and reported.	Staff are aware of their responsibilities. This requirement is included in the e-learning module for information governance which is included in the essential learning matrices for staff.	Compliant	

7.5	Information risks should be routinely recorded in risk registers and managed throughout all service areas in your service area.	Please describe the arrangements in place and how these are monitored and reported.	Information risks are included in the C&F risk register and the risk register is regularly reviewed.	Compliant	
7.6	Processes that manage Council records, created and used within your service area, must be documented within approved procedures.	Please describe the arrangements in place for both core service records and business support records (e.g. Finance, HR, Health & Safety, Procurement etc.), as well as how these arrangements are reviewed and updated.	We are working with the information governance team to record all processes where data is gathered. Processes are within approved procedures.	Partially compliant	Work is ongoing to ensure all processes are recorded.
7.7	All Council records within your service area should be routinely disposed of according to their relevant record retention rules and these disposals should be documented.	Please describe the arrangements in place and how these are monitored for compliance.	We are working with the information governance team to clarify requirements of the record retention schedule as it is complex in some areas, particularly in schools.	Partially compliant	Work is ongoing with colleagues in information governance.
8	Health & Safety (H&S) requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
8.1	Service area staff must be made aware of their responsibilities under relevant H&S policies and procedures, including: Council Health and Safety Policy; Fire Safety Policy and Procedures; First-aid and Emergency Procedures; Stress Policy and Procedures; Accident, incident and work-	Please describe the arrangements you have in place to meet these requirements and how these are monitored.	The validation checklist which accompanies the self-assurance statement provides links to all the key health and safety policies and procedures so staff are aware of their general responsibilities however at an operational level there has been a lack of clarity around Health and Safety roles and responsibilities. Work undertaken to define this by Corporate Health and	Partially compliant	Clarification of roles and responsibilities and the implementation of the Service Level Agreement for FM and the new FM structure should reduce risks in this area.

	<p>related ill health reporting and investigation procedure; all other relevant health and safety policies and procedures (e.g. Asbestos, Water Safety).</p>		<p>Safety/Corporate Property will assist understanding and define arrangements.</p> <p>There are gaps in how Workplace Inspection is undertaken. Gaps have been identified in risk assessments for non-curricular activities.</p> <p>Statutory inspection record keeping has been identified as variable through the Self Assurance audits and gaps have been identified in the testing of playground and fixed gym equipment. This has been raised with Corporate Property. The development and final sign off of Facilities Management Service Level Agreements will assist in the risk management of all of these areas.</p>		
8.2	<p>You must have appropriate arrangements in place for establishing, implementing and maintaining procedures for the ongoing hazard identification, risk assessment and determination of necessary controls to ensure all H&S risks are adequately controlled.</p>	<p>Please describe the arrangements you have in place and how these are monitored, reviewed and reported.</p>	<p>SLL and CS have processes in place for this, however following H&S audits where gaps were indicated, clarification has been requested from Corporate Health and Safety for the equipment and activities that they would be expecting a risk assessment for. H&S has engaged a consultant to provide clarity for SLL and CS.</p> <p>At an operational level there has been a lack of clarity around roles and responsibilities where SLL has overall responsibility as Head of Establishment however staff in their building are the responsibility of FM or Customer and therefore SLL do not have visibility over all aspects of their role. Work undertaken to define this by Corporate Health and Safety/Corporate Property/Customer will assist understanding and define</p>	Partially compliant	<p>SLL are working with business partners in other council departments to better define roles and responsibilities.</p>

			arrangements.		
8.3	You must have competencies, processes and controls in place to ensure that all service areas in your service area, and any other areas of responsibility, operate in compliance with all applicable H&S laws and regulations.	Please describe the arrangements you have in place and how these are monitored, reviewed and reported.	<p>SLL and CS Essential Learning matrices include H&S learning and training.</p> <p>Health and Safety audits are carried out by Corporate Health and Safety through the annual audit programme and senior managers receive the audit result.</p> <p>The induction programme for all SLL and CS staff includes an overview on Health and Safety.</p> <p>Health and Safety related policy/procedure and guidance is available on the Orb.</p> <p>Regular Risk/Health and Safety update and management information is presented to the SLL SMT</p>	Compliant	A Council wide improved mechanism e.g. electronic system is required to manage H&S audit actions in a suitably robust way.
8.4	You must have appropriate arrangements in place for the identification and provision of H&S training necessary for all job roles, including induction training.	Please describe the arrangements you have in place and how these are monitored, reviewed and reported.	SLL and CS Essential Learning matrices include H&S learning and training.	Compliant	A Council wide improved mechanism e.g. electronic system is required to record completed face to face training in a suitably robust way.
8.5	You must have a robust governance and reporting structure for H&S in your service area.	Please provide the name of the SMT member in your service area who sits on the Council H&S Group. Please also describe your governance and reporting structure for H&S and how you ensure that H&S issues across your	Communities and Families Health, Safety and Wellbeing Committee, chaired by Andy Gray, the Schools and Lifelong Learning Head of Service meets quarterly. Andy Gray also represents Communities and Families on the Council Health and Safety Group.	Compliant	

		service area are brought to the attention of the Council H&S Group as appropriate.	Communities and Families Health and Safety Working Group, chaired by the SLL Operations Manager, supports the Committee and escalates issues to the Health, Safety and Wellbeing Committee from the Working Group.		
9 Performance requirements		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
9.1	Where performance monitoring identifies inadequate service delivery or poor value for money, you must have arrangements in place for reporting to CLT, Committee and/or Council.	Please describe your performance monitoring arrangements, including frequency of reporting, and provide detail of any such reports during the reporting period.	Communities and Families operate robust performance monitoring and management within the council's strategic performance framework. This includes regular performance monitoring at SMT. Key indicators are reported regularly to CLT and to EC&F and GRBV committees. The framework continues to be developed to ensure senior managers are provided with robust, relevant information in support of policy, decision making and service delivery in line with the Council's aims and objectives.	Compliant	
9.2	You should have arrangements in place to implement and monitor improvement measures to address any service delivery or performance problems.	Please describe the arrangements you have in place and give details of improvement measures introduced during the reporting period, e.g. exception reporting to CLT, and any outstanding issues.	The robust performance monitoring and management framework in place within Communities and Families has ensured that there are no known service delivery or performance problems that remain outstanding.	Compliant	
9.3	You should have appropriate arrangements in place throughout your service area for recording, monitoring and managing customer service complaints and customer satisfaction, including: 1. Compliance with the complaints procedure, including	Please describe the arrangements you have in place and how these are monitored, reviewed and reported.	Complaints are managed according to the Council's 2 stage process. Education Complaints are monitored by the SLL Advice and Complaints Officer who also represents the service on the Council's Complaints Management Group which meets monthly and discusses common issues, cross service solutions, and good	Compliant	Educational establishments cannot currently record in the existing complaints system, due to being on a different IT network. There is a Council wide project through CGI for

	<p>stage 1 and 2 processes.</p> <p>2. Recording and analysing all complaints to identify service improvement.</p> <p>3. Implementation of improvement actions in relation to common complaints.</p> <p>4. Adherence to the Council's Managing Customer Contact in a Fair and Positive Way Policy, to support staff in handling difficult situations.</p> <p>5. Addressing recommendations from the SPSO in relation to the service area.</p>		<p>practice in service planning. The group has taken ownership of implementing actions to improve practice, staff learning and development, policy development, analysis and reporting, and service improvement planning.</p> <p>SLL and CS comply with the SPSO's model Complaint Handling Procedure as implemented on 1 April 2017.</p>		<p>the development of a new complaints handling IT system.</p>
10 Commercial and Contract Management requirements		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
10.1	You must have arrangements in place to ensure all goods, services and works are procured and managed in compliance with the Contract Standing Orders.	Please describe the arrangements in place and how these are monitored and reported.	Controls are in place for this with individual SLL and CS establishments with devolved budgets comply with Contract Standing Orders. Issues arise where aggregate spend across schools exceeds compliance limits.	Partially compliant	A Council wide improved mechanism e.g. electronic system, is required to identify aggregate spend in a suitably robust way to ensure compliance.
10.2	You must have arrangements in place to ensure that there are named contract managers in place for every contract managed by the service area and they are made aware of their contract monitoring and record keeping responsibilities.	Please describe these arrangements and how they are monitored and reported.	<p>Contracts and Commissioning Officers, who are part of Children's Services, manage contracts and grants.</p> <p>A contract manager for the recently adopted Scotland Excel Framework Agreement for Educational Materials has started in post and will take on contract manager duties in addition to their main role.</p>	Partially compliant	Contract management of Educational Materials to be put in place.
10.3	You must have controls and	Please describe the arrangements	As 10.2	Partially	Contract management

	procedures in place to ensure that contract and supplier monitoring is carried out and recorded in accordance with the contract terms.	in place and how these are monitored and reported.		compliant	of Scotland Excel Framework for Educational Materials to be put in place.
10.4	You must have arrangements in place to ensure that changes to contracts or supplier details are recorded and communicated to relevant parties.	Please describe the arrangements in place and how these are monitored and reported.	As 10.2	Compliant	
11	Change and Project Management requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
11.1	All projects/programmes must have a clear business justification, as a minimum this should articulate outcomes and benefits, normally via a business case prior to commencing delivery.	Please outline the arrangements you have in place.	All projects and programmes have a clear business justification. Business cases and project initiation documentation is in place to detail need, cost/benefit etc. before commencement.	Compliant	
11.2	Your project/programme management arrangements should have appropriate governance in place to support delivery. As part of governance, clear roles, responsibilities, and accountabilities are articulated and demonstrated by all members of the project/programme team.	Please outline the arrangements you have in place.	All projects and programmes have appropriate governance in place with roles and responsibilities defined.	Compliant	

11.3	You must have effective controls in place to track delivery progress, take corrective action if required, and ensure ongoing viability of your projects and programmes.	Please outline the controls you have in place and confirm that these adequately ensure delivery and ongoing viability.	Project plans are in place to track delivery progress.	Compliant	
11.4	You should have a robust benefits management framework in place, including clear benefit measures, owners and realisation plan.	Please outline the arrangements you have in place.	As 11.1	Compliant / Partially compliant / Not compliant	
11.5	You must undertake end stage reviews and once the project has delivered the required outputs a formal closure process should be undertaken, including a final lessons learned exercise.	Please outline the arrangements you have in place.	This will be done when any projects close.	Compliant	
12	Financial Control requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
12.1	The operation of financial controls in your service area must be effective in ensuring the valid authorisation of financial transactions and maintenance of accurate accounting records.	Please describe your financial controls.	<p>Controls are in place for this and where transactional area issues arise and they are brought to the departments' attention, this is acted upon. The SLL Operations Manager is working with Finance to put in place a series of KPIs for schools to identify any areas of weakness.</p> <p>Internal audit has not carried out any audits in SLL during 2017/18 leaving the service area to act as a first line of defence,</p>	Compliant	The reintroduction of an audit programme across schools would provide a greater assurance that controls are working effectively.

			which is the lowest form of assurance.		
12.2	The arrangements you have in place to monitor expenditure/budget variances should identify control problems or variances that could have an effect on the Annual Accounts.	Please give details of the arrangements you have in place and if any control problems or variances have been identified.	<p>Controls are in place for this.</p> <p>Pressures identified are being reported and management action is being taken.</p> <p>Monthly monitoring of budgets takes place at the Communities and Families Senior Management team.</p> <p>Communities and Families has delivered a balanced budget in 2017/18.</p>	Compliant	
12.3	You should have arrangements in place to ensure all material commitments and contingent liabilities (i.e. undertakings, past transactions or events resulting in future financial liabilities) are notified to the Chief Financial Officer.	Please describe the arrangements you have in place and provide details of any such notifications to the Chief Financial Officer.	Commitments and contingent liabilities are regularly discussed Communities and Families SMT budget meetings and would be notified to the Chief Finance Officer as appropriate.	Compliant	
12.4	You should have arrangements in place to protect assets against theft, loss and unauthorised use and identify any significant losses.	Please describe the arrangements you have in place and if there have been any significant losses please detail these and outline any corrective action that has been, or will be, taken.	Assets are safeguarded. Asset registers are kept and regularly checked within SLL establishments.	Compliant	

12.5	You should have arrangements in place to review the adequacy of insurance provision and its adequacy in covering the risk of loss across your service area.	Please describe the arrangements you have in place including the frequency of review and date of last review.	The Council's Insurance Manager is consulted on activities or procedures that may affect existing insurance arrangements.	Compliant	
12.6	You should have arrangements in place for identifying any weaknesses in your service area's compliance with Council financial policies or statutory/regulatory requirements.	Please describe the arrangements you have in place, detail any weaknesses that have been identified and (if any) how these have been or will be addressed.		Compliant	
12.7	You should have arrangements in place that would identify any internal control, risk management or asset valuation problems within service areas that could affect the Annual Accounts?	Please describe the arrangements you have in place and detail any problems that have been identified.	Arrangements are in place and no problems have been identified.	Compliant	
13	Group Accounts (Resources only)	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
13.1	Have there been any developments during the year that should lead to additions, deletions or amendments to the companies included in the Group Accounts?	This question requires a Yes/No response. If the response is Yes, please provide details.		Yes / No	
13.2	You should have arrangements in place to identify any internal control, risk management or asset valuation problems with Council companies that could affect the Group Accounts.	Please describe the arrangements in place and detail any problems that have been identified during the reporting period.		Compliant / Partially compliant / Not compliant	

14 National Agency Inspection Reports		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
14.1	You should have arrangements in place to identify any reports relating to your service area that could impact on the signing of the Annual Governance Statement.	Please describe the arrangements you have in place, list the inspection reports published during the year, detail any issues that could have an impact and explain how these have been reported.	Inspection reports are considered by the Sub-Committee on Standards for Children and Families. Any issues raised from the reports which require further action are highlighted and actions agreed. Following the committee meeting, appropriate letters are issued to head teachers or managers summarising the conclusions of the meeting and highlighting aspects of the inspection	Compliant	
14.2	You should have arrangements in place that adequately monitor and report on the implementation of recommendations.	Please describe the arrangements you have in place.	As 14.1	Compliant	
15 Internal Audit, External Audit and Review Report Requirements		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
15.1	Have there been any internal audit, external audit or review reports published during the year that have highlighted high, medium or significant control deficiencies?	This question requires a Yes/No response. Please also list the reports published during the year and highlight any that have flagged high, medium or significant control deficiencies.	CF1617 – Review of Child Protection – Decisions made by professional advisors within Social Care Direct are not reviewed – Medium Risk – Procedures now Implemented and Sustained CF1511 – Continuous Testing – Standby, On Call, and Disturbance Payments – Claims Breaching Council Rules and subsequently authorised without due diligence – High	Yes	Yes

			<p>Risk - Procedures now Implemented and Sustained</p> <p>CF1620 – Management of Care Providers – Contract Review Meetings – Medium Risk – Procedures now Implemented and Sustained</p> <p>CG1621 – GIRFEC – Named Person – Arrangements for out with School Terms – High Risk – Not implemented and Sustained – further work is required to close this action.</p> <p>CF1621 – GIRFEC – Named Person – Consent to Share information – Medium Risk - Not implemented and Sustained – further work is required to close this action</p> <p>CW1502 – Governance Arrangements – Arms Length Companies – Council Observer Roles – Medium Risk – Implemented and Sustained</p>		
15.2	You should have arrangements in place to ensure all recommendations from these reports have been (or are being) implemented and that this is monitored effectively.	Please describe your implementation, monitoring and reporting arrangements and provide detail of any recommendations that are outstanding at the end of the reporting period.	<p>All recommendations from these reports have been or are being implemented. A Council wide issue has recently been identified where Internal Audit findings raised dating back to 1 April 2016 have either not been implemented; or were implemented, but have not been sustained, resulting in unnecessary exposure to service delivery risk.</p> <p>The Corporate Leadership Team agreed that each Directorate would review the full population of IA High and Medium rated</p>	Compliant	Partially Compliant

			<p>findings and confirm (via a self attestation process) whether these had been implemented; not implemented; implemented but not sustained; or were no longer applicable, with any findings that had not been implemented, or were implemented but not sustained, reopened by Internal Audit to ensure that these risks are effectively addressed.</p> <p>The results for Communities and Families confirmed that a total of 2 High and 4 Medium rated findings will be reopened.</p> <p>The Executive Director of Communities and Families and Communities and Families Heads of Service are all personally committed to ensuring that this historic position is addressed together with timely resolution of our existing population of open IA findings. Action plans have been developed and sufficient resources allocated to ensure that this will be achieved within appropriate timeframes</p>		
16 Progress		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
16.1	All outstanding issues or recommendations arising from this exercise, commissioned reviews, committee reports and other initiatives in previous years should have been addressed satisfactorily.	Please detail how any remaining outstanding issues or recommendations are being addressed.		Compliant	The self-assurance process for 2017/18 continues to identify areas for further improvement, a service action plan is being developed for this year's return and will be managed through the Communities & Families Risk Management Group.

Reviewed by	Alistair Gaw	Role	Executive Director (where applicable)	Date	21 May 2018
Reviewed by		Role	Internal Audit	Date	
Reviewed by		Role	Democracy, Governance and Resilience Senior Manager	Date	

Head of Service

Schedule to Support Evidence of Assurance for the Annual Governance Statement

For the year end 31 March 2018

Directorate	Chief Executive		Division / Service Area	Safer and Stronger Communities	
Completed by	Nichola Dadds	Job title	Senior Executive Assistant	Date completed	06/04/18
Signed off by		Job title	Acting Head of Safer and Stronger Communities		
Print name of signatory	Harry Robertson	Date of signature	06/04/18		

Introduction

The Statement of Accounts 2017/2018 includes the Annual Governance Statement signed by the Council Leader, the Chief Executive and the Head of Finance. The Annual Governance Statement is supported by Certificates of Assurance from each of the Executive Directors.

The Certificates of Assurance require Executive Directors to confirm that:

1. they have considered the effectiveness of controls in their directorate, including controls in place to mitigate major risks to their directorate's objectives;
2. to the best of their knowledge, appropriate controls are in operation upon which they can place reasonable assurance and that there are no significant matters arising that should be raised specifically in the Annual Governance Statement (or otherwise); and
3. they have identified actions that will be taken to continue improvement.

Executive Directors seek assurance through issue of this schedule to their Heads of Service to satisfy themselves that effective controls are in place across all service areas. Completing this schedule helps prompt Heads of Service to consider various aspects of their control environment and will inform the Executive Director's assessment of compliance.

This schedule should be used as a prompt to think about good governance and the internal control environment and is not an exhaustive list.

Guidance on completing the schedule

The schedule should be completed by the Head of Service or by a nominated senior manager (suggested managers to provide information and/or responses are highlighted below). Additional guidance notes are provided throughout the document.

Before submission to their Executive Director (where applicable), Heads of Service should ensure that this schedule has been completed accurately.

Please note that although evidence does not need to be attached to the completed schedule, accurate reference should be made to any supporting evidence because **responses made in the schedule may be subject to audit at a later date.**

Your assessment should consider how your service area's arrangements would stand up to external scrutiny. When completing the schedule please include your assessment of the service area's compliance and, if your assessment is partially or not compliant, please note planned improvement actions in the relevant column.

Please return your completed schedule to your Executive Director no later than **Friday 13 April 2018**. The Chief Executive's Heads of Service should return their completed schedule to governance@edinburgh.gov.uk by the same date and a Certificate of Assurance will be issued for completion.

Section	Requirements	Supporting officers
Section 1	Internal Control Environment	Head of Service
Section 2	Risk and Resilience	Directorate/Service Area Risk Committee Representative/Resilience Co-ordinator
Section 3	Workforce Controls	Head of Service
Section 4	Council Companies	Senior Relationship Lead / Company Observer(s)
Section 5	Policy	Head of Service
Section 6	Governance and Compliance	Head of Service
Section 7	Information Governance	Directorate/Service Area Record Officers
Section 8	Health & Safety	SMT Health & Safety Lead
Section 9	Performance	Head of Service
Section 10	Commercial and Contract Management	Head of Service
Section 11	Change and Projects	Head of Service
Section 12	Financial Control	Directorate/Service Area Financial Manager or Representative
Section 13	Group Accounts	RESOURCES only
Section 14	National Agency Inspection Reports	Head of Service
Section 15	Internal Audit, External Audit & Review Reports	Head of Service
Section 16	Progress	Head of Service

For further information or assistance please contact:

Gavin King
Democracy, Governance and Resilience Senior Manager
Strategy & Insight
529 4239 or gavin.king@edinburgh.gov.uk

Laura Callender
Governance Compliance Manager
Strategy & Insight
529 3655 or laura.callender@edinburgh.gov.uk

1 Internal Control Environment requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
1.1	You must have internal controls and procedures in place throughout your service area that are proportionate, robust, monitored and operate effectively.	<p>Internal controls are in place across Safer and Stronger Communities (SSC) that are proportionate, robust, monitored and operating effectively. Examples of these controls are:</p> <p>Financial Monitoring The budget is a standing item on the fortnightly SSC management team meeting agenda. The principal accountant attends, financial reports are produced and scrutinised to identify variances, risks, pressures and to ensure controls are in place.</p> <p>Performance Management/Quality Assurance Monthly monitoring of performance indicators by management teams across all areas of SSC and exception reporting to CLT. Support and Challenge Panels are held regularly with managers from each of the service areas aligned to SSC.</p> <p>A quality assurance framework is in place for all social work services. This includes a programme of regular case file audits, practice evaluation and self-evaluation activity.</p> <p>Procurement Monitoring A SSC Procurement Board (which includes representation from procurement services)</p>	Compliant	

manages procurement activity across the service in a cohesive and joined up approach. Service teams have regular monthly meetings with procurement teams and there is engagement with procurement services at contract management forums. The contracts registers are in place and monitored and reviewed on an annual basis. A register of all Council funded grants has been set up and is reviewed regularly.

Internal Audit

An internal audit of CCTV was held in 2017/18. An action plan was put in place which SSC are leading on. Contemporaneously a CCTV working group was established under the chair of the vice convenor of Culture and Communities Committee and the work of that group is aligned to achieving the outcomes of the internal audit report.

Risk Management

A risk management governance structure is in place, consisting of a risk steering group which meets bi-monthly and discusses service area risk and overarching service risks; when required these risks are escalated to the SSC Risk and Assurance Committee, who also receive a copy of the minutes from the risk steering group meetings. Divisional and service area risk registers are in place and received quarterly in line with the SSC Risk and Assurance Committee meeting schedule.

			<p>The Head of Service meets monthly with the Chief Risk Officer as a supplement to the risk steering group.</p> <p>Health and Safety The SSC Health and Safety Committee meets monthly and reports to the SSC Risk and Assurance Committee. This group has representation from across the service and progresses action areas and monitors health and safety performance; senior managers also regularly monitor health and safety performance. Workplace inspection and audit inspection programme is underway and progression of assigned actions monitored through the committee. Health and Safety is a standing item at each senior management team meeting and each service area team meeting.</p> <p>Policy and Procedures Service area policies and procedures are in place and updated regularly; when appropriate policy change is reported to elected members. Policies and procedures are held on a corporate register and those within criminal justice are owned by the senior manager for Community Justice.</p>		
1.2	You must have controls and procedures in place to manage the risks in delivering services through council companies, partners and third parties.	Please describe and/or give examples of the controls and procedures that you have in place and how these are monitored, tested and reported.	Controls and procedures are in place to manage risk in delivering service through Council companies, partners and third agencies. Commissioning strategies are in place for a range of external suppliers and third sector organisations. As part of the commissioning of these services, they will be expected to deliver performance or	Compliant	

outcome targets. All procurement is in line with contract standing orders and European regulations.

Framework agreements are also used in some key service areas which allows improved contract management and performance monitoring.

For services delivered through contracts or grants on behalf of the Council, there are joint meetings and performance and service delivery issues are reviewed at these meetings.

Third party grants have been approved by the relevant committees for 18/19 and monitoring regime is in place. A grants register is now in place to monitor the management of grants across the Council and ensure the co-ordination of grant procurement exercises.

The City of Edinburgh Council has a partnership agreement with Police Scotland for community policing. The Culture and Communities Committee oversee this agreement.

The City of Edinburgh Council, Midlothian Council and NHS Lothian jointly commission the Edinburgh and Midlothian Offender Recovery Service. The contract is reviewed quarterly.

1.3	Your internal controls and procedures and their effectiveness must be reviewed regularly.	Please describe how these are reviewed, by whom and how often.	<p>All internal contract and procedures and their effectiveness are reviewed on a regular basis. Divisional teams consider internal contracts monthly, or more often if required. Any contract issues are escalated to the senior management team or the SSC Procurement Board when required. Risk Registers, internal controls and procedures are reviewed regularly.</p> <p>SSC financial position, health and safety performance, inspections and audits, action plans and procurement activity are all discussed as standing agenda items at senior management and service area meetings on a fortnightly basis.</p>	Compliant	
1.4	Did the last review of your internal control environment identify any weaknesses that could have an impact on the Annual Accounts?	Please include the date of the last review, whether any weaknesses were identified and, if so, how these have been or will be addressed.	No weaknesses were identified.	No	
1.5	Has the monitoring process applied to funding/operating agreements identified any problems that could have an impact on Annual or Group Accounts?	Please describe the arrangements you have in place, including an overview of the monitoring process and frequency of reporting, and summarise any problems that have been identified.	<p>No - Each service area within SSC undertakes budget monitoring with finance colleagues and this is discussed at the SSC management team meeting fortnightly to mitigate the risk of any material variances impacting on the annual accounts. Risk is identified and addressed by the senior management team when required.</p> <p>Arrangements are also in place to monitor the financial performance of commissioned contracts.</p>	No	

2	Risk and Resilience requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
2.1	<p>Your risk management arrangements should identify the key risks to your service area (and the Council) including those arising from:</p> <ol style="list-style-type: none"> 1. Change (e.g. structural, service delivery, demographic and/or management) 2. Partnerships (external and internal) 3. Projects 4. Legal or regulatory action(s), and 5. Reputational damage. 	<p>Please describe your risk management arrangements and confirm that these adequately cover the three categories listed.</p>	<p>The risk management arrangements identify the key risks to SSC. A risk governance structure is in place which includes a well-established risk management steering group with a cross section of operational staff to identify service specific risks as well as risk that cross all SSC services. The group also considers future risk. Any risks identified are escalated and discussed by the SSC Risk and Assurance Committee.</p> <p>The SSC risk register is regularly reviewed in line with the SSC Risk and Assurance Committee meeting timetable and service area risk registers are reviewed and monitored on at least a quarterly basis by service areas.</p> <p>All projects are managed in line with Prince2 methodology with risk registers in place.</p> <p>Business continuity plans are in place and reviewed regularly and Business Impact Analysis (BIA) is being refreshed due to the significant changes within the organisation through transformational review.</p> <p>Any prospective or regulatory action relating to SSC is managed through the steering group and risk and assurance group. Any legal and or regulatory action would also be identified through the senior management team and managed appropriately through governance arrangements.</p>	Compliant	

			Where there is a likelihood of a risk of reputational damage to the Council this is escalated to either the SSC management team or CLT for further discussion and mitigation controls put in place if appropriate.		
2.2	You must have effective controls and procedures in place to manage the risks identified above to a tolerable level or actions put in place to mitigate and manage the risk.	Please describe the controls and procedures that you have in place.	<p>The risk governance structure in place within SSC provides a clear escalation for those risks identified as requiring further discussion at a senior level. The risk management steering group and risk and assurance group also focus on emerging risks and carry out horizon scanning. Controls and actions identified in risk registers are used to manage identified risks, and projects are managed in line with Prince2 methodology, including risk management, escalation of key issues and decisions and governance arrangements.</p> <p>Risk assessments are carried out regularly in line with service area requirements; at least yearly or where a significant operational change has occurred.</p>	Compliant	
2.3	The robustness and effectiveness of your risk management arrangements must be regularly reviewed.	Please describe how you review your risk management arrangements, who does this and how often.	Service area specific risks are captured in the risk register, which is reviewed and updated on a quarterly basis. The risk steering group and SSC risk and assurance committee provide a focused approach to managing current and future risks and development of mitigation strategies. When specific risks are identified or arise, these are considered and either service area risk workshops or cross service workshops are held dependent on the risk.	Compliant	

			Project risks are managed via project governance arrangements.		
2.4	Did the last review identify any weaknesses that could have an impact on the Annual Accounts?	Please include the date of the last review, any weaknesses that were identified and how these will be addressed.	<p>The last review did not identify any weaknesses that could impact on the Annual Accounts.</p> <p>The SSC risk register includes risks relating to robustness of savings that have been built into budgets; sufficient controls have been put in place to allow these to be managed.</p>	No	
2.5	There must be appropriate escalation/communication to the service area Risk Committee and CLT Risk Committee (as appropriate) of significant issues, risks and weaknesses in risk management.	Please describe the process for escalation/communication to the relevant Risk Committees.	<p>Regular monitoring and review from team level through to directorate level is in place.</p> <p>As part of the team level programme, staff are asked to identify risks for escalation, which are then captured, discussed, and managed at an appropriate level. Where emerging risks are identified as requiring escalation, there are appropriate routes via the steering group or risk and assurance committee or directly to senior managers or the Head of Service.</p>	Compliant	

2.6	You should have arrangements in place throughout your service area for the identification, recording and minimising of bribery risks.	Please describe these arrangements and how they are monitored and reported.	<p>Managers are aware of the Anti-Bribery Policy, Procedure, and Risk Assessment Toolkit. All staff must sign to acknowledge they have read and understood the Anti-Bribery Policy as part of their annual conversations relating to CEC Policy and Procedures. Managers will record this on MyPeople.</p> <p>Some service areas have a bribery risk register where this has been identified as necessary (e.g. commissioned or service areas where there are third party contracts in place)</p>	Compliant	
2.7	You should have arrangements in place to promote and support the embedding of the Council's Whistleblowing Policy and procedures, including raising awareness of the routes for concerns to be raised.	Please describe the arrangements you have in place, including the reporting of disclosures received by management to the Council's independent service provider.	<p>Managers are responsible for ensuring that staff are made aware of the Council's whistleblowing policy and procedures and a staff induction checklist includes signed acknowledgement that they have read and understood all core Council policies.</p> <p>E-learning, policy publication on the Orb and team briefing/tool box talks are all used to enforce policy messages and routes for raising concerns.</p> <p>Through team briefs, reminder emails and audits, the Senior Management Team monitors compliance and can ascertain awareness levels of policies and routes for raising concerns.</p>	Compliant	

2.8	<p>You should have arrangements in place throughout your service area for the recording and addressing of audit actions.</p>	<p>Please describe these arrangements and how they are monitored and reported.</p>	<p>Risks identified through the audit programme and will be identified, actioned, and monitored through the SSC Risk and Assurance Committee. Service areas are either developing, or have already developed, a risk register that directly feeds into the SSC risk register.</p>	Compliant	
2.9	<p>Your service area should have appropriate resilience arrangements in place, including:</p> <ol style="list-style-type: none"> 1. A Service Area Resilience Group and Workplan 2. A Resilience Coordinator and deputies for each essential activity area 3. A Counterterrorism Coordinator and deputy 4. A Building Incident Manager for each staffed Council premise. <p>All who should have received the appropriate training.</p>	<p>Please confirm your compliance with each requirement and how you ensure each is managed.</p>	<p>SSC have resilience arrangements in place which include:</p> <p>Appropriate representation at the Council's monthly Resilience Group which includes stakeholders for all directorates. Currently no SSC Resilience Group or Workplan is in place as this has not been communicated as a requirement.</p> <p>The Service Area Resilience Co-ordinator for Chief Executive covers SSC. The SEA is the Resilience Deputy for SSC and attends the monthly Resilience Group meetings and regularly meets with the Resilience Specialist for SSC.</p> <p>The Counterterrorism Coordinator for Chief Executive covers SSC.</p> <p>SSC premises have a single point of contact for all issues relating to single occupancy buildings and arrangements are in place for shared buildings with our partner agencies. A training programme has been developed for all Building Incident Managers and relevant staff.</p>	Partially compliant	<p>SSC Resilience Group work plan to be developed.</p>

2.10	Your business continuity plans and arrangements should mitigate the business continuity risks facing your service area's essential activities.	Please detail the plans and arrangements you have in place and explain how and when these are reviewed and reported.	<p>Business continuity plans for services areas are in place and feed into the overall Council Business Continuity. Business Impact Analysis (BIA) documents have been refreshed following changes through transformation. These are designed to identify essential services and ensure the continuation of these services in a business continuity incident.</p> <p>Plans are reviewed and updated at a service area level on a regular basis, this includes the current winter weather plan which is being reviewed as a response to recent red weather warnings and will include updated contingency plans for SSC staff and our business services staff during adverse weather conditions or loss of premises.</p>	Partially compliant	Complete review of winter weather arrangements.
3 Workforce Control requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions	
3.1	You should have arrangements in place to ensure workforce resources are managed properly, including compliance with payroll policies, overtime controls, absence management and performance eg. home/remote working.	<p>Please describe these arrangements and how they are monitored and reported.</p> <p>Monthly reports from the HR Hub Management are sent to the Head of Service who cascades these to senior managers. These reports are a standing item on the Senior Management Team meeting agenda and discussed in detail.</p> <p>Challenge and Support Panels are held bi-monthly, chaired by the Head of Service, and are attended by the senior manager and the managers for the service being discussed.</p> <p>Home/remote working is monitored and authorised by line managers with service manager oversight. Staff induction and annual conversations includes compliance</p>	Compliant		

			with Council policies and procedures including home/remote working. Any issues with inappropriate use of home/remote working are reported to senior managers.		
3.2	You should have robust controls in place to manage off-payroll workers/contractors, including agency workers and consultants, ensuring approved framework contracts have been used and that those engaged are wholly compliant with the provisions of IR35 Council guidance and procedures.	Please detail the controls you have in place to ensure compliance and explain how these are monitored and reported.	The Business Support Team Manager is responsible for ensuring compliance with IR35 Council guidance and procedures and works closely with service managers to monitor off-payroll workers/contractors procured by SSC. Any issues are highlighted to the Senior Management Team.	Compliant	
3.3	You must ensure that recruitment and selection is only undertaken by appropriately trained individuals and is fully compliant with Council policies and procedures, including vacancy approvals and controls.	Please describe how you ensure compliance.	All staff involved in recruitment and selection are compliant with Council policies and procedures and managers include this as part of their annual conversations. A clear pathway is in place to ensure vacancy approvals and controls comply with Council standards and all appointments are made in line with Council policy.	Compliant	
3.4	You should have robust controls in place to manage new starts, movers and leavers, including induction and mandatory training, IT systems security (access and removal) and access to buildings and service users' homes.	Please describe the controls and monitoring in place.	All line managers are aware of Council procedures relating to new starts, those leaving the Council and those moving to another area. Checklists are used to ensure procedures are followed. There is close work with the Business Support team to ensure IT system access and equipment	Compliant	

			<p>and building access is sufficient for the post holder.</p> <p>Each service area has bespoke induction procedures and shadowing arrangements.</p>		
3.5	<p>You must have robust controls in place to ensure that statutory workforce requirements are met, eg. PVG/disclosure checks, statutory registration/qualification, European Working Time Directive, right to work in the UK.</p>	<p>Please describe the controls you have in place, including monitoring and reporting arrangements.</p>	<p>Line managers ensure that all staff involved with recruitment follow Council procedures and work closely with the allocated member of the recruitment team to ensure statutory requirements and evidence relating to the right to work in the UK are met prior to any new starts taking up post.</p> <p>Procedures are in place to ensure all information/queries from the Scottish Social Services Council are processed proficiently and by the appropriate service manager.</p> <p>Work with HR Business Partners ensures that staff meet EWTD and any change of circumstances request, secondary employment or conflict of interests are considered using appropriate Council policies and procedures.</p>	Compliant	
3.6	<p>You should have arrangements in place to manage staff health and wellbeing, ensuring sickness absence is managed in compliance with the policy, including stress risk assessments and referrals to occupational health.</p>	<p>Please describe the arrangements you have in place to ensure compliance.</p>	<p>Bi-monthly Challenge and Support Panels discuss how best to support staff and line managers to manage staff health and wellbeing in line with Council policy. Service managers share good practice and assist their colleagues with complex cases by using their own examples, and HR business partners are in attendance to offer bespoke advice.</p>	Compliant	

			<p>All line managers meet monthly to discuss staff absence levels and what supports are in place and a monthly sickness absence report is sent from the Business Hub Management Information team which is scrutinised at the fortnightly Senior Management Team meeting.</p> <p>Challenge and Support Panels also address any issues relating to compliance with the Managing Attendance policy, referrals to occupational health and the use of stress risk assessments for individuals and teams.</p>		
3.7	You must ensure compliance with essential training requirements and support learning and development appropriately, including professional CPD requirements.	Please detail how you monitor to ensure compliance.	<p>Managers are responsible for ensuring staff are trained in line with the requirements for their post.</p> <p>Induction packs include information and checklists for new starts' essential training, CPD requirements and appropriate learning and development.</p> <p>Line managers include within their looking forward conversations required training and learning and development for the upcoming year. Team meetings include discussions on training and learning and development and bespoke requirements for their team.</p>	Compliant	
3.8	You should have arrangements in place to support and manage staff performance eg. regular 1:1/supervision meetings, performance/spotlight conversations.	Please describe the arrangements you have in place.	All line managers have attended the Conversation Spotlight Workshops and are familiar with the new performance framework.	Compliant	

			<p>All staff are expected to have regular 1:1s with their managers, where discussions regarding performance and training and Senior Managers communicate to staff how to highlight any concerns regarding frequency of their meetings.</p> <p>Senior Managers discuss with line managers the importance of annual conversations and recording on MyPeople, and compliance issues are addressed.</p>		
3.9	You must ensure compliance with HR policies and procedures across all service areas, eg. Code of Conduct, Disciplinary, Grievance, Bullying and Harassment.	Please describe how you monitor compliance across all service areas, eg. maintaining a register of gifts and hospitality, recording conflicts of interest, recording and approving secondary employment where required.	<p>All staff within SSC are made aware of their responsibility to disclose conflicts of interest, secondary employment, hospitality, and gifts. A register is kept, which contains details of approval and a yearly reminder sent out by Service Managers as a prompt for staff. Team briefs are also used to remind staff of their responsibilities.</p> <p>All SSC staff are required to sign to acknowledge (on a yearly basis) they have read and understood Council policy and procedures in relation to Code of Conduct, Disciplinary, Grievance, Bullying and Harassment and this is recorded by line managers on MyPeople, failure to adhere is escalated to senior managers.</p>	Compliant	
4	Council Company requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions

4.1	You must have arrangements in place for the oversight and monitoring of the council companies you are responsible for, that give you adequate assurance over their operation and delivery for the Council.	Please describe the arrangements you have in place, including observer attendance at board meetings, monitoring and reporting on performance/development/risks, Governance Hub, etc.	There are no companies for which SSC has responsibility.	Compliant	
4.2	You must ensure that an appropriate Service Level Agreement, or other appropriate legal agreement, is in place for each Arm's Length External Organisation that you are responsible for.	Please confirm that this is the case, that each agreement is up to date and the frequency of review.	<p>A Service Level Agreement is in place for the delivery of prison based social work services to HMP Edinburgh. This is monitored through joint meetings and the provision of monthly performance reports.</p> <p>The City of Edinburgh Council has a partnership agreement with Police Scotland for community policing. The Culture and Communities Committee oversee the agreement.</p> <p>For services delivered through contracts or grants on behalf of the Council, there are joint meetings and performance and service delivery issues are reviewed at these meetings.</p>	Compliant	
4.3	You must regularly consult and engage with recognised trade unions.	Please describe the arrangements you have in place.	There are no companies that SSC have responsibility for.	Compliant	
5	Policy requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions

5.1	You should have arrangements in place to ensure all service area staff are made aware of and fully understand the implications of relevant existing and new council policies.	Please describe the arrangements you have in place at service area level eg. Employee Handbook requirements, as well as locally in relation to operational and/or role specific requirements.	<p>A programme of communication supports the launch of policies/policy reviews, including briefing and training for relevant managers/supervisors.</p> <p>Managers are responsible for ensuring that relevant staff are made aware of new policies and the impact they will have on their role. E-learning, policy publication on and Orb and team brief/toolbox talks are all used to reinforce implementation.</p> <p>A staff induction checklist is in place which asks staff to sign to agree that they have read and understood all core Council policies.</p>	Compliant	
5.2	You should have arrangements in place for the annual review of policies owned by your service area, via the relevant executive committee, to ensure these comply with the Council's policy framework.	Please describe the arrangements you have in place to ensure the policies you are responsible for are up to date and fit for purpose (reflecting organisational changes, best practice, operational experience and legislative changes).	<p>There are various quality action groups where service managers meet to monitor performance, develop policy, and review policy application.</p> <p>The internal audit of CCTV has identified the need to review policies and procedures, and this is part of the action plan</p> <p>All policies and procedures are now reviewed on an annual basis by the Senior Managers for each of the service areas.</p> <p>Relevant service specific policies are recorded on the Council Policy Register and are subject to regular review and appropriate reporting to Committee.</p>	Partially compliant	Deliver the CCTV internal audit action plan

5.3	You should ensure that policies and procedures of particular relevance to services within your service area are implemented in a planned and consistent manner.	Please describe the arrangements you have in place eg. action plans, training programmes, etc.	<p>The impact of policies and procedures is assessed through a range of audit, quality assurance exercises and practice evaluations.</p> <p>Policies and procedures are reviewed annually or where there has been a policy or legislative change. Quality, Regulation and Professional Governance, themed discussions also take place regarding specific policies.</p> <p>All updated policies and procedures are placed on the Orb and cascaded to staff through line management arrangements. Any training needs are identified and incorporated into the annual training plan.</p>	Compliant	
6 Governance and Compliance requirements		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
6.1	You must ensure service area staff are aware of their responsibilities in relation to the Council's governance framework eg. Committee Terms of Reference and Delegated Functions, Scheme of Delegation, Contract Standing Orders, Financial Regulations.	Please describe the arrangements you have in place to ensure operational decisions and activities are carried out within agreed parameters.	Senior managers and appropriate staff are aware of the responsibilities aligned to them in terms of scheme of delegation, contract standing orders (including approval limits), reporting requirements and other financial guidance to ensure compliance with Council governance policies and procedures. This is reiterated through email briefings and regular discussions at management team meetings.	Compliant	

6.2	The authority, responsibility and accountability levels within your service area should be clearly defined, with proper officer designation delegated, recorded, monitored, revoked and reviewed regularly to meet the requirements of the Scheme of Delegation.	Please describe the process for this including how this is undertaken, by whom and the frequency of review.	Proper Officer and Delegated Authority letters are held with relevant managers within Safer and Stronger Communities.	Compliant	
6.3	You should have arrangements in place to ensure your service area's activities are fully compliant with relevant Scottish, UK and EU legislation and regulations.	Please describe the arrangements you have in place, including risk assessment, monitoring and compliance with statutory reporting requirements.	SSC is regulated by statute, regulations, and professional governance and each service areas is led by a senior manager who is fully versed in legislation, policies, and procedures and in addition there is a range of quality assurance processes to ensure and monitor compliance with appropriate legislation and regulations.	Compliant	
7	Information Governance requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
7.1	Service area staff must be made aware of their responsibilities in relation to the proper management of Council information, including the need to adhere to Council policies, procedures and guidance around: information governance; records management; data quality; information rights; information compliance; information security; and ICT acceptable use.	Please describe the arrangements in place and how these are monitored and reported.	<p>All staff are made aware of their responsibilities to adhere to Council policies, procedures, and guidance. This is communicated by line managers through annual conversations, regular 1:1s and in team meetings. Team briefings and newsletters highlight responsibilities and expectations for all SSC staff.</p> <p>Data Quality procedures are embedded within SSC and arrangements are in place to ensure compliance with GDPR prior to May 2018 roll out. Relevant staff are aware of their obligations in relation to intellectual property rights, data security protocols, FOI requests etc. Cross directorate enquires are co-ordinated</p>	Compliant	

			<p>through the Head of Service business support.</p> <p>Staff are required to sign to acknowledge they have read and understood the ICT acceptable use policy as part of the essential policy and procedures annual compliance.</p>		
7.2	Data sharing arrangements with third parties must be recorded, followed and regularly reviewed throughout all service areas in your service area.	Please describe the arrangements in place and how these are monitored and reported.	<p>All FOI requests are dealt with through the corporate FOI team and these are managed through a generic mailbox for SSC. The Head of Service signs off all FOI responses for SSC. Performance levels indicate a high level of compliance across service areas.</p> <p>Data protection mandates are completed by all customers prior to the sharing of personal information with third parties and these are reviewed bi-annually.</p> <p>The Information Compliance Manager agrees all data sharing arrangements in line with service requirements. Preparations are in hand to ensure that procedures are in line with GDPR roll out in May 2018.</p>	Compliant	
7.3	Privacy impact assessments must be completed to assess risks to processes that handle personal data (when appropriate) throughout all service areas in your service area.	Please describe the arrangements in place and how these are monitored and reported.	Privacy Impact Assessments (PIAs) are completed where appropriate and in consultation with the Information Compliance Manager.	Compliant	

7.4	All service area staff must be made aware of their responsibilities to report and manage data protection and information security breaches.	Please describe the arrangements in place and how these are monitored and reported.	<p>Data protection responsibilities for all staff are covered as part of staff induction and mandatory policies that all staff must complete annually.</p> <p>Clear policies are in place for reporting information security breaches and staff are made aware of their obligations in relation to these.</p> <p>Senior Managers are preparing for the GDPR roll out in May 2018 and will disseminate any changes in procedures to staff through team briefings.</p>	Compliant	
7.5	Information risks should be routinely recorded in risk registers and managed throughout all service areas in your service area.	Please describe the arrangements in place and how these are monitored and reported.	<p>Where information risks have been identified, they are managed through the relevant service area and if appropriate the risk steering group, and noted appropriately within service area risk registers.</p> <p>Where a significant risk is identified, it is escalated to the SSC Risk and Assurance Risk Committee.</p>	Compliant	
7.6	Processes that manage Council records, created and used within your service area, must be documented within approved procedures.	Please describe the arrangements in place for both core service records and business support records (e.g. Finance, HR, Health & Safety, Procurement etc.), as well as how these arrangements are reviewed and updated.	<p>There is clear documentation relating to the retention rules in place for SSC. These adhere to the retention rules which are in place across the Council. All records are updated and reviewed when appropriate and stored or disposed of in line with record retention guidelines.</p> <p>Core service records are stored following statutory guidelines and with clear destruction dates recorded.</p>	Compliant	

7.7	All Council records within your service area should be routinely disposed of according to their relevant record retention rules and these disposals should be documented.	Please describe the arrangements in place and how these are monitored for compliance.	<p>Working closely with business support colleagues aligned to SSC ensures compliance with retention and destruction dates. These are regularly reviewed and clear processes are in place.</p> <p>SSC has a records retention officer and routine data cleansing is carried out within all our services areas.</p>	Compliant	
8 Health & Safety (H&S) requirements		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
8.1	Service area staff must be made aware of their responsibilities under relevant H&S policies and procedures, including: Council Health and Safety Policy; Fire Safety Policy and Procedures; First-aid and Emergency Procedures; Stress Policy and Procedures; Accident, incident and work-related ill health reporting and investigation procedure; all other relevant health and safety policies and procedures (e.g. Asbestos, Water Safety).	Please describe the arrangements you have in place to meet these requirements and how these are monitored.	<p>All SSC staff are required to sign to acknowledge they have read the policies and procedures on an annual basis which includes Health and Safety.</p> <p>All new staff must complete the mandatory induction checklist within six weeks of their start date and line managers are responsible for recording this on MyPeople.</p> <p>Health and Safety is a standing item on the Senior Management Team meeting agenda. The SSC Health and Safety Committee evaluates compliance within the service through audit, performance, policy, and procedure monitoring.</p> <p>SSC has representation on the Council Fire Safety Standing Group and Water Safety Standing Group, with feedback to the SSC H&S Committee.</p> <p>Governance structures and processes are in place to ensure robust implementation of health and safety policy and procedures.</p>	Compliant	

			Service areas receive regular SHE incident reports that are analysis and scrutinised and action taken where appropriate.		
8.2	You must have appropriate arrangements in place for establishing, implementing, and maintaining procedures for the ongoing hazard identification, risk assessment and determination of necessary controls to ensure all H&S risks are adequately controlled.	Please describe the arrangements you have in place and how these are monitored, reviewed, and reported.	<p>Quarterly work place inspections are carried out with identified hazards captured, progressed as relevant and closed via SHE portal.</p> <p>Risk assessments are in place and reviewed regularly. Details of accidents and incidents are recorded, reported, and investigated in line with Council incident reporting policies and procedures.</p>	Compliant	
8.3	You must have competencies, processes, and controls in place to ensure that all service areas in your service area, and any other areas of responsibility, operate in compliance with all applicable H&S laws and regulations.	Please describe the arrangements you have in place and how these are monitored, reviewed, and reported.	<p>Local and divisional improvement plans are embedded within SSC.</p> <p>Workplace assessments and incident reporting is in place and monitored. Regular audits are in place and actions monitored through the SSC H&S Committee. There are named staff with H&S responsibilities within all premises and monitoring and governance is in place to ensure compliance.</p>	Compliant	
8.4	You must have appropriate arrangements in place for the identification and provision of H&S training necessary for all job roles, including induction training.	Please describe the arrangements you have in place and how these are monitored, reviewed, and reported.	The remit of the SSC H&S Committee includes developing a H&S training matrix for staff to ensure each of the posts within SSC have appropriate training for their roles.	Compliant	

8.5	You must have a robust governance and reporting structure for H&S in your service area.	Please provide the name of the SMT member in your service area who sits on the Council H&S Group. Please also describe your governance and reporting structure for H&S and how you ensure that H&S issues across your service area are brought to the attention of the Council H&S Group as appropriate.	<p>There is a robust governance arrangement within SSC. The H&S Committee is in place and is responsible for ownership of all related health and safety matters. The chair of the group is part of the SSC Senior Management Team and is a member of the risk and assurance committee, both of which are a route for escalation from the H&S Committee.</p> <p>The Head of Safer and Stronger Communities is a member of the Council's Health and Safety Group.</p>	Compliant	
9 Performance requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions	
9.1	Where performance monitoring identifies inadequate service delivery or poor value for money, you must have arrangements in place for reporting to CLT, Committee and/or Council.	<p>Please describe your performance monitoring arrangements, including frequency of reporting, and provide detail of any such reports during the reporting period.</p>	<p>Performance reports are discussed on a regular basis as part of service area, Senior Management Team and CLT reporting.</p> <p>A new performance framework which is aligned to the Council's development plan is in place.</p> <p>Quarterly reports on the Partnership Agreement with Police Scotland are submitted to the Culture and Communities Committee.</p> <p>A range of service management teams and committees consider more detailed service specific information.</p>	Compliant	
9.2	You should have arrangements in place to implement and monitor improvement measures to address any service delivery or performance problems.	Please describe the arrangements you have in place and give details of improvement measures introduced during the reporting period, eg. exception reporting to CLT, and any outstanding issues.	The increase in demand for, and cost of, temporary accommodation has resulted in regular exception reports to the Senior Management Team and CLT, and reports to the Housing and Economy Committee.	Compliant	

			<p>Performance reports are generated within SSC which include significant occurrence notification, statutory complaints, and care service feedback.</p> <p>Oversight of the registration of the workforce and regulated services features in the service advisory role to other departments/divisions.</p> <p>Improvement Plans are held within SSC which include actions from audits and inspection reports. These are monitored and regularly discussed at the appropriate Committees which report to the Chief Officers' Group.</p>		
9.3	<p>You should have appropriate arrangements in place throughout your service area for recording, monitoring, and managing customer service complaints and customer satisfaction, including:</p> <ol style="list-style-type: none"> 1. Compliance with the complaints procedure, including stage 1 and 2 processes. 2. Recording and analysing all complaints to identify service improvement. 3. Implementation of improvement actions in relation to common complaints. 4. Adherence to the Council's Managing Customer Contact in a Fair and Positive Way Policy, to support staff in handling difficult situations. 	<p>Please describe the arrangements you have in place and how these are monitored, reviewed, and reported.</p>	<p>All complaints are monitored and managed in accordance with Council Policies and Procedures.</p> <p>Divisional teams who log complaints on the Capture complaints system, review the system and performance monthly.</p> <p>SSC records all complaints, concerns and elected member enquires. Complaints are monitored continuously to identify potential themes, patterns or trends emerging. Complaint reports detailing performance outcomes and service improvements generated from investigation findings are provided to relevant service areas for quality assurance purposes.</p> <p>All investigations relating to complaints are undertaken in accordance with the Council's Complaints Procedure and</p>	Compliant	

	5. Addressing recommendations from the SPSO in relation to the service area.		<p>approved by the responsible service manager. Complaint responses are signed off by the HOS when appropriate to ensure a robust and consistent approach to complaint management.</p> <p>All SPSO complaints are co-ordinated and recommendations monitored through the Governance team within Corporate Governance.</p>		
10 Commercial and Contract Management requirements		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
10.1	You must have arrangements in place to ensure all goods, services and works are procured and managed in compliance with the Contract Standing Orders.	Please describe the arrangements in place and how these are monitored and reported.	<p>SSC has procedures in place to ensure all goods, services and works are procured appropriately and in compliance with the Contract Standing Orders.</p> <p>Managers are responsible for ensuring Waiver Requests are completed and tenders submitted where appropriate.</p> <p>There is a clear process in place which requires sign off by the Head of Service to ensure compliance.</p>	Compliant	
10.2	You must have arrangements in place to ensure that there are named contract managers in place for every contract managed by the service area and they are made aware of their contract monitoring and record keeping responsibilities.	Please describe these arrangements and how they are monitored and reported.	Contract managers are assigned and made aware of their responsibilities relating to record keeping and contract monitoring. Performance is measured against outcomes and any issues are highlighted for discussion as part of the agenda for the Senior Management Team meeting which finance business partners attend.	Compliant	

			Each partnership and planning commissioned service has a named commissioning officer who functions as the contract manager. They report to the Partnership and Planning Manager twice monthly. Every two months, contract management is discussed at the Partnership and Planning meeting.		
10.3	You must have controls and procedures in place to ensure that contract and supplier monitoring is carried out and recorded in accordance with the contract terms.	Please describe the arrangements in place and how these are monitored and reported.	<p>Contract performance data/reports are received from Council providers every four weeks.</p> <p>A detailed quarterly report with case studies and narrative is provided by commissioned service.</p> <p>Six monthly case audits are undertaken to review providers' service delivery. Close liaison with CPS is maintained and CPS undertake audits of P&P practice to help ensure effective contract management.</p>	Compliant	
10.4	You must have arrangements in place to ensure that changes to contracts or supplier details are recorded and communicated to relevant parties.	Please describe the arrangements in place and how these are monitored and reported.	Once a change of contract has been agreed with the provider, a new contract is issued to all parties. Hard copies are required for signature and these are scanned and filed by all parties.	Compliant	
11	Change and Project Management requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions

11.1	All projects/programmes must have a clear business justification, as a minimum this should articulate outcomes and benefits, normally via a business case prior to commencing delivery.	Please outline the arrangements you have in place.	Proposals for projects/programmes are discussed by the Senior Management Team prior to commencing and a clear business justification outlined. The appropriate senior manager for SSC has oversight of the project/programme and Head of Service sign off is required.	Compliant	
11.2	Your project/programme management arrangements should have appropriate governance in place to support delivery. As part of governance, clear roles, responsibilities, and accountabilities are articulated and demonstrated by all members of the project/programme team.	Please outline the arrangements you have in place.	Senior Managers appoint lead officers for all projects/programmes who are responsible for ensuring that clear roles and responsibilities are outlined. A review process ensures the senior manager receives regular updates on progression and timescales and these are fed back to the Senior Management Team.	Compliant	
11.3	You must have effective controls in place to track delivery progress, take corrective action if required, and ensure ongoing viability of your projects and programmes.	Please outline the controls you have in place and confirm that these adequately ensure delivery and ongoing viability.	There are robust controls in place to ensure delivery progress is tracked and any issues dealt with swiftly and effectively. The lead officer keeps senior managers informed through regular reports and auditing tracks delivery progress and viability. All projects/programmes include monitoring of effectiveness through feedback sessions with staff, focussed workshops, and evaluation sessions.	Compliant	
11.4	You should have a robust benefits management framework in place, including clear benefit measures, owners and realisation plan.	Please outline the arrangements you have in place.	All projects/programmes are evaluated to ensure they adhere to robust benefits management arrangements as detailed above.	Compliant	

11.5	You must undertake end stage reviews and once the project has delivered the required outputs a formal closure process should be undertaken, including a final lesson learned exercise.	Please outline the arrangements you have in place.	<p>All projects/programmes must be signed off by the Head of Service and regular updating on delivery provided to the Senior Management Team.</p> <p>A review process includes formal closure reporting and auditing of delivery and whether the proposed expectations have been met. Any lessons learned will be fed back appropriately and an action plan put in place if appropriate.</p>	Compliant	
12	Financial Control requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
12.1	The operation of financial controls in your service area must be effective in ensuring the valid authorisation of financial transactions and maintenance of accurate accounting records.	Please describe your financial controls.	<p>There is monthly monitoring of spend, savings plans and pressures at divisional management teams and the Senior Management Team.</p> <p>Appropriate Oracle approval limits are in place and reviewed regularly.</p> <p>Criminal justice social work receives ring-fenced funding through Section 27 allocation from Scottish Government.</p>	Compliant	
12.2	The arrangements you have in place to monitor expenditure/budget variances should identify control problems or variances that could have an effect on the Annual Accounts.	Please give details of the arrangements you have in place and if any control problems or variances have been identified.	<p>Budget monitoring for SSC is in place, the finance manager attends the Senior Management Team and budget is a standing item on the agenda and has regular contact with the service areas in relation to their own budgets.</p> <p>Areas of pressure in 17/18 are being managed; with a balanced out-turn position projected.</p>	Compliant	

12.3	You should have arrangements in place to ensure all material commitments and contingent liabilities (i.e. undertakings, past transactions or events resulting in future financial liabilities) are notified to the Chief Financial Officer.	Please describe the arrangements you have in place and provide details of any such notifications to the Chief Financial Officer.	Regular meetings with finance staff and committee reporting as appropriate as well as adhoc engagement with finance staff where appropriate. Nothing has been notified to the Chief Financial Officer.	Compliant	
12.4	You should have arrangements in place to protect assets against theft, loss and unauthorised use and identify any significant losses.	Please describe the arrangements you have in place and if there have been any significant losses please detail these and outline any corrective action that has been, or will be, taken.	Security arrangements are in place and regularly reviewed. No significant losses have been identified, all mobile devices are encrypted in line with Council procedures. Laptops are equipped with appropriate security measures (e.g. bit locker passwords) and clear desk policies are in place and monitored.	Compliant	
12.5	You should have arrangements in place to review the adequacy of insurance provision and its adequacy in covering the risk of loss across your service area.	Please describe the arrangements you have in place including the frequency of review and date of last review.	Insurance cover managed corporately and any losses dealt within the insurance policy or absorbed divisionally. Insurance Services conduct an annual check to confirm adequacy of existing levels of insurance.	Compliant	
12.6	You should have arrangements in place for identifying any weaknesses in your service area's compliance with Council financial policies or statutory/regulatory requirements.	Please describe the arrangements you have in place, detail any weaknesses that have been identified and (if any) how these have been or will be addressed.	All budgets within SSC and all ring-fenced budget areas are managed per accountancy rules, with close working between finance colleagues and service managers.	Compliant	

12.7	You should have arrangements in place that would identify any internal control, risk management or asset valuation problems within service areas that could affect the Annual Accounts?	Please describe the arrangements you have in place and detail any problems that have been identified.	Divisional/service area risk registers are in place and highlight areas of risk and the controls that are in place to manage these. These are reviewed each quarter (or more frequently if needed).	Compliant	
13 Group Accounts (Resources only)		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
13.1	Have there been any developments during the year that should lead to additions, deletions or amendments to the companies included in the Group Accounts?	This question requires a Yes/No response. If the response is Yes, please provide details.	Not applicable	N/A	
13.2	You should have arrangements in place to identify any internal control, risk management or asset valuation problems with Council companies that could affect the Group Accounts.	Please describe the arrangements in place and detail any problems that have been identified during the reporting period.	Not applicable	N/A	
14 National Agency Inspection Reports		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
14.1	You should have arrangements in place to identify any reports relating to your service area that could impact on the signing of the Annual Governance Statement.	Please describe the arrangements you have in place, list the inspection reports published during the year, detail any issues that could have an impact and explain how these have been reported.	The Care Inspectorate annually reviews Crane Services. Quality Assurance meetings regularly review grades from national agency inspection reports and implement recommendations accordingly. All meetings are minuted and systems are in place within our multi-agency public protection committees to review lessons learned from inspection reports.	Compliant	

			There were no issues reported in 2017/18 which impacted on the signing of the Annual Governance Statement.		
14.2	You should have arrangements in place that adequately monitor and report on the implementation of recommendations.	Please describe the arrangements you have in place.	<p>The Crane Services Review action plan is overseen by the Sector Manager for Community Justice Reintegration Services who reports regularly on progress to the Senior Manager for Community Justice.</p> <p>Recommendations from inspection reports are subject to action plans that are monitored through the appropriate committees.</p> <p>Recommendations and service improvement activity generated from internal audits, service reviews and upheld and partially upheld complaints are logged accordingly and managed through the relevant service.</p>	Compliant	
15 Internal Audit, External Audit and Review Report Requirements		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
15.1	Have there been any internal audit, external audit or review reports published during the year that have highlighted high, medium or significant control deficiencies?	This question requires a Yes/No response. Please also list the reports published during the year and highlight any that have flagged high, medium or significant control deficiencies.	<p>Yes.</p> <p>Internal audit report on CCTV Infrastructure had two high rated findings reflecting the need for a clearly defined CCTV Strategy and the need to improve current CCTV operations across Public Space; Security and Concierge CCTV operations.</p>	Yes	Implement action plan from audit report.

15.2	You should have arrangements in place to ensure all recommendations from these reports have been (or are being) implemented and that this is monitored effectively.	Please describe your implementation, monitoring and reporting arrangements and provide detail of any recommendations that are outstanding at the end of the reporting period.	SSC is leading for the three services in the Council on the delivery of the action plan, in itself being part of an elected member led working group for CCTV under the Edinburgh Community Safety Partnership.	Compliant	
16 Progress		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
16.1	All outstanding issues or recommendations arising from this exercise, commissioned reviews, committee reports and other initiatives in previous years should have been addressed satisfactorily.	Please detail how any remaining outstanding issues or recommendations are being addressed.	Action plans have been developed as a result of all of these processes and managers have prioritised actions in key areas and set timescales for resolution of outstanding issues.	Compliant	

Reviewed by		Role	Executive Director (where applicable)	Date	
Reviewed by		Role	Internal Audit	Date	
Reviewed by		Role	Democracy, Governance and Resilience Senior Manager	Date	

Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

Control Area	Paragraph of Schedule	Issue	Action	Senior Responsible Officer	Target completion date
Annual Assurance	N/A	Review of annual approach to completion of annual assurance questionnaire.	To improve the process for gathering evidence and completing the annual evidence of assurance schedule.	Operations Manager, HOS and Executive Director	31 March 2019
Annual Assurance	Various	A review of the Council's requirements in respect of Business Continuity, Procurement and Risk are underway to ensure compliance with Council policies and procedures.	Engagement with specialists from the various services takes place regularly and any concerns/risks/issues are highlighted and acted upon.	Operations Manager / Principal Risk Manager	On-going
1.1	Internal Control Environment	You must have internal controls and procedures in place throughout your service are that are proportionate, robust, monitored and operate effectively.	<p>Schools Assurance Statements – Only 75% of the schools returned their self-assurance statement for the 2017/18 return. The self-assurance questionnaires have been issued in Dec 18. Reminders are sent twice during the process. Completion is mandatory.</p> <p>The results are then analysed to provide dieback to managers and business partners, ensuring that they are made aware of the risks and gaps in knowledge and training</p>	Executive Director / Heads of Service / Operations Manager	On-going

Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

			<p>requirements. Improvements are put in place where required.</p> <p>There is also a quarterly C&F Risk Assurance Committee which covers all C&F risks (next meeting is January 2019).</p> <p>Low Uptake of Parents using Parentpay – C&F now have a dedicated member of staff working directly with schools to help increase the uptake. A week of Parentpay training has been arranged at the end of January 19 (200 spaces) and each school will be encouraged to send at least one person along. Schools with a low uptake will be targeted, but schools that have 100% use can also come along as there will be an opportunity to learn about new developments.</p> <p>New essential learning / training matrices were created in 2017/18 and SLL will work with business partners delivering training courses to ensure they are widely available, well communicated and can meet demand. There will be an updated matrix collated for 2018/19.</p>		
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Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

1.2	Internal Control Environment	You must have controls and procedures in place to manage the risks in delivering services through council companies, partners and third parties.	<p>C&F contracts with third parties have a standard set of conditions and grants to third parties are subject to the Council standard conditions of grant funding.</p> <p>All organisations are required to provide information about service delivery using standard contract or grant monitoring templates generally on an annual basis.</p> <p>This is done with annual reports as a minimum requirement however some contracts are monitored on a more regular basis.</p> <p>All grant awards have an identified monitoring officer (service area or commissioning officer). Contracts generally have a service area lead, however where this is not the case the commissioning team will play a more active role. There is a capacity issue for the commissioning team in maintaining the oversight role. A training session for grant monitoring officers was delivered by the commissioning team on 1st</p>		On-going

Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

			<p>October. The Contract and Grants Management team are in the process of setting up a Contract Managers Forum and further support.</p> <p>Directors will ensure that a service level agreement (SLA) has been established with all arms level organisations (ALEOs) that they support.</p> <p>A copy is provided annually from the legal team of the agreement between C&F and Edinburgh Leisure. The provision of this was subject to Internal Audit Scrutiny as part of the resilience audit in February 2016.</p>		
2.8	Risk and Resilience Requirements	You should have arrangements in place throughout your service area for the recording and addressing of audit actions	<p>Senior managers are alerted to audit actions however are not routinely kept informed of overdue actions.</p> <p>TeamCentral system has been introduced which routinely sends reminders to the Director, Head of Service, Service Area Managers and the Senior Executive Assistant of overdue audit actions.</p> <p>The Senior Executive Assistant is responsible for liaising with the relevant service area and nominated audit officers to ensure that all audit</p>	Director/ Head of Service/ Senior Executive Assistant / Service Area Managers	March 2019

Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

			<p>actions are updates and appropriate evidence is provided to support the closure of audit actions.</p> <p>Regular meetings are held with the audit team to ensure continuous monitoring is ongoing.</p> <p>Going forward this ensures that C&F have robust processes in place for the next set of audits due to commence due in 2019.</p> <p>New Pentana software has been introduced which will be used to monitor all H&S Audit actions. All the 2018 audit actions are being transferred to the system to allow real-time updates. The Operations Manager and Senior Executive Assistants will be trained on Pentana to enable monthly reports to be generated for tracking.</p>		
2.9	Risk and Resilience Requirements	Your service area should have appropriate resilience arrangements in place.	SLL work closely with our Resilience Business Partner and have an annual resilience work plan. We have a Resilience Coordinator, however deputies still need to be identified.		February 2019

Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

			<p>This action has now been put on TeamCentral to issue reminders.</p> <p>The Resilience Business Partner has provided an update on the identification of deputies (10 December):</p> <p>Whilst there is no requirement for deputies in Safer and Stronger Communities it is something that should be considered.</p> <p>In C&F the agreed management actions have been discussed and requirements agreed at the Council Resilience Group and CRG Management Review.</p> <p>The operational responsibilities have been defined further discussion is required with the Corporate Resilience Manager.</p> <p>To support the C&F coordinator deputies are required to support essential activity areas. The Resilience Business Partner and Resilience Coordinator are meeting with the Heads of Service to identify them.</p>		
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Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

3.2	Workforce Control Requirements	You should have robust controls in place to manage off-payroll workers/contractors, including agency workers and consultants, ensuring approved framework contracts have been used and that those engaged are wholly compliant with the provisions of the IR35 Council guidance and procedures/	Continued work with Corporate Procurement Services to identify aggregate spend and contract. SLL are working closely with Procurement Services. Controls are in place for this.		
3.8	Workforce Control Requirements	You should have arrangements in place to support and manage staff performance e.g. regular 1-1/supervision meetings, performance, and spotlight meetings.	Work is ongoing to ensure this is recorded in MyPeople. Reminder communications are sent to managers to remind them of their responsibilities. HR also provide spreadsheets which provides information on managers who have yet to complete the recording on MyPeople.		March 2019
7.1 7.2 7.3 7.6 7.7	Information Governance Requirements	Service area staff must be made aware of their responsibilities in relation the proper management of Council Information. Data sharing arrangements with third parties must be	The information governance team are planning to carry out a Council wide self-assessment model in January 2019. This will involve an in-depth look at information governance practices across every service area. Since the C&F self-assurance process last year,	Executive Director/Heads of Service/Operations Manager	January 2019

Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

		<p>recorded, followed and regularly be reviewed.</p> <p>Privacy impact assessments must be completed to assess risks to processes that handle personal data (when appropriate)</p> <p>Processes that manage Council records, created and used with your service are must be documents within approved procedures.</p> <p>All Council records with your service area should be routinely disposed according to their relevant record retention rules and these disposals should be documented.</p>	<p>Information Governance has continued to answer questions from schools as they have come up. There is training available on Cecil and information/guidance on the orb but there has been no additional training offered by Info Gov.</p> <p>7.2 & 7.3 –We are continuing to work with Info Gov to ensure compliance with data sharing and privacy impact assessments. Schools are aware of their responsibilities for GDPR and we have set up a DPIA Board and a process to assess requests from schools for new software before schools commit to purchasing.</p> <p>Work is ongoing to ensure all process are recorded.</p> <p>Record retention rules will be part of the Information Governance self-assessment.</p> <p>Work is still ongoing with Information Governance on record retention due to the complexity in some areas, particularly schools.</p>		
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Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

<p>8.1 8.2</p>	<p>Health and Safety Requirements</p>	<p>Service area staff must be made aware of their responsibilities under relevant H&S policies and procedures.</p> <p>You must have appropriate arrangements in place for establishing, implement and maintaining procedures for ongoing hazard identification, risk assessment determination of necessary controls to ensure all H&S risks are adequately controlled.</p>	<p>The validation checklist which accompanies the self-assurance statement provides links to all the key health and safety policies and procedures. For all non-school staff the Orb has all the relevant policies and procedures. Managers communications advise managers of changes to policies or new policies for cascading to staff.</p> <p>8.1 The Service Level Agreement with FM has been in place since August 2018 and will be reviewed in the new year. We are in the process of gathering feedback from schools and nurseries about the new FM service and that will inform any amendments to the SLA; this is being done through survey monkey and the closing date for that is 20th Dec.</p> <p>8.2 The Operations Manager has created a suite of template risk assessments for school activities to help schools identify hazards and articulate the controls in place; these have been in place since August and</p>	<p>Executive Director/Heads of Service/Operations Manager</p>	<p>March 2019</p>
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Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

			schools have made them site. The SLA has helped with roles and responsibilities and the feedback from the survey will help inform future developments in this area.		
10.1 10.2 10.3	Commercial and Contract Management requirements	<p>You must have arrangements in place to ensure all goods, services and works are procured and managed in compliance with the Contract Standing Orders.</p> <p>You must have arrangements in place to ensure that there are named contract managers in place for every contract managed by the service are and they are made aware of their contract monitoring and record keeping responsibilities.</p> <p>You must have controls and procedures in place to ensure that contract and supplier monitoring is carried out and recorded in accordance with the contract terms.</p>	Schools have been engaging with a procurement forum that was set up to improve consistency and identify aggregate spend. A business manager toolkit was created and has a whole section on procurement with schools are using to inform their process	Head of Service/Operations Manager	Complete

Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

Safer and Stronger Communities (SSC)

Action Plan in Response to Annual Assurance Statement Findings

Control Area	Paragraph or Schedule	Issue	Action	Senior Responsible Officer	Target Completion date
2.9	Risk and Resilience Requirements	<p>Your service area should have appropriate resilience arrangements in place, including:</p> <ol style="list-style-type: none"> 1. A service Area Resilience Group and Workplan 2. A Resilience Coordinator and deputies for each essential activity area 	<p>Confirmation of Resilience Group and Workplan:</p> <p>On moving to Communities and Families, the Service Area Resilience Coordinator has changed. The Resilience Deputy for SSC corresponds with the Resilience Coordinator to ensure consistency across the service; they also both attend the monthly Resilience Group meetings. Two Resilience Business Partners, Kimberley Campbell for Children and Families and Russell McLauchlan for SSC support the Directorate.</p>	Head of Safer and Stronger Communities	<p>1. – 31.12.18</p> <p>2. – 31.12.18</p>
2.10	Risk and Resilience Requirements	Your business continuity plans and arrangements should mitigate the business continuity risks facing your service area's essential activities	<p>Complete Review of Winter Weather Arrangements:</p> <p>Our Essential Activities scorecard is being updated by each of the Senior Managers and Head of Service. For those scored as a priority service detailed contingency plans will</p>	<p>Head of Safer and Stronger Communities</p> <p>Senior Managers</p>	31.12.18

Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

Control Area	Paragraph or Schedule	Issue	Action	Senior Responsible Officer	Target Completion date
			<p>be put in place for SSC staff and relevant colleagues from Resources for adverse weather conditions or loss of premises.</p> <p>Plan on a Page created for SSC with clear arrangements for cascading information to managers and staff. Managers in each of the service areas have also developed their own Plan on a Page and shared this with the relevant Senior Manager.</p> <p>Contact for 4x4 vehicles established and information disseminated to appropriate service managers.</p>		10.12.18
5.2	Policy Requirements	You should have arrangements in place for the annual review of policies owned by your service area, via the relevant executive committee, to ensure these comply with the Council's policy framework.	<p>Senior Managers will ensure the groups that meet to monitor performance, develop policy, and review policy application are fit for purpose and undertaking tasks assigned. An audit of review dates will be carried out of all SSC Policies and Procedures.</p> <p>Deliver the CCTV internal audit action plan:</p>	<p>Head of Safer and Stronger Communities</p> <p>Senior Manager for</p>	31.03.19

Appendix 3 – Communities and Families Action Plan in Response to Annual Assurance Statement Findings

Control Area	Paragraph or Schedule	Issue	Action	Senior Responsible Officer	Target Completion date
			<p><i>Recommendations from the Internal Audit from CCTV has identified the need to review policies and procedures.</i></p> <p>These are being included within the Code of Practice which is in its final draft phase; following the Information Governance review, it has been agreed that the Code of Practice will be submitted to the CCTV Working Group for approval and then to the relevant Committee.</p>	Community Justice	27.09.19 - this is the date approved by Internal Audit.

Education Children and Families Committee

10.00am, Tuesday, 14 August 2018

Communities and Families Assurance Framework Report

Item number	7.4
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

The Communities and Families Assurance Framework has been in place for two years during which time the service, Internal Audit and Business Partners created a Local Assurance Statement for Head Teachers and Heads of Establishment to complete. A combined team from Internal Audit and Corporate Health and Safety carried out a programme of 30 audit visits to schools (15 per year) and other Communities and Families establishments over the two-year period. Findings were reported to Governance, Risk and Best Value Committee in April 2016 and February 2017.

In this third year of the Assurance Framework, Internal Audit did not carry out any audit visits to schools recommending Communities and Families move to a 1st line of defence model where day to day operational controls manage service delivery risk (appendix 1 details the line of defence model).

Within the service Communities and Families with Corporate Risk Management have used the Local Assurance Statement questionnaire plus 15 school visits between February – April 2018 to inform this process.

This report outlines the key themes emerging from the Assurance Framework and our recommendations to provide continual improvements in Communities and Families establishments' management of risk through a robust control environment.

The focus of this report is on the self-assurance process, findings and subsequent actions.

Communities and Families Assurance Framework report 2017/18

Communities and Families Assurance Framework Report

1. Recommendations

- 1.1 The Education Children and Families Committee is requested to:
 - 1.1.1 note the content of this report.

2. Background

- 2.1 The Schools Assurance Framework launched as a pilot in 2015/16 with a programme of 15 school audits undertaken by Internal Audit and Corporate Health and Safety. In 2016/17 a further 15 audits were completed and included other Communities and Families establishments as well as schools.
- 2.2 Internal Audit presented a report to Governance Risk and Best Value Committee after each years' programme. The reports are available on the Council's website and a link to each report can be found below.

April 2016

http://www.edinburgh.gov.uk/download/meetings/id/50411/item_75_schools_assurance_framework_pilot

February 2017

http://www.edinburgh.gov.uk/download/meetings/id/53154/item_71_-_communities_and_families_assurance_framework_pilot
- 2.3 In 2017 Governance Risk and Best Value Committee commended the work undertaken to date and recommended that the assurance framework be adopted as best practice and monitored annually by the Education, Children and Families Committee.
- 2.4 In 2017/18 Communities and Families has worked with Risk Management to carry out a programme of 15 (1.3% of the Communities and Families estate) establishment "Support and Challenge" conversation visits over February to April 2018. Headteachers and Business Managers met with the Operations Manager and Principal Risk Manager for Communities and Families. All areas of the questionnaire were included apart from Health and Safety, Property and Statutory

Inspections and Facilities Management including Health and Safety food hygiene as these areas are managed through separate audit processes.

The establishments visited are detailed below:

- Blackhall Primary School
- Castleview Primary School
- Echline Primary School
- Drummond CHS
- Firhill High School
- Granton Primary School
- Leith Walk Primary School
- Liberton Primary School
- Newcraighall Primary School
- Pilrig Park Special School
- Prestonfield Primary School
- Queensferry Primary School
- Stenhouse Primary School
- St Ninian's RC Primary School
- Wardie Primary School

- 2.5 In June 2018 the Council was awarded the UK-wide ALARM (Association of Local Authority Risk Managers) 2018 Operational award for the self-assurance framework having previously won the ALARM resilience award in 2017.

3. Main report

Self-Assurance Process

- 3.1 The Local Assurance Statement asks for a response to 78 statements covering 11 different areas of control Yes or No answers are requested. Where no is stated, the reason for any lack of control is required to build a picture of weaknesses/gaps. The themes of Questions are included below and the full questionnaire is available in Appendix 3:

Health and Safety

Property and Statutory Inspections

Facilities Management

Financial Controls

Workforce Controls

Resilience

Information Technology

Child Protection

Equalities

Getting It Right for Every Child (GIRFEC) (new 2017/18)

Information Governance (new 2017/18)

- 3.2 The questionnaire process is designed and managed applying the principles of risk management – PACED - (Proportionate, Aligned, Comprehensive, Embedded and Dynamic) which ensure proportionality, alignment (to objectives), and provides a comprehensive approach which is embedded and dynamic.
- 3.3 The support and challenge visits managed at the first line of defence are a low assurance option. Internal Audit (third line of defence) will provide medium assurance through their annual audit programme in 2018 where they will audit the Support and Challenge process.
- 3.4 Within Communities and Families, the self-assurance process feeds into the annual Executive Directors Statement of Annual Control process which forms part of finalising the Councils' annual accounts. Areas of strength, weaknesses and further actions are detailed within the response which provides feedback based on returns. Survey Monkey is used to gather information. Appendix 2 refers to the self - assurance process/timeline.
- 3.5 This report is shared with Headteachers, Managers across Communities and Families as well as with Business Managers who are responsible for working with the service to develop and maintain risk strategy.
- 3.6 The Communities and Families Risk Management Group comprising of colleagues from across the service and Business Partners meets monthly and drives the self-assurance process in terms of accuracy/appropriateness and format/content. The group re-designs the questionnaire annually in line with information required. This ensures a comprehensive and dynamic approach. The questionnaire aligns to a calendar plan which establishments use throughout the year to work through each section of the questionnaire.
- 3.7 Communities and Families recognise capacity and expertise is vital to manage the framework, as part of this a self-assurance training post is being put in place to bolster communication and learning to further enable colleagues to have a strong understanding of requirements. The post has been designed to enable this.

Self-assurance findings

- 3.8 Feedback on the support and challenge visits has been very good. Communities and Families Managers have found the visits so useful in terms of engagement and conversations it has been decided to continue the visits throughout the year. A programme is being developed to include 5 visits per month commencing September 2018. Visits have also been discussed in terms of areas where risk themes show controls as weak. The detail included in the visit conversations includes the management of risk, the reasons behind the “no’s” and capturing good

practice as well as areas of control weaknesses for action. The visit programme is driven by the Communities and Families Senior Management Team.

- 3.9 Several staff new to post said that the process had been extremely valuable in terms of their role and responsibility regarding self-assurance/general business management. They felt the process clarified what they have to do and that validation information sign posted to where information is.
- 3.10 The results in the table below are based on the questionnaire returns and Support and Challenge visits. This information is shared with Business Partners to ensure wherever required they can create/improve controls and learn of the good practice creating a dynamic, improving approach. The risk communication template “Risk Matters” is used to share information in terms of communication and learning, this is a one-page guidance sheet which directs staff to what they have to know. The information is shared, for example, at team talks, put on the staff notice boards and kept on file.
- 3.11 Support and challenge visits cover all areas of the questionnaire apart from sections A/B/C questions which are part of the Corporate Health and Safety team audit (question 4 within section C is managed by Facilities Management).

A summary of discussions from the visits for sections D to K of the questionnaire is provided below:

Section of Questionnaire	Summary of conversation findings (from support and challenge visits)
D – Financial Controls	<p>Most establishments have meetings between the Business Manager and Headteacher in financial controls. Where meetings were not formalised it was requested that this is put in place.</p> <p>In terms of ParentPay/Pebble in general colleagues are finding the system very helpful in terms of reconciliation. There are some concerns around support timelines, this is being addressed with the company. It is noted that the implementation of ParentPay and Pebble was the result of findings from the first Self Assurance process in 2016.</p> <p>Cash and other assets are safeguarded. There was discussion on trophies and the fact that they should be safeguarded if high value. Information is kept on asset registers where required.</p> <p>The further establishment visits for 2018 will include “deep dive” finance visits where establishments require further support on finance and/or where there are new staff in place.</p>

<p>E – Workforce Controls</p>	<p>At establishments visited colleagues recognised the value of the bi-ennial policy reading exercise and feel that is it embedding. The self-assurance questionnaire acts as a reminder on this.</p> <p>In terms of teaching staff General Teaching Council arrangements are in place, managed and maintained. For staff grades 1-4 arrangements are being put in place around annual conversations. Time and capacity are an issue for example some Business Managers have 25 staff to have conversations with. Establishments are looking at proportionate approaches to this for example involving teachers in conversations with Learning Assistants they work with.</p> <p>In establishments sickness absence is well managed with controls operating as expected.</p>
<p>F - Resilience</p>	<p>Take up on training is good, where staff are new to posts training is being organised, Establishment Managers advised that they could see the value in sharing emergency scenarios with their team post training and doing this on a continuous basis.</p> <p>There is a need to look at the frequency of the essential resilience training, the course had been expanded so for example those trained 3 years ago will not have been trained on the revised programme. Ready for Winter training has been rolled into the Essential Resilience training, this needs to be considered to ensure all staff required have been trained.</p> <p>Establishments have emergency information updated/in place e.g. crib cards (which we commonly saw in walls on offices), Red Button emergency folders.</p> <p>Establishment Managers asked for a trigger where contingency arrangements such as crib cards are updated to ensure they have the right information.</p> <p>Health Protection have translated the Noro Virus 48-hour rule letter sent to parents and carers in October annually following a request from a school as part of support and challenge discussion.</p> <p>The Resilience Unit are currently leading on guidance for loss of premises/intruder threat for Communities and Families.</p>

	<p>One school had very good emergency contact cards which can be shared across the estate in terms of good practice.</p>
<p>G – Information Technology</p>	<p>Safeguarding protocols are in place. Acceptable use policies are signed by parents/carers where applicable (not all establishments allow IT equipment to be taken home).</p> <p>All establishments ask staff to sign the acceptable use policy for ICT apart from one and they will action this.</p> <p>Mobile equipment is monitored regularly and updates to ensure data is safeguarded in line with Council policy was in place for all establishments visited.</p> <p>Equipment provided to temporary staff is collected on conclusion of contract as part of the leavers process.</p> <p>In all establishments visited access to IT systems and data was controlled and restricted in line with Council policy.</p> <p>The content of IT equipment is reviewed regularly to ensure appropriateness in most establishments, however in a couple this needed to be put on place.</p> <p>Authorisation and permission is required before applications can be loaded onto ipads (in most establishments this is managed by the IT Co-ordinator).</p> <p>There were discussions over the visits about the role of the ICT Co-ordinator and how important their role is in assuring ICT controls are in place.</p>
<p>H – Child Protection</p>	<p>Establishments ensure the policy and procedure on Child Protection, allegations of abuse for members of staff and the Councils Whistle Blowing policy is shared with staff, this is usually at the start of term (August).</p> <p>Annual Child Protection briefings are undertaken at the start of term. One school had created a leaflet for new staff which had proved to be very helpful.</p> <p>Specific contact workforce training is in place, and new members of staff are booked on to training.</p> <p>The Headteacher and other designated members of staff have undertaken intensive contact workforce training, new staff are booked on.</p> <p>There were some schools where the Headteacher had not undertaken managing allegations of abuse against staff and volunteers (e-learning) these colleagues were asked to do</p>

	<p>this as a priority.</p> <p>All establishments keep Child Protection records in line with corporate policy, this is seen as an essential part of child protection.</p> <p>On a number of visits there was discussion about the number of courses available and length of waiting time.</p> <p>There was discussion at one school that if training was 2 hours instead of 2.5 hours it could be included within a SCAT afternoon.</p>
I - GIRFEC	<p>There was very good feedback on the GIRFEC team and the support that they had provided to schools, especially with regards to training and the development of pastoral notes on SEEMIS</p>
J – Equalities	<p>The Equalities and anti-bullying policy is updated, share with staff, parents, carers and pupils annually and included on the school website. Some schools had taken this information down to update information. Some schools included the information within the behaviour policy.</p> <p>Details of bullying and prejudiced incident logs are kept, managed and maintained.</p> <p>Staff are made aware of the Equalities Act and respond with respond with other areas of the Council e.g. property where pupils need adjustments to be made.</p> <p>Schools advised that good controls are in place around the administration of medication and that support is available from a central source in Additional Support for Learning. It is recommended that any future updated to policy or guidance for this area comes though the Communities and Families Health and Safety forums for approval/cascade.</p> <p>In school’s members of the senior leadership team have responsibility for equalities and diversity.</p> <p>Gaps were identified in terms of equalities training, what is available/required and who delivers what. Further advice on training will be available in Summer 2018, in the meantime an interim guidance note has been circulated to Headteachers and Establishment Managers using the Risk Matters template.</p>
K – Information Governance	<p>There are issues across establishments in terms of Information Governance/GDPR and how schools can</p>

	prepare with the systems they use/requirements. Schools have asked for an approach where guidance is provided using a crib card format detailing the expectations for each are of requirement.
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Business Partner meetings – subsequent actions and advice.

This year the Communities and Families Senior Management team met with each of the Business Partners involved in each area of the questionnaire to discuss areas where controls may be weak/opportunities for improvement. This has resulted in a guidance document for establishment managers on any areas where it was considered advice on risk controls required to be improved. In line with dynamic approaches this is now part of the self-assurance process and annually colleagues will receive additional guidance wherever the process uncovers areas of weakness.

4. Measures of success

- 4.1 Delivery of an assurance process that provides a front-line day to day operational control framework designed to manage operational service delivery risk.

5. Financial impact

- 5.1 Business support post.

6. Risk, policy, compliance and governance impact

- 6.1 There would be a negative impact in terms of risk mitigation if actions are not concluded within timelines.

7. Equalities impact

- 7.1 There are equalities impacts if actions required are not concluded within timelines.

8. Sustainability impact

- 8.1 None.

9. Consultation and engagement

- 9.1 The Communities and Families Senior Leadership Team, the Headteachers Executive and Senior Management from Resources have been consulted and engaged when developing the process.

10. Background reading/external references

- 10.1 Links to background reports are provided in section 2 above.

Alistair Gaw

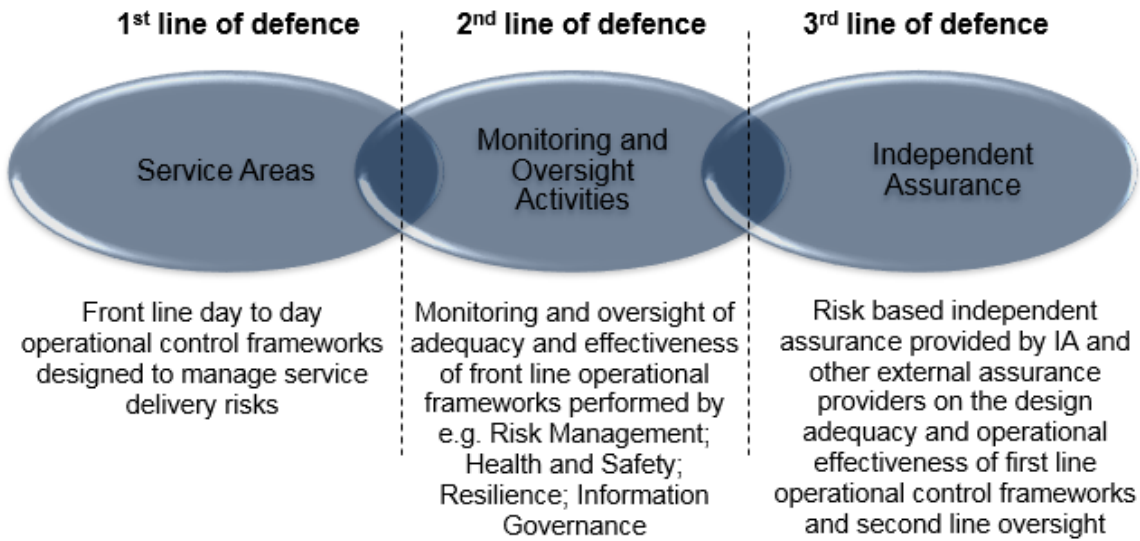
Executive Director of Communities and Families

Contact/s: Michelle McMillan, Principal Risk Manager, 0131 469 3832, Michelle.McMillan@edinburgh.gov.uk / Cheryl Buchanan, Operations Manager, 0131 553 8384, Cheryl.Buchanan@edinburgh.gov.uk

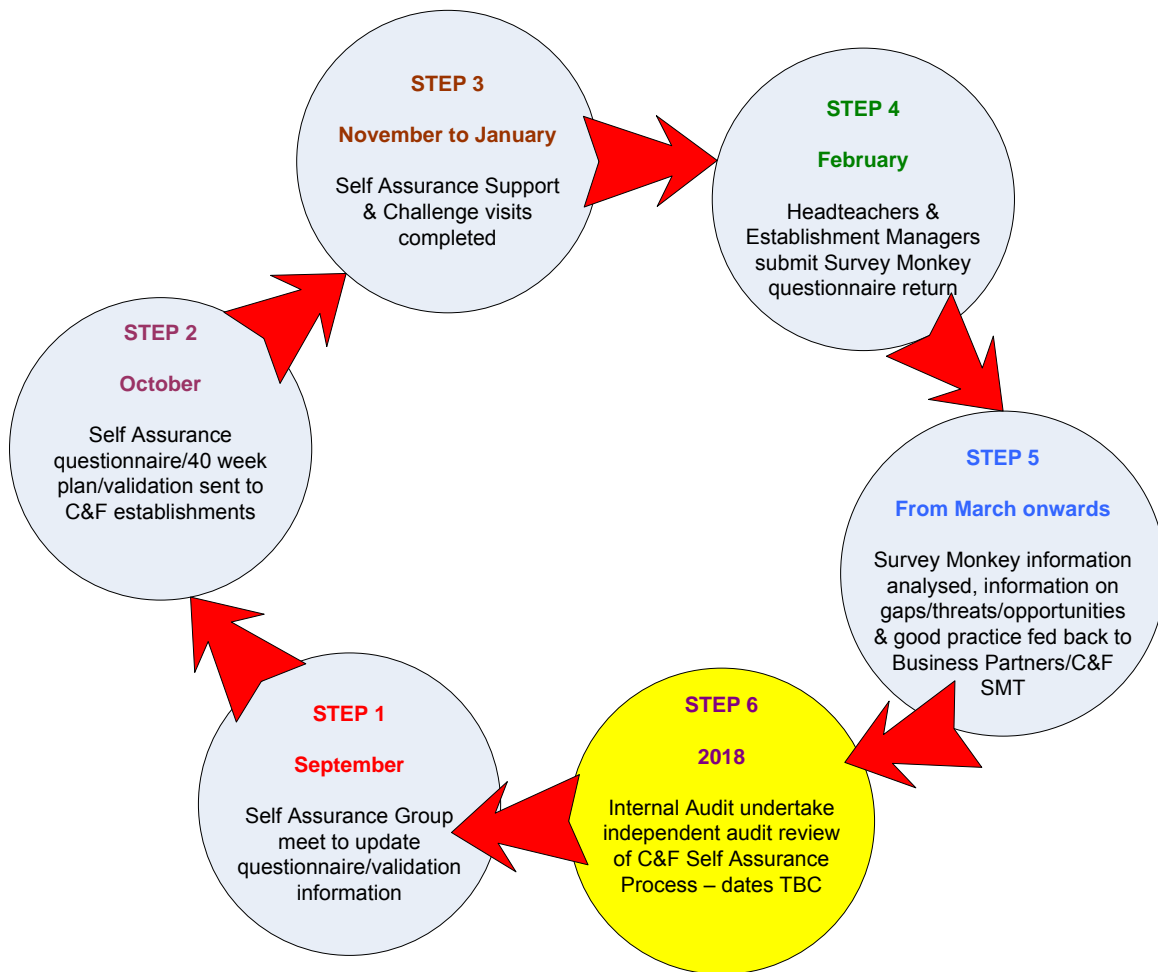
11. Appendices

- 11.1 Appendix 1 – Three lines of defence model
- 11.2 Appendix 2 - Self Assurance Cycle
- 11.3 Appendix 3 - Communities
- 11.4 Appendix 4 – Communities and Families – Self Assurance - Survey Monkey Returns

Appendix 1 – Three lines of defence model



Appendix 2 – Self Assurance Cycle



Appendix 3

A	HEALTH AND SAFETY	YES	NO	N/A
1	Local roles and responsibilities for health and safety are defined and communicated. These are included in personal objectives for key roles.			

COMMUNITIES AND FAMILIES – LOCAL ANNUAL ASSURANCE STATEMENT

Checklist

Issued November 2017

The purpose of this document is to inform and support the Director’s annual assurance statement and enhance the Communities and Families control framework. It also provides Head Teachers and Establishment Managers within Communities & Families with an opportunity to highlight areas of risk that are not being managed/controlled effectively and to specify the reasons adequate controls are not in place.

This statement should be compiled on completion of the self-assessment questionnaire provided and be informed by the self-assessment results.

As the assurance framework has now matured enough to become a first line management tool within C&F, there is a requirement for C&F operational staff and business partners to carry out a set of inhouse support and challenge visits.

These visits will run from December 2017 to February 2018. 40 establishments will be visited in total. The visits will cover all areas of the self-assurance questionnaire except Health & Safety which will continue to be monitored as part of their ongoing audit framework.

If you have any queries relating to the statement and associated questions please contact:

Cheryl Buchanan, Operation Manager, Communities and Families

Cheryl.buchanan@edinburgh.gov.uk tel: 0131 553 8384

Michelle McMillan, Principal Risk Manager

Michelle.McMillan@edinburgh.gov.uk tel: 0131 469 3832

Name	Designation	Establishment	Date of completion

2	Health and safety training (covering induction training, and other required health and safety training relevant to role) has been completed and records are available.			
3	Health and safety information and guidance is readily accessible and communicated to staff and pupils.			
4	All significant H&S risks have been assessed (including life threatening safety risks ¹) by competent person ² . The risk assessments are documented and dated, and are reviewed at least annually.			
5	Adequate controls identified in the health and safety risk assessments are in place and are working effectively.			
6	All statutory tests and inspections are up to date for teaching equipment, and records are available.			
7	Portable gym equipment has been inspected in last 12 months.			
8	Health and Safety Workplace Inspections are carried out.			
9	Stress risk assessments are carried out as appropriate, and information on the Employee Assistance Programme has been communicated to all staff.			
10	Adequate first-aid arrangements are in place, and communicated.			
11	Arrangements in place for use of defibrillator including signage, equipment checks and staff familiarisation and awareness.			
12*	Fire safety and emergency response arrangements are in place, and communicated, including <ul style="list-style-type: none"> - Fire safety and evacuations - Lift break downs - Swimming pool incidents 			
13	There is a systematic approach in place to report and investigate all incidents,			

¹ Life threatening safety risks includes: -Fire, Water (*legionella*), Asbestos, Gas, Electricity, Driving

² A competent person someone with the necessary skills, knowledge and experience in relation to hazard identification, risk assessment, and determination of necessary controls; and includes knowledge of legal and regulatory requirements.

	accidents and work-related ill health, to identify immediate and underlying causes – plus root causes for the more serious ones.			
14	There is a process in place to escalate and monitor health and safety risks and issues (including health and safety audit/ workplace inspection actions), to ensure the required remedial action is taken.			
15	There are effective arrangements in place to ensure that health and safety is managed for works undertaken by contractors, including recording of contractor's visits.			
16	There are effective arrangements in place to ensure the health and safety is managed for voluntary organisations (e.g. football clubs) that use the school's facilities.			

B	PROPERTY AND STATUTORY INSPECTION CONTROLS	YES	NO	N/A
1*	All statutory tests and inspections are up to date (for Property and Facilities Management related equipment), and records are available.			
2*	Information on the presence and location of asbestos is known, and is readily available.			
3*	The condition of asbestos is inspected in accordance with the asbestos plan, and records are available.			
4*	There is adequate maintenance, testing and inspection of the water management system			
5	There is adequate maintenance, testing and inspection of teaching equipment and cooking equipment. (HFT)			
6	Playground equipment has been inspected in the past 12 months.			
7	Natural playgrounds have been inspected in the past 12 months.			
8*	Fixed gym equipment has been inspected in the past 12 months.			
9	Goal posts have been inspected in the past 12 months.			
10*	Window restrictors' suitability check has been carried out in the past 12 months and recorded.			
11	There is segregation between vehicles and pedestrians.			
12*	Condition survey of premises carried out within last 5 years			
13*	Regular walk round inspections carried out by Service Support Officer (Janitor).			

*** = Liaise with Property/ Facilities Management to provide a joint submission. See guidance for further details.**

C	FACILITIES MANAGEMENT - HEALTH AND SAFETY AND FOOD HYGIENE	YES	NO	N/A
This checklist looks at the retrospective service received 2017/18. For information on the current development position of the FM Service Level Agreement (SLA) please see the statement in the relevant section of the attached Self Assurance Guidance document.				
1*	Health and safety training needs identified and training implemented for Facilities Management staff			
2*	All significant health and safety risks arising from Facilities Management activities have been assessed by competent person. The risk assessments are documented and dated, and are reviewed at least annually.			
3*	Adequate controls identified in the health and safety risk assessments for Facilities Management activities are in place and are working effectively.			
4*	Regular checks of food hygiene controls (Hazard Analysis and Critical Control Points - HACCP) are carried out to provide assurance that these are in place and operating effectively.			

*** = Liaise with Property/ Facilities Management to provide a joint submission. See guidance for further details.**

D	FINANCIAL CONTROLS	YES	NO	N/A
1	I am provided with sufficient financial information by my Business Manager on a monthly basis to allow me to manage expenditure within allocated budgets			
2	Financial controls are in place to demonstrate completeness and accuracy of management of income through Parentpay/pebble (school fund, grant, bursaries, awards etc) and appropriateness of expenditure (PEF, school fund, imprest/petty cash, oracle etc).			
3	Cash and other assets / equipment and artefacts are safeguarded			
E	WORKFORCE CONTROLS	YES	NO	N/A
1	Compliance with Key Corporate Policies and Procedures is embedded in the establishment			
2	There is evidence to demonstrate staff induction and PRD procedures, including General Teaching Council for Scotland Professional Update requirements, are fully implemented.			
3	Sickness absence is managed and recorded in accordance with Council policy.			

F	RESILIENCE	YES	NO	N/A
1	The school management team have attended Significant Occurrence training. All staff have been briefed on the procedure and roles/responsibilities are defined.			
2	Emergency contact details are kept and updated for staff. My staff are familiar with and have access to information on the following contingency arrangements, and roles/responsibilities are defined: <ul style="list-style-type: none"> • C&F Emergency Hub • Red Button Folders • C&F Severe Weather Plans including Risk Assessments, Crib Cards etc. • C&F Responding Outbreak of Infection and Noro Virus toolkit • C&F Bomb Threat and Suspicious Items Procedure, related training and crib cards. 			
3	All School management team have attended Ready for Winter training and have been briefed on the procedures with roles and responsibilities defined.			

G	INFORMATION TECHNOLOGY	YES	NO	N/A
1	CEC IT equipment is safeguarded at all times.			
2	Pupils and their Parent/Carers who have been allocated mobile it devices have signed an acceptable use policy.			
3	Members of staff allocated mobile IT devices have signed an acceptable use policy.			
2	All school managed mobile equipment is maintained with regular updates completed to ensure network connectivity is maintained and data is safeguarded in line with Council policy.			
3	Equipment provided to temporary staff is collected on conclusion of their contract			
4	All leavers have their user accounts deleted in line with current leaver policy			
5	Access to IT systems and data is controlled and restricted in line with Council policy?			
6	IT equipment held in schools and provided to pupils is regularly reviewed to ensure content and applications are appropriate and in line with Council policy			
7	Authorisation and permission is required from appropriate school staff before apps can be downloaded onto iPads.			

H	CHILD PROTECTION	YES	NO	N/A
1	The policy and procedure on Child Protection, Allegations of Abuse Against Members of Staff and the Council's Whistle-blowing policy has been shared with staff.			
2	Staff have had their annual Child Protection briefing at the beginning of term (August) as a reminder of their role in the Child Protection Process.			
3	Staff have undertaken Specific Contact Workforce training course (formerly Level 2) in the past three years			
4	The Head Teacher and all other designated members of staff for Child Protection have undertaken Intensive Contact Workforce training course (formerly Level 4) in the last three years			
5	The Head Teacher has undertaken training in Managing Allegations of Abuse Against Staff and Volunteers by completing the e-learning module annually			
6	Child protection records are kept in accordance with corporate policy.			

I	GIRFEC	YES	NO	N/A
<p>For Clarification: "Heads of Establishments will be aware that John Swinney has written to C&F recently and set out his desire to clarify various issues with regards to the implementation of GIRFEC. The timescale for work to be completed on Named Person legislation by the end of 2018. Questions may also be related to the General Data Protection Register (GDPR) which is UK wide legislation that will be enshrined in law by May 2018. Please complete this section of the checklist bearing in mind these timescales and indeed that guidance is to be forthcoming to clarify various issues and as such our response to new GIRFEC legislation is a work in progress". Martin Gemmell, Lead Officer for GIRFEC.</p>				
1	The National Policy, draft Statutory Guidance on Getting It Right For Every Child, and the Children and Young Peoples Act (2014) has been shared with all staff.			
2	Staff have regular updates on GIRFEC and its component parts; <ul style="list-style-type: none"> • Wellbeing • Named Person • Information Sharing • child/Young Person's Plan • Lead Professionals 			
3	Staff are reminded annually as a minimum on their roles and responsibilities under the GIRFEC policy.			
4	The Head Teacher and all lead GIRFEC staff have undertaken training on their responsibilities and implementation of the Policy within the last three years.			
5	Pastoral Notes are used to maintain wellbeing concern records and actions, this includes the chronology.			
6	Physical files for pupils with Wellbeing concerns are maintained in accordance with the policy and corporate guidance. Chronologies are included to aid discussion and child planning meetings.			
7	The recommended standard templates are being used for wellbeing concern files, and reporting.			
8	Wellbeing physical files are stored in accordance with GIRFEC Policy, separate from Pupil records and child protection files.			
9	The Head Teacher has a continuity plan in place in the event that the key wellbeing concern officer is not available.			

J	EQUALITIES	YES	NO	N/A
1	The equalities and anti-bullying policy is updated and is shared with staff, parents and pupils annually. The anti-bullying policy is on the school website.			
2	A bullying and prejudiced incidents log is maintained in accordance with Council policy.			
3	I am aware of the Equality Act and briefing guidance. Reasonable adjustments are in place for disabled pupils, advice is taken from CEC on this where required.			
4	Controls over the administration of medication are in line with the guidance contained in 'The Handbook of Procedures for the Management of Pupils with Health Care Needs in Educational Establishments'.			
5	There is a member of the Senior Leadership Team designated to have responsibility for equalities and diversity.			
6	Staff have undertaken training in equalities and diversity within the last three years.			

K	INFORMATION GOVERNANCE	YES	NO	N/A
1†	Staff are aware of their information governance responsibilities and what support there is for them. (Responsibilities)			
2†	Processes that create, manage, share and dispose of Council information are documented, approved and reviewed. (Decision making)			
3†	Council information is routinely monitored to ensure accuracy and reliability. (Data quality)			
4†	Council information is secured to a level appropriate to the sensitivity of its content. (Protection)			
5†	Staff comply with the Council's information governance policy requirements; incidents are reported and non-compliance is identified and managed through the Council's Risk Management Framework (Compliance)			
6†	Council information is available to the right staff in the timeframe needed to meet business need and statutory obligations. (Availability)			
7†	Council records are closed and retained against the relevant Council retention rule. (Retention)			
8†	Council records are disposed of in a manner appropriate to their sensitivity and historic value. (Disposal)			

† = Liaise with Information Governance Unit. See guidance for further details.

Section	Question	Reason I believe this area is not adequately controlled

I would like to raise the following matters that you may wish to consider when preparing your annual governance statement for the Communities & Families Department.

I provide further information below in relation to areas that I am not comfortable to sign off on and that may impact the annual sign off of the Directors Statement of Internal Control.

If you have answered 'NO' to any of the above, please provide further details

Further training and support

Having carried out this self-assessment I have identified the following needs in relation to staff training and/or corporate support.

Identified Needs	Deliverable within Unit Y/N

I confirm this information is correct to the best of my knowledge:

Signature:

[End]

Appendix 4

COMMUNITIES AND FAMILIES – Self Assurance - Survey Monkey Returns

Key:

Education Scotland – Terms of Quantity

All	100%
Almost All	91%-99%
Most	75%-90%
Majority	50%-74%
Minority/Less than half	15%-49%
A few	Less than 15%

A	HEALTH AND SAFETY	Term of Quantity
1	Local roles and responsibilities for health and safety are defined and communicated. These are included in personal objectives for key roles.	Almost All
2	Health and safety training (covering induction training, and other required health and safety training relevant to role) has been completed and records are available.	Almost All
3	Health and safety information and guidance is readily accessible and communicated to staff and pupils.	All
4	All significant H&S risks have been assessed (including life threatening safety risks ³) by competent person ⁴ . The risk assessments are documented and dated, and are reviewed at least annually.	Almost All
5	Adequate controls identified in the health and safety risk assessments are in place and are working effectively.	Almost All
6	All statutory tests and inspections are up to date for teaching equipment, and records are available.	Almost All
7	Portable gym equipment has been inspected in last 12 months.	Most
8	Health and Safety Workplace Inspections are carried out.	Almost All
9	Stress risk assessments are carried out as appropriate, and information on the Employee Assistance Programme has been communicated to all staff.	Almost All
10	Adequate first-aid arrangements are in place, and communicated.	Almost All
11	Arrangements in place for use of defibrillator including signage, equipment checks and staff familiarisation and awareness.	Almost All
12	Fire safety and emergency response arrangements are in place, and communicated, including <ul style="list-style-type: none"> - Fire safety and evacuations - Lift break downs - Swimming pool incidents 	Almost All
13	There is a systematic approach in place to report and investigate all incidents, accidents and work-related ill health, to identify immediate and underlying causes – plus root causes for the more serious ones.	All

14	There is a process in place to escalate and monitor health and safety risks and issues (including health and safety audit/ workplace inspection actions), to ensure the required remedial action is taken.	Almost All
15	There are effective arrangements in place to ensure that health and safety is managed for works undertaken by contractors, including recording of contractor's visits.	Almost All
16	There are effective arrangements in place to ensure the health and safety is managed for voluntary organisations (e.g. football clubs) that use the school's facilities.	Almost All

B	PROPERTY AND STATUTORY INSPECTION CONTROLS	Term of Quantity
1	All statutory tests and inspections are up to date (for Property and Facilities Management related equipment), and records are available.	Most
2	Information on the presence and location of asbestos is known, and is readily available.	Almost All
3	The condition of asbestos is inspected in accordance with the asbestos plan, and records are available.	Most
4	There is adequate maintenance, testing and inspection of the water management system	Almost All
5	There is adequate maintenance, testing and inspection of teaching equipment and cooking equipment. (HFT)	Almost All
6	Playground equipment has been inspected in the past 12 months.	Almost All
7	Natural playgrounds have been inspected in the past 12 months.	Almost All
8	Fixed gym equipment has been inspected in the past 12 months.	Most
9	Goal posts have been inspected in the past 12 months.	Most
10	Window restrictors' suitability check has been carried out in the past 12 months and recorded.	Most
11	There is segregation between vehicles and pedestrians.	Almost All
12	Condition survey of premises carried out within last 5 years	Almost All
13	Regular walk round inspections carried out by Service Support Officer (Janitor).	Almost All

C	FACILITIES MANAGEMENT - HEALTH AND SAFETY AND FOOD HYGIENE	Term of Quantity
1	Health and safety training needs identified and training implemented for Facilities Management staff	Most
2	All significant health and safety risks arising from Facilities Management activities have been assessed by competent person. The risk assessments are documented and dated, and are reviewed at least annually.	Most
3	Adequate controls identified in the health and safety risk assessments for Facilities Management activities are in place and are working effectively.	Most
4	Regular checks of food hygiene controls (Hazard Analysis and Critical Control Points - HACCP) are carried out to provide assurance that these are in place and operating effectively.	Most

D	FINANCIAL CONTROLS	Term of Quantity
1	I am provided with sufficient financial information by my Business Manager on a monthly basis to allow me to manage expenditure within allocated budgets	Almost All
2	Financial controls are in place to demonstrate completeness and accuracy of management of income through Parentpay/pebble (school fund, grant, bursaries, awards etc) and appropriateness of expenditure (PEF, school fund, imprest/petty cash, oracle etc).	Almost All
3	Cash and other assets / equipment and artefacts are safeguarded	All
E	WORKFORCE CONTROLS	Term of Quantity
1	Compliance with Key Corporate Policies and Procedures is embedded in the establishment	All
2	There is evidence to demonstrate staff induction and PRD procedures, including General Teaching Council for Scotland Professional Update requirements, are fully implemented.	All
3	Sickness absence is managed and recorded in accordance with Council policy.	Almost All

F	RESILIENCE	Term of Quantity
1	The school management team have attended Significant Occurrence training. All staff have been briefed on the procedure and roles/responsibilities are defined.	Most
2	Emergency contact details are kept and updated for staff. My staff are familiar with and have access to information on the following contingency arrangements, and roles/responsibilities are defined: <ul style="list-style-type: none"> • C&F Emergency Hub • Red Button Folders • C&F Severe Weather Plans including Risk Assessments, Crib Cards etc. • C&F Responding Outbreak of Infection and Noro Virus toolkit • C&F Bomb Threat and Suspicious Items Procedure, related training and crib cards. 	Almost All
3	All School management team have attended Ready for Winter training and have been briefed on the procedures with roles and responsibilities defined.	Majority

G	INFORMATION TECHNOLOGY	Term of Quantity
1	CEC IT equipment is safeguarded at all times.	Almost All
2	Pupils and their Parent/Carers who have been allocated mobile it devices have signed an acceptable use policy.	Almost All
3	Members of staff allocated mobile IT devices have signed an acceptable use policy.	Most
2	All school managed mobile equipment is maintained with regular updates completed to ensure network connectivity is maintained and data is safeguarded in line with Council policy.	All
3	Equipment provided to temporary staff is collected on conclusion of their contract	Almost All
4	All leavers have their user accounts deleted in line with current leaver policy	All
5	Access to IT systems and data is controlled and restricted in line with Council policy?	All
6	IT equipment held in schools and provided to pupils is regularly reviewed to ensure content and applications are appropriate and in line with Council policy	Almost All
7	Authorisation and permission is required from appropriate school staff before apps can be downloaded onto iPads.	Almost All

H	CHILD PROTECTION	Term of Quantity
1	The policy and procedure on Child Protection, Allegations of Abuse Against Members of Staff and the Council's Whistle-blowing policy has been shared with staff.	Almost All
2	Staff have had their annual Child Protection briefing at the beginning of term (August) as a reminder of their role in the Child Protection Process.	Almost All
3	Staff have undertaken Specific Contact Workforce training course (formerly Level 2) in the past three years	Almost All
4	The Head Teacher and all other designated members of staff for Child Protection have undertaken Intensive Contact Workforce training course (formerly Level 4) in the last three years	Almost All
5	The Head Teacher has undertaken training in Managing Allegations of Abuse Against Staff and Volunteers by completing the e-learning module annually	Most
6	Child protection records are kept in accordance with corporate policy.	All

I	GIRFEC	Term of Quantity
1	The National Policy, draft Statutory Guidance on Getting It Right For Every Child, and the	All

	Children and Young Peoples Act (2014) has been shared with all staff.	
2	Staff have regular updates on GIRFEC and its component parts; <ul style="list-style-type: none"> Wellbeing Named Person Information Sharing child/Young Person's Plan Lead Professionals 	All
3	Staff are reminded annually as a minimum on their roles and responsibilities under the GIRFEC policy.	Almost All
4	The Head Teacher and all lead GIRFEC staff have undertaken training on their responsibilities and implementation of the Policy within the last three years.	Almost All
5	Pastoral Notes are used to maintain wellbeing concern records and actions, this includes the chronology.	Most
6	Physical files for pupils with Wellbeing concerns are maintained in accordance with the policy and corporate guidance. Chronologies are included to aid discussion and child planning meetings.	All
7	The recommended standard templates are being used for wellbeing concern files, and reporting.	All
8	Wellbeing physical files are stored in accordance with GIRFEC Policy, separate from Pupil records and child protection files.	Almost All
9	The Head Teacher has a continuity plan in place in the event that the key wellbeing concern officer is not available.	Almost All
J	EQUALITIES	Term of Quantity
1	The equalities and anti-bullying policy is updated and is shared with staff, parents and pupils annually. The anti-bullying policy is on the school website.	Most
2	A bullying and prejudiced incidents log is maintained in accordance with Council policy.	All
3	I am aware of the Equality Act and briefing guidance. Reasonable adjustments are in place for disabled pupils, advice is taken from CEC on this where required.	All
4	Controls over the administration of medication are in line with the guidance contained in 'The Handbook of Procedures for the Management of Pupils with Health Care Needs in Educational Establishments'.	Almost All
5	There is a member of the Senior Leadership Team designated to have responsibility for equalities and diversity.	Almost All
6	Staff have undertaken training in equalities and diversity within the last three years.	Majority
K	INFORMATION GOVERNANCE	Term of Quantity
1	Staff are aware of their information governance responsibilities and what support there is for them. (Responsibilities)	Most
2	Processes that create, manage, share and dispose of Council information are documented, approved and reviewed. (Decision making)	Most
3	Council information is routinely monitored to ensure accuracy and reliability. (Data quality)	Most
4	Council information is secured to a level appropriate to the sensitivity of its content. (Protection)	Almost All
5	Staff comply with the Council's information governance policy requirements; incidents are reported and non-compliance is identified and managed through the Council's Risk Management Framework (Compliance)	Almost All
6	Council information is available to the right staff in the timeframe needed to meet business need and statutory obligations. (Availability)	Almost All
7	Council records are closed and retained against the relevant Council retention rule. (Retention)	Most
8	Council records are disposed of in a manner appropriate to their sensitivity and historic value. (Disposal)	Almost All

Governance, Risk and Best Value Committee

10am, Tuesday, 15 January 2019

Edinburgh Leisure Annual Report

Item number	7.8
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

Edinburgh Leisure's vision is '*inspiring Edinburgh to be a more active and healthy city*', the company's purpose; '*to make a positive difference to communities by creating opportunities for everyone to get active, stay active and achieve more*'.

The Edinburgh Leisure team is passionate about the positive impact physical activity can have on peoples' physical, mental and social wellbeing. And, throughout the year the focus on: delivering the organisation's purpose, vision and values, protecting services and building a sustainable business model by increasing usage and income and managing expenditure, delivered some great results in 2017/18. Despite significant environmental challenges the organisation delivered a surplus of £477,000, £627,000 ahead of the budget £150,000 deficit.

Edinburgh Leisure is acutely aware of the barriers that can inhibit an active and healthy life and the Active Communities programme is the organisation's response to such. The programme is made up of a variety of projects that use physical activity and sport to improve, and in many cases transform, the lives of people affected by health conditions, disabilities, inequalities and poverty. Many of the projects are delivered in partnership with others and rely on effective co-working and external funding.

Edinburgh Leisure has long recognised the value of partnership work and values the strategic partnership with the City of Edinburgh Council. The organisation regards itself as custodians of Council assets i.e. the amazing range of venues throughout the city, and works with the Council to help make Edinburgh a great city to live and work in.

Edinburgh Leisure Annual Report

1. Recommendations

- 1.1 The Governance, Risk and Best Value Committee is asked to:
 - 1.1.1 Note the performance of Edinburgh Leisure (EL) during 2017/18, which went to the Culture and Communities Committee in September 2018.

2. Background

- 2.1 The output of the robust budget process carried out with budget holders throughout EL was a £150,000 deficit budget for 2017/18. Setting a deficit budget is never desirable and the option to impose budget targets on managers / budget holders to achieve a break even position was considered. This option was, ultimately, not recommended to the Board of Edinburgh Leisure, rather assurance was given by the Strategic Leadership Team that there was buy in throughout the organisation to improve upon the deficit budget position. The Board approved the deficit budget in March 2017.
- 2.2 The net operating financial position for the period 1st April 2017 to 31st March 2018 for the 'core' business was a surplus of £208,000. A good result appreciating the ongoing environmental challenges: increasing costs, the Edinburgh employment marketplace, competitive pressures and a reduction in the management fee from the City of Edinburgh Council. There was also the extreme winter weather conditions, in the form of the 'beast from the east', to contend with. The extreme weather resulted in the unprecedented step of closing venues for 2.5 days, which equated to a loss of circa £100,000 in income and 30,000 customer visits. The other significant 'happening' in 2017/18 was the closure of Meadowbank on 3rd December 2017. Please refer to Appendix 1 – Audited Accounts.
- 2.3 In anticipation of the lifecycle investment works at Dalry Swim Centre, EL's annual maintenance budget was underspent by £269,000. This, combined with the surplus in the core business, resulted in a year end surplus of £477,000; £627,000 ahead of the budgeted £150,000 deficit.

3. Main report

3.1 Investments

3.1.1 The strategy to invest to improve the organisation's long term sustainability continued in 2017/18, albeit on a reduced scale to the previous two years. Circa £1,200,000 was invested into assets across the city to maintain and develop welcoming places to meet the needs of communities and to improve the organisation's efficiency. These included:

- a refresh of the gym at Leith Victoria Swim Centre and additional gym equipment for the Royal Commonwealth Pool (RCP)
- refurbishment of the cycle studio at Ainslie Park
- install of an irrigation system at the Braids Golf Course
- re-tiling the pool and environs at Glenogle Swim Centre
- the introduction of 'Aquadash' at the RCP
- the replacement of diving boards at the RCP
- CCTV upgrades at Gracemount, Glenogle, Kirkliston, Leith Victoria and Portobello Leisure / Swim Centre(s)
- A variety of energy saving initiatives e.g. the replacement of four Building Management Systems

3.1.2 Throughout the year work also took place to progress a number of other investment projects for delivery in the current year (2018/19). The most significant of these being the Dalry Swim Centre lifecycle refurbishment project.

3.2 Meadowbank Sports Centre (MSC)

3.2.1 EL personnel have been closely involved in the 'new' Meadowbank project and welcomed the Council's commitment to deliver a fabulous new sports centre for the people of Edinburgh.

3.2.2 The decision to close the venue in December 2017 was confirmed in June 2017 and from that point onwards a significant amount of work was undertaken in preparation for closing, especially with regard to the relocation of MSC's customers and the redeployment of employees. When the doors to the venue closed, after 50 years of sporting history, work commenced on emptying and decommissioning the building for handover to the Council January 2018.

3.3 Inspiring Edinburgh To Be Active and Healthy

3.3.1 Physical inactivity remains one of Scotland's major public health risks, with a significant proportion of Scottish adults (37%) and young people (27%) failing to meet the minimum physical activity guidelines. Sedentary lifestyles increase the risk of developing multiple health conditions and, in Scotland, inactivity is estimated to be costing the NHS around £77million each year. Physical activity has a powerful and valuable role to play in the health and wellbeing of Edinburgh. EL is committed to and well placed to make even more of a difference to Edinburgh's health and wellbeing.

3.3.2 EL's Active Communities team use the power of physical activity and sport to help improve the lives of people affected by health conditions, disabilities and poverty. In 2017/18 the team delivered a range of projects that directly supported 7,984 people to be active (an increase of 2,784 on the previous year). Key highlights in 2017/18 included the following:

- 136,257 visits to Active Communities programmes
- 119 Active Communities classes delivered each week to inactive people
- 19 low-level **Get Active classes** delivered across 7 Edinburgh Leisure venues per week
- 3,073 **referrals** from Health & Social Care professionals
- 625 people with mild to moderate mental health issues received 1:1 support on the **Healthy Active Minds** project
- 518 people with Long Term Conditions active through the **Fit for Health project**
- 18 **Steady Steps** classes delivered per week and 535 older people supported to get active to reduce their risk of falling.
- 373 older adults active each month through the **Ageing Well** project
- Success in securing funding from the Life Changes Trust to support EL being **dementia friendly**
- 43 families supported to embrace healthier eating and being more active together through the **Get Going** project
- 52 staff trained in **Autism Awareness** and 14 staff supported to become Autism Champions
- 188 community groups supported to help people be more active through the **Community Access Programme**
- 472 people on **low incomes** active each week through the £10 monthly '**Get Active**' membership
- 185 Active Communities **volunteers** trained and assisting on projects to support people being active

3.3.3. A 'logic model' approach has been developed to aid the monitoring and evaluation of the various projects mentioned above. Appendix 2 offers a practical example of this approach as applied to the Steady Steps, falls prevention, project.

3.3.4 Partnership work, especially with the City of Edinburgh Council (CEC), NHS Lothian and the voluntary sector is critical to success in reaching individuals and communities that need support to be active and improve their health and wellbeing. Following discussions at the Governance, Risk and Best Value Committee in November 2017 Edinburgh Leisure representatives met with colleagues from the Edinburgh Access Panel (appendix 3 details the presentation shared at the meeting) and a number of action items were agreed. A meeting is planned for February 2019 to consult on Edinburgh Leisure's new Inclusive Access Policy.

3.3.5 Throughout the year EL explored opportunities to increase co-working with Health & Social Care: feedback was shared on Health & Social Care's new commissioning plans for Primary Care, Older People, Mental Health and Disabilities. EL personnel are involved in the Physical Activity Alliances established in each locality and information was shared with 18 Link Workers to facilitate referrals and signposting to EL services.

3.3.6 EL are involved in CEC's Community Learning & Development Strategic Partnership and are members of Edinburgh Children's Partnership and the following programmes have made a valuable contribution to CEC outcomes:

- the **Looked After & Active project** supported 653 Care Experienced Children to get active and healthy with Edinburgh Leisure.
- the **Positive Destinations and Young Ambassadors** projects have offered educational, employment, volunteering and personal development opportunities to **318 young people**.
- the Friday night activity programme **Open All Hours** welcomed approximately 250 young people every Friday.

3.3.7 The Active Communities Team relies on external funding to sustain and develop many of the projects. In 2017/18 £550,000 was secured in external funding (also £550,000 for 2018/19). Securing and retaining funding, in an increasingly busy fund raising space, relies on robust monitoring & evaluation activities to demonstrate the organisation's expertise and delivery of outcomes. Capturing the feedback from participants on the various projects contributes to EL's monitoring & evaluation activities and it is always heartening to hear from individuals on the positive impact a project has had on their life. An example of this is shared in Appendix 4.

3.4 Project Schools

3.4.1 Work has been taking place since October 2015 to progress with the City Council's decision to transfer the management of the high school sport facilities, out-with curricular and extra-curricular time, to Edinburgh Leisure. The project management arrangements to support the transfer process include: a project board and supporting sub groups in: human resources, operations, facility management and finance. EL and CEC personnel are involved in all the groups.

3.4.2 The first schools to transfer were the new James Gillespies High School in September 2016 and Portobello High School in November 2016. The timing and phasing of the remaining schools has been re-visited on several occasions as the project has progressed due to a variety of factors e.g. PPP charges, CEC's Facility Management review, TUPE implications. During 2017/18 a further 12 high schools transferred to EL. The booking function for all high schools, with the exception of Wester Hailes Education Centre, transferred to EL in May 2017. And, in 2017/18 EL worked with circa 687 clubs and processed circa 1,216 extended lets / regular bookings in the high school estate.

3.4.3 A quarterly report is prepared by EL and shared with CEC on all aspects of performance for the school estate. The 2017/18 performance information include the following:

- operating income: £772,457
- operating expenses: £431,719
- surplus: £340,738 (remitted to CEC)
- surplus / (deficit) per user: £0.81
- income per user: £1.83
- total number of customer visits: 423,160
- children & young people visits: 292,199

3.5 People

- 3.5.1 EL employees play a critical role in determining the quality of service delivered to customers and partners and engaged employees are crucial to the organisation's ongoing success and development. A variety of actions were progressed throughout the year to nurture an engaged workforce including the delivery of a 'Your Health Matters' campaign to support EL employees to think about their own health and wellbeing. 404 employees attended a health and wellbeing consultation to learn about their glucose and cholesterol levels, blood pressure, cardiovascular fitness and receive motivational support and advice. Following these consultations health information was circulated monthly to employees through 'bitesize' updates, Quick Ello (internal newsletter) features and infographic posters for staff areas. Topics included; 'Understanding Cholesterol', 'Understanding Glucose', 'New Year, New You' and 'Healthy Heart, Healthy You'.
- 3.5.2 EL has participated in the "Best Companies" staff survey for each of the past seven years. This is a national survey that attracts almost 900 entries annually. The survey consists of a series of statements that staff rate their level of agreement or disagreement with. The survey is an important measurement of staff engagement. Completion rate in EL in 2017/18 was 56% (same as the previous year) and the organisation retained its 'one to watch status' (The accreditation levels go from: nothing, one to watch, 1 star, 2 stars and 3 stars).
- 3.5.3 EL are required to carry out Gender Pay Reporting under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The 2018 results are in Appendix 5. The report shows that Edinburgh Leisure has almost no pay gap (the median pay rates are identical for men and women, and the mean rates are 1% higher for women).

3.6 Risks & Uncertainties

- 3.6.1 In August 2017 the Barclay Review of Non Domestic rates was published and one of the recommendations was to remove the charity relief from non-domestic rates for arms length charities such as Edinburgh Leisure. This change would have added approximately £2M per year to EL's operating costs, placing a significant threat over the ability to continue to deliver services. The Chief Executive of EL and colleagues in Sporta (the body representing sport, leisure and cultural trusts throughout the UK) were active in lobbying against this recommendation; questioning the premise of the recommendation and highlighting the unintended consequences of applying the recommendation. After months of uncertainty, the Scottish Government's Finance Secretary confirmed in November 2017 that the Scottish Government would not be accepting this particular recommendation of the Barclay Review, however, the Finance Secretary also advised of the intention to mitigate against an increase in the number of arms length organisations being established by offsetting any further charity rate relief benefits to Councils.

3.7 Looking Ahead

- 3.7.1 During the year to March 2018 the City of Edinburgh Council provided £8,075,000 of funding to Edinburgh Leisure for the delivery of core services. This was a reduction of £233,000 on the previous year; however, there were no reductions to

services. Edinburgh Leisure is acutely aware of the funding challenges the Council faces now and in the future and, therefore, the risk of future funding reductions. In addition to the funding challenges, the company faces a range of other budgetary pressures; these are explored in regular dialogue with Council colleagues. There is recognition throughout EL that standing still is not an option, the company must continue in its quest to be **better** and continue to be a successful, thriving Edinburgh Leisure.

4. Measures of success

- 4.1 The Directors of Edinburgh Leisure consider actual performance against target and previous years for various metrics. Regular performance reports are shared with the Board and the City of Edinburgh Council.
- 4.2 Key performance indicators are detailed in Appendix 6.
- 4.3 Edinburgh Leisure contributes effectively to the delivery of the Council's outcomes.

5. Financial impact

- 5.1 Council funding to Edinburgh Leisure in 2017/18 was a funding payment of £8,075,000 and £165,000 for capital upgrade works.

6. Risk, policy, compliance and governance impact

- 6.1 This report is required under the Council's governance arrangements for Council companies. There are no risk, policy or compliance implications arising from this report

7. Equalities impact

- 7.1 There are no equalities implications arising from this report.

8. Sustainability impact

- 8.1 There are no sustainability implications arising from this report

9. Consultation and engagement

- 9.1 Edinburgh Leisure has worked with Council officers and external partners on a variety of projects.
- 9.2 Edinburgh Leisure engages with customers in a variety of ways to obtain feedback on services and to help inform services / product development

10. Background reading/external references

10.1 Edinburgh Leisure website

Alistair Gaw

Executive Director for Communities and Families, The City of Edinburgh Council

Alistair.Gaw@edinburgh.gov.uk Tel: 0131 469 3493

Contact: June Peebles, Chief Executive, Edinburgh Leisure,
junepeebles@edinburghleisure.co.uk Tel: 0131 458 2134

11. Appendices

- 11.1 Appendix 1 Audited Accounts
- 11.2 Appendix 2 Steady Steps project – logic model
- 11.3 Appendix 3 Edinburgh Leisure presentation to Edinburgh Access Panel
- 11.4 Appendix 4 Feedback from participant on Healthy Active Minds project
- 11.5 Appendix 5 Gender Pay Gap Report
- 11.6 Appendix 6 Key performance indicators

Edinburgh Leisure
(a company limited by guarantee)

Report and financial statements

31 March 2018

Registered number SC 179259

Charity number SC 027450

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Strategic report

"Great things in business are never done by one person; they're done by a team of people."

Steve Jobs

For the last couple of years this Strategic Report has noted "Thanks to our supporters" just before the closing summary, in order to round off the report with acknowledgement of the agencies, businesses, trusts and foundations who helped make the excellent results we have delivered possible. The prominence of the recognition of our external partners and funders throughout this year's report reflects our extreme gratitude for their continued, and often growing, support during the year to March 2018 and beyond. The following partner organisations and funders are instrumental in helping us to deliver our vision *to inspire Edinburgh to be a more active and healthy city*, especially our strategic partner and main funder; the City of Edinburgh Council:

Bidvest	Braid Hills Driving Range	Black & Lizars	CALA Homes	Carrick Neill
EAE	Edinburgh Wellbeing Public Social Partnership	Edinburgh Health and Social Care Partnership	ESPC	EventScotland
EVOC	Froneri	Glasgow 2018 European Championships	GSI events	John Kirkhope Young Endowment Fund
Landmarc	Lothian Region Swimming Committee	Macmillan Cancer Support	Nancy Roberts Charitable Trust	NHS Lothian
Optimal Health Chiropractic	Paths for All	Pongoose	Salix Finance Ltd	Scottish Swimming
Speedo	SASA East District	Souter Charitable Trust	Spirit of 2012	State Street Foundation
StreetGames	Swimathon Foundation	Tennis Scotland	The Anton Jurgens Charitable Trust	The City of Edinburgh Council
The Cruden Foundation	The Life Changes Trust	The Maple Trust	sportscotland	Volvo Cars Edinburgh

In the Strategic Report for the year ended March 2017 we reflected on the improved performance of the organisation over the most recent three years, with a particular emphasis on the breadth of significant investments which that improved performance had made possible. Investments which in turn helped to further improve the business results and so to continue to feed the cycle. We talked about further investments planned for the year to March 2018 and the variety of collaborative opportunities in progress and in the pipeline.

As we now look back on the last year we can report some completed projects and strong progress on others. We can also report some very pleasing developments on large scale infrastructure projects which have been made possible only through collaboration with some of the key partners acknowledged above.

A new Meadowbank

After many years of evaluation and deliberation, the decision was taken in 2017 to close the old Meadowbank in preparation for the creation of a brand new, state of the art facility on the same site. On Sunday 3 December 2017, Meadowbank Sports Centre closed its doors for the final time after almost 50 years of sporting excellence in the heart of Edinburgh. Together with our partners at City of Edinburgh Council we have created plans for the design of the new Meadowbank and over the next couple of years we will be refining the fit-out requirements to ensure that the new facility

can continue the legacy created by its predecessor, providing countless opportunities for generations of people to participate in sport and physical activity.

Gym refurbishment programme

Edinburgh Leisure operate fourteen gyms across the city in order to provide a wide range of geographical access points to this incredibly popular form of physical activity. In October 2015, Drumbrae Leisure Centre gym kit was replaced with new state of the art equipment to make the gym experience more engaging and enjoyable for the users of that facility. Since that Drumbrae gym refurbishment we have undertaken a programme of gym refreshes across our entire gym estate and in July 2018 the final three Edinburgh Leisure gyms will receive their upgrades. In addition to this gym refurbishment activity, over the same three years we have refurbished all six of our RPM cycle offerings and created significant additional fitness studio space in two of our facilities. In this ultra-competitive element of our business, the Board consider this investment programme to be a vital component of Edinburgh Leisure's value proposition to our discerning users.

Other significant investments in the last year

In last year's Strategic Report, we made mention of our intention to install an automated irrigation system in our premier golf course at Braid Hills. With the new system having been commissioned in Spring 2018, just in advance of the unseasonably dry spell of weather the country has experienced since mid April, the investment is already making a visible improvement to the playing conditions.

In summer 2017 we undertook a project to replace the tiling in the pool area at Glenogle Swim Centre. The project also afforded the opportunity to replace and upgrade the sauna and steam room to larger, more modern designs. The substantial increase in usage of the "steamier" steam room since the refurbishment bears testimony to the positive impact that well targeted investments can have on customers' appetite to visit their local Edinburgh Leisure facility.

Net income for the year

We entered the year to March 2018 with a deficit budget of £150,000 having been approved by the Board in March 2017. Reductions in the management fee from City of Edinburgh Council coupled with increasing costs and ongoing competitive pressures had resulted in a position where we could only have balanced the budget by imposing budget targets on managers; an option which we chose not to take. The budgeting process enacted in recent years has been to review and challenge departmental draft budgets in detail and through this process, to arrive at a budget which each departmental manager believes is deliverable. With their buy-in assured from the start of the year, managers across the business have driven actions to beat budget year after year. The year to March 2018 followed the same pattern as the previous three years with a strong outperformance against budget.

The core operational segment of the business achieved a surplus for the year to March 2018 of £218,000 and with Glenogle tiling being the only major lifecycle refurbishment activity during the year, the maintenance element of the business underspent their budget by £269,000 thereby increasing reserves by a total of £487,000.

The results for the year are shown on page 16. The deficit on unrestricted funds was £738,000. This however included non-cash accounting costs arising from the difference between the revenue account pension charge when calculated under FRS102 and the actual employer cash contributions made to the pension fund during the year. In addition, a transfer of £10,000 from restricted to unrestricted funds was also made in the year. As such, the underlying result for the year to 31 March 2018 was a surplus on unrestricted funds of £487,000 as noted above. A summary of this is shown in the table below:

	2018	2017
	£'000	£'000
Reported Deficit on Unrestricted Funds	(738)	(818)
Interest cost in relation to pension liability	308	96
Pension service costs	907	404
Transfer from unrestricted funds	10	10
Transfer from designated funds	-	750
Underlying Surplus	487	442

The actuarial gain on The Lothian Pension Fund of £9,530,000 (2017: loss of £8,351,000), which is included in the result for the year, does not impact Edinburgh Leisure's underlying activities.

It is important to note that this large year to year movement arising from the accounting treatment of the pension assets and liabilities is a result of the sizeable swing in the actuarial position which can fluctuate significantly in the short term and does not, in itself, impact on the company's contributions to the plan. The FRS102 valuation is based on a calculation of future net liabilities by applying bond yields to the plan assets, thereby calculating conservatively low asset values and hence high deficit levels. This valuation methodology gives rise to significantly fluctuating statutory deficits on a year to year basis but does not affect the long-term funding status of the scheme. The fund is actually invested across a number of asset classes and so actual returns are greater over the long term, reducing the liability to manageable levels. The actuarial evaluation which takes place every three years calculates the company contributions required to meet the likely liabilities when they arise, and the company continues to invest these recommended contribution rates into the pension scheme. For information, the latest triennial evaluation based on year end March 2017 recommended company contributions of 20.8% from 1st April 2018 and the current year's budget has been built on that basis.

As noted in last year's Strategic Report, during the year to March 2017 we began to operate the City of Edinburgh Council's high schools sporting estate outside of curricular and extra-curricular hours. In the year to March 2018 the phased handover to Edinburgh Leisure's management continued, including Edinburgh Leisure taking over the bookings in May 2017 for 22 of the 23 schools; with Wester Hailes Education Centre (WHEC) continuing to manage its own bookings whilst all other schools transfer. The agreement with the Council has been structured such that Edinburgh Leisure return all net financial gains to the Council and the accounts to March 2018 include recognition that the net schools surplus of £341,000 will be passed to the Council post year end. The "schools project" has been particularly challenging for Edinburgh Leisure staff as we implement new systems and working practices. With no financial benefit accruing to Edinburgh Leisure from this activity, the Board are cognisant that our investment in time and energy supports the Council's objectives of improving efficiency and growing participation in the extensive high school estate.

Against a backdrop of the schools project, the upheaval of the Meadowbank closure and the impact of the "Beast from the East" closing venues for 2½ days, the financial performance reported in these financial statements is considered by the Board to be very pleasing.

Reserves policy

Total funds at March 2018 were £209,000, of which £433,000 was restricted. Unrestricted negative reserves of £224,000 include a negative reserve of £3,069,000 in respect of the pension deficit. £745,000 has been designated for use in lifecycle works as per Note 13 with the balance of unrestricted reserves being £2,100,000 which is not a free reserve as it is backed up by long term assets rather than exclusively cash reserves.

It is the intention of the Board to accumulate a reserve fund to allow the company some protection against future adverse events. The long-term strategy of the Board is to improve the sustainability of the business by reducing the reliance on the annual management fee, recognising the financial challenges experienced by our largest external funder, the City of Edinburgh Council. As such the operating performance of the business over recent years has generated funds which have been utilised in the investment of fixed assets which are net income generating. It is the opinion of the Board that, all other things being equal, this strategy will move net current assets in a positive direction over the long term. Over the most recent four years, one can see from the table below that net current liabilities at March 2018 improved by £844,000 from March 2014 and in the same timeframe the net book value of our tangible fixed assets has improved by £1m, allowing us greater ability to drive year on year operational performance improvements.

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Unrestricted current assets	2,039	1,576	1,667	1,688	958
Current liabilities	(3,848)	(4,127)	(3,488)	(3,574)	(3,611)
Net unrestricted current liabilities	(1,809)	(2,551)	(1,821)	(1,886)	(2,653)
Unrestricted tangible fixed assets	4,924	5,329	4,844	4,199	3,902

The liquidity of the business is positive throughout the year due to the timing of cash flows, reducing as we approach each financial year end. Recent history has shown that significant adverse events can impact the business to a value of up to £500,000, particularly during the winter months. The reserves policy agreed by the Board is therefore to maintain free cash balances in excess of £500,000 throughout the year, with the ability to utilise those cash balances towards the end of

March as the risk of significant adverse conditions diminishes. This minimum cash holding was met for the year to March 2018 with a year-end cash balance of £1,266,000. The reserves policy is reviewed by the Board annually.

Employees

The company maintains a policy of regularly providing all employees and, where represented, trade unions (via the Joint Negotiations & Consultative Committee) with information on the company's performance.

It is the company's policy to give full consideration to applications for employment from people with disabilities. All disabled persons employed by the company have the opportunity for training, development and career progression.

Key performance indicators

In reviewing the performance of the business, the Directors consider the actual performance against target and history for various metrics including those identified below. Regular performance updates are communicated to the Board, the City of Edinburgh Council and published on the Edinburgh Leisure website (<https://www.edinburghleisure.co.uk/freedom-of-information/published-information>).

	Actual	Target	Actual
	2018	2018	2017
Income from operating activities (£000's)	21,546	22,044	21,065
Expenditure on operating activities (£000's)	29,156	30,279	29,725
Income received for the delivery of special projects	635	690	597
Customer visit numbers (000's)	4,472	4,688	4,627
Customer experience index	8.70	8.75	8.63
Customer accidents per hundred thousand visits	9	n/a	8
Staff absence levels	3.60 %	4.00 %	3.17 %

Principal risks and uncertainties

Management fee income: During the year to March 2018 the City of Edinburgh Council paid £8.1m (2017: £8.3m) in management fee to Edinburgh Leisure for the delivery of core services. The management fee for the year to March 2019 has been set at £7.9m with further reductions likely for 2019/20 and beyond as the Council continues to strive for improvements to its budget position. Edinburgh Leisure is engaging in regular dialogue with the Council regarding the potential impact of these future reductions.

Political: In August 2017, the Barclay Review of Non-Domestic Rates was published, with one recommendation being to remove the charity relief from non-domestic rates for arms-length leisure charities such as Edinburgh Leisure. Such a change would have added over £2m per year to Edinburgh Leisure's operating costs, placing a significant threat over our ability to continue to deliver vital services. After months of uncertainty, the Scottish Government's Finance Secretary confirmed in late November 2017 that the Scottish Government would not be accepting the recommendation of the Barclay Review to end this benefit. Whilst this news was most welcome, the exercise serves as a salutary reminder that politically motivated changes are not necessarily in the best interests of our charitable objectives. On the plus side, it is reassuring that the Scottish Government recognises the role that Edinburgh Leisure and similar organisations have to play in the health prevention agenda. It is well documented that physical activity is a key enabler to improving health and social outcomes, as is the immense pressure experienced within the National Health Service and Health & Social Care Services at a local and national level. Over recent years the Scottish and UK political landscape has been ever changing. During 2018/19 there will be a period of relative stability with no Scottish or UK elections scheduled until 2021 and 2022 respectively. With uncertainty remaining over the impact of the UK's departure from the EU on 29 March 2019, the political focus nationally is likely to remain on Brexit rather than a significant shift in public health policy. In the meantime, we continue to work with our partners at the Council to develop their preventative agenda. The Directors remain focused on improving the core sustainability of the Edinburgh Leisure business model and if subsequent political changes result in greater focus on physical activity and the transformational health benefits it delivers, our business will be well placed to respond.

Economic: The Bank of England's most recent Quarterly Inflation Report, published in May 2018, highlighted four key drivers of economic policy: the fall in the pound has led to higher prices, the world economy is growing robustly, the

squeeze in living standards is easing and inflation is falling back towards BoE's 2% target. With household investment in physical activity tending to be viewed as discretionary, these macro-economic shifts should improve our income position. Edinburgh Leisure is positioned as an affordable, professional, good quality choice for customers across our service offerings such as fitness, aquatics, golf and sports coaching. As such the Directors believe the business is well placed to attract additional customers who wish to utilise their improving finances for a value for money, quality service.

People attraction and retention: As the economy continues to improve in Edinburgh it is becoming increasingly difficult to attract and retain quality staff at current remuneration packages. To quote again from the BoE Quarterly Inflation Report mentioned above "In the UK, the share of people without a job is at its lowest level for over 40 years, and businesses are finding it hard to recruit people." The Directors review salary increases annually to balance the need to control wage costs with the need to retain and attract quality staff in the Edinburgh job market. The business continues to invest in developing a great 'employee experience' and in learning and development opportunities for staff. Whilst the positive working environment and career development remains a strong incentive for quality people to work for Edinburgh Leisure, we cannot be complacent with regards to our rewards package.

Competition: We continue to operate in a very competitive city and sophisticated market, particularly in respect of our fitness offerings, but also in other activities such as golf and sports coaching. To quantify the competitors in the fitness market: Edinburgh currently has around 14 low cost gym operators, 10 mid to premium priced national chains, 17 hotels with fitness offerings and in excess of 20 stand-alone/boutique businesses plus innumerable outdoor operators. By investing in our facilities, developing our products and constantly tracking competitor activity and our own usage, membership and income metrics, we remain equipped to adjust our products and services to continue our success.

Budget for the year ahead

In March 2018 the Board approved a deficit budget of £300,000 for the year to March 2019. Whilst this headline number is in itself at the higher end of where we, as a business, prefer to set our budget, the history of beating budget as described earlier in this report gives some reason to expect a better actual outcome. However, the Board are well aware that realising at least a break-even performance from a £300,000 deficit budget will not happen by accident. In order to deliver a more positive actual result, we will continue our focus on improvements and investments across the business to continue to enhance our charity's ongoing sustainability.

Investments for future periods

Following a detailed review of our service offering at the EICA, a tender process was undertaken to procure a new soft play frame to fit with an expanded soft play and café offering. At the time of writing, the installation work is expected to be completed by the end of summer 2018.

In a further major investment at EICA we have created a connection from the facility to the main sewage network. This connection removes the need for the emptying of a septic tank multiple times each day, with obvious significant cost and environmental benefits accruing immediately on commissioning, expected in summer 2018. The scale of this investment is something which we could not have made without the help of City of Edinburgh Council who have provided funding for the project which will be repaid over the next five years.

Another major infrastructure investment during 2018 is currently underway at Craiglockhart Leisure and Tennis Centre. For many years the six acrylic indoor tennis courts have been augmented with eight outdoor courts surfaced with American clay, five at the entrance to the site and three to the side of the tennis centre. Whilst that clay surface can provide excellent playing conditions, it requires significant upkeep and weather conditions not often prevalent in Scotland. Between April and August 2018, the five outdoor American clay courts at the entrance to the site are being converted into six all weather clay courts with floodlights. This investment is one which we could not have undertaken without significant partnership support and the Board would like to publicly acknowledge our thanks to Tennis Scotland for the grant funding they have provided, to sportscotland for their support of the project and to City of Edinburgh Council for the loan funding of the balance of the investment. The relatively low cost to play on these courts coupled with their more weather resistant surface and floodlights will undoubtedly encourage a greater uptake of tennis in a broader cross section of the population for many years to come.

As mentioned in last year's Strategic Report, there exists an appetite to invest in the area around the Jack Kane Centre. We believe that the City of Edinburgh Council's investment in 3G pitches is likely to progress this year with other investment options still being evaluated. We will continue to work with our partners at City of Edinburgh Council to bring much needed investment to the site.

During 2018/19 we will make greater use of the interest free loan funding available from Salix Finance Ltd for energy efficiency investments. In late 2016 we received funding from Salix to install combined heat and power units in three of our swimming pools. Salix have already approved loan funding of £144,000 for this current year and with a host of other energy efficiency projects in the pipeline, Salix have intimated their willingness to support the funding of additional initiatives to improve our environmental footprint.

The largest investment activity in 2018/19 is expected to be the lifecycle refurbishment of the Dalry Swim Centre. Dalry Public Baths were built in 1893 and were last refurbished in 1992. Surveys of the building, fixtures and fittings and mechanical and electrical equipment have confirmed that extensive investment in excess of £1m is necessary. At the time of writing, the bill of works has been tendered and the exact scope of activity is currently being determined from the tender submissions with reference to the financial challenges inherent in a £300,000 deficit budget for the company. We remain committed to refurbishing Dalry Swim Centre and will determine the optimum affordable investment package in the weeks ahead. An amount of £745,000 has been designated in the March 2018 accounts in support of that investment.

Other plans for future periods

In addition to the investment opportunities discussed above, during the year to March 2019 we will review a variety of systems and processes to improve our overall business efficiency. Whilst most venues have performed well in recent years, there have been challenges at two particular venues and operations management are working through detailed improvement plans for those venues. We are currently reviewing our membership products portfolio to ensure it evolves to meet the changing needs of our customers, whilst we continue to improve our member retention practices. A review of our administrative and customer enquiry functions and continual development of our web portal will allow us to improve the efficiency of our working practices in the face of ongoing financial pressures.

During the year to March 2019 it is intended that the remaining secondary schools not under Edinburgh Leisure management will transfer with the handover of WHEC intended to complete the transfer programme in Autumn 2018.

Our Active Communities programme

At Edinburgh Leisure, we are passionate about the positive impact physical activity has on people's physical, mental and social wellbeing, which is why we, as a charity, are dedicated to creating opportunities to inspire everyone in Edinburgh to lead more active, healthy lives.

Physical inactivity remains one of Scotland's major public health risks, with a significant proportion of Scottish adults (37%) and young people (27%) failing to meet the minimum physical activity guidelines. Sedentary lifestyles increase the risk of developing multiple health conditions and one in six deaths are caused by inactivity. In Scotland, inactivity is costing the NHS around £77 million each year, and this is expected to rise. However, it is preventable, and Edinburgh Leisure has a vital role to play in getting more people in the city active.

Our Active Communities Team use the power of physical activity and sport to help those in need improve their health and wellbeing. We focus on providing help and support to groups and communities who face the greatest barriers and are typically much less active – such as women and girls, people living with health conditions, disabled people, older adults, minority ethnic groups and those from low income and disadvantaged backgrounds.

Critical to our success is working with our partners (including: NHS Lothian, City of Edinburgh Council and Voluntary Sector) to reach the most vulnerable individuals and communities who need help to get active and improve their health and wellbeing. With the support of a host of committed external funders we provide projects such as:

Movement for Memories

Edinburgh Leisure are set to launch a new project called 'Movement for Memories', to support people living with dementia to get active. This work is supported with funding from the Life Changes Trust. The trust is funded by the Big Lottery Fund.

It is estimated that there are currently around 8,000 people living with a dementia diagnosis in Edinburgh and this is likely to increase by 68% over the next 20 years, with 1 in 3 people expected to develop the condition. Whilst there is no cure for dementia, studies show that physical activity may improve memory and slow down mental decline – therefore through our Movement for Memories project we use physical activity to support the independence and wellbeing of people living with dementia.

Movement for Memories will be offering dementia friendly activities to community organisations and groups, as well as at Edinburgh Leisure venues - including swimming, gym, golf, tennis, and fitness classes. We will also be introducing a Dementia Friendly Buddy Service, where volunteers will provide support to enable people with dementia and their carers to confidently access Edinburgh Leisure activities. Anyone living with dementia or caring for someone with dementia can make a self-referral to the Movement for Memories project or be referred by a health professional, dementia link worker or social worker.

Ageing Well

The Ageing Well project delivers a range of city-wide activities across Edinburgh, which support older adults to become, and remain, active in later life. The emphasis is on making physical activity accessible and enjoyable and supporting participants to meet new people. All activities are led, or supported, by volunteers, all of whom are older adults themselves. Ageing Well is a partnership with NHS Lothian, Edinburgh Leisure and Pilmeny Development Project and is part of the UK Ageing Well network, which aims to increase the expectation of good health in later life. It was with immense pride that we learned this month that our team of Ageing Well volunteers have been recognised through The Queen's Award for Voluntary Service 2018, the highest award given to UK volunteer groups. This award reflects the tremendous contribution of our Ageing Well volunteers and the positive difference they make to the lives of our Ageing Well participants.

Healthy Active Minds

Healthy Active Minds is funded by the Edinburgh Wellbeing Public Social Partnership. It uses physical activity to help improve mental wellbeing in adults who are currently inactive and living with mild to moderate stress, anxiety, depression or low mood. Over the last 12 months Healthy Active Minds have supported 625 adults living with a mental health condition to become active by making a total of 8,082 visits to Edinburgh Leisure activities.

Move More Edinburgh

Macmillan have confirmed funding for the Move More Edinburgh project to March 2019 to embed appropriate physical activity opportunities for people living with cancer within Edinburgh Leisure.

We continue to deliver 8 Move More Edinburgh sessions each week across the city including gardening, walking, gentle movement and circuits and giving people with cancer the support they need to get active.

Steady Steps

Edinburgh Leisure's falls prevention project, Steady Steps receives a grant from the Prevention Innovation Fund through Edinburgh Voluntary Organisation Council. In the last year we supported 535 older adults to get active and reduce their risk of falling.

Child Healthy Lifestyle

Edinburgh Leisure's Get Going project is funded by NHS Lothian and helps around 45 children and their families each year to get active, eat well and achieve a healthy weight.

In closing, the Board would like to thank our partners acknowledged throughout this report and our dedicated colleagues across Edinburgh Leisure for their energy, commitment and professionalism in fulfilling our purpose to *make a positive difference to communities by creating opportunities for everyone to get active, stay active and achieve more*. Working together, we can achieve great things.



Kevin J Johnston FCMA
Company Secretary

25 June 2018

Edinburgh Leisure's purpose

Edinburgh Leisure exists to make a positive difference to communities by creating opportunities for everyone to get active, stay active and achieve more. Arguably, physical inactivity is one of the biggest problems we face in modern society due to its negative impact on health and wellbeing. Exercise can reduce risk of major illnesses, such as heart disease, stroke, diabetes and cancer by up to 50% and lower risk of early death by up to 30%. This means that if exercise were a pill it would be one of the most cost-effective drugs ever invented. Edinburgh Leisure is committed to a vision of inspiring Edinburgh to be a more active and healthy City.

Structure, Governance and Management

Charitable status

Edinburgh Leisure is a company limited by guarantee, governed by its memorandum and articles of association, and does not have a share capital. Each member has undertaken to contribute an amount not exceeding one pound towards any deficit arising in the event of the company being wound up. The company has charitable status under Section 505 of the Income and Corporation Taxes Act 1988 and the Scottish Charity Number is SC 027450.

Directors

Edinburgh Leisure's Board comprises a maximum of fifteen Directors. Seven are co-opted from business, the leisure industry, and the professions. One is nominated from ClubSportEdinburgh, one is a nominated union representative and five are nominated elected members of the City of Edinburgh Council. There is also one Director specifically appointed to represent users. The seven co-opted members and the one user representative are appointed for a period of three years.

The following Directors served during the year:

Councillor J. Balfour	(resigned 18 April 2017)
Councillor C. Booth	(resigned 25 May 2017)
Councillor R. Cairns	(resigned 3 May 2017)
Councillor C. Campbell	(resigned 24 August 2017)
Councillor I. Campbell	(appointed 24 August 2007, resigned 14 December 2017)
Councillor K. Doran	(resigned 29 June 2017)
Councillor R. Lewis	(resigned 3 May 2017)
A. Petkevicius	(resigned 25 May 2017)
D. Milne	
Councillor G. Bruce	(appointed 25 May 2017)
Councillor D. Dixon	(appointed 14 December 2017)
Councillor H. Osler	(appointed 29 June 2017)
Councillor A. Staniforth	(appointed 25 May 2017)
Councillor D. Wilson	(appointed 29 June 2017)
J. Davies	
K. Goodlad	
S. Haldane	
D. McKenzie	
C. McMillan	
J. Moran	
Dr C. Mumford	
J. Taylor	(appointed 24 May 2017)

Policies and procedures for induction and training of Directors

An induction process is in place for new Directors. This covers the strategic and operational issues affecting the company. Processes are in place to provide feedback to Directors on their contributions and to identify on-going training needs. Actions are taken as required.

Pay and remuneration of the charity's key management personnel

At least every three years, an external consultant is engaged to benchmark salaries against other leisure trusts, similar sized organisations in Edinburgh and UK wide charities, their findings and recommendations then being presented to Edinburgh Leisure's Remuneration Committee. To aid their determination, the Remuneration Committee have available the pay recommendations for the rest of the company and may choose to mirror the wider company award, although flexibility exists to implement differing pay awards if deemed necessary. The Remuneration Committee present their recommendations for discussion to the Board with key management not permitted to be present for these discussions.

Organisation Structure

The Board of Directors meets every two months with Directors and senior management present. Decisions are taken to set the overall strategy for the business as well as to monitor its activities. Senior management are charged with the task of implementing these decisions.

Objectives and activities

Principal activity

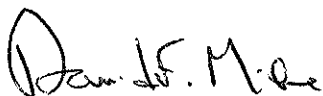
The principal activity of the company is the provision of recreation and leisure facilities on behalf of The City of Edinburgh Council in accordance with the following charitable objectives to:

- Provide or assist in the provision of facilities for recreation or other leisure time occupation in the interests of social welfare for the general public and in particular in connection with the local authority area of The City of Edinburgh as defined in the Local Government etc. (Scotland) Act 1994 with the object of improving the conditions of life for the Community;
- Provide facilities for persons who by reason of their youth, infirmity or disability, poverty or social and economic circumstances may need special facilities; and
- Promote good health among the Community through health education directed to the part which healthy eating and standards of nutrition together with exercise play in the maintenance of good health.

Disclosure of information to the Auditors

So far as each Director is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken the appropriate steps as a Director to make themselves aware of such information and to establish that the auditors are aware of it.

Approved by the Board of Directors and signed on its behalf by:



David Milne
Chairman

25 June 2018

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors report and the financial statements in accordance with applicable law and regulations.

Company law and Charity law requires the Directors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law and charity law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report to the Members and Directors of Edinburgh Leisure

Opinion

We have audited the financial statements of Edinburgh Leisure ("the Charitable Company") for the year ended 31 March 2018, which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises the Strategic Report and the Directors' Report. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements

or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report included within the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion;

- proper and adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's Directors, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company, the Charitable Company's members as a body and the Charitable Company's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Martin Gill (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Edinburgh, UK

Date *26 JUN 2018*

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of financial activities (incorporating an income and expenditure account and statement of recognised gains and losses)

For the year ended 31 March 2018

	Note	Unrestricted Fund £'000	Restricted Fund £'000	Total 2018 £'000	Total 2017 £'000
Income					
Investment income	6	12	-	12	34
<i>Income from charitable activities</i>					
Provision of leisure facilities		21,546	1,408	22,954	21,760
Contract with City of Edinburgh Council		8,075	105	8,180	8,473
Total income	2	29,633	1,513	31,146	30,267
Expenditure					
Charitable activities					
Provision of leisure facilities	3	29,156	1,458	30,614	30,711
Interest cost in relation to pension liability	18	308	-	308	96
Pension service costs	18	907	-	907	404
Total expenditure		30,371	1,458	31,829	31,211
Net movement in funds for the year before other recognised gains and losses		(738)	55	(683)	(944)
Other recognised gains and losses					
Actuarial gain/(loss) on Lothian Pension Fund	18	9,530	-	9,530	(8,351)
Net movement in funds (after actuarial loss on pension scheme)		8,792	55	8,847	(9,295)
Transfers between funds	14	10	(10)	-	-
Net movement in funds		8,802	45	8,847	(9,295)
Fund balances brought forward at 1 April 2017		(9,026)	388	(8,638)	657
Fund balances carried forward at 31 March 2018		(224)	433	209	(8,638)

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

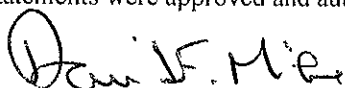
Balance Sheet

Company Number: SC179259
At 31 March 2018

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible assets	7		5,024		5,439
Investments	8		-		-
			<u>5,024</u>		<u>5,439</u>
Current assets					
Stocks	9	116		116	
Debtors	10	990		873	
Cash in hand		1,266		865	
		<u>2,372</u>		<u>1,854</u>	
Current liabilities					
Creditors: amounts falling due in one year	11	(3,848)		(4,127)	
Net current liabilities			<u>(1,476)</u>		<u>(2,273)</u>
Total assets less current liabilities			<u>3,548</u>		<u>3,166</u>
Long term liabilities					
Creditors : amounts falling due in more than one year	12		(270)		(420)
Net assets excluding pension deficit			<u>3,278</u>		<u>2,746</u>
Pension deficit	18		(3,069)		(11,384)
Net assets/(liabilities) including pension deficit			<u>209</u>		<u>(8,638)</u>
Funds					
Unrestricted funds		2,100		2,108	
Designated reserves	13	745		250	
Pension reserve	18	(3,069)		(11,384)	
			<u>(224)</u>		<u>(9,026)</u>
Restricted funds	14		433		388
Total funds			<u>209</u>		<u>(8,638)</u>

The notes at pages 19 to 33 form part of these accounts.

The financial statements were approved and authorised for issue by the Board on 25 June 2018 and signed on its behalf by:



David Milne
Chairman

Cash flow statement
for the year ended 31 March 2018

	2018	2017
	£'000	£'000
Net expenditure for the reporting period	(683)	(944)
Adjustments for:		
Depreciation charges	1,117	1,106
Pension adjustment	907	404
Interest paid	314	111
Interest received	(12)	(34)
Decrease/(increase) in stock	-	(20)
Increase in debtors	(117)	(258)
(Decrease)/increase in creditors	(296)	496
Loss/(gain) on disposal of fixed assets	17	(27)
Net cash provided by operating activities	1,247	834
Cash flows from investing activities		
Interest received	12	34
Purchase of PPE	(721)	(1,434)
Finance lease interest paid	(6)	(15)
Proceeds from sale of fixed assets	19	50
Net cash used in investing activities	(696)	(1,365)
Cash flows from financing activities		
Repayment of finance leases	(78)	(151)
New loans entered into	-	221
Repayment of loans	(72)	(34)
Net cash (used in)/provided by financing activities	(150)	36
Change in cash and equivalents in the reporting period	401	(495)
Cash and cash equivalent at the beginning of the reporting period	865	1,360
Cash and cash equivalent at the end of reporting period	1,266	865

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

Edinburgh Leisure is a company incorporated in Scotland under the Companies Act. The address of the registered office is on page 9. Edinburgh Leisure constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with FRS102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of the financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires the Charity to exercise judgment in applying the entity accounting policies (see Note 1m).

1a Basis of accounting

The financial statements have been prepared under the historical cost basis of accounting and in accordance with applicable accounting standards. The financial statements are set out so as to comply with the Statement of Recommended Practice: Accounting and Reporting by Charities approved by the Accounting Standards Board in 2015, the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

The company's functional and presentational currency is GBP. Figures are presented rounded to the nearest £1,000.

The financial statements have been prepared on a going concern basis. Edinburgh Leisure has a contract to manage leisure facilities on behalf of the City of Edinburgh Council; although the contract is on-going, the financial terms relating to the contract are settled annually in conjunction with the Council's budgeting process. A six month notice period applies to the contract. In the opinion of the Directors there is no risk that funding will be withdrawn in the foreseeable future and as such the financial statements are prepared on a going concern basis.

These financial statements present information about the company as an individual undertaking, and not about its group, by virtue of s402 of the Companies Act 2006.

1b Funds

Funds are classified as either restricted funds or unrestricted funds, defined as follows:

Restricted funds are funds subject to specific trusts, which may be declared by the donor or with their authority. Some are restricted income funds expendable at the discretion of the Board in furtherance of a particular activity, such as funds raised for particular client groups or activities. Others are capital funds where the assets are required to be invested for long term use.

Unrestricted funds are expendable at the discretion of the Board in furtherance of the objectives of Edinburgh Leisure. If part of the unrestricted funds is earmarked at the discretion of the Board for a particular project it is designated as a separate fund. This designation has an administrative purpose only, and does not legally restrict the Board's discretion to apply the fund.

1c Income

Activities for generating income are accounted for on an accruals basis.

Income from the City of Edinburgh Council is accounted for on an accruals basis and is agreed in advance based on the level of service provided.

Investment Income is accounted for on an accruals basis.

Capital Grants received are accounted for on an accruals basis. If a functional fixed asset is acquired in full or in part from the proceeds of a grant it is included in the balance sheet at its full acquisition cost, with the relevant grant being recognised as income and held in restricted funds. Depreciation is then allocated to this fund over the useful life of the related asset.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1d Expenditure

All expenditure is accounted for on an accruals basis. Governance costs are included in the costs of providing service and relate to the expenditure on the Directors including meetings, if any, and for the company's obligation for audit as a charity. Support costs are included within the costs of providing service in note 3.

1e Leased assets: lessee

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

Assets held under finance leases are capitalised in the balance sheet and depreciated over their useful lives. The interest element of leasing payments is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding.

1f Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward for future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

1g Stocks

Stocks of materials and consumables are stated at the lower of cost and net realisable value in the ordinary course of operating.

1h Tangible fixed assets

Assets are held at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, generally as follows:

Freehold land and buildings	up to 50 years
Leasehold improvements	5 years – 25 years
Plant and equipment	3 to 10 years
Motor vehicles	4 years
Furniture and fittings	5 years
Computer equipment	3 to 5 years
Finance Leases	over the term of the lease

The assets are reviewed annually for impairment. Assets purchased during the year with a value of £1,000 or more are reviewed for capitalisation.

1i Taxation

As a charity, the group is exempt from income tax by virtue of Section 505(1) Income and Corporation Taxes Act 1988 and from capital gains tax by virtue of Section 145 Capital Gains Tax Act 1979.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1j Pensions

Edinburgh Leisure is a member of the Lothian Pension Fund, a Local Government Pension Scheme, which provides benefits based on final salary for periods before 1st April 2015 and career average salary after that date. The scheme closed to new entrants as at 1st April 2008.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date out of which the obligations are to be settled. The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate'). The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Activities. These amounts together with the return on plan assets are disclosed as 'Actuarial gain/(loss) on Lothian Pension Fund'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Statement of Financial Activities as 'Interest cost in relation to pension liability'.

All new employees, and those employees not currently members of the Lothian Pension Fund, are able to participate in a defined contribution scheme. Under this scheme, employees can choose how much they contribute to the scheme. Edinburgh Leisure matches the employees' contributions, up to a maximum of 8%.

1k Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the financial statements *(continued)*

I Accounting policies *(continued)*

II Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans with related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

III Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements the Directors have made the following judgements:

- Determining whether there are indicators of impairment of the charity's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determining whether the assumptions set by the Directors over the defined benefit pension scheme are reasonable.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see Note 7). Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing assets lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Defined benefit pension scheme (see Note 18). The actuary values the pension scheme in line with assumptions set by the Directors. The actual performance is unlikely to be in line with the actuarial valuation as a result of the valuation being based upon assumptions on future unpredictable events such as return on assets and mortality rates.

Notes to the financial statements *(continued)*

2 Income

Income from investments was £12,000 (2017: £34,000), of which the entire balance was unrestricted for both periods.

Income from the provision of leisure facilities was £22,954,000 (2017: £21,760,000), of which £21,546,000 (2017: £21,065,000) was unrestricted and £1,408,000 (2017: £695,000) was restricted.

Income from the contract with City of Edinburgh Council was £8,180,000 (2017: £8,473,000), of which £8,075,000 (2017: £8,308,000) was unrestricted and £105,000 (2017: £165,000) was restricted.

3 Costs of providing service

	Unrestricted	Restricted	Total	Total
	Fund	Fund	2018	2017
	£'000	£'000	£'000	£'000
Wages and salaries	14,643	734	15,377	15,087
Social security costs	1,114	52	1,166	1,078
Employer pension contributions	1,099	36	1,135	1,077
Payments to self-employed coaches	1,043	30	1,073	1,145
Property costs	4,268	107	4,375	5,342
Supplies and services	5,478	498	5,976	5,655
Rental charges under operating leases	344	-	344	207
Depreciation	1,117	1	1,118	1,106
Finance lease costs	6	-	6	15
Governance costs	27	-	27	26
Gain on disposal of fixed assets	17	-	17	(27)
	29,156	1,458	30,614	30,711

The costs of providing services during 2017 were comprised of £29,725,000 in relation to unrestricted funds and £986,000 in relation to restricted funds.

4 Governance costs

	2018	2017
	£'000	£'000
Audit fees	22	21
Directors and Officers Indemnity Insurance	5	5
	27	26

Notes to the financial statements *(continued)*

5 Staff numbers and costs

The remuneration and associated costs of the company were:

	2018	2017
	£'000	£'000
Wages and salaries	15,377	15,087
Social security costs	1,166	1,078
Pension costs	1,135	1,077
Pension adjustment	907	404
	18,585	17,646
	18,585	17,646

Included within staff costs was £107,000 for redundancy costs (2017: £322). Costs for any redundancies are recognised when the liability is confirmed and communicated to the relevant parties creating a constructive obligation. There were no balances outstanding this year, or last year, as at the Balance Sheet date.

Employees receiving salaries, plus benefits in kind, of more than £60,000 were in the following bands:

	2018	2017
	Number	Number
£90,000 - £100,000	1	1
£60,000 - £70,000	2	3

The total contributions to defined benefit pension schemes for the staff within the above bands is £29,293 (2017: £27,797) and to defined contribution pension schemes is £391 (2017: £5,351).

No member of the Board received remuneration from Edinburgh Leisure other than Directors indemnity insurance and travel expenses claimed by one Board member of £1,957 (2017: £1,176).

The average monthly full-time equivalent number of employees of the company during the year was:

	2018	2017
	Number	Number
Dry facilities	205	221
Wet centres	328	323
Golf courses	43	43
Administration and support	129	131
	705	718
	705	718

Notes to the financial statements *(continued)*

5 Staff numbers and costs *(continued)*

The average monthly headcount number of employees of the company during the year was:

	2018	2017
	Number	Number
Dry facilities	316	323
Wet centres	485	460
Golf courses	47	47
Administration and support	142	144
	990	974

6 Investment income

	2018	2017
	£'000	£'000
Bank and other interest	12	34
	12	34

7 Tangible fixed assets

	Freehold Buildings	Leasehold Impmt's	Plant & Equipmt.	Motor Vehicle	Furniture & fittings	Computer Equipment	Finance Leases	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Cost</i>								
At beginning of year	539	6,766	3,351	172	546	950	869	13,193
Additions	-	290	323	25	-	83	17	738
Disposals	-	(779)	(240)	-	(117)	(19)	(226)	(1,381)
At end of year	539	6,277	3,434	197	429	1,014	660	12,550
<i>Depreciation</i>								
At beginning of year	163	4,340	1,503	156	380	497	715	7,754
Charge	13	357	497	6	34	136	74	1,117
Disposals	-	(756)	(234)	-	(115)	(18)	(222)	(1,345)
At end of year	176	3,941	1,766	162	299	615	567	7,526
<i>Net book value</i>								
At 31 March 2018	363	2,336	1,668	35	130	399	93	5,024
At 31 March 2017	376	2,426	1,848	16	166	453	154	5,439

Notes to the financial statements (continued)

8 Fixed asset investments

	2018	2017
	£'000	£'000
Investment in subsidiary undertaking	-	-
	-	-

The company owns 100% of the ordinary share capital of Edinburgh Leisure Two Limited, a company registered in Scotland. The value of the investment is £2 (2017: £2). This company did not trade in the year.

9 Stocks

	2018	2017
	£'000	£'000
Stocks	116	116
	116	116

10 Debtors

	2018	2017
	£'000	£'000
Trade debtors	445	265
City of Edinburgh Council	71	188
Other Debtors	202	14
Prepayments and accrued income	272	406
	990	873

11 Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	500	629
Pension creditor – City of Edinburgh Council	95	99
Due to City of Edinburgh Council	883	484
Social security costs and other taxes	349	336
Other creditors and accruals	1,869	2,438
Finance leases	48	74
Other loans	104	67
	3,848	4,127

Notes to the financial statements (continued)

11 Creditors: amounts falling due within one year (continued)

Included in other creditors and accruals above are amounts of deferred income as follows:

	2018	2017
	£'000	£'000
Balance at start of year	1,081	981
Transfers out	(1,081)	(981)
Transfers in	505	1,081
Balance at end of year	505	1,081

12 Creditors: amounts falling due after more than one year

	2018	2017
	£'000	£'000
Finance leases	46	81
Other creditors and accruals	63	69
Other loans	161	270
	270	420

The maturity of obligations under finance leases is as follows:

	2018	2017
	£'000	£'000
Within one year	48	74
Within one to two years	28	43
Within two to five years	18	38
	94	155

The obligations under finance leases are secured over the assets to which they relate.

Notes to the financial statements (continued)

13 Designated reserve

	Total
	£'000
Balance as at 1 April 2017	250
Income	-
Expenditure	-
Transfer from Unrestricted Funds	495
Balance at 31 March 2018	745

The designated reserve has been created in order to ringfence funding towards lifecycle refurbishment activity expected to take place before 2019.

14 Restricted funds

	Maintenance	Other	EICA	Schools	Total
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2017	-	278	110	-	388
Income	105	635	-	773	1,513
Expenditure	(105)	(581)	-	(772)	(1,458)
Transfer to Unrestricted Funds	-	-	(10)	-	(10)
Balance at 31 March 2018	-	332	100	1	433

The *Maintenance* reserve represents money paid from the City of Edinburgh Council to Edinburgh Leisure specifically for the purpose of carrying out capital upgrading works.

The *Other* reserve represents a number of funds received from external organisations for specific purposes.

The *EICA* reserve represents grant funding received from Scottish Enterprise – Edinburgh and Lothians (SEEL) for the installation of a new climbing wall at the Edinburgh International Climbing Arena. A transfer is made to partially offset the depreciation charge on the full cost of the relevant asset.

During the previous year, the company began a phased process to take over the operation of the secondary school sporting estate of City of Edinburgh Council (CEC) outside of core school hours. All income and expenditure is restricted with any surpluses being returned to CEC and any deficits being refunded by CEC.

A requirement exists to ring fence any surplus made from the operation of Queensferry High Recreation Centre. Any deficits are funded by Edinburgh Leisure from unrestricted reserves. To date the facility has generated a net deficit of £141,000 (2017: £154,000).

Sufficient resources are held to enable each fund to be applied in accordance with any restrictions.

Notes to the financial statements (continued)

15 Analysis of net assets between funds

	Unrestricted Fund £'000	Restricted Fund £'000	Total 2018 £'000	Total 2017 £'000
Fund balances at 31 March 2018 are represented by:				
Tangible fixed assets	4,924	100	5,024	5,439
Current assets	2,039	333	2,372	1,854
Current liabilities	(3,848)	-	(3,848)	(4,127)
Long term liabilities	(270)	-	(270)	(420)
Pension deficit	(3,069)	-	(3,069)	(11,384)
Total net assets	(224)	433	209	(8,638)

In the year ended March 2017, £110,000 of tangible fixed assets and £278,000 of current assets were restricted with all other amounts being unrestricted.

16 Financial instruments

	2018 £'000	2017 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,984	1,332
Financial liabilities		
Financial liabilities measured at amortised cost	3,264	3,130

Financial assets that are debt instruments measured at amortised cost include trade debtors, cash in hand, amounts due from City of Edinburgh Council and other debtors.

Financial liabilities measured at amortised cost include trade creditors, amounts due to City of Edinburgh Council, accruals, finance lease creditor, other loans and other creditors.

Notes to the financial statements (continued)

17 Commitments

Total commitments under non-cancellable operating leases are as follows:

	2018	2017
	Total	Total
	£'000	£'000
No later than 1 year	356	334
Later than 1 year and no later than 5 years	211	516
Total	567	850

The company had no capital commitments as at 31 March 2018 (2017: £5,200).

18 Pension scheme

Certain employees of the company are members of Lothian Pension Fund. In the financial year to 31 March 2018 the employer contribution rate was 18.5%. The most recent actuarial valuation (31 March 2018) showed that the market value of Edinburgh Leisure's notional share of the scheme's assets was £68,766,000 and that the actuarial value for these assets represents 96% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the Directors on the advice of the actuaries. In the intervening years the actuaries review the progress of the scheme and prepare an interim valuation for the purposes of reporting under FRS 102, section 28: Employee Benefits. The value of the fund at 31 March 2018 was as follows:

Actuarial valuation

	2018	2017
	£'000	£'000
Present value of funded liabilities	(71,836)	(80,899)
Present value of unfunded liabilities	(9)	(10)
Fair value of employer assets	68,776	69,525
Net liability	(3,069)	(11,384)

Notes to the financial statements (continued)

18 Pension Scheme (continued)

Movement in present value of defined obligation

	2018	2017
	£'000	£'000
At start of year	80,909	59,215
Current service cost	1,817	1,338
Past service cost	-	-
Interest cost	2,114	2,079
Contribution by members	292	314
Actuarial (gains)/losses	(12,070)	19,180
Losses on curtailments	19	-
Benefits paid	(1,235)	(1,216)
Unfunded benefits paid	(1)	(1)
At end of year	71,845	80,909

Movement in fair value of employer assets

	2018	2017
	£'000	£'000
At start of year	69,525	56,682
Interest income on plan assets	1,806	1,983
Contributions by members	292	314
Contributions by the employer	928	933
Contributions in respect of unfunded benefits	1	1
Return on assets excluding amounts included in net interest	(2,540)	10,829
Benefits paid	(1,235)	(1,216)
Unfunded benefits paid	(1)	(1)
At end of year	68,776	69,525

Notes to the financial statements (continued)

18 Pension Scheme (continued)

Income / (expense) recognised in the statement of financial activities

	2018	2017
	£'000	£'000
Current service cost	(1,817)	(1,338)
Past service cost	(19)	-
Interest cost	(308)	(96)
Actuarial gain/(loss) on Lothian Pension Fund	9,530	(8,351)
At end of year	7,386	(9,785)

The total amount recognised in the statement of financial activities in respect of actuarial gains and losses is a gain of £9,530,000 (2017: £8,351,000 loss), calculated as follows:

	2018	2017
	£'000	£'000
Actuarial gain/(loss) on movement in present value of defined benefit obligation	12,070	(19,180)
Actuarial (loss)/gain on movement in fair value of employer assets	(2,540)	10,829
Actuarial gain/(loss) on Lothian Pension Fund during year	9,530	(8,351)

Fair value of employer assets and return on those assets

	Value	Value
	2018	2017
	£'000	£'000
Equities	51,583	46,581
Bonds	7,565	13,906
Property	4,814	6,257
Cash	4,814	2,781
Company's share of scheme assets	68,776	69,525

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the Plan's investment portfolio.

Notes to the financial statements (continued)

18 Pension Scheme (continued)

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2018	2017
	%	%
Inflation/pension increase rate	2.3%	2.4%
Salary increase rate	4.0%	4.4%
Discount rate	2.7%	2.6%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date as based on standard actuarial marketing tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

	Males	Females
Current pensioners	21.7	24.3
Future pensioners	24.7	27.5

History of the Plan

The history of the plan for the current and prior periods is as follows:

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(71,845)	(80,909)	(59,215)	(64,011)	(53,447)
Fair value of employer assets	68,776	69,525	56,682	53,920	46,938
Deficit	(3,069)	(11,384)	(2,533)	(10,091)	(6,509)

The charity expects to contribute approximately £1,015,000 to its defined benefit scheme in the next financial year.

On 1st April 2008 Edinburgh Leisure closed its defined benefit scheme to new members. All new employees, and those employees not currently members of the Lothian Pension Fund, are able to participate in a defined contribution scheme. Under this scheme, employees can choose how much they contribute to the scheme. Edinburgh Leisure matches the employees' contributions, up to a maximum of 8%

19 Related Party

Edinburgh Leisure is contracted to provide recreation and leisure by the City of Edinburgh Council ("CEC"). In the year to 31 March 2018 CEC made a payment of £8,075,000 (2017: £8,308,000) to the company and leased the facilities occupied by the company for a peppercorn rent. At 31 March 2018 CEC owed the company £71,000 (2017: £188,000) and the company owed CEC £978,000 (2017: £583,000) (including amounts due to the Lothian Pension Fund) in relation to normal trading activities.

Key management personnel include all directors and a number of senior staff who together have responsibility for planning, directing and controlling the activities of the company. The total compensation paid for key management for services provided to the company in the year was £365,000 (2017: £354,000).

NEED	SOLUTION	ACTIVITIES	OUTCOMES		
			SHORT TERM Initial intervention/up to 16 wks	MEDIUM TERM Post intervention / 16 wks. – 1 yr	LONG TERM Over 1 yr
<p>20% of Edinburgh’s population are over the age of 60 and around one third will experience a fall. Even the most minor falls have a detrimental effect on an individual’s physical and mental wellbeing, affecting their ability to manage everyday life.</p> <p>Those who have had a fall or those at greatest risk of having a fall need help and support to improve their health and wellbeing.</p>	<p>Deliver an evidence based physical activity and education programme (16-weeks) aimed at older people who have had a fall or are most at risk of having a fall.</p>	<ul style="list-style-type: none"> Deliver 60-minute falls prevention sessions, to build strength, flexibility and balance confidence. Provide participants with access to Steady Steps classes at the cost of £1 per session and discounts to Edinburgh Leisure facilities (gym, swim and fitness classes) before 4pm for 12 months Facilitate a 30-minute informal education session on how to prevent future falls Encourage peer-led support amongst participants Provide guidance and support to reassure and motivate participants to complete the programme. Recruit and train volunteers to provide person centred support in activity sessions. Ensure Specialist Health Instructors have PSI qualification Conduct Pre and post physical function tests Offer support to complete Pre and post questionnaires Develop relationships with Health Professionals and voluntary sector to improve understanding of physical activity benefits and ensure quality referrals Monitor and evaluate the impact of activities Signpost participants to the right activity at the right time to keep them active Undertake a post 6-month follow-up to ascertain activity levels and fall incidents 	<ul style="list-style-type: none"> People get more active People Improve their balance confidence People Improve their physical function People can maintain or improve their independence (Fit and able to perform essential tasks like shopping, cleaning, personal care and daily living) People increase their strength and endurance People have improved knowledge about how to prevent and cope with falls People feel have more social interaction Carers have more respite time Volunteers gain more experience on how to work with older adults 	<ul style="list-style-type: none"> People remain regularly active People feel less isolated Carers feel less isolated Carers have more confidence in participants abilities Volunteers feel more confident in supporting older adults People are less likely to fall People reduce the severity of falls People can recover from ill-health quicker. 	<ul style="list-style-type: none"> People stay physically active Older Adults experience less falls People maintain a good quality of life Reduce risk of ill health and premature death Reduce cost and future burden on health and social care Develop a more skilled workforce working with older adults
BENEFICIARIES	RESOURCES				
<ul style="list-style-type: none"> Older adults who have had a fall or are at greatest risk of having a fall. Carers/unpaid Carers Families Health Professionals i.e. Physiotherapist (reduce their waitlist/workload as they can refer patients to our service) Volunteers (gain skills and experience within falls prevention setting). 	<ul style="list-style-type: none"> Development Officer Active Communities Leadership Team Specialist Health Instructors/Service Providers (Postural Stability Instructor Qualified) Volunteers Edinburgh Leisure Venues and Teams Equipment Marketing materials Course materials Delivery Partners & Referrers Funding (Prevention Innovation Fund) Project partners NHS Falls Coordinator Later Life Training/researchers 				

THE ASSUMPTIONS

- Research confirms that regular physical activity helps prevent over 40 chronic health conditions and premature death.
- 83% of older adults in Scotland do not meet the national physical activity guidelines and they need more support to enable them to get and stay active
- Health Professional are referring people at the right time and people understand why they are being referred
- Participants are doing the home-based programme
- Evidence demonstrates that this 16 week programme will help people to improve their health and wellbeing.
- There are a number of reasons why people may not complete our programmes (e.g. *health condition, readiness for change, life circumstances*).
- Edinburgh Leisure are experts at developing and delivering physical activity and sports programmes to support people effected by health conditions, poverty, inequalities and disabilities.

EXTERNAL FACTORS

- Partnerships and Health Professionals
- Funding
- Edinburgh is a growing city with an ageing population
- Locality working
- Other agencies doing what we do
- Health and Social Care not yet focusing on prevention
- Barriers that prevent people attending (e.g. health conditions, weather, travel, family/support network)

Appendix 3 - EDINBURGH LEISURE



- **We are ‘The Biggest Club in Town’,** running 30 leisure and sports venues across the city
- We are proud to receive over 5 million customer visits each year
- We help 5,200 people each year affected by health conditions, poverty, inequalities and disabilities to get active, stay active and lead healthier lives

Edinburgh Leisure

OUR PURPOSE

To make a positive difference to communities by creating opportunities for everyone to get active, stay active and achieve more

OUR VISION

Inspiring Edinburgh to be a more active and health city

We will protect services and build a sustainable business model by growing usage and income and managing expenditure



We enable the inactive to be active and the active to stay active throughout life



We support and develop wellbeing in individuals and communities through physical activity and sport



We provide opportunities and support to participate, progress and achieve in sport

We will deliver our service promise to customers

We welcome everyone

We provide activities and expertise in a safe, clean and fit for purpose environment at value for money prices

We deliver enjoyable experiences; customers leave feeling happy

OUR ENABLERS TO GROWTH AND SUCCESS



People



Partners



Places



Technology



Funding



Systems



OUR VALUES UNDERPIN EVERYTHING WE DO

Welcoming, caring, passionate and proud

Physical Activity and Health: Wonder drug?

MIRACLE CURE!



The potential benefits of physical activity to health are huge. If a medication existed which had a similar effect, it would be regarded as a 'wonder drug' or 'miracle cure' (CMO Annual Report 2009)

Active Communities – helping people get active



Our Active Communities team use the power of sport and physical activity to help those in need improve their health and wellbeing


Edinburgh Leisure
The Biggest Club in Town

What we do

We deliver a large number of physical activity and sport projects that focus on:



How we are helping people get active

- **5200** helped to get active last year
- **1405** helped to improve health & wellbeing each week
- **190** community groups helped to access leisure centres
- **400** Older Adults active each month through Ageing Well
- **798** Children & YP in care supported to be more active
- **118** Active Communities classes delivered each week
- **65** families & **163** adults supported to loose weight

Supporting people with disabilities to be active

- Community Development Officer (Disabilities)
- Edinburgh Leisure becoming autism friendly
- Edinburgh Leisure becoming dementia friendly
- Activ8 Multi activity programme
- Broad range of junior SEN coached activities
 - Boccia, Swimming, Football, Tennis, Diving, Trampolining
- ASN Soft Play sessions
- Open All Hours – Fully inclusive Friday Night youth club

Supporting people with disabilities to be active

- Broad range of adult activities
 - Wheelchair tennis, cardio tennis, swimming, boccia
- 650 people accessing supported gym sessions per month
- 857 people accessing a range of Disability memberships
- Carer go free policy
- Euan's Guide
- Involved in the city's British Sign Language Plan
- Edinburgh International Climbing Centre

Questions, Hopes and Opportunities to do more



Edinburgh Leisure
The Biggest Club in Town

Appendix 4: Feedback from participant on Healthy Active Minds project

'I've suffered with depression on and off for over twenty years, but recently I had one of the worst bouts I can remember. I was very low - I'd find myself dwelling on bad memories, blaming myself for everything, and losing sleep due to worry and stress. I didn't want to see anyone.

When I heard about Healthy Active Minds, I asked my GP to refer me. A few weeks later, I met my instructor at the gym, and he made me feel at ease right away. We had a chat about my goals, set out an exercise programme, and now we meet once a week – that gives me something to focus on. Between appointments, I feel confident knowing that I can come on my own and ask any of the staff for pointers. In the past I found gyms stressful when I was unwell, but Edinburgh Leisure is different – I know I'll get a friendly smile here.

Since beginning Healthy Active Minds, I've been able to reduce my medication – I don't feel that I need it anymore. I don't pretend that everything is rosy, I still get bad days, but they're not as frequent as they were. When I do feel my symptoms increasing, I focus on the positive things I'm doing for myself.

I'm already having to wear my belt a little tighter, I feel fitter, and people have said that I'm looking better too. These things brighten me up and encourage me to work harder because I know it's making a difference! I'm looking forward to feeling fit enough to play five-a-side with my pals again – they keep asking me and soon I'll be saying "yes"! For me, feeling sociable again is really important. I have goals that I know I can achieve, and people to support me'.

Appendix 5



Gender pay gap data for Edinburgh Leisure 2018

Edinburgh Leisure are publishing the following information in accordance with government regulations. As we employ more than 250 people we are required to publish the following data to show the difference between the average male salary to the average female salary.

In Edinburgh Leisure, as at 5th April 2018:

Our Mean hourly rate for females is

1.0%

HIGHER

Than for Males

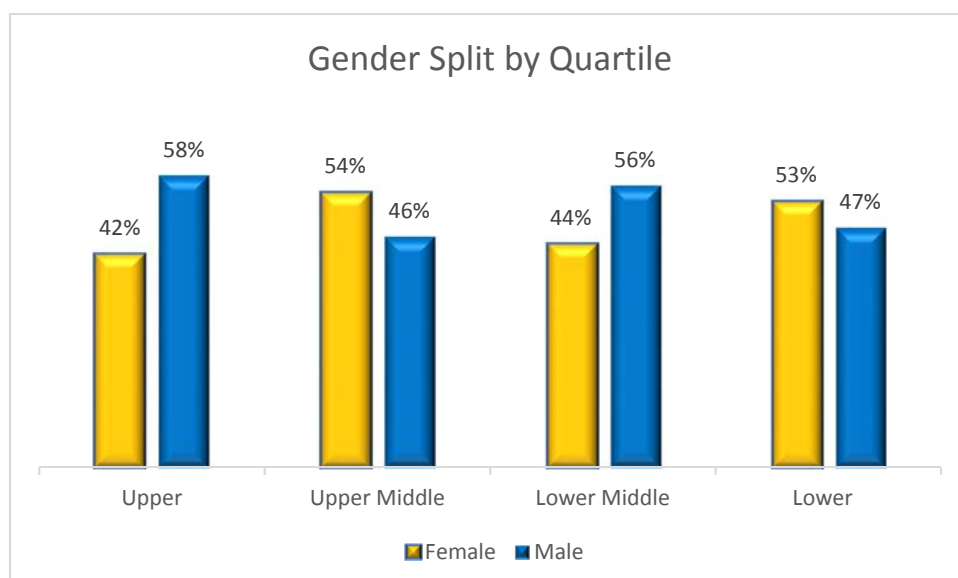
Our Median hourly rates are

Identical

For Males and Females

Edinburgh Leisure don't pay any bonus pay, meaning that the questions regarding differences in bonus pay are not applicable.

Pay Quartiles: The following graph shows how many men and women are in each quarter of Edinburgh Leisure's payroll.



Appendix 6: Key Performance Indicators

Key Performance Indicator	2017/18 target	2017/18 actual	Commentary
Operating income	£22,054,000	£21,558,000	£496,000 (2%) income shortfall is attributed to the closure of Meadowbank in December 2017 and the loss of income due to extreme winter weather closures
Management fee from CEC	£8,075,000	£8,075,000	
Operating costs	£30,279,000	£29,156,000	4% positive variance
Net income / deficit	£150,000 deficit	£477,000 surplus	
Recovery rate	73%	74%	
Subsidy per user	£1.75	£1.70	
Income per user	£4.70	£4.82	
Total customer visits	4,687,000	4,472,000	5% behind target. Meadowbank closure accounts for a loss of 194,000 visits & extreme weather 30,000
Children & young people visits	1,799,000	1,743,000	Ref above
Older adult visits	362,000	365,200	
Active Communities projects	5,200+ people	7,984 people	
Customer experience index score	8.75	8.70	Customer feedback is also measured using: net promoter score achieved 53 versus industry average of 47 & mystery visit score , achieved target of 90%

Customer accidents		9 per 100,000 visits	Increase from 8 in previous year
Staff accidents		49	Decrease from 62 in previous year
Staff absence	4%	3.6%	
External funding	£819,000	£786,000	4% shortfall against target but £861,000 secured for 2018/19

Governance, Risk and Best Value Committee

10.00am, Tuesday, 15 January 2019

Roads Services Improvement Plan

Item number	7.9
Report number	
Executive/routine	Routine
Wards	All Wards
Council Commitments	16 , 19

Executive Summary

This report provides an update on progress for the Roads Services Improvement Plan. The plan identifies the different issues that impact on road asset management performance across the Council and the actions that are being taken to address them. Progress on implementing the plan and the impact it is having on performance, complaints and road condition will continue to be reported to this committee on a regular basis.

This progress update was also considered by Transport and Environment Committee on [6 December 2018](#).

Roads Services Improvement Plan

1. Recommendations

- 1.1 It is recommended that Governance Risk and Best Value Committee notes the progress made with implementing the actions in the Roads Services Improvement Plan.

2. Background

- 2.1 The Roads Services Improvement Plan was approved on [10 August 2017](#) and sets out 36 actions that are required to help move forward the service to deliver a high-quality road network, to ensure road users can freely travel around our network and to protect the overall appearance of the city.

3. Main report

- 3.1 The Roads Services Improvement Plan contains a summary of actions and forecasted timescales for implementation and the expected impact that action will deliver. The Plan is attached in Appendix 1.
- 3.2 Approximately 50% of the actions have now been achieved. A further six actions (1, 4, 5, 9, 21 and 30) will be closed on implementation of the new organisational structure detailed below.
- 3.3 The following information provides a summary of progress to date on each section within the improvement plan.
Organisational Structure
- 3.4 Significant progress has been made to realign the structure to create a single service which will manage and maintain all elements of the road asset maintenance and renewal cycle.
- 3.5 Initial staff engagement has been carried out, and Evaluation Panel incorporating managers from all elements of the Roads and Transport functions (including Locality Teams) has been established, an activity matrix showing all activities carried out has been prepared (see Appendix 2) and an initial draft of the proposed structure has been drafted.

3.6 The following table shows a brief outline of the Activity Matrix and the resulting high-level structure.

Place Management		Locality	Place Development
Network Management	Road Maintenance	Locality Teams	Strategic Transport
Parking Road Occupation Intelligent Traffic Systems	Asset & Performance Flooding & Structures Street Lighting & Signs Road Operations Contract Design & Delivery	Locality Improvement Plans and projects Place Standard/Local Space Plan	Public Transport Active Travel & Road Safety City Centre Transformation Project Major Strategic Projects Development Management

3.7 There are 331 colleagues affected by this structural change to the new service. School Crossing Patrol staff are not included in the scope of this review.

3.8 This change will be managed through a 45-day consultation period in line with Council policy.

3.9 Arrangements for the 45-day consultation period are underway. It is hoped that staff will be in place and the new structure effective from March 2019.

3.10 The time taken to develop the new structure has been extended to take account of the number of suggestions and ideas from staff within the service. It is felt that this delay has been worthwhile to ensure that the new structure is properly designed, and the responsibilities of each team are clear.

Customer Services

3.11 As well as realigning staff within the core services, levels of business support will be reviewed to ensure support is directed to the areas of greatest need. The main shift will be customer contact moving from the Localities to the Roads Operations team to create a 'one-stop shop' where customer enquiries for faults can be resolved more efficiently and with fewer stages in the process.

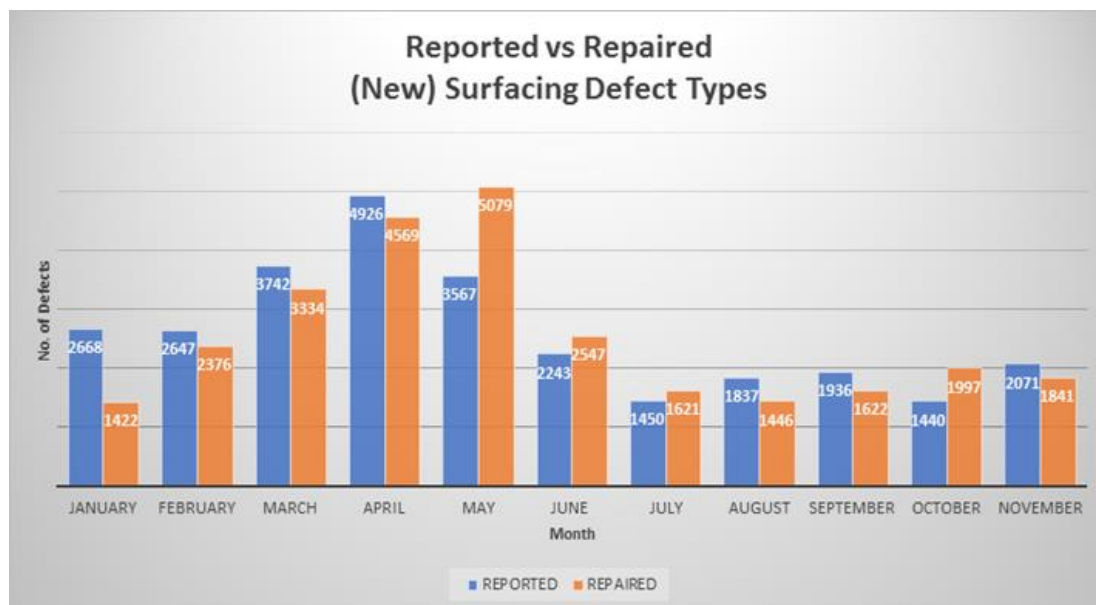
3.12 As part of the Council's Customer Digital Engagement (CDE) programme, work has also commenced to re-design the online reporting forms and their equivalents in the new Customer Relationship Management (CRM) system. Using best practice examples from other local authorities as a template, it is felt that this re-design will make customer transactions simpler and will also allow for real-time status updates to be given to citizens when they report issues to us.

Road Safety Inspections

- 3.13 The new service will transfer the responsibility for safety and defect inspections from Localities to the Roads Maintenance function, providing a more streamlined method of inspections, identifying and repairing defects.
- 3.14 The Transport Asset Management Plan (TAMP) will also develop and implement new performance indicators to monitor the effectiveness of safety inspections and defect rectifications. These will augment the existing national indicators

Road Defect Repairs

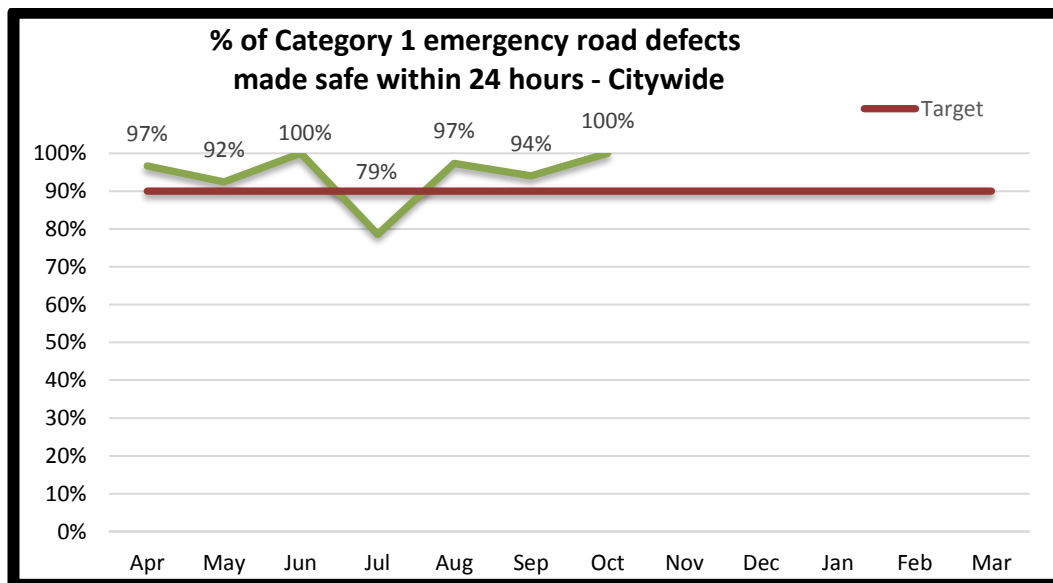
- 3.15 As part of the 2018/19 budget, funding was allocated for road and streetlighting repairs. Using this funding, a contract was awarded to undertake permanent revenue funded repairs from July 2018. This package of work used external contractors to augment the in-house resource. These arrangements provide a resource in each of the four locality areas and has provided significant progress with the outstanding defect repairs. Phase 1- South West, Phase 2 - North West, Phase 3 - South East and Phase 4 - North East. By the end of 2018/19, over 14,000m² of permanent patching is anticipated to have taken place on the city's road network through this approach.
- 3.16 The graph below shows the performance of reported defects against defects repaired from the period January to November 2018 for new surfacing defect types which cover Categories 1 and 2 (emergency repairs) and Category 3 (programmed repairs). The number of defects is, as expected, higher over the winter months.



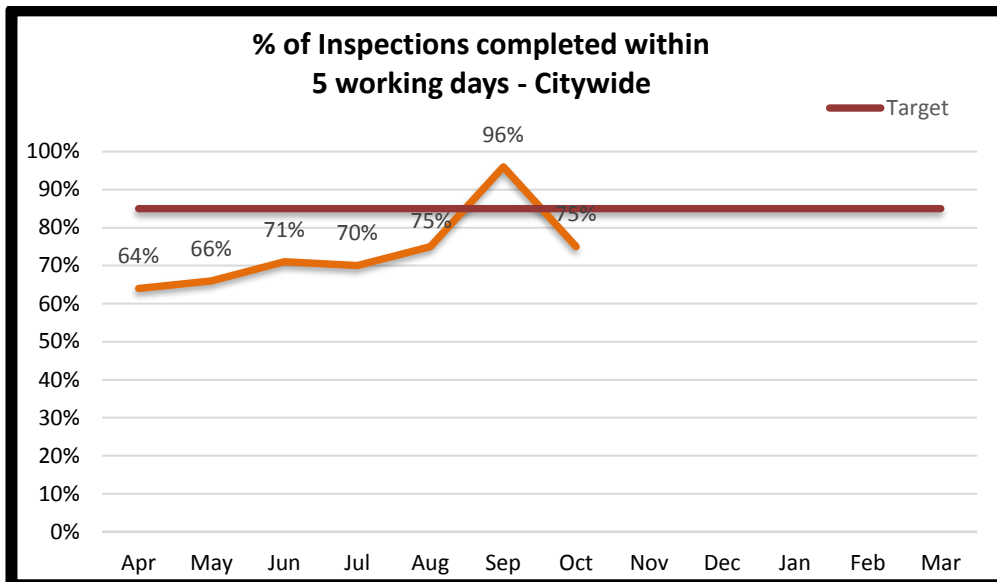
- 3.17 This staff group also provide winter operations, meaning that there is an impact on performance between January and April – as can be seen from the graph above.
- 3.18 The increase in the number of defects reported in March and April was as a result of the bad weather brought by the 'Beast from the East'. The first effects were in the first week of March and the second in the first week of April.
- 3.19 The introduction of Domain Gritting as part of the Winter Weather Improvement Plan will contribute positively on our defect repair performance. When there are

periods of mild weather throughout the winter, providing periods when city-wide treatment is not required, this will reduce the number of operatives being transferred from defect repairs to gritting duties.

- 3.20 The changes introduced as part of this improvement plan will also ensure a more pro-active approach to defect repairs.
- 3.21 Recent performance has shown good progress in the timescales being taken to repair category 1, 2 and 3 defects. Due to concerns regarding our performance in repairing category 1 defects in timescale, officers have benchmarked our own methodology for calculating repair times and found that the Council have been overly stringent in comparison to other Scottish authorities.
- 3.22 Previously, timescales for rectification of a category 1 defect had been calculated from the time of the enquiry being raised until the time the repair was completed. This made the target for repair (24 hours) impossible to achieve. Other authorities calculate their performance from the time that the inspection of the enquiry takes place until the time that the job is completed. This is due to the fact that it is not possible to know the category of the defect (if any) until such time as an inspector has visited the site in question.
- 3.23 Using this methodology, the current performance for repairing category 1 defects is shown below:



- 3.24 Alongside this repair indicator, a performance indicator has also been developed to monitor responses in inspecting enquiries passed to us from members of the public. This has also been benchmarked against other authorities and allows for an inspection of an enquiry to take place within five days from the time of reporting. Performance against this indicator is shown below:



3.25 The structural realignment, included in this plan, is also expected to provide an improvement in our performance for road defects as the inspectors, currently based in the Locality teams and responsible for identifying defects, will transfer to Road Maintenance. This change will bring together all the staff involved in defects under the same service, through from identification of defect to repair.

Street Lighting

- 3.26 The Energy Efficient Street Lighting Project (EESLP) has been referenced in previous reports. As part of this project, there are two key improvements. Firstly, the changing of all lanterns to energy efficient lanterns. Secondly, the rollout of a Central Management System (CMS).
- 3.27 The CMS has been connected to over 4,000 lights so far and is beginning to produce high quality data that will allow us to improve our maintenance approach.
- 3.28 Work commenced on the 12 November in Ward 7 to rollout the installation of the energy efficient lantern replacements.
- 3.29 Survey work is complete in Wards 2, 8 and 9, 8 and 9 and has commenced in Ward 1.

Workforce Management

- 3.30 The review of current working patterns in Edinburgh Road Services was placed on hold during the realignment project. The findings of the review will be reconsidered once the realignment process is complete and if the operational benefits are achievable, then a change to the working patterns will be introduced from April 2019. Thorough engagement and consultation with staff and Trade Unions will take place as part of this review.

Fleet and Depots

- 3.31 Following the review of Winter Weather Treatment via the Thermal Mapping project, three gritting domains have been developed for Winter 2018/19. Information on this project was provided in the Winter Maintenance Readiness report to this committee on [4 October 2018](#).

- 3.32 Using these domains, gritting routes have been optimised for Priority 1 Road Routes allowing winter weather forecasts to identify individual routes that could receive freezing conditions. Using this information Duty Managers can make decisions on which routes to treat instead of a 'one out – all out' approach to treat the city.
- 3.33 Winter operations will operate out of Bankhead and Blackford depots and a strategic salt supply of 8,000 tonnes has been established at Braehead Depot.
- 3.34 In consultation with Fleet Services, hire arrangements have been utilised to provide twelve new vehicles for winter treatment.
- 3.35 Fleet Services have cover arrangements in place to provide mechanical and fitter support 24/7 during winter operations and the new vehicles should reduce the pressure on the Fleet maintenance services.
- 3.36 The closure of Barnton Roads depot is now complete. Refurbishment works have been carried out at Bankhead Roads depot to accommodate staff from Barnton and to improve the welfare facilities there. This has allowed staff to relocate to Bankhead depot prior to the start of winter operations.
- 3.37 The workstyle refurbishment has provided additional space at Bankhead to support the staff realignment project. This will allow people who will transfer to the Roads Operations team to work more closely together and improve communication and performance. A date has not yet been identified to move staff to Bankhead Depot but as the infrastructure is now in place this move will be easily facilitated.

Improved Business Processes and Asset Management

- 3.38 The realigned inspection process, supported by better information from the Confirm system, will help to identify where investment is needed.
- 3.39 The development of the Confirm Asset Management System will continue in terms of street lighting, road and pavement defects and management of grit bins (both filling and replacement of bins).
- 3.40 Discussion have taken place with ICT and CGI to facilitate some managed services from Pitney Bowes (the supplier of the Confirm system) to improve the use of the system for Bridges and Structures, asset condition monitoring and tree maintenance. This will further enhance the level of data that we hold and improve the amount of collaboration between departments.

Capital Delivery and Contract Management

- 3.41 Through the realignment project, Capital Design and Delivery will be brought under the Roads Maintenance function. This will provide a closer working relationship with Roads Operations and a stronger link with the TAMP.
- 3.42 The Capital Design and Delivery function is key in designing, procuring and managing all re-surfacing and road improvement projects. The team have traditionally struggled to deliver all projects planned for each financial year, due to the lack of internal capacity caused mainly by staff vacancies. Over many years of recruitment drives, the vacancy rate in this team has consistently been high.

- 3.43 Whilst the team contains a high calibre of engineering resource, there is a need to augment this resource with external design capacity from engineering companies. This will allow the team to increase design output and procure more work. In order to obtain this additional support, a procurement exercise for a term design contractor has recently commenced.
- 3.44 Alongside this, the internal resource has made better use of the Council's existing Transport Infrastructure Framework to procure contracts for resurfacing and strengthening. This has already started to deliver increased output, with 314,000m² of resurfacing and strengthening scheduled to take place in 2018/19, versus 189,000m² in 2017/18.
- 3.45 As outlined in the TAMP report (also on today's agenda) the most recent Edinburgh's Road Condition Index (RCI) has improved from 42.3% in 2005/6 to 36.4% in 2017/19.

4. Measures of success

- 4.1 Moving forward, there are several key performance and management indicators that need to be created, or refreshed, to ensure that our Roads Services are fit for purpose. However, the two overarching measures of success should be that:
- 4.1.1 Customer satisfaction with roads and pavements, as measured by the Edinburgh Peoples' survey will increase; and
 - 4.1.2 The condition of Edinburgh's roads will improve, as addressed in the Roads Asset Management Plan.

5. Financial impact

- 5.1 It is expected that the actions within the Roads Services Improvement Plan will be met from existing resources.
- 5.2 The energy efficient lighting project will provide sustained reduction in electricity consumption, energy costs and costs related to Carbon Reduction Commitment fees. The financial benefits of the rollout of this type of lighting was reported to this committee on 27 October 2015. Approval of the business case and the prudential borrowing was approved by Full Council on 19 November 2015.

6. Risk, policy, compliance and governance impact

- 6.1 The Council has a duty to manage and maintain roads as prescribed in the Roads (Scotland) Act 1984. Failure to fulfil these duties effectively could result in action being taken against the Council.

7. Equalities impact

- 7.1 The improvement plan aims to improve the condition of Edinburgh's pavement, cycleways and road assets, in turn improving mobility opportunities for all users and all modes of pavement, cycleway and road transport. It ensures safer routes, free from potential hazards.

8. Sustainability impact

- 8.1 A permanent first-time fix approach will reduce works vehicle travel, reduce disruption to road, pavement users and the community, reduce the use of new material and reduce the amount of waste material that is disposed of.
- 8.2 Renewal of our road maintenance fleet will provide more efficient engines and reduce emissions.
- 8.3 The introduction of Thermal Mapping based weather forecasting will result in a reduction in the use of salt and vehicle emissions. This is dependent upon the severity of the winter weather conditions on a year to year basis.
- 8.4 The new energy efficient street lighting lanterns will last for up to 20 years compared to the existing lifespan of two to four years. These lamps use less energy and will contribute to the Council's commitment to reduce carbon emissions and meet its environmental targets.
- 8.5 Modern lanterns are manufactured in accordance with the Waste Electrical and Electronic Equipment (WEEE) Regulations taking account of all required environmental regulations and can be recycled in accordance with these regulations.

9. Consultation and engagement

- 9.1 As part of the wider improvement plan, trade union colleagues and employee representatives have, and will continue, to be engaged to ensure everyone's views are taken in to account.
- 9.2 Consultation and engagement has taken place between Corporate Finance, Fleet and Workshops, Transport Infrastructure, Transport Networks, Localities and Edinburgh Road Services in the preparation of this plan and the Transport Realignment.

10. Background reading/external references

- 10.1 [Roads Contract Management - Follow Up](#) at Governance Risk and Best Value Committee on 9 March 2017. This report was referred to [Transport and Environment Committee](#) on 21 March 2017.

- 10.2 [Roads Service Improvement Plan](#) at Governance Risk and Best Value Committee on 20 April 2017.
- 10.3 [Street Lighting - Rollout of Light Emitting Diode Lighting Across the City](#) at Transport and Environment Committee on 27 October 2015.
- 10.4 [Street Lighting - Rollout of Light Emitting Diode Lighting Across the City - referral from Transport and Environment Committee](#) at City of Edinburgh Council committee on 19 November 2015.
- 10.5 Roads Services Improvement Plan at Transport and Environment Committee on 9 August 2018.

Paul Lawrence

Executive Director of Place

Contact: Gareth Barwell, Head of Place Management

E-mail: gareth.barwell@edinburgh.gov.uk | Tel: 0131 529 5844

11. Appendices

- Appendix 1 Roads Services Improvement Plan
- Appendix 2 Activity Matrix

Appendix 1 - Roads Services Improvement Plan

Forecasted							Status
Action Point	Action	Target Date	Date	Lead Team	Comments		
Organisational Structure							
1	Road Service Operations	Create a single service to manage and maintain all elements of the road asset maintenance/renewal cycle	Mar-18	Mar-19	Head of Place Management	Implementation delayed due to extensive staff engagement and structure design	Open
2	ERS Operating Model	Re-align the ERS service to respond to visible defects on the road network	Dec-17	n/a - achieved	Edinburgh Road Services (ERS)	Improved focus on defect repairs and flexible use of resource now in place	Achieved
3	ERS Budget Structure	Move the ERS budget from being a trading account to a general fund revenue account	Apr-18	Apr-19	Corporate Finance and Commercial Team	Aiming to have this in place for the start of the 2019/20 financial year	Open
4	Network Management	Create a single service to coordinate all activity on the road network (permits, TTROs, diversions etc)	Mar-18	Mar-19	Head of Place Management	Structural realignment currently underway. Links to Action Point 1.	Open
5	Locality Teams	Ensure sufficient resource remains in our Locality Teams to allow them to deliver road enhancements in consultation with Elected Members and local communities	Mar-18	Apr-19	Head of Place Management	Structural realignment currently underway. Links to Action Point 1.	Open
Customer Service							
6	Enquiry Owners	Review all enquiry types and designate responsible officers/teams for each type of enquiry	Oct-17	Apr-19	ICT Systems Roads Services Business Support	This will be influenced by the structural realignment. Linked Action Point 7 and 8.	Open

Forecasted							Status
Action Point	Action	Target Date	Date	Lead Team	Comments		
7	Customer Enquiries	Work with Customer Service colleagues to improve enquiry handling/resolution	Oct-17	Apr-19	Customer Services Roads Services Business Support	Progress linked to Action Point 6. Will be influenced by the structural realignment	Open
8	Enquiry Tracking	Investigate the potential to create a control room operation involving staff from the service, Customer Services and Business Support to ensure appropriate action on issues	Dec-17	Apr-19	Customer Services Roads Services Business Support	Progress is linked to Action Points 6 and 7. Will be influenced by structural realignment	Open
Road Safety Inspections							
9	Roads Inspector Team	Re-align the Roads Inspector function to work alongside the Roads Asset Management Plan	Nov-17	Mar-19	Head of Place Management	Required staffing resource has been assessed. Structural changes being implemented as part of the realignment process	Open
10	Inspection Recording	Improve the process for recording inspections and defects	Dec-17	n/a - achieved	RAMP Manager/Process Analyst	Confirm has been amended to support this improvement.	Achieved
11	Training	Deliver refresher training for all Roads Inspectors	Oct-17	Mar-18	RAMP Manager	Links to Action Point 10. Inspector training on Confirm is complete. Training relating to defect classification is complete.	Achieved
12	Inspection Compliance	Focus on carriageway and footway inspections to ensure they are kept up to date	Oct-17	Mar-19	RAMP Manager	Links to Action Point 11. A new dedicated inspection team will be put in place following implementation of the new structure and a series of new inspection routes is being developed. A mechanism for monitoring performance has been developed and will be used going forward. A key objective is to improve inspection compliance and reduce the costs associated with Public Liability claims for the period up to March 2019.	Open

							Status
Action Point	Action	Target Date	Forecasted Date	Lead Team	Comments		
Defect Repairs							
13	Aim for Right First Time Road Defect Repairs	Ensure all squads are properly equipped to carry out permanent first-time repairs wherever possible	Sep-17	Mar-19	Commercial Manager	Good progress has been made but this action can not be fully completed until the structural realignment takes place. The co-location of repair teams and inspectors in one service is required to properly achieve this important action. Trial of a 'hot box' to save on non-productive journeys to collect materials has been undertaken and is being evaluated.	Open
14	Follow Up Repairs Road Defects	Develop a process to follow up with permanent repairs when temporary repairs are required in the first instance	Sep-17	n/a - achieved	Edinburgh Road Services (ERS)	Processes developed within Confirm to support scheduling of Category 3 and 4 defects and provide performance information. Contract has been awarded to undertake permanent repairs. Progress is linked to Action Point 13.	Achieved
15	Programming and Scheduling of Road Defects	Schedule defect repairs in the most efficient manner and provide key health and safety documentation to squads	Oct-17	n/a - achieved	BSS Manager/ERS Manager	Scheduling of work via Confirm continues to improve and key H&S documentation, including PU drawings, are provided by admin support staff.	Achieved

Forecasted							Status
Action Point	Action	Target Date	Date	Lead Team	Comments		
16	Guardrail Repair and Replacement	Allocate resources to repair the large number of defective guardrails across the city	Dec-17	Feb-19	Head of Place Management	The allocation of resources will be considered further following the structural realignment to ensure the 'best fit'. Reporting of guardrail defects is included in current Web developments.	Open
17	Setted Street Repairs	Ensure adequate internal capability to properly repair defects on setted streets.	Mar-18	Mar-19	RAMP Manager/Commercial Manager	Council Engineers and Designers are receiving training in setted streets. Training will be completed by December 2018. ERS currently do not have the capacity or staff expertise to deliver this in-house. Work packages will need to be issued until Council operational staff have the capacity/expertise.	Open
18	Street Lighting Defect Repairs	Reduce the number of outstanding street lighting defects	Mar-18	Ongoing	Contract and Logistics Manager/Business Support	The number of outstanding defects continues to reduce in line with annual trend. Developments with Confirm and data cleansing of the system continues to support the defect repair process. Street Lighting is being transferred back from Infrastructure to Roads Operations in the structural realignment Roll-out of EESLP and the CMS will begin to have an incremental positive impact on the number of defect repairs. Progress is linked to Action Point 23.	Open

							Status
Action Point	Action	Target Date	Forecasted Date	Lead Team	Comments		
Workforce Management							
19	Nightshift	Evaluate effectiveness of the nightshift service and consider improvements	Aug-17	n/a - achieved	Commercial Manager / Contracts & Logistics Managers	Review of Civils Nightshift operations has been completed. Findings show that the Civils Nightshift team provides a valuable service and offers flexibility for service delivery.	Achieved
20	Increased Investment in resources	Invest in training and engagement for all staff, in addition to providing equipment and leadership to support people in their role.	Sep-17	n/a - achieved	OD & Learning/ERS Manager	Training matrix established. Critical training gaps addressed, electronic training records developed. Long term training programme developed with OD&L. Plant and equipment reviewed and implemented. Bi-monthly meetings held with staff and union representatives in each depot.	Achieved with additional activities underway
21	Working Patterns	Review current working patterns to ensure the service delivery is aligned to demand	Oct-17	Apr-19	ERS Manager	Business options developed. Review has been placed on hold pending completion of the structural realignment.	Open
22	Apprenticeships	Rollout a full apprenticeship programme within Roads Services to develop young people in our workforce and ensure that we have the right skill sets in the future	Apr-18	ongoing	OD & Learning	2 x Apprentices secured for ERS in 2018. Street Lighting training will be included in Apprentice Electrician posts in Housing Property Services. Apprentices will be recruited under the Community Benefits Scheme within the Street Lighting Energy Efficient Programme.	Achieved
23	Service Contract for Street Lighting Repairs	Develop a Service Contract with appropriate suppliers to provide skilled street lighting operatives.	Apr-18	ongoing	ERS Manager	It has not been possible to secure staff via the Quick Quote process or Service Contract. Advice is being sought from Procurement on the best way forward, however availability of labour continues to be scarce.	Open

Forecasted							Status
Action Point	Action	Target Date	Date	Lead Team	Comments		
Fleet and Depots							
24	Fleet Maintenance	Consider current use of maintenance bay at Bankhead to avoid the downtime of vehicles travelling to Russell Road Depot	Oct-17	n/a - achieved	Commercial Manager/ Fleet Manager	Review of vehicle maintenance has identified the benefits that a dedicated programme of servicing would bring to Bankhead Depot's operations. Design for fleet maintenance facilities is being progressed.	Achieved
25	Depot Review	Review the requirement for three depots for roads and develop a rationalisation/improvement strategy	Dec-17	n/a - achieved	ERS Manager/ Asset Strategy Manager	Barnton Depot has now been closed and staff relocated to a new improved Bankhead Depot. This is already identifying greater opportunities for improvement and sharing of resources. Investigations into the potential for a new South East Depot (to accommodate Blackford depot resource) are continuing as part of the Depots Review.	Achieved
26	Salt Storage	Ensure that adequate arrangements are in place to provide core and contingency salt stocks to support our winter maintenance activity	Sep-17	n/a - achieved	Commercial Manager/Asset Strategy Manager	Sufficient salt stocks are arranged for next winter. Contingency stocks will be located in Braehead Depot after being moved out of Tower Street.	Achieved

							Status
Action Point	Action	Target Date	Forecasted Date	Lead Team	Comments		
Improved Business Processes							
27	Confirm Training	Extend training to staff and ensure Confirm is fully utilised	Oct-17	n/a - achieved	Confirm Board	The Confirm system is now being used routinely by frontline resource and Roads Inspectors after a rollout of re-familiarisation training.	Achieved
28	Schedule of Rates (SORs)	Develop a suite of schedule of rates for the newly established Road Service operations	Dec-17	Sep-18	Commercial Manager	Work is ongoing with discussion between Place Management and Finance on the best operating model for the service. Development of SORs will depend on the outcome of these discussions. Links to Action Point 3.	Open
29	Winter Weather Treatment	Review the winter maintenance operation and ensure that the service achieves value for money	Aug-17	n/a - achieved	ERS Manager/Locality Managers	Thermal Mapping is complete. New routes developed.	Achieved
Improved Asset Management							
30	Asset responsibility	Create a joint RAMP and Roads Inspection function	Dec-17	n/a - achieved	Head of Place Management	A list of assets and the teams responsible for their maintenance has been developed and is maintained by the RAMP Manager. Staff being transferred from Localities as part of the structural realignment.	Achieved
31	Inspection and RAMP data	Develop a system to integrate road inspection data with RAMP data to inform optimal investment in our road asset	Mar-18	ongoing	RAMP Manager	Enquiry and Confirm data is being used to support RCI information. A vehicle-mounted system is being trialled which will undertake detailed capturing of road defect and deterioration data and allow for deeper analysis using GIS software.	Open

Forecasted							Status
Action Point	Action	Target Date	Date	Lead Team	Comments		
32	Street Lighting Central Management System (CMS)	Include the provision of CMS in the energy efficient lighting contract	Sep-18	n/a - achieved	Street Lighting & Traffic Signals Manager	This has been procured and is now in implementation. C.5000 nodes already installed.	Achieved
Capital Delivery and Contract Management							
33	Prime contractor	Undertake market testing to assess the potential for the procurement of a single prime contractor to deliver all capital works	Dec-17	n/a - achieved	Infrastructure Manager	Market testing complete. Links to Action Point 34.	Achieved
34	Contract Management	Benchmark other Councils with prime contractors to determine the optimal contract management structure and roles	Feb-18	n/a - achieved	Infrastructure Manager/Commercial and Procurement	Benchmarking complete. Links to Action Point 33.	Achieved
35	Contract Management	Following market testing and benchmarking, if appropriate, seek Committee approval, develop a contract specification, advertise and procure a prime contract before implementation	Apr-19	Apr-19	Infrastructure Manager/Commercial and Procurement	Work is ongoing. Next steps will be to focus on a pilot delivery scheme with works packaged together for design and construction. Progress is linked to Action Points 33 & 34.	Open
36	Street Lighting Project	Convert existing Street Lighting to energy efficient lanterns	Dec-20	May-21	Street Lighting & Traffic Signals Manager	Works commenced November 2018 on a Ward by Ward basis.	Open

Appendix 2

Road Improvement Plan - Activity Matrix

Approved 05/07/18

Place Management								Place	Place Development				
Network Manager			Road Maintenance Manager					Localities	Strategic Transport Manager				
1 Parking	2 Road Occupations	3 Intelligent Traffic Systems	4 Asset & Performance	5 Flooding and Structures	6 Street Lighting & Signage	7 Road Operations	8 Contract, Design & Delivery	9 Locality Transport	A Public Transport	B Active Travel & Road Safety	C City Centre Transformation Project	D Strategic input in to major projects	E Development Management
Managing the enforcement of parking restrictions, CPZ and other parking aspects	Co-ordination and planning of all works on the adopted network	New Traffic signals - delivery	Safety Inspections (mobile and walked) and associated work Includes inspection of the adopted network used by pedestrians, cyclists and horse riders.	Inspection, maintenance & funding for Council adopted bridges and structures	Temporary signage requests	Maintenance of the "hard civils" element of the adopted road network (defects, permanent repairs, vehicle restraint systems, bollards, fencing, guardrails, ironwork, gully frames). Maintenance of the "soft" elements e.g. road verges will sit with Park and Greenspace.	Design and delivery of Transport Capital schemes (excludes Street Lighting)	Locality Improvement Plans - Manage the delivery of appropriate LIP, Place and Transport actions or projects	Bus Trackers - Inspection and Maintenance	Provision of Speed Surveys	TBC	TBC	RCC - Approval, Supervision and Inspection (excludes Street Lighting and Structures)
Parking issues, concerns and assessments	Management of Symology for the co-ordination of all roadworks	Operation and maintenance of Rising Bollards	Accident claims (Inspections and provision of information)	Inspection and maintenance of adopted boundary and retaining walls	All illuminated and non-illuminated road signs (apart from signs relating to the Parking section and parking restrictions). The Bridges Team inspects and maintains low headroom signs on bridges. Vehicle Actuated Signs and Part-Time 20mph are managed by Road Safety.	Identification, installation and maintenance of Capital funded dropped kerbs (*note that other parties will feed in to this e.g. Active Travel)	Framework Management - Term Service Consultancy Contract, Transport Infrastructure Framework and Traffic Management Contract	Manage consultation, stakeholder engagement, design and delivery of local public realm or other Locality prioritised environmental projects (HRA & GF partnership working)	Bus Shelters - Inspection and maintenance. (includes Bus Stops and Bus Stop renewals)	Road Safety issues - Core will lead the planning, development, design of active travel schemes and road safety interventions in accordance with the Active Travel Plan and Road Safety Plan. On a project by project basis within the design framework of the Street Design Guidance, any other relevant guidance project teams will be established with appropriate membership as required. Work activities will be allocated to enable effective project delivery.			RCC & Adoption enquiries (excludes Street Lighting and Structures)

1 Parking	2 Road Occupations	3 Intelligent Traffic Systems	4 Asset & Performance	5 Flooding and Structures	6 Street Lighting & Signage	7 Road Operations	8 Contract, Design & Delivery	9 Locality Transport	A Public Transport	B Active Travel & Road Safety	C Centre Transformation Project	City Strategic input in to major projects	D Development Management
Disabled Bays	Road Occupation Permits - S58, S85 and other Road Occupation permits. Section 56 and 109 not related to development.	Traffic signals and associated work	Gather data from service teams to compile and submit APSE returns	Statutory Noticing of privately owned boundary and retaining walls	Street Lighting Maintenance and repairs	Delivery of Surface Enhancements (*note that other parties will feed in to this)		Identifying funding streams both internal and external - S75, Sustrans, grants etc.	Bus - Provision and maintenance of all bus stop infrastructure. Provide advice and direction to bus operators to facilitate services and associated registrations	Assessment for the provision of Pedestrian Islands (excludes installation)			Determination of and management of Road Bonds
Access Protection Markings (APMs)	Administration of Street Traders Licences / Table & Chairs including licensing advice and enquiries	Overhead Vehicle Detection Apparatus	Performance Monitoring	Flood Defences - Inspection, maintenance and operation of Council owned flood defences including walls, bunds, flood gates	Zebra Crossings - Inspection and maintenance of belisha beacons and poles.	Renewal of Bus Stop surfaces		Facilitate and lead in early engagement with the Planning Authority and key stakeholders to deliver well designed and sustainable development or regeneration. Influence the scope, programme and delivery of Section 75 development gain infrastructure	Tram - Management of all tram maintenance contracts and monitor tram operator performance	Speed reduction requests			S75 and S76
Parking Ticket Machines (TIMs)	Events - Management, planning and co-ordination of all events (includes all associated TTROs)	VMS Traffic Information Signs	Identification of the need for tree cutting, foliage & verge cutting which is encroaching on to the adopted network	Coastal Defences - Inspection of all Coastal structures and maintenance of Council owned sections	Processing Developer Sign applications, checking and removing	Maintenance of adopted roads and walkways on completion of flood defence schemes with "soft" landscape elements being the responsibility of Parks & Greenspace		Engagement & Consultation with all stakeholders and groups to ensure that LIP and strategic plans are realised. Act as an ambassador with Councillors, Community Groups and Resident Associations to ensure that Locality priorities are outcome driven and tracked	Park & Ride sites - responsible for CCTV Cameras, Cycle Racks, Lockers, Security Fencing, and VMS Signs	Management of requests for Cycling facilities			S56 and S109 permits relevant to development

1 Parking	2 Road Occupations	3 Intelligent Traffic Systems	4 Asset & Performance	5 Flooding and Structures	6 Street Lighting & Signage	7 Road Operations	8 Contract, Design & Delivery	9 Locality Transport	A Public Transport	B Active Travel & Road Safety	C City Centre Transformation Project	D Strategic input in to major projects	E Development Management
Bus Lane Cameras	Inspection of Public Utility works as a statutory function to ensure compliance with NRSWA Legislation, Specifications and Codes of Practice. Arranging /chairing Local RAUC and Liaison meetings to discuss specific issues relating to Utilities.	Management of SCOOT/ Control Room	Maintaining and updating the Public Roads Register	Reservoirs - Inspection, maintenance and operation of Council owned reservoirs	Design and Delivery of Street Lighting Capital Schemes.	<p>Park & Ride sites - maintenance of roads and pavements, barriers/railings (to be assessed for Capital Investment first then included in the work being covered by the maintenance of the adopted road network) (Facilities Management is responsible for inspecting and maintaining building. Parks, Greenspace& Cemeteries inspect and maintain all landscaping. Cleansing is responsible for litter clearance)</p> <p>Network Public Transport are responsible for CCTV Cameras, Cycling Racks, Lockers, Security Fencing, and VMS Signs.</p>		Lead and participate in engagement and consultation with all Council Services to ensure that priority locality projects are delivered and work in partnership with external agencies to secure additional funding	Management of Coach Parking issues	Road Safety and Active Travel Officers - Liaison Officers will assist with liaison between Core/Localities and communities			
Processing of all Traffic Regulations, Speed, Redetermination Experimental, Stopping-Up Orders and associated work	NRSWA performance, Committee report PU performance and Annual Roadworks Commissioner report	Traffic Information Office - Edin Travel (Management and provision of information)	Safety inspections of Park and Ride Sites (inspected as part of the road network)	Reservoirs - Administration and Enforcement Legislation	RCC approval, supervision and inspection in relation to Street Lighting	<p>Will react to known maintenance issues of all earthworks relating to the road network, including drainage and ground maintenance) and fund repairs. It will be necessary to check ownership of land to establish responsibility of adjacent landowners. This would be included in the work being covered by the maintenance of the road network</p>		Lead in the delivery of Place Standard/Local Place Plan assessments and support action planning with strategic partners to achieve positive outcomes	Management of Bus Station (excludes maintenance of buildings and which is FM issue)	Intrusive Traffic in Residential Areas - Core will assess road safety implications; speed profile and historic accident record and may consider mitigation measures to address evidenced road safety issues. Following above, if issue needs to be passed to other teams, Road safety will advise. Core will assess pedestrian crossing requests.			

1 Parking	2 Road Occupations	3 Intelligent Traffic Systems	4 Asset & Performance	5 Flooding and Structures	6 Street Lighting & Signage	7 Road Operations	8 Contract, Design & Delivery	9 Locality Transport	A Public Transport	B Active Travel & Road Safety	C City Centre Transformation Project	D Strategic input in to major projects	E Development Management
Inspection and maintenance of all signs and road markings relating to parking restrictions, bus lanes (enforceable and non-enforceable) e.g. parking bays, yellow lines, greenways, bus stops, clearway markings/APMs	Arrange/Chair Local RAUC and Liaison meetings to discuss specific issues relating to Utilities	ANPR Cameras and Traffic Counters	Capital Assessments and Capital Budget Monitoring	Watercourses - Inspection of all watercourses, assessment of flood risk and maintenance in line with legislation	RCC and adoption enquiries relating to Street Lighting	Maintenance of the adopted network used by pedestrians, cyclists and horse riders. The inspection function is the responsibility of RAMP Team		Manage delivery of LIP and Place Plan projects with specific delegated budget responsibility to deliver Locality regeneration projects/outcomes (Top sliced budgets not transport allocation)		Vehicle Activated Signs and Part-Time 20mph signs			
Processing of Taxi Card Applications	Review/approve community and event features erected on/from Street Lighting apparatus (e.g. gala bunting and banners etc)	Deal with street furniture enquiries relating to this service area	Road Markings - inspection function relating to all road markings, give way, stop lines, yellow box junctions and zig zags. (The Parking Team will inspect and maintain all markings associated with parking restrictions i.e. bays, yellow lines, greenways bus stop, clearway markings/APMs)	Flood and Emergency Resillience	Pop-Up Power Outlets	Road Markings - Inspection and maintenance of all road markings (i.e. lane markings, give way, stop lines, yellow box junctions and zig zags etc). The Parking Team inspects and maintains all markings associated with parking restrictions (i.e. bays, yellow lines, greenways, bus stops, clearway markings/APMs). The Inspection function is the responsibility of the RAMP team. (*Note - Roads Operations will deal with all Clearance enquiries)				Road Safety - Enquiries including Active Travel and School Crossing Patrols			
Management of City Car Club	City Wide Traffic Management - assessment/ approval of impact of roadworks			Flood Planning Consultation	New Street Lighting requests	Responsibility for recovering costs for damaged caused to the network by accidents lies with the asset holder who will initiate the recovery process and therefore will straddle a number of functions (this will be linked with BSS workstream for the administration element of the recovery)							

1 Parking	2 Road Occupations	3 Intelligent Traffic Systems	4 Asset & Performance	5 Flooding and Structures	6 Street Lighting & Signage	7 Road Operations	8 Contract, Design & Delivery	9 Locality Transport	A Public Transport	B Active Travel & Road Safety	C City Centre Transformation Project	D Strategic input in to major projects	E Development Management
	Port Facility Security Officer (PFSO)			Flood Risk Management - Strategic approach and compliance with legislation	Structural assessment of assets for attachments to columns	Winter Maintenance including gritting, provision, filling and maintenance of grit bins							
	Playing Out Events			Hawes and Longcraig Piers - Inspects and maintains		Management of water ingress / egress on or from the adopted road network							
				Technical approval of road bridges and structures		Drainage - including routine cleaning, camera surveys, repair, capacity and replacement of damaged gully systems							
				Management of abnormal loads		Maintenance of civils infrastructure for pedestrian crossings (Zebras, Pelicans, Puffins etc)							
				RCC and adoption enquiries relating to Structures									
				RCC approval, supervision and inspection in relation to Structures									
Budget Monitoring													
Inspection of "reactive" customer enquiries and complaints relating to roads maintenance													
Process and income dealing with damage to council property - Budget holders responsibility, where appropriate													
Street furniture enquiries realting to service area, where appropriate													
Approval of Temporary Traffic regulation Orders (TTROs and TTRNs). Implementation of TTROs and TTRNs will be managed by respective function													
Management of Roads (Scotland) Act issues and offences relating to servcie area, where appropriate													
Graffiti - Service teams will arrange for the removal of graffiti on their assets. They will need to liaise with Cleansing section for removal. TRAM are responsible for grafitti on their infrastructure.													

Governance, Risk and Best Value Committee

10.00am, Tuesday, 15 January 2019

Licensing Forum: Update on Review of Constitution and Membership

Item number	7.10
Report number	
Executive/routine	Executive
Wards	All
Council Commitments	

Executive Summary

The Local Licensing Forum ('the Forum') is a lay advisory body set up by the Council as required by the Licensing (Scotland) Act 2005. The Council has a legal duty to establish a Forum, to appoint the membership of the Forum, and to provide support and assistance to the Forum as required. It is, however, a separate legal entity and is not a Council committee.

This report updates the committee on the outcome of the consultation on reviewing the constitution and the proposed process for recruiting and selecting future members of the Forum.

Licensing Forum: Update on Review of Constitution and Membership

1. Recommendations

- 1.1 The Governance, Risk and Best Value Committee is asked to:
 - 1.1.1 note the progress made on reviewing the appointment process and constitution, with a revised recruitment process; and
 - 1.1.2 further note that the revised constitution and proposed recruitment process will be submitted to full Council for approval at the earliest opportunity.

2. Background

- 2.1 The Licensing (Scotland) Act 2005 ('the Act') requires local authorities to establish a 'Local Licensing Forum'. Whilst Licensing Boards have been in place as separate legal entities for many years, Licensing Forums were created specifically by the 2005 Act. However, both are independent of the Council and its structures. The Act does not provide any mechanism by which the Council could exercise governance over the Forum.
- 2.2 The Act sets out the functions of the Forum, specifically:
 - 2.2.1 keeping under review the operation of the Act in the Forum's area, and the exercise by the local Licensing Board of its functions; and
 - 2.2.2 giving advice and making recommendations to the Board in relation to those matters as the Forum considers appropriate.
- 2.3 The Act makes it clear that the Forum's role is not to review, give advice or make recommendations to the Board in relation to the exercise of its functions in relation to individual cases.
- 2.4 The operation, membership and constitution of the Forum were reviewed in 2012 and in 2017 - in both cases shortly after the local government elections. All reports in relation to the Forum have been dealt with by full Council, as none of the existing Executive Committees have the Licensing Forum within their remit.

- 2.5 The current constitution of the Forum was agreed by full Council in November 2017. Following meetings of the Governance, Risk and Best Value Committee in 2017 a further review of the constitution commenced.

3. Main report

Review of Forum Membership Appointment Process and Constitution

- 3.1 As requested by the Committee, a review of the current appointment process was undertaken to ensure that it is transparent, fair and fully understood. A written process has been drafted, setting out how the Council will recruit, select and appoint members of the Forum.
- 3.2 Additionally, using the approach used to recruit lay members of similar public bodies, an outline description of a person specification has been drafted, to allow volunteers interested in applying to better understand what might be expected of them. Advice was sought from the Head of Legal Services and the Democracy, Governance and Resilience Senior Manager on the draft documents.

Consultation

- 3.3 On [31 July 2018](#) Governance, Risk and Best Value Committee received the draft constitution, recruitment procedure and person specification which were to be used for the public consultation. These documents had previously been sent for consultation with members of the Licensing Forum.
- 3.4 A formal consultation took place between 10 September and 23 November 2018. The consultation was placed on the council's Consultation Hub and the Community Council Liaison Officer emailed notification to all Community Councils in the city. A meeting was also held with the Secretary of the Edinburgh Association of Community Councils to brief the association on the proposals.
- 3.5 There was regrettably a very low initial level of response to the consultation, with just one Community Council responding. After further discussion with the Convenor and Vice Convenor of the Governance, Risk and Best Value Committee the consultation closing date was extended. The Vice Convenor assisted by contacting Community Councils to encourage a larger number to respond. At the revised closing date, eight community councils had responded, with a further three responses were received from individuals and one from an association.
- 3.6 A full copy of these responses to the consultation is attached at Appendix 5 with an officer response provided to deal with a substantive issue.
- 3.7 Having reviewed the consultation feedback there are no major changes proposed to the draft recruitment process.

Person Specification

- 3.8 In the person specification the desirable criteria have been slightly amended to make clear that any qualification must be relevant and to additionally include 'relevant experience' as being desirable. The responses to the draft person specification were mixed with some respondents concerned that the specification was too onerous, while others indicated support. It is therefore intended to make no other changes at this time but to keep the person specification under review. If, after any future recruitment exercise, there have been insufficient applications, the specification will be reviewed again.

Constitution

- 3.9 As a result of responses and suggestions during the consultation process, minor changes to the Constitution were proposed and a revised draft was prepared. The changes proposed to the Constitution are:
- 3.9.1 providing the option for the Forum to appoint a vice convenor, should the Forum wish to do so;
 - 3.9.2 making clear that the Forum will operate using the council year as opposed to the calendar year;
 - 3.9.3 replacing the term 'ex officio' with the more accurate description of 'a person invited to participate'; and
 - 3.9.4 to expressly reference the recruitment process and clarify the process for reappointments.

Next steps

- 3.10 A report proposing the draft new Constitution and associated documents will be submitted to full council for approval in March 2019. Reflecting on feedback from members, the report will recommend that the remit for the Licensing Forum should be added to the remit of the Council's Regulatory Committee (as this Committee deals with all of the Council's Licensing functions) to improve future governance and to ensure that future reviews of governance are considered appropriately by the Council. The Convenor of the Regulatory Committee has been consulted on this proposed recommendation and has indicated support for the proposal.
- 3.11 Assuming Full Council approves the revised Constitution and associated processes, recruitment for new Forum members will take place in the spring of 2019, with a view to the new Forum being appointed as soon as possible thereafter.

4. Measures of success

- 4.1 The Council supports and encourages an active local Licensing Forum, which reflects the proposed membership set out by the Licensing (Scotland) Act 2005.

5. Financial impact

- 5.1 The costs of supporting the Forum are minimal and are contained within existing Council budgets.

6. Risk, policy, compliance and governance impact

- 6.1 The Local Licensing Forum is independent of the Council and governance arrangements therein.

7. Equalities impact

- 7.1 The directorate has learned from similar processes for appointing members of a public body and has also used the council's recruitment processes as a template for selection and appointment process. Legal Services have reviewed the documents to ensure they are consistent with the relevant statutory duties. The constitution and procedures do not impact on any protected characteristics.

8. Sustainability impact

- 8.1 There are no sustainability issues arising out of the contents of this report.

9. Consultation and engagement

- 9.1 Consultation on changes to the Forum constitution and membership is detailed in paragraphs 3.3 to 3.5 above.

10. Background reading/external references

- 10.1 [Report to Full Council November 2017](#)
- 10.2 [Report to Full Council September 2012](#)
- 10.3 [Licensing \(Scotland\) Act 2005](#)

Paul Lawrence

Executive Director of Place

Contact: Andrew Mitchell, Regulatory Services Manager

E-mail: andrew.mitchell@edinburgh.gov.uk | Tel: 0131 469 5822

11. Appendices

- 11.1 Current Licensing Forum Constitution approved by Council in 2017
- 11.2 Proposed Licensing Forum Constitution
- 11.3 Proposed recruitment procedure
- 11.4 Proposed person specifications for lay members of Licensing Forum
- 11.5 Consultation responses

Appendix 1

**The City of Edinburgh Licensing Forum
Constitution and Remit**

City of Edinburgh Licensing Forum Constitution

1 Title

2 Introduction

3 Definitions

4 Terms of Reference

5 Functions

6 Membership

7 Convener

8 Meetings

9 Method of Voting

10 Special Meetings

11 Conduct of Members

12 Attendance at Meetings

13 Resignation etc

14 Alterations to Constitution and powers to make or amend rules

1 Title

1.1 The Forum shall be known as the City of Edinburgh Licensing Forum.

2 Introduction

2.1 The City of Edinburgh Licensing Forum has been established to represent the views of people concerned with the operation of the licensing system in the geographical boundaries of the City of Edinburgh Council. The Forum has been established in accordance with Sections 10 and 11 and Schedule 2 of the Licensing (Scotland) Act 2005. It is the role of the Forum to keep the operation of the licensing regime, and the use of licensing powers, under review in the Edinburgh area. The Forum is also responsible for giving advice and recommendations to the City of Edinburgh Licensing Board.

2.2 This document sets out the Forum's constitution.

3 Definitions

3.1 'Act' in this constitution means the Licensing (Scotland) Act 2005 as amended from time to time.

3.2 'The City of Edinburgh Licensing Forum' or 'the Forum' means that body established by the City of Edinburgh Council ('the Council') in accordance with Section 10 of the Act.

3.3 'Licensing Board' or 'the Board' means the City of Edinburgh Licensing Board.

3.4 'Licensing Standards Officer' or 'LSO' means a person employed by the Council and qualified as required by the provisions of the Act.

3.5 'Edinburgh' means that area administered by the Council incorporated under the Local Government etc (Scotland) Act 1994.

4 Terms of Reference of the Forum

4.1 To keep the liquor licensing system in the Council area under regular review and to seek to stimulate debate on matters relevant to the system.

4.2 To respond to consultation exercises undertaken by the Board and the Scottish Government.

4.3 To consider the implications of relevant local data and statistics for the liquor licensing system in the Council area;

4.4 To meet the Board at least once per year.

4.5 To give advice and make recommendations to the Board on relevant matters, except individual licensing applications.

5 Functions

5.1 The Forum will review the operation of the liquor licensing regime and the exercise of licensing powers in Edinburgh, and give advice and make recommendations to the Board.

5.2 The Forum will give advice and make recommendations to the Board in relation to policy and other appropriate areas of concern.

5.3 The Forum will have no involvement in the exercise of the Board's powers in any particular case or application.

5.4 Forum members will take all reasonable steps to encourage all relevant people to make their views known to the Forum, and to represent their views. This may include any relevant organisations and residents within the Edinburgh Council area.

5.5 It is inappropriate for any member to use the Forum to pursue their own interests or resolve personal issues. Unless he or she has been specifically appointed to represent that organisation, a member of the Forum must not express or promote the views of any organisation of which he or she is also a member.

5.6 The Forum is entitled, on request, to be provided with copies of any statistical information provided to the Board, for the purpose of preparing a licensing policy statement or supplementary statement.

6 Membership

6.1 Membership of the Forum must always be between five and 21 people. This number will be subject to review by the Council, from time to time, on request by the Forum, the Board or the Council's Executive Director of Place ('the Director').

6.2 In order to be eligible for membership of the Forum, a person must be:

- Aged 18 years or above (with the exception of a member who is a 'young person')
- Able to show that he or she has an interest in the licensing system

6.3 Residents' representatives will be appointed to represent each of the four Community Planning Areas (one for each area). In addition one representative shall be appointed to represent Ward 11 (City Centre), and one to represent Edinburgh Association of Community Councils.

- South East
- South West
- North West
- North East
- Ward 11 (City Centre)

6.4 Membership will be representative of the five key interest areas including holders of premises and individual licences and young people.

6.5 A Licensing Standards Officer, a person nominated by the Health Board, a representative nominated by the Chief Constable and a person nominated by the Chief Social Worker will be appointed as members of the Forum.

6.6 A nominee of the City of Edinburgh Council's Executive Director of Communities and Families will be appointed to represent Education.

6.7 Once the Council has appointed Forum members, it shall delegate power to the Director to reappoint members in consultation with the convener of the Forum ('the Convenor').

6.8 Members will be appointed initially for a period of three years. On a rolling basis, one third of members will be reappointed every three years.

6.9 Members are expected to make every effort to attend meetings. Should a member be unable to attend, he or she should contact the Convener before the meeting. The member may formally nominate a substitute, to express

views on his or her behalf. The substitute must be eligible for the same category of membership as the non-attending member.

6.10 Ex officio members: The Forum may invite other persons to attend and participate in meetings, should this be required. Any such invitation is at the discretion of the Convener. Any such person shall not be entitled to vote in any decision made by the Forum. Neither shall such a person be entitled to vote in choosing a Convener.

6.11 The Council will provide facilities and reasonable expenses to assist the Forum. This may involve access to administrative support and the use of Council premises for meetings. Such facilities must only be used in carrying out Forum duties.

7 Convener

7.1 At its first meeting and at the first meeting in each Council year the Forum will elect a Convener from its members. Any member of the Forum may stand for election as Convener. The Convener will hold office until the first meeting in the following year unless he or she resigns or is dismissed.

7.2 If the Convener is unable to attend a meeting of the Forum, he or she must send his or her apologies to the Community Safety Senior Manager. The Convener may nominate a substitute to express views on his or her behalf. The Forum should nominate another one of the usual members to chair that meeting.

If the Convener is not present at any meeting, or is unable to act for any reason, the meeting may be chaired by any other member present.

7.3 The Convener is responsible for ensuring that meetings are conducted in an orderly fashion. The Convener should also manage the discussion so that everyone has a chance to speak, while ensuring that all agenda items are discussed in the available time. All Forum members will have a responsibility to promote participation.

8 Meetings

8.1 The Forum will have at least four meetings in each Council year.

8.2 The Forum will meet with the Board at least once in each Council year.

8.3 All Forum meetings will be held in public and will be open to the media.

8.4 Meetings will be arranged by the Forum, in consultation with the Council, to ensure that appropriate facilities are available.

8.5 Dates and times of meetings, the agenda, and any connected papers will normally be issued by email or by post (if a member so requests) to the Forum members in advance of the meeting.

8.6 Forum papers will be posted on the Council website. This will include agenda, minutes of previous meetings, and other materials relevant to the Forum's operation.

8.7 The minimum number of members present for any meeting of the Forum is eight. If this minimum does not attend, the meeting will be adjourned to a later date.

8.8 All members may put forward suggestions for agenda items. The Convener is responsible for arranging this.

8.9 The Director will arrange for a note to be kept of every meeting of the Forum. This note will include:

- The names of members in attendance
- A brief note of topics dealt with
- A record of all decisions taken by the Forum

8.10 A note of each meeting will be submitted for approval at the next meeting.

9 Method of Voting

9.1 All members have an equal vote, with the convener having a casting vote in the event of a tie.

9.2 Ex officio members have no voting rights.

9.3 Where the Forum agrees to make a recommendation to the Board, the wording of the recommendation shall be recorded in the action note. The Convener shall thereafter ensure that it is communicated to the Clerk of the Licensing Board.

10 Special Meetings

10.1 A Special Meeting of the Forum can be called at any time by the convener, or if at least eight Forum members request it in writing. The convener will decide on the date and place of the Special Meeting.

11 Conduct of members

11.1 Members must behave in a respectful and courteous manner towards others at all times while exercising Forum functions. With respect to the manner in which the Forum's business is carried out, the convener's decision is final.

11.2 Members should be open about their decisions and the reasons behind them.

11.3 All members are accountable for the Forum's decisions and actions. Each member must ensure that advice given, or recommendations made, reflects the views of the whole Forum.

11.4 The Forum is encouraged to produce an annual action plan setting out regular and short term pieces of work that it will undertake to monitor the licensing system. Any action plan will be discussed with the Board at its annual joint meeting.

12 Attendance at Meetings – Forum members

12.1 If a member does not attend a meeting of the Forum for 2 consecutive meetings, without reasonable explanation. The Forum may consider the circumstances and if not satisfied that the member had a reasonable explanation for failing to attend, members from the Forum may vote to remove that member from the Forum.

13 Attendance at Meetings – members of the public

13.1 Members of the public are welcome to attend Forum meetings, but are expected to sit at the side rather than in the body of Forum Members.

13.2 Should members of the public wish to speak at a Forum meeting then they should indicate notice of attendance to the Convener a week before the meeting; and will be given a maximum of five minutes to address the Forum, or otherwise at the discretion of the Convener.

14 Resignation

14.1 Members wishing to resign may do so, in writing, to the Executive Director.

15 Alterations to Constitution and Powers to Make or Amend Rules

15.1 The Forum at any time may submit a report to the Council asking it to amend the constitution of the Forum, or to make or amend rules relating to the Forum.

Appendix 2

The City of Edinburgh Licensing Forum Constitution and Remit

City of Edinburgh Licensing Forum Constitution

- 1 Title**
- 2 Introduction**
- 3 Definitions**
- 4 Terms of Reference**
- 5 Functions**
- 6 Membership**
- 7 Convenor**
- 8 Meetings**
- 9 Method of Voting**
- 10 Special Meetings**
- 11 Conduct of Members**
- 12 Attendance at Meetings**
- 13 Resignation etc**
- 14 Alterations to Constitution and powers to make or amend rules**

1. Title

- 1.1 The Forum shall be known as the City of Edinburgh Licensing Forum

2. Introduction

- 2.1 The City of Edinburgh Licensing Forum ('the Forum') has been established to represent the views of people concerned with the operation of the licensing system within the geographical boundaries of the City of Edinburgh Council. The Forum has been established in accordance with Sections 10 and 11 and Schedule 2 of the Licensing (Scotland) Act 2005. It is the role of the Forum to keep the operation of the licensing regime, and the use of licensing powers, under review in the Edinburgh area. The Forum is also responsible for giving advice and recommendations to the City of Edinburgh Licensing Board.
- 2.2 This document sets out the Forum's constitution.

3. Definitions

- 3.1 'The Act' in this constitution means the Licensing (Scotland) Act 2005 as amended from time to time.
- 3.2 'The City of Edinburgh Licensing Forum' or 'the Forum' means that body established by the City of Edinburgh Council ('the Council') in accordance with Section 10 of the Act.
- 3.3 'Council year' means the period from May to May each year.
- 3.4 'Licensing Board' or 'the Board' means the City of Edinburgh Licensing Board.
- 3.5 'Licensing Standards Officer' or 'LSO' means a person employed by the Council and qualified as required by the provisions of the Act.
- 3.6 'Edinburgh' means that area administered by the Council incorporated under the Local Government etc (Scotland) Act 1994.
- 3.7 'Trade Representative' means a holder of a premises or personal licence issued under the Act.

4. Terms of reference of the Forum

- 4.1 To keep the liquor licensing system in the Council area under regular review and to seek to stimulate debate on matters relevant to the system.
- 4.2 To respond to consultation exercises undertaken by the Board and the Scottish Government.
- 4.3 To consider the implications of relevant local data and statistics for the liquor licensing system in the Council area
- 4.4 To meet the Board at least once per year.
- 4.5 To give advice and make recommendations to the Board on relevant matters, except on individual licence applications.

5. Functions

- 5.1 The Forum will review the operation of the liquor licensing regime and the exercise of licensing powers in Edinburgh, and will give advice and make recommendations to the Board.
- 5.2 The Forum will give advice and make recommendations to the Board in relation to policy and other appropriate areas of concern.
- 5.3 The Forum will have no involvement in the exercise of the Board's powers in any particular case or application.
- 5.4 Forum members will take all reasonable steps to encourage all relevant people to make their views known to the Forum, and to represent their views. This may include any relevant organisations and residents within the City of Edinburgh Council area.
- 5.5 It is not appropriate for any member to use the Forum to pursue their own interests or resolve personal issues. Unless they have been specifically appointed to represent that organisation, a member of the Forum must not express or promote the views of any organisation of which they are also a member.
- 5.6 The Forum is entitled, on request, to be provided with copies of any statistical information provided to the Board, for the purpose of preparing a licensing policy statement or supplementary statement.

6. Membership

- 6.1 Membership of the Forum must always be between five and 21 people. This number will be subject to review by the Council, from time to time, on request by the Forum, the Board or the Council's Executive Director of Place ('the Director').
- 6.2 In order to be eligible for membership of the Forum, a person must be:
 - 6.2.1 Aged 18 years or above (with the exception of a member who is a 'young person'); and
 - 6.2.2 Able to show that they have an interest in the licensing system.
- 6.3 The Forum membership shall include members required as set out in Paragraph 2 (2) of Schedule 2 of the Act, specifically:
 - 6.3.1 A Licensing Standards Officer; or
 - 6.3.2 A representative of the Health Board.
- 6.4 The Forum membership shall thereafter be appointed to reflect Paragraph 2 (5) of Schedule 2 of the Act and these are as follows:
 - 6.4.1 Not less than six community representatives will be appointed, specifically
 - 6.4.1.1 four representatives, one for each Community Planning Areas within the city;
 - 6.4.1.2 one additional seat to represent Ward 11 (City Centre); and
 - 6.4.1.3 one additional seat to represent Edinburgh Association of Community Councils.
 - 6.4.2 A minimum of six places shall be reserved for trade representatives each holding a premises or personal licence.
 - 6.4.3 A representative of the City of Edinburgh Council's Executive Director of Communities and Families to represent young people.
 - 6.4.4 A representative of the Chief Social Worker.
 - 6.4.5 A representative of the Chief Constable.
 - 6.4.6 The remaining four seats from any other interested person up to a statutory maximum of 21 members, whilst maintaining a balance wherever possible between community representatives and trade representatives (as defined in section 3).

Establishing the Forum and reappointments

- 6.5 Once the Council has established and appointed Forum members, it shall delegate power to the Director to reappoint members in consultation with the Convenor of the Forum (“the Convenor”).
- 6.6 Members will be initially appointed for up to three years. One year after the Forum is established and on a rolling basis thereafter, one third of members will be reappointed every three years. When the Forum is established each community and trade representative will be randomly allocated a number 1, 2 or 3. Members allocated a number (1) shall require to be reappointed two years after initial appointment, members with a number (2) shall require to be reappointed three years after initial appointment, members with a number (3) shall require to be reappointed four years after initial appointment. Thereafter the process will continue until such time as the Council may direct.

Method of Selection and Appointment

- 6.7 Where a representative of an organisation is appointed to the Forum it will be for that organisation to select the representative, e.g. NHS Lothian shall select a representative.
- 6.8 In relation to representatives of the community the Director shall prepare guidance on how the community representatives shall be nominated for appointment, including a person specification.
- 6.9 In relation to representatives of the trade, the Director shall recruit volunteers from the trade by advertising the opportunity to serve on the Forum and shall appoint suitably interested parties using an agreed person specification.
- 6.10 Where a vacancy occurs the Director shall recruit a replacement using the process outlined in 6.8 and 6.9 above to fill said vacancy. Should a vacancy arise the Forum shall continue to operate and a vacancy will not affect the validity of any proceedings.
- 6.11 Members are expected to make every effort to attend meetings. Should a member be unable to attend they should contact the Convenor before the meeting. The member may formally nominate a substitute to express views on their behalf. The substitute must be eligible for the same category of membership as the non-attending member.
- 6.12 The Forum may invite other persons to attend and participate in meetings, should this be required. Any such invitation is at the discretion of the Convenor. Any such person shall not be entitled to vote in any decision made by the Forum. Neither shall such a person be entitled to vote in choosing a Convenor.

- 6.13 The Council will provide facilities and reasonable expenses to assist the Forum. This may involve access to administrative support and the use of Council premises for meetings. Such facilities must only be used in carrying out Forum duties.

7. Convenor

- 7.1 At its first meeting and at the first meeting in each Council year the Forum members present will elect a Convenor from Forum members. Any member of the Forum may stand for election as Convenor. The Convenor will hold office until the first meeting in the following year unless they resign or are dismissed.
- 7.2 The Forum may choose to elect a Vice Convenor who would normally chair any meeting in the absence of the Convenor. Any such appointment will follow the process set out in 7.1 above.
- 7.3 If the Convenor (or Vice Convenor if appointed) is unable to attend a meeting of the Forum, they must send their apologies to the Regulatory Services Manager. The Forum should nominate a member from those members in attendance to chair that meeting. The Convenor may nominate a substitute to express views on their behalf.
- 7.4 The Convenor is responsible for ensuring that meetings are conducted in an orderly fashion. The Convenor should also manage the discussion so that everyone has a chance to speak, while ensuring that all agenda items are discussed in the available time. All Forum members will have a responsibility to promote participation.

8. Meetings

- 8.1 The Forum will have at least four meetings in each Council year.
- 8.2 The Forum will meet with the Board at least once in each Council year.
- 8.3 All Forum meetings will be held in public and will be open to the media.
- 8.4 Meetings will be arranged by the Forum, in consultation with the Council, to ensure that appropriate facilities are available.
- 8.5 Dates and times of meetings, the agenda, and any connected papers will normally be issued by email (or by post if a member so requests) to the Forum members in advance of the meeting.
- 8.6 Forum papers will be posted on the Council website. These will include agenda, notes of previous meetings, and other materials relevant to the Forum's operation.
- 8.7 The minimum number of members present for any meeting of the Forum is 11. If the minimum number of members do not attend, the meeting will be adjourned to a later date.

- 8.8 All members may put forward suggestions for agenda items. The Convenor is responsible for arranging this.
- 8.9 The Director will arrange for a note to be kept of every meeting of the Forum. This note will include:
 - 8.9.1 The names of members in attendance;
 - 8.9.2 A brief note of topics dealt with; and
 - 8.9.3 A record of all decisions taken by the Forum.
- 8.10 A note of each meeting will be submitted for approval at the next meeting.

9. Method of voting

- 9.1 All members have an equal vote, with the Convenor having a casting vote in the event of a tie. Members or appointed substitutes must be present at a meeting to vote.
- 9.2 Other persons invited to attend and participate (as outlined at 6.12 above) shall have no voting rights.
- 9.3 Where the Forum agrees to make a recommendation to the Board, the wording of the recommendation shall be recorded in the meeting note. The Convenor shall thereafter ensure that the recommendation is communicated to the Clerk of the Licensing Board.

10. Special meetings

- 10.1 A Special Meeting of the Forum can be called at any time by the Convenor, or if at least eight Forum members request it in writing. The Convenor will decide on the date and place of the Special Meeting.

11. Conduct of members

- 11.1 Members must behave in a respectful and courteous manner towards others at all times while exercising Forum functions. With respect to the manner in which the Forum's business is carried out, the Convenor's decision is final.
- 11.2 Members should be open about their decisions and the reasons behind them.
- 11.3 All members are accountable for the Forum's decisions and actions. Each member must ensure that advice given, or recommendations made, reflects the views of the whole Forum.

- 11.4 The Forum is encouraged to produce an annual action plan setting out regular and short term pieces of work that it will undertake to monitor the licensing system. Any action plan will be discussed with the Board at its annual joint meeting.

12. Attendance at meetings - Forum members

- 12.1 If a member does not attend a meeting of the Forum for two consecutive meetings without reasonable explanation, the Forum may consider the circumstances. If not satisfied that the member had a reasonable explanation for failing to attend, members from the Forum may vote to recommend that the member is removed from the Forum.

13. Attendance at meetings – members of the public

- 13.1 Members of the public are welcome to attend Forum meetings but are expected to sit at the side rather than in the body of Forum Members.
- 13.2 Should members of the public wish to speak at a Forum meeting then they should indicate notice of attendance to the Convenor a week before the meeting; and will be given a maximum of five minutes to address the Forum, or otherwise at the discretion of the Convenor.

14. Resignation

- 14.1 Members wishing to resign may intimate their intention to do so, in writing, to the Executive Director of Place.

15. Alterations to Constitution and powers to make or amend rules

- 15.1 The Forum may submit a report to the Council at any time asking for the constitution of the Forum, or rules relating to the Forum to be amended.

Appendix 3

PROCEDURE FOR RECRUITING MEMBERS OF THE LICENSING FORUM.

When establishing the membership of the Licensing Forum or appointing any further members in the event of a vacancy, the following process will be followed.

The Forum will continue to operate, notwithstanding any vacancy which may occur from time to time.

Community Representatives

1. There will be up to eight (8) places on the Forum for Community Representatives:
 - six (6) community representatives - five (5) geographically appointed representatives and one (1) representative appointed by Edinburgh Association of Community Councils;
 - two (2) additional community representatives.
2. The Executive Director of Place will prepare recruitment plans which will take in to account the community planning arrangements in effect at the relevant time, and will consult with the Democracy, Governance & Resilience Senior Manager (or any successor) and the Convenors of the various Locality Committees on the content of these plans.
3. Each community planning area will be asked to form separate selection panels involving a representative range of community groups in that area. These selection panels will be asked to nominate one representative for each community planning area, and additionally to provide a list of any and all individuals considered appropriate to be added to the Additional Members (Community Representatives) Reserve List.
4. Ward 11 (City Centre) will be asked to form a selection panel involving a representative range of community groups in that ward. This selection panel will be asked to nominate a representative for Ward 11 (City Centre), and additionally to provide a list of any and all individuals considered appropriate to be added to the Additional Members (Community Representatives) Reserve List.
5. The Edinburgh Association of Community Councils (EACC) will be asked to nominate a member in accordance with its own governance arrangements.
6. Having established selection panels for each area, the City of Edinburgh Council ('the Council') will advertise vacancies for community members of the Forum and invite applications from interested parties. Applicants will be provided with a person specification and asked to fill in a short application form and submit it to the Council within a specified timescale.
7. Applicants will be asked to provide details of two referees.
8. A selection panel will be provided with copies of the applications received for the relevant area, and will be asked to shortlist and interview applicants using a standard methodology to ensure consistency across candidates/areas.

9. The selection panel will nominate a preferred candidate for the Executive Director of Place for appointment, and will additionally provide to the Executive Director of Place a list of any and all individuals it considers appropriate for adding to the Additional Members (Community Representatives) Reserve List.
10. Should a vacancy occur in any of the posts filled by a community representative, or when any such representative is required to be reappointed (with the exception of a vacancy in an Additional Members (Community Representatives) post and the post filled by EACC), the Council will advertise the vacancy/vacancies and invite applications from relevant interested parties. The Council will provide to the relevant selection panel copies of the applications received. This selection panel will be asked to shortlist, interview applicants, and nominate a preferred candidate for appointment by the Executive Director of Place.

Trade Representatives

1. The Executive Director of Place will establish a selection panel to recruit and nominate holders of premises or personal licences, to be known as 'trade representatives'.
2. Having established a selection panel, the Council will advertise vacancies for trade representatives on the Forum and invite applications from interested parties. Applicants will be provided with a person specification and asked to fill in a short application form and submit it to the Council within a specified timescale.
3. Applicants will be asked to provide details of two referees including, where relevant, one from the trade body where the applicant seeks to represent that body on the Forum.
4. The selection panel will be provided with copies of the applications received and will shortlist and interview applicants using a standard methodology to ensure consistency across candidates/areas.
5. The selection panel will nominate up to six (6) preferred candidates for appointment by the Executive Director of Place, and will additionally provide a list of any and all individuals it considers appropriate for addition to the Additional Members (Trade Representatives) Reserve List.
6. The selection panel will endeavour to ensure insofar as possible that all sectors of the licensed trade are represented in any nomination made.
7. Should a vacancy occur in any of the posts filled by a trade representative, with the exception of a vacancy in an Additional Members (Trade Representatives) post, or when any such representative is required to be reappointed, then the above process will be followed.

Additional Members

1. The Forum's Constitution allows the Forum to have up to twenty one (21) members. In addition to the five (5) statutorily determined representatives, the six (6)

community representatives and six (6) trade representatives set out above, there are up to four (4) places for additional members who may be appointed to bring that number up to twenty one (21).

2. The Executive Director of Place will, insofar as practically possible, seek to ensure that the balance between community and trade representatives remains equal when appointing additional members to the Forum. Where there is a need to recruit Additional Members, the Executive Director of Place will determine the number of Additional Members (Community Representatives) and the number of Additional Members (Trade Representatives) required.
3. Additional Members will be identified as follows.
 - a. Community representatives: Selection panels will provide to the Council a list of any and all individuals considered appropriate for addition to the Additional Members (Community Representatives) Reserve List.
 - i. Where the number of nominees is less than or equal to the number of additional seats available for Additional Members (Community Representatives), members will be appointed by the Executive Director of Place.
 - ii. Where the number of nominees is more than the number of additional seats available for Additional Members (Community Representatives), the Executive Director of Place will draw lots, and depending on the outcome of drawing lots, will rank all the nominees in order. The nominee/nominees at the top of the list will be appointed to the vacant place/places, and the remaining nominees will be placed in order on the Additional Members (Community Representatives) Reserve List.
 - iii. Thereafter, where a vacancy occurs for Additional Members (Community Representatives) these shall be filled from the Additional Members (Community Representatives) Reserve List in the order ranked (as per 3(a)(ii)). If there is no one on the Additional Members (Community Representatives) Reserve List then the Council will advertise, share applications with relevant selection panels and ask for nominations. Nominees will be added to the Additional Members (Community Representatives) Reserve List in the order determined by the drawing of lots, with posts being filled from the top of the list downwards.
 - b. Trade representatives: The selection panel will provide to the Council a list of any and all individuals considered appropriate for addition to the Additional Members (Trade Representatives) Reserve List.
 - i. Where the number of nominees is less than or equal to the number of additional seats available for Additional Members (Trade Representatives), they will be appointed by the Executive Director of Place.
 - ii. Where the number of nominees is more than the number of additional seats available for Additional Members (Trade Representatives), the Executive Director of Place will draw lots, and depending on the

outcome of drawing lots will rank all the nominees in order. The nominee/nominees at the top of the list will be appointed to the vacant place/places and the remaining nominees will be placed in order on the Additional Members (Trade Representatives) Reserve List.

- iii. Thereafter, where a vacancy occurs for Additional Members (Trade Representatives) these shall be filled from the reserve list in the order ranked (as per 3(b)(ii)). If there is no one on the Additional Members (Trade Representatives) Reserve List then the Council will advertise, share applications with the selection panels and ask for nominations. Nominees will be added to the Additional Members (Trade Representatives) Reserve List in the order determined by the drawing of lots, with posts being filled from the top of the list downwards.

Appendix 4



Person Specification

Position Title	Lay member of the City of Edinburgh Licensing Forum: Trade Representative
Service Area	Supported by the Place Directorate
Responsible To	n/a

Person Specification

Qualifications, training & professional membership	<p>Members of the Forum are volunteers. The person specification is intended to set out the skills and attributes necessary to serve on the Forum.</p> <ul style="list-style-type: none"> • Trade members should normally hold a premises licence or a personal licence. Alternatively they should be able to demonstrate an active interest in the licensed trade within the city, or alternatively show that they represent a trade group with an active interest in the licensed trade within the city. Essential • Qualifications are not essential, but where a person can show a relevant legal, licensing or health qualification or equivalent, this will be desirable. Desirable • Any relevant membership of a voluntary group or trade association/body. Desirable • Experience of volunteering or membership of a lay body. Desirable
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The successful candidate will demonstrate evidence of the following experience, knowledge, skills and understanding. Evidence will be sought for selection purposes.

REPRESENTATION

- Able to represent the interests of the organisation or group which the member is appointed to represent Essential

- Able to feed back to the organisation or group which the member is appointed to represent. Essential

ASSESSMENT OF INFORMATION

- Able to consider evidence provided and submissions made to the Forum, and reach a considered view on how these relate to the functions of the Licensing Board. Essential
- Aware of the Licensing (Scotland) Act 2005 and able to apply their understanding to the discussions and decisions of the Forum. Essential

WORKING EFFECTIVELY WITH OTHERS

- Can demonstrate ability to work effectively with a range of Forum members and other stakeholders to deliver effective discharge of the Forum's functions. Essential
- Able to support other Forum members to contribute effectively. Essential

COMMUNICATIONS

- Able to participate and speak at public meetings. Essential
- Able to communicate views of groups or organisations represented by the member in a clear and balanced manner. Essential
- Occasionally prepare a short written report or similar. Essential

Planning and Decision Making

- Able to contribute to the planning of future business of the Forum. Essential
- Able to participate in decision making processes in an open, transparent manner which supports a wider range of contributions. Essential



Person Specification

Position Title	Lay member of the City of Edinburgh Licensing Forum: Community Representative
Service Area	Supported by the Place Directorate
Responsible To	n/a

Person Specification

Qualifications, training & professional membership	Members of the Forum are volunteers. The person specification is intended to set out the skills and attributes necessary to serve on the Forum.	
	<ul style="list-style-type: none"> Community members need not hold a formal qualification, but should be able to demonstrate that they are active in their local community and have an interest in liquor licensing. 	Essential
	<ul style="list-style-type: none"> Qualifications are not essential, but where a person can show a relevant legal, licensing or health qualification or equivalent, this will be desirable. 	Desirable
	<ul style="list-style-type: none"> Any relevant membership of a voluntary group or trade association/body. 	Desirable
	<ul style="list-style-type: none"> Experience of volunteering or membership of a lay body. 	Desirable

The successful candidate will demonstrate evidence of the following experience, knowledge, skills and understanding. Evidence will be sought for selection purposes.

REPRESENTATION

- Able to represent the interests of the organisation or group which the member is appointed to represent **Essential**
- Able to feed back to the organisation or group who the member is appointed to represent **Essential**

ASSESSMENT OF INFORMATION

- Able to consider evidence provided and submissions made to the Forum, and reach a considered view on how these relate to the functions of the Licensing Board. Essential
- Aware of the Licensing (Scotland) Act 2005 and able to apply their understanding to the discussions and decisions of the Forum Essential

WORKING EFFECTIVELY WITH OTHERS

- Can demonstrate ability to work effectively with a range of Forum members and other stakeholders to deliver effective discharge of the Forum's functions. Essential
- Able to support other Forum members to contribute effectively. Essential

COMMUNICATIONS

- Able to participate and speak at public meetings. Essential
- Able to communicate views of groups or organisation represented by the member in a clear and balanced manner. Essential
- Occasionally to prepare a short written report or similar. Essential

Planning and Decision Making

- Able to contribute to the planning of future business of the Forum. Essential
 - Able to participate in decision making processes in an open, transparent manner which supports a wider range of contributions. Essential
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Appendix 5

LICENSING FORUM REVISED DOCUMENTS CONSULTATION (SEPTEMBER – NOVEMBER 2018)

Q1: Please give us your comments on the draft Licensing Forum Constitution

Individual response	<p>The make-up of the forum seems rather weighted towards members and organisations that would lean towards more restrictions on licensing. With the exception of the 6 trade seats all the other members would probably support more restrictive licensing. There is the potential for a further 6 seats to be appointed by the Director of Place but nowhere is it stated who these seats are aimed at.</p> <p>Nowhere in the document is any representation mentioned from the tourist industry (non-licensed such as B&Bs, tour operators, museums, other places of interest, etc.). Most importantly, nowhere are the actual customers mentioned.</p>
SERVICE RESPONSE	<p><i>For a number of years the Forum representation has been based on three groupings:</i></p> <ul style="list-style-type: none"><i>• Named statutory delegates such as LSO, Police and NHS;</i><i>• Six community representatives;</i><i>• Six trade representatives</i> <p><i>The remaining seats are equally divided between community and trade representatives.</i></p> <p><i>Whilst no doubt important groups, non-licensed tourist industry bodies have no direct interest in the operation of the liquor licensing system.</i></p> <p><i>The suggested make-up very much follows the legislation and no further changes to representation are proposed.</i></p>
Drum Brae CC	<p>I'd be interested to know why and in what circumstances the membership number would be subject to review by the Council, 'from time to time', on request by the Forum, the Board or the Council's Executive Director of Place ('the Director'). Has that happened previously?</p>

	<p>Whilst a three year tenure appears to be right in my view ... I don't see a lot about ongoing training and familiarisation with the necessary procedures, process and roles or responsibilities for the lay person here after selection or appointment to deal with any change or amendment. Dealing with copies of statistical information provided to the Board, for the purpose of preparing a licensing policy statement or supplementary statement will require this type knowledge and understanding.</p>
SERVICE RESPONSE	<p><i>Membership was reviewed and the Constitution updated both in 2012 and in 2017.</i></p> <p><i>The Directorate had previously committed to providing training once the new Forum was appointed, and that remains the intention. Further training – as reasonable and agreed with Forum members – will be provided.</i></p>
Tollcross CC	<p>Section 6.4 Paragraph a.</p> <p>We don't consider it appropriate that there should be one additional seat to represent Edinburgh Association of Community Councils. (EACC).</p> <p>It's not clear what or whom the occupant of such a seat would represent.</p> <p>Many community councils do not take any part in the EACC's deliberations and, of those that do, the attendance of most is sporadic.</p> <p>The EACC has difficulty reaching a consensus because each community council is concerned with its own local issues and those issues differ from place to place.</p>
SERVICE RESPONSE	<p><i>With a limited number of member seats available, a balance has to be struck to attempt to ensure optimum representation across the city. In practice, while licensed premises are located city-wide, there are recognised points where premises numbers are concentrated and so an additional seat is given to the city centre area.</i></p>

	<p><i>There are many community councils (CCs) across the city which don't have frequent licensing issues, and the EACC seat is intended to allow the EACC to keep these CCs informed and involved. The EACC representative would feed back to EACC as required, and EACC would cascade information as required.</i></p> <p><i>Alternatives were considered, but ultimately appeared impractical. Outwith the city centre there was no consensus as to which other areas would merit a seat (there were suggestions of Tollcross and Leith).</i></p> <p><i>As there is only one negative comment regarding this recommendation, no change is proposed.</i></p>
Individual response	Whilst appreciating need for one it appears to be too legalistic
SERVICE RESPONSE	<i>Will keep under review if there are insufficient applications when the new forum is recruited.</i>
Individual response	<p>It would have been helpful if the proposed changes to the constitution had been highlighted together with the rationale for the changes. Without this information it is difficult to understand the need for and extent of changes proposed.</p> <p>Based on my review of the constitution it would appear that the Forum has a very high membership (up to 21) with a quorum of 8. Given that the Forum is intended to have a balanced membership between trade and community representatives perhaps the quorum should require that at least three members of either trade or community members should be present at each meeting. I note that there are several Council appointed representatives. Are these appointed as individual or by position and if so is there a mechanism in the constitution for deputies to attend in place of the regular attendees to ensure that the quorum requirements are satisfied.</p> <p>I presume from the various Council papers that the Licensing Forum will now come under the remit of the</p>

	Governance, Risk and Best Value Committee. Perhaps this should be clearly stated within the constitution and extent of changes proposed.
SERVICE RESPONSE	<p><i>The current version of the Constitution (in existence until any changes suggested by this consultation are agreed by Full Council) was available on the Consultation Hub for reference.</i></p> <p><i>The report to the Governance, Risk and Best Value Committee and to full Council will explain the main changes.</i></p> <p><i>The rule with respect to quorum comes directly from the Licensing (Scotland) Act 2005. Schedule 2 specifies that quorum is half of the total number of members, and in any case not less than three. It is considered impractical to further complicate that, as it could lead to situations where the Forum could cease to function if insufficient representatives attend.</i></p> <p><i>The Constitution specifically allows substitutes (nominated in advance) to attend and participate.</i></p> <p><i>Advice from Committee Services is that the Governance, Risk and Best Value committee is not an executive committee. A proposal will therefore be put to Full Council that the terms of reference of the Regulatory Committee should be amended to include all aspects of the Council's responsibility for the Licensing Forum within its remit, on the basis that the Regulatory Committee is responsible for all aspects of the Council's licensing functions.</i></p>
Craigentenny & Meadowbank CC	The constitution is well constructed. I don't see any issues with it.
Southside Association	This constitution seems appropriate and workable. It is clearly stated.
Colinton CC	This document appears to be satisfactory

Merchiston CC	<p>Your Highlights document states the following:</p> <ul style="list-style-type: none"> • A minimum of six places shall be reserved for Community representatives. <ul style="list-style-type: none"> ◦ Four of these shall be reserved for community representatives from each of the four localities (North East, North West, South East and South West). ◦ One additional place shall be reserved for a community representative from Ward 11 (City Centre), and ◦ one additional place for a member nominated by Edinburgh Association of Community Councils. • A minimum of six places shall be reserved for holders of premises or personal licences to be known as Trade representatives. <p>Do we assume that this situation has been superseded by the documents forming part of the present consultation ? If so, could that please be made clear ?</p>
SERVICE RESPONSE	<p><i>The 2017 Constitution and the current draft are identical in this respect.</i></p> <p><i>If the Council approves the draft Constitution this will supersede all previous versions.</i></p>
Merchiston CC	I may have missed this, but what is the quorum? What are the powers of the Forum?
SERVICE RESPONSE	<p><i>The Forum has a quorum set out in the Constitution which mirrors the 2005 Act requirements.</i></p> <p><i>The Forum has no express powers. Its role is clearly set out at paragraph 2.1 of the draft Constitution.</i></p>

Q2: Please give us your comments on the draft person specification for community representatives

Individual response	<p>"Qualifications are not essential but where a person can show a legal, licensing or health qualification or equivalent this will be desirable." This requirement is labelled as "Desirable". If the forum is to represent a wide range of views, this requirement restricts the pool from which such a representative can be drawn and needs to be removed. It is unlikely that any lay member representing customers would have legal, licensing or health qualification.</p> <p>Instead any prospective candidate should be able to demonstrate a rudimentary understanding of the Council's licensing process.</p>
SERVICE RESPONSE	<p><i>This is not intended to restrict.</i></p> <p><i>'Desirable' criteria assist recruitment panels to distinguish between applications where all 'essential' criteria are met.</i></p> <p><i>It is felt that requiring lay representatives to demonstrate an understanding of the licensing process would unduly restrict potential candidates. Will add text making it clear that any qualification should be 'relevant'.</i></p>
Drum Brae CC	<p>In terms of representation in the City I would be interested in learning if the new Locality structure has been considered (for example is this the same as the Planning Areas) in regard to getting a consistent geographical spread across the city to perhaps reflect the many diverse communities we have.</p>
SERVICE RESPONSE	<p><i>It is intended that the areas set out in the draft Constitution should precisely mirror the wider community planning areas, in order to avoid confusion.</i></p>
Tollcross CC	<p>We are happy with this draft.</p>

Individual response	It would appear that the community reps are applying for a full time job. A lot of the criteria should be desirable not essential.
SERVICE RESPONSE	<i>The requirements are considered proportionate.</i>
Individual response	It would have been helpful if the specification had outlined the expectations in terms of time commitment from membership of the Forum
COMMENTS	<i>When advertised the normal frequency of meetings will be given, subject to the caveat that the new Forum may choose to alter the frequency (as it is an independent lay body).</i>
Fairmilehead CC	<p>The specification appears to be very onerous particularly when the community representatives will more than likely be volunteers.</p> <p>Even to be elected as a community councillor a person does not have to go through such a procedure. Although they require to do is nominate themselves (with a seconder) and they will be appointed. In certain circumstances they may require to stand for election but this is very rare. They are self selecting and the community councils benefit from this.</p> <p>Community Councils are statutory bodies and if such restrictions as proposed for Forum members were thought necessary the government would have imposed them. It is telling that they have not done so.</p> <p>If the selection process is too onerous or complicated then volunteers are not going to come forward and go through such a complicated and unnecessary process. It will have the opposite effect to that intended.</p> <p>Self selection over comes this problem.</p>
SERVICE RESPONSE	<i>Noted, however there is general support and elected members requested a clear recruitment process.</i>

	<p><i>The Forum is clearly distinct from CCs, as Councillors on CCs gain their mandate from the relevant statutory process.</i></p> <p><i>It is suggested that this is kept under review, and if recruitment difficulties are experienced then the directorate will reflect on possible reasons.</i></p>
Craigtinny & Meadowbank CC	Good specifications.
Southside Association	This person specification is clear and covers the attributes I feel are necessary for a community representative on the Edinburgh Licensing Forum.
Colinton CC	Comprehensive set of requirements if not a bit over the top such as it might dissuade individuals from getting involved.
Merchiston CC	We do not believe that a legal, licensing or health qualification need be considered even just desirable, and should certainly not be a consideration when potential community members of the Forum are being shortlisted/interviewed. Our reason for saying this is because expertise in legal and licensing matters is provided by CEC officers who attend Forum meetings, and a Nominee of NHS Lothian is a statutory member of the Forum. Other personal/professional qualities (many of them listed in your person specification) would be much more appropriate and useful. References should be sought.
SERVICE RESPONSE	<p><i>This is not intended to restrict.</i></p> <p><i>'Desirable' criteria assist recruitment panels to distinguish between applications where all 'essential' criteria are met.</i></p>

	<p><i>It is felt that requiring lay representatives to demonstrate an understanding of the licensing process would unduly restrict potential candidates.</i></p> <p><i>We have added that references will be sought.</i></p>
Merchiston CC	They should not have any links with the alcoholic drinks industry. They should have the time available to attend. A record in civic activity is something to be looked for.
SERVICE RESPONSE	<i>The Act specifically requires the Council to ensure as far as possible that holders of premises licences etc are represented, therefore this group could not be excluded from membership.</i>

Q3: Please give us your comments on the draft person specification for trade representatives.

Drum Brae CC	Similarly I don't see a lot about ongoing training and familiarisation with the necessary procedures, process and roles or responsibilities for the six places reserved for trade representative's to deal with any change or amendment. Again, dealing with copies of statistical information provided to the Board, for the purpose of preparing a licensing policy statement or supplementary statement will require this type knowledge and understanding.
COMMENTS	<i>The Directorate had previously committed to providing training once the new Forum was appointed, and that remains the intention. Further training as agreed with Forum members – will be provided.</i>
Tollcross CC	We are inclined to think that there should be a restriction on representatives of trade groups - requiring them not also to be members of any other area's Licensing Forum.

	<p>At the very least we think membership of any other Licensing Forum should be openly declared.</p> <p>Apart from the above concern we are happy with this draft.</p>
SERVICE RESPONSE	<p><i>Not clear what benefit this would provide.</i></p> <p><i>In practical terms it would be very difficult to maintain a list of all Forums and to cross check membership.</i></p>
Individual response	<p>Given that there are different types of licensed premises covered by the legislation it would seem appropriate that the person specification would seek to ensure that the trade representatives are indeed representative of each type of such premises.</p>
SERVICE RESPONSE	<p><i>Recruitment for all trade representatives will be dealt with in the same process.</i></p> <p><i>Guidance will be provided for recruiters to the effect that they should seek to select as wide and representative a group as possible, and the advertising will make clear that applications are sought from a wide range of applicants. Both the advertising and the guidance for recruiters will make it clear that representation from both on- and off-sales is sought.</i></p>
Fairmilehead CC	<p>This is a matter for the trade as they have their own organisational structures.</p>
Craigentenny & Meadowbank CC	<p>The specs are relevant for the position.</p>
Southside Association	<p>The specification appears to me to be appropriate.</p>

Colinton CC	Again this is comprehensive and reasonable for someone working within or representing the trade
Merchiston CC	We consider that it should not be enough for trade reps to be able to “demonstrate an active interest in the licensed trade within the City.” This is much too vague. We believe that Trade members should always (not just ‘normally’) be required to hold a current premises licence or a current personal licence. If they claim to “represent a trade group with an active interest in the licensed trade within the City”, they should be able to prove that this is a formal, official representation confirmed in writing by the trade group concerned. References should be sought.
SERVICE RESPONSE	<i>Recruitment panels would be asked to satisfy themselves that applicants are representative.</i>
Merchiston CC	I know nothing about this but I would have thought basic checks on their background such as no criminal record or record of having not adhered to licensing laws would be a very basic requirement.
SERVICE RESPONSE	<i>This is not feasible as the Council would have no means of checking an applicant’s criminal history – Disclosure Scotland checks only apply to regulated work.</i>

Q4: Please give us your comments on the draft recruitment process for Licensing Forum members.

Drum Brae CC	It would be interesting to see the criteria the Executive Director of Place would be working under and utilising to prepare any guidance on how the community representatives should be nominated for appointment ... including
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	any as yet unknown person specification ... and as opposed to recruitment of volunteers from the trade which is apparently to be done by advertising the opportunity to serve on the Forum and appointing suitably interested parties ... this time using an agreed, but again as yet unknown, person specification.
SERVICE RESPONSE	<i>The person specification and recruitment process are set out in documents which were attached to this consultation.</i>
Tollcross CC	We are happy with this draft.
Individual response	<p>Community reps are volunteers and give of their precious time freely. By imposing this recruitment process you will drive away volunteers, many of whom may be eminently suitable, but who are not prepared to go through such a recruitment process. This will be self defeating.</p> <p>Many suitable persons who may have applied will not.</p> <p>To me this process is purely political because a current member of the Forum was miffed and complained to their councillor who happens to be vice convener of GRBV.</p> <p>The process is far too complicated - after all you are not seeking employees but volunteers.</p>
Individual response	This appears to be very convoluted and unlikely to achieve its aim of ensuring that volunteers are genuinely representative of the different groups. Surely it would be better to put the responsibility for nominating representatives in the hands of the existing community groups including the Community Councils and the Civic Forum.
SERVICE RESPONSE	<i>It is not believed that this would be possible given that the number of seats available are a fraction of the number of CCs.</i>

Fairmilehead CC	As per the comments at 5 above.
Craigentenny & Meadowbank CC	The document is fit for purpose.
Southside Association	Seems sensible and fair.
Colinton CC	Complex and officer intensive process, however it is probably a necessary process but it should be borne in mind that the Forum is looking for unpaid volunteers
Merchiston CC	Community reps. Bullet point 3, It needs to be made clear how and by whom in each community planning area/structure the selection panels will be appointed.
SERVICE RESPONSE	<i>Appointed by the Executive Director of Place after direct consultation with the locality conveners.</i>
Merchiston CC	Circulate community councils, churches and community groups and those civic bodies such as parents representing families and children, e.g., schools. A few free articles in community newspapers and in the Evening News. It should be aimed at residents.
SERVICE RESPONSE	<i>Suggestion noted</i>

Q5: If you'd like to tell us anything else, please comment below.

Individual response	<p>I struggle to understand why in the UK, and especially Scotland, we have such a hang-up with alcohol. Most European countries have quite liberal rules when it comes to alcohol sales and children in bars and yet they seem to have nowhere near the problems we have with binge drinking and public drunkenness.</p> <p>Generally I think it should be left up to the particular premises to decide its own child policy to best suit the type of establishment it is trying to be.</p>
SERVICE RESPONSE	<i>Not relevant to this exercise. Licences are granted by the Board, not the Forum.</i>
Drum Brae CC	<p>I get the fact that this looks like a well put consistent and perhaps sustainable process here but I do have a concern about a number of areas which could have more information and a bit more transparency to achieve these ends for anyone who was considering an application ... I would also like to see some sort of updated modern mission statement ... the aims and aspirations if you like of what the City of Edinburgh Licensing Forum is all about ... currently it is very wordy.</p>
SERVICE RESPONSE	<i>The Forum is an independent body and any mission statement would need to be driven by the Forum. Not a statutory requirement.</i>
Tollcross CC	<p>In paragraph 8.6 of the draft Forum Constitution the word "minutes" is used; in paragraphs 8.9 and 8.10 the word "note" is used. For clarity and consistency the same word should be used in all these paragraphs.</p> <p>In paragraphs 6.12 and 9 the phrase "ex officio" is used. The correct meaning of the phrase is "by virtue of an office or position"; so, some members of the Forum, e.g. the Licensing Standards Officer, are ex officio members but, in the context of the paragraphs cited, the people referred to are not ex officio members but rather are invited visitors or guests and should be so described.</p>

SERVICE RESPONSE	<i>Will ensure that consistent language is used. LSOs, Police etc are full members. Have removed the use of term 'ex officio'.</i>
Individual response	To impose such a recruitment process will not be beneficial and would be a detrimental step.
Individual response	It is not clear to me how the Forum is intended to function. Where does it receive its information on which it is expected to provide advice. I had a look at information on-line the equivalent organisation in Glasgow and there appears to have been a very detailed review of the licensing requirements undertaken by members of the Licensing Forum. I presume that they had support from either there Licencing Board or the Council in preparing this document. As well as the information on the Licensing Forum perhaps there is a need to better define the roles of other bodies involved in licensing including the Licensing Board. Does Edinburgh have a clear policy on over provision and at risk areas based on analysis of crime and health statistics?
SERVICE RESPONSE	<i>This is an important issue, but is for the Forum. Data will be provided by the Licensing Board as part of its statutory duties, and the Forum can request reasonable additional data as it sees fit.</i>
Craigentiny & Meadowbank CC	I find it quite hard to get on board with this as I have already many meetings to attend as part of my Community Council position. Along with my professional career it is hard to attend everything.
Southside Association	I think the Licensing Forum is essential to the work of the Licensing Board. I am disappointed that it appears difficult for members to attend as required, leaving the Forum without a quorum on occasion.

Colinton CC	This whole process has become overly complex and probably a turn-off for already overstretched community volunteers and likely to see those not best suited to such an important body.
Grange Prestonfield CC	Licensing is not a major responsibility for Grange Prestonfield Community Council. We did not therefore respond to an earlier invitation to be consulted.
Merchiston CC	<p>You say in your Update section that “local community planning structures will be asked to nominate or re-nominate resident members of the forum. Existing community representatives will be asked to continue temporarily until Council has agreed any revision to community engagement structures. For the remaining membership, due to the experience gained by existing Forum members, it is proposed that they be offered reappointment for the forthcoming period should they wish to continue. Any remaining places would be advertised and these would require to be considered in line with the proposed membership composition. “ What is meant by “forthcoming period?” Why are trade reps being treated differently from community reps ?</p> <p>“It is intended to provide the members of the newly appointed Forum with training to assist them in making the most of their role.” Excellent!</p> <p>It will be necessary for inconsistencies in terminology to be ironed out (eg community representatives sometimes referred as that, sometimes as lay members, sometimes as resident representatives).</p> <p>Also, grammatical infelicities (numerous) may be a bigger challenge to eliminate but are important.</p>
SERVICE RESPONSE	<i>This refers to the current temporary arrangements. All future member of the Forum will be appointed using the procedure to be agreed by Full Council.</i>

	<i>Documents will be checked for consistent and correct language.</i>
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24 September 2018

Ms Isla Burton
Regulatory Services
City of Edinburgh Council

Dear Ms Burton

Licensing Forum Consultation

Thank you for the opportunity to take part in this consultation.

The Community Council discussed the revised Constitution and recruitment procedures at its meeting on 19 September, and agreed the following response.

We support the revised Constitution and commend its authors for setting out a clear and improved remit. We welcome the proposals for strong community representation, which we feel are necessary for the continuing value and credibility of the Forum to the public.

Our only criticism is in the recruitment procedure, in particular the person specification. While we can understand the rationale for it, we feel that if the detail and formality of the specification is carried through to the application form, it may deter many people who could be valuable community representatives. If that happens, it could undermine the good intentions behind the revision.

Yours sincerely



Dr S C Gregory
Secretary
Morningside Community Council



Jill Powlett Brown
Licensing Representative
Morningside Community Council

tel: 0131 447 5976

website: www.morningside.org.uk
email: secretary@morningside.org.uk

Governance, Risk and Best Value Committee

10.00am, Wednesday 15 January 2019

Garden Waste Bin Collection Project: What Worked Well and Lessons Learned – referral from the Transport and Environment Committee

Item number	7.11
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

On 6 December 2018 the Transport and Environment Committee considered a report by the Executive Director of Resources on the implementation of the Garden Waste Charge, to understand what worked well and what lessons could be learned.

The report was referred to the Governance, Risk and Best Value Committee for review and scrutiny.

Terms of Referral

Garden Waste Bin Collection Project: What Worked Well and Lessons Learned – referral from the Transport and Environment Committee

1. Terms of Referral

- 1.1 At the August 2018 Governance, Risk, and Best Value Committee, a motion was submitted requesting a report from the Chief Internal Auditor on the implementation of the Garden Waste Charge, to understand what worked well and where lessons could be learned.
- 1.2 The findings reported that whilst there was effective cross-team collaboration between the services involved in delivering the revised garden waste service, project management and delivery, roles, responsibilities and accountabilities between Place (Waste and Cleansing) and Resources (Customer) were not clearly documented. Additionally, the risks and limitations associated with decisions made regarding the online only registration process and outbound payment calls were not fully recorded and reported to established project governance forums.
- 1.3 Internal Audit also established that security questions that supported all outbound calls to customers (which included calls to request payment) were not aligned with recommended best practice as they were based on publically available information and did not include questions based on unique references to verify the identity of both parties.
- 1.4 Consequently, two Medium rated lessons learned findings and supporting recommendations on project governance and the registration and payment process were included within the review report. The Medium ratings reflected that there had been no reported instances of fraud in relation to the security aspects of the outbound calls; and the opportunity for the Project team to address project governance prior to future registration periods and delivery of the remaining aspects of the project.
- 1.5 Management responses in relation to the recommendation to stop all outbound calls requesting payment were not finalised in sufficient time for Transport and Environment Committee. The finalised information was now included in Appendix of an updated version of the report.

- 1.6 The Transport and Environment Committee agreed:
- 1.6.1 To note the garden waste project management team's view on those aspects of the project that worked well.
 - 1.6.2 To note Internal Audit's opinion on garden waste lessons learned in relation to the outbound calls for payment and project governance, with two Medium rated Internal Audit findings raised.
 - 1.6.3 To note that the Corporate Leadership Team (CLT) had agreed that, in order to mitigate the reputational risk associated with potential third-party fraud, outbound calls seeking payment would no longer be made by the Council and this decision would be publicised.
 - 1.6.4 To refer the report to the Governance, Risk and Best Value Committee meeting in January 2019 for review and scrutiny.

2. For Decision/Action

- 2.1 The Governance, Risk and Best Value Committee is asked to review and scrutinise the report.

Background reading/external references

[Governance, Risk and Best Value Committee, 28 August 2018](#)

[Transport and Environment Committee, 6 December 2018](#)

Laurence Rockey

Head of Strategy and Communications

Contact: Sarah Stirling, Assistant Committee Officer

E-mail: sarah.stirling@edinburgh.gov.uk | Tel : 0131 529 3009

3. Appendices

Appendix 1 – Report by the Executive Director of Resources

Transport and Environment Committee

10.00am, Thursday, 6 December 2018

Garden Waste Bin Collection Project: What Worked Well and Lessons Learned

Item number

Report number

Executive/routine

Wards

Council Commitments:

Executive Summary

The purpose of this paper is to respond to the motion presented to the Governance, Risk, and Best Value Committee in August 2018, which requested a report from the Chief Internal Auditor on the implementation of the Garden Waste Charge, to understand what worked well and where lessons can be learned.

It was agreed that the Garden Waste project management team would provide an update on those aspects of the project which worked well, with Internal Audit (“IA”) focusing on the lessons learned based on the agreed review scope.

Garden Waste Bin Collection Project: What Worked Well and Lessons Learned

1. Recommendations

- 1.1 The Committee is requested to:
 - 1.1.1 note the garden waste project management team's view on those aspects of the project that worked well;
 - 1.1.2 note IA's opinion on garden waste lessons learned in relation to the outbound calls for payment and project governance, with two Medium rated IA findings raised;
 - 1.1.3 note that the Corporate Leadership Team (CLT) has agreed that, in order to mitigate the reputational risk associated with potential third-party fraud, outbound calls seeking payment will no longer be made by the Council and this decision will be publicised; and
 - 1.1.4 refer the report to the Governance, Risk and Best Value Committee meeting in January 2019 for review and scrutiny as required by the motion presented to the Governance, Risk, and Best Value Committee in August committee meeting.

2. Background

- 2.1 In response to concerns raised by elected members regarding the initial garden waste registration process, IA agreed to perform an urgent review.
- 2.2 The review covered both the initial and revised garden waste registration processes, to confirm that issues with the initial process had been addressed; that the new process (applied with effect from 27 June) was appropriately designed and operating effectively; and that the project was effectively managed.
- 2.3 Audit work was completed in July 2018, and the outcomes reflect the status of the garden waste project as at 22 August 2018.
- 2.4 At the August 2018 Governance, Risk, and Best Value committee, a motion was submitted requesting a report from the Chief Internal Auditor on the implementation of the Garden Waste Charge, to understand what worked well and where lessons can be learned.
- 2.5 The Committee agreed that the report should be presented to the Transport and Environment Committee in December 2018, and subsequently referred to the Governance, Risk and Best Value Committee.

- 2.6 As the Garden Waste review by Internal Audit had concluded, it was agreed with management that the Garden Waste project team would provide an update on what aspects of the project worked well, with Internal Audit focusing on the lessons learned based on the agreed audit scope.

3. Main report

Internal Audit Outcomes

- 3.1 IA's review identified moderate areas of weakness in the project governance framework and controls supporting registration that (if not addressed) could impact the success of subsequent registrations.
- 3.2 The weaknesses identified are mainly attributable to tight project timeframes between the decision to apply the garden waste charge (22 February 2018); establishing the project team (5 April 2018); and the start of the registration process (18 June 2018).
- 3.3 Whilst there was effective cross-team collaboration between the services involved in delivering the revised garden waste service, project management and delivery roles, responsibilities, and accountabilities between Place (Waste and Cleansing) and Resources (Customer) were not clearly documented. Additionally, the risks and limitations associated with decisions made regarding the online only registration process and outbound payment calls were not fully recorded and reported to established project governance forums.
- 3.4 IA also established that security questions supporting all outbound calls to customers (which included calls to request payment) were not aligned with recommended best practice as they were based on publicly available information and did not include questions based on unique references to verify the identity of both parties.
- 3.5 Consequently, two Medium rated lessons learned findings and supporting recommendations on project governance and the registration and payment process are included within the review report. The medium ratings reflect that there have been no reported instances of fraud in relation to the security aspects of the outbound calls; and the opportunity for the Project team to address project governance prior to future registration periods and delivery of the remaining aspects of the project.

Positive aspects

- 3.6 The project team consider that positive aspects of the project include:
- 3.6.1 The scoping of the project and the potential benefits that could be realised was undertaken effectively. Officers benchmarked against other UK Councils and established that an estimated 46% of residents that previously qualified for the garden waste service would be likely to continue to use the service and pay for it. This has been slightly exceeded in the number of registrations.

- 3.6.2 The introduction of an exemption from the charge in line with an eligibility criteria of qualification for the Council Tax Reduction Scheme, and its impact on the potential income that would be achieved, was also modelled effectively and the total percentage of exempt household registrations is in line with predicted levels.
- 3.6.3 It is noted that that delay in the introduction of the new garden waste service to align with the new waste collection routes has meant that the full year additional income cannot be achieved in 2018/19. Notwithstanding this, the total (full-year) income that the new service was targeted to recover was estimated at £1.3m. At the time of writing this report, the actual total full-year income achieved was £1.6m. This is a positive contribution towards the Council's overall budget.

Call Security

- 3.7 Following this review, Directorates/Divisions were asked to confirm whether any other outbound calls were made by the Council seeking payment in relation to any other services. Confirmation has been received that only limited calls were being made and this practice has now ceased.
- 3.8 This means that the Council is now able to confirm that it does not make outbound calls seeking payment in any circumstances. This is a positive step which will be publicised to minimise the potential for third party fraud (where fraudsters acting as Council employees contact customers requesting payment details).

4. Measure of success

- 4.1 Successful delivery of future similar projects, including further roll-out of phases of the garden waste registration process.
- 4.2 Minimisation of the potential for fraud.

5. Financial impact

- 5.1 There are none arising directly from this report.

6. Risk, policy, compliance and governance impact

- 6.1 Effective management of garden waste project management and service delivery risks is key to ensuring successful delivery of both the service and the Council's budget.
- 6.2 Potential reputational risk associated with outbound calls requesting payment for services is reduced by such calls no longer taking place.

7. Equalities impact

7.1 There are none arising directly from this report.

8. Sustainability impact

8.1 Delivery of a sustainable service that will support effective management of garden waste across the City.

9. Consultation and engagement

9.1 The IA report was finalised in consultation with the garden waste project management team; Waste and Cleansing management; the Head of Place Management; The Head of Customer Service and Information Technology and the Executive Directors of Place and Resources.

10. Background reading/external references

10.1 None.

Lesley Newdall

Chief Internal Auditor

Legal and Risk, Resources Directorate

E-mail: lesley.newdall@edinburgh.gov.uk | Tel: 0131 469 3216

11. Appendices

Appendix 1 – Garden Waste Bin Collection Project Report: What Worked Well and Lessons Learned

Appendix 1

The City of Edinburgh Council

Garden Waste Bin Collection Project: What Worked Well and Lessons Learned

Final Report

15 November 2018

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1. Background

1.1 Governance, Risk, and Best Value Committee Motion

At the Governance, Risk, and Best Value (GRBV) committee in August, a motion was submitted requesting a report from the Chief Internal Auditor on the implementation of the Garden Waste Charge, to understand what worked well and where lessons can be learned.

As the Internal Audit Garden Waste review had concluded, it was agreed with management that the Garden Waste project team would provide an update on what aspects of the project worked well (section 2.1 below), with Internal Audit focusing on the lessons learned based on the audit scope (section 2.2).

1.2 Background

In February 2018, as part of the annual budget setting process, the Council agreed to implement a £25 annual charge for collection of garden waste bins to be effective from 8 October 2018. An estimated 120,000 households across the City currently receive free garden waste collection, with approximately 46% of households expected to register for the new service. An initial registration period was available from 18 June to 22 July 2018 enabling customer to register for the service and pay the associated charge. Further registration periods are planned to be available throughout the year.

In April 2018, a garden waste project was established to manage the design and implementation of the new garden waste process. The project team included representation from management across Council services including Waste and Cleansing, Customer, Communications and Finance with project support provided by the Council's Portfolio and Governance (P&G) team. Online transactions elements of the project were incorporated into the existing Customer Digital Enablement (CDE) 'channel shift' programme.

The project decided that online registration for the service via "mygovscot - my account" was the preferred method for customer registration and payment. Customers with no online access could also register and pay through the Customer Contact Centre; using self-serve kiosks at locality officers; and libraries using a debit or credit card. Registration by telephone was also an option, with additional call handlers recruited, however, this was not widely publicised in to encourage higher volumes of online registration.

On 21 June 2018, the Council wrote to all customers eligible for the garden waste collection service to provide written notification of the service changes; and details of the online registration and payment process.

The original process involved customers registering online and providing confirmation that they had read and understood the service terms and conditions (T&Cs) prior to making payment online using their mygovscot account. Where customers registered by phone, T&Cs were physically mailed out with a request for customer to read, sign and return them. This was based on advice received from Legal advising that terms and conditions should be signed and returned prior to accepting payment. Customers were advised that following receipt of signed T&Cs, the Customer Contact Centre would telephone customer to request and process the relevant payment.

Shortly after the registration process commenced, concerns were raised by both Elected Members and members of the public regarding the potential risk of third party fraud associated with the outbound call process. Specifically, the potential risk of 'bogus callers' telephoning customers, claiming to Council employees and fraudulently obtaining customers' payment card details. In response to this, outbound calls for payment for garden waste were ceased.

During the registration period, management also became aware of customers who were unable to self-serve either online or at local office self-serve kiosks, and introduced a process to accept payment by cheque, cash or card payment in local offices. Of the total 56,028 registrations, a total of 7,800 (14%) were processed via inbound calls or payments at local offices.

2. Executive summary

2.1 What Worked Well

The project team consider that positive aspects of the project include:

- The scoping of the project and the potential benefits that could be realised was undertaken effectively. Officers benchmarked against other UK Councils and established that an estimated 46% of residents that previously qualified for the garden waste service would be likely to continue to use the service and pay for it. This has been slightly exceeded in the number of registrations.
- The introduction of an exemption from the charge in line with an eligibility criteria of qualification for the Council Tax Reduction Scheme, and its impact on the potential income that would be achieved, was also modelled effectively and the total percentage of exempt household registrations is in line with predicted levels.
- It is noted that that delay in the introduction of the new garden waste service to align with the new waste collection routes has meant that the full year additional income cannot be achieved in 2018/19. Notwithstanding this, the total (full-year) income that the new service was targeted to recover was estimated at £1.3m. At the time of writing this report, the actual total full-year income achieved was £1.6m. This is a positive contribution towards the Council's overall budget.

2.2 Internal Audit Scope and Opinion

2.2.1 Scope of the review

In response to the concerns raised by elected members, Internal Audit (IA) agreed to perform an urgent review based on the findings only methodology detailed in the Internal Audit Charter, with the objective of reviewing the initial garden waste registration process and confirming that the new process applied with effect from 27 June was appropriately designed and operating effectively. We also considered the adequacy and effectiveness Garden Waste project governance to ensure that any potential control gaps were identified and resolved in advance of any future registration periods. Our audit work was completed in July 2018, and this document reflects the status of the garden waste project as at 22 August 2018.

2.2.2 Opinion

Summary of findings raised	
Medium	1. Project management and governance
Medium	2. Garden Waste Registration Process

Our review of the controls established to mitigate the key risks associated with the garden waste project governance and initial registration and payment process confirmed that they are generally adequate, with some enhancements required. We identified moderate areas of weakness in the project governance framework and controls supporting registration that (if not addressed) could impact the success of subsequent registrations.

The weaknesses identified are mainly attributable to tight project timeframes between the decision to apply the garden waste charge (22 February 2018); establishing the project team (5 April 2018); and the start of the registration process (18 June 2018).

Whilst there was effective cross-team collaboration between the services involved in delivering the revised garden waste service, project management and delivery roles, responsibilities, and accountabilities between Place (Waste and Cleansing) and Resources (Customer) were not clearly documented. Additionally, the risks and limitations associated with decisions made regarding the online only registration process and outbound payment calls were not fully recorded and reported to established project governance forums.

We also established that security questions supporting all outbound calls to customers (which often include calls to request payment) are not aligned with recommended best practice as they are based on publicly available information, and do not include questions on unique references to verify the identity of both parties.

Consequently, two Medium rated lessons learned findings and supporting recommendations on project governance and the registration and payment process are included at section 3 below. The medium ratings reflect that there have been no reported instances of fraud in relation to the security aspects of the outbound calls; and the opportunity for the Project team to address project governance prior to future registration periods and delivery of the remaining aspects of the project.

In addition to the IA review, the project team has also performed their own lessons learned review which includes recommendations to address the improvement opportunities identified. There would be benefit in aligning the actions identified with the lessons learned recommendations included in this report to ensure that they are all effectively implemented.

Our detailed lessons learned recommendations are included at Section 3 below.

3. Detailed Findings

1. Project governance

Medium

Review of the project governance framework established to support implementation of the new garden waste registration and payment process highlighted the following areas for improvement that should be addressed prior to the next registration window in October 2018:

- Whilst an initial project business case was prepared, it was not developed into a full project implementation document, detailing project structure; governance; and roles and responsibilities (e.g. for decision making);
- Consequently, whilst the online transactions aspects of the project were governed through the existing Customer Digital Enablement (CDE) programme, roles and responsibilities for design; approval and implementation; were not clearly documented between Resources (Customer) and Place (Waste and Cleansing);
- The project plan was essentially a project timeline and did not specify roles and responsibilities or consider dependencies that could impact on project deliverables;
- Project status reporting did not report on overall project progress and status, and instead focused solely on development of the online transactions process through the CDE programme;
- Whilst a project action and decision log was developed and used, it did not include all significant project decisions. Review of the decision log confirmed that decisions in relation to the online only registration and payment process; stopping outbound payment calls and changing the process to include registration and acceptance of cash and card payments at local offices were not documented;
- The decision to limit the initial registration process to predominately online with payment by debit and credit card only, did not consider how citizens with no current accounts (circa 7%) and those who do not manage utilities online (circa 20%) would register for the service. Management has confirmed that the decision to adopt a predominately online registration process was due to time constraints, and that the approach was agreed with both Senior Management and Elected Members, although no evidence is available to support this approval. Consequently, alternatives for those customers who could not pay by debit/credit card had to be developed and implemented (although this was done quickly and effectively based on existing processes) once the registration window had opened;
- The risk of third party fraud associated with outbound payment calls was not recorded on the project risk log on the basis that this is an established process already applied within the Council;
- The Data Privacy Impact Assessment (DPIA) provided to the Information Governance Unit (IGU) for the original registration and payment process did not include details of the outbound payment calls process; and
- The IGU recommended that call scripts should be prepared to ensure a consistent approach for any customer telephone conversations (red rated action). In response, the DPIA Risk Mitigation Assessment completed by the project stated that training would be provided for staff alongside scripts which would provide a consistent approach to all questions and ensure privacy legislation is followed. Management has advised that the new agents received training on the system and process. Review of adviser scripts confirmed however, that whilst they included details of the registration process flow / system steps to be followed, they did not detail the customer conversations that would be performed by the new agents.

Risk

Risk that future registrations and the remainder of the project are not successfully implemented with an adverse impact on customers and the Council's reputation.

Internal Audit Recommendation(s)

1. A project plan should be developed in line with the Council's standard project management methodology with roles and responsibilities for decision making and delivery of the remaining aspects of the garden waste project documented;
2. The project plan should be updated on an ongoing basis and used as the basis of governance reporting to confirm the overall project status and progress with all project deliverables;
3. The Garden Waste project risks, issues, and dependencies (RAID) log should be updated to include all risks, issues and dependencies identified. Actions, owners, and timeframes to address the risks, issues and dependencies should be recorded and tracked, and the rationale for accepted risks clearly documented;
4. Ongoing analysis of customer demographics should be performed following closure of each registration period to ensure an appropriate range of registration and payment options are available to meet customer needs, and adequate resources are allocated to meet demand;
5. A revised DPIA should be performed (based on the revised process for future registration) and provided to the IGU. All IGU recommendations following review of the DPIA should be implemented prior to implementation of the process for subsequent registration windows; and
6. Call scripts should be prepared to support all customer calls and provided to all call centre teams involved in garden waste registration prior to the next registration window, with training provided where required.

Agreed Management Action(s)

1. Rather than retrospectively adding to the current project documentation the Service is developing a project plan for a portfolio of related on-going projects (garden waste, four-day week and infrastructure improvements) rather than develop individual plans. A structure chart will be created to highlight roles and responsibilities.

Owner: Paul Lawrence, Executive Director of Place
Contributors: Gareth Barwell; Andy Williams; Karen Reeves; Louise Wood

Implementation Date: 30 November 2018

2. The project plan described above will be reviewed weekly at the 'Waste Changes' meeting attended by Senior Management to allow overall monitoring of project status and progress, and will then be updated as required.

Owner: Paul Lawrence, Executive Director of Place
Contributors: Gareth Barwell; Andy Williams; Karen Reeves

Implementation Date: 14 December 2018

3. The project RAIDS log will be reviewed weekly at the 'Waste changes' meeting in conjunction with the project plan, to ensure that all risks, issues and dependencies are identified and recorded; with owners and timeframes allocated, and progress updates provided. The rationale for all risk based decisions made at the 'Waste Changes' meeting will also be recorded.

Owner: Paul Lawrence, Executive Director of Place
Contributors: Gareth Barwell; Andy Williams; Karen Reeves

Implementation Date: 14 December 2018

4. The data from the first registration period and subsequent registration windows in October 2018 and February 2019 will be analysed to build a cumulative picture of how residents are registering for the service (on-line, over the phone, in person) to ensure the correct resources are allocated to support future registration periods.

This analysis will be provided to the Customer Digital Enablement project board for consideration of future garden waste registration design changes and to ensure appropriate allocation of resources.

Owner: Paul Lawrence, Executive Director of Place

Implementation Date: 29 March 2018

Contributors: Gareth Barwell Andy Williams; Karen Reeves; Lisa Hastie

5. It has been agreed with IGU that any changes to the registration transaction process and additional garden waste forms will be detailed in addendums to the current DPIA.

Any process changes required following IGU review of the DPIA will agreed at the weekly Waste Changes meeting and either recorded as risks, issues, and dependencies on the project's RAIDS log (where appropriate), or incorporated in the project plan.

The process changes agreed (for example changes to call scripts) will then be communicated to the service teams supporting the registration process.

Owner: Paul Lawrence, Executive Director of Place

Implementation Date: Registration process update addendum by 31 October 2018. Future processes on-going

Contributors: Gareth Barwell; Andy Williams; Karen Reeves; Karin Hill

6. New scripts have been prepared ahead of next registration to ensure a consistent approach from all customer contact centre staff involved.

This is supported by both face to face coaching and system based training.

Owner: Stephen Moir, Executive Director of Resources

Implementation Date:

Contributors: Nicola Harvey Neil Jamieson; Lisa Hastie

Implemented 27 August 2018

Date for completion of IA validation: 30 November 2018

2. Garden Waste Registration Process

Medium

Management has estimated that circa 50 garden waste registration outbound payment calls had been made prior to 27 June when all outbound payment calls ceased.

During a walkthrough to confirm the design of the new registration process on 4 July, we established that some outbound payment calls were scheduled (after 5pm) in relation to the backlog of terms and conditions received. This was highlighted to management and contact centre staff were advised to cease all outbound calls for payment for garden waste with immediate effect.

Management estimated that a further 4 outbound payment calls were made following the process change on 27 June, but could not confirm this number as the supporting MI could not be extracted from Call Centre systems, as system limitations do not enable identification of outbound calls specifically made to request payment.

The Customer Contact Centre subsequently listened to recordings of all calls made between 28 June and 4 July and confirmed that a total of 13 outbound payment calls were made to process payment from customers who had returned T&Cs prior to the revised process being implemented.

Whilst security questions were used to verify customer identity on the outbound payment calls, these comprised three questions based on publicly available information, and did not include a unique reference to verify the identity of both parties.

Management has confirmed that the same security questions are used to verify customer identity where outbound payment calls are performed as part of other established Council processes.

This caller verification approach is not aligned with good practice which recommends that security questions should comprehensively confirm a caller's identity by confirming (for example) an account or reference number that is uniquely associated with the transaction being discussed; and that security questions should avoid public information that can easily be obtained by a fraudster, whilst finding a balance between questions based on references that genuine customers can answer that do not appear on customer correspondence. Examples of further guidance are available at: [Best Security Questions for Call Centres](#) and [Caller Verification - How Far Should You Go?](#)

Risk

Increase in the existing potential risk of third party fraud where fraudsters contact customers impersonating Council employees and obtain bank details, as no (non publicly available) unique identifier was used to support outbound calls requesting payment from customers.

Internal Audit Recommendation(s)

1. Senior management should consider whether outbound payment calls for services remains appropriate given the potential risk of third party fraud, and present a proposal for approval by the Corporate Leadership Team and the Corporate Policy and Strategy Committee;
2. If it is decided that outbound payment calls for all Council services should stop, the decision should be clearly communicated (and regularly reinforced) across all Directorates and Services to ensure all employees are aware of the decision. The Council's position should also be made public to ensure that citizens are clear that any future calls requesting payment where the caller claims to be a Council employee could be potentially fraudulent;
3. If it is decided that outbound payment calls will continue, then customer security questions should be revised to ensure alignment with industry best practice, by inclusion of a question that relates to a unique reference, enabling effective caller and customer verification, with this process consistently applied;
4. Training and call scripts should be provided to all employees involved in making outbound payment calls; and
5. The revised process should be effectively implemented and sustained.

Agreed Management Action(s)

1. Contact Centre now make no outbound calls to take payment. Outbound calls are made for Housing Rents and Council Tax, however, for any payment the customer is required to make an inbound contact using the Council's publicised payment options.

Owner: Stephen Moir, Executive Director of Resources

Contributors: Nicola Harvey, Neil Jamieson; Lisa Hastie

Implementation Date: Implemented 10 October 2018

Date for completion of IA validation 30 November 2018

2. The Corporate Leadership Team has agreed that the Council will no longer make outbound payment calls for services. This decision will be implemented and communicated as follows as detailed below:

- The decision will be reflected in the Council's 'Corporate Debt Policy' with the decision and policy change communicated via the Council's website.

Owner: Stephen Moir, Executive Director of Resources

Implementation Date: 21 December 2018

Contributors: Nicola Harvey; Neil Jamieson

3. The change will also be:

- Communicated via the Orb; Managers News; and the Chief Executive's blog;
- Reinforced at the Wider Leadership Team Meeting; and
- Communicated via other social media channels used by the Council.

Additionally, all CLT members will be requested to reinforce the decision with their direct reports

Owner: Laurence Rockey, Head of Strategy and Communications

Implementation Date: 29 March 2019

Contributors: Chris Wilson; Donna Rodger

Appendix 1 - Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • 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	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Governance, Risk and Best Value Committee

10.00am, Tuesday 15 January 2019

Edinburgh Schools Inquiry - Update

Item number	7.12
Report number	
Executive/routine	
Wards	City-wide
Council Commitments	

Executive Summary

Following a wall collapse at Oxfords Primary in January 2016, structural issues were identified at schools built between 2002 and 2005 in Edinburgh under the Public Private Partnership programme (“PPP1”). This led to the temporary closure of affected schools.

The Council was asked to consider the findings and recommendations of Professor Cole’s Inquiry Report when it was presented to Council in February 2017. An update was provided to Corporate and Strategy Committee in December 2017.

Council officers have been following up on the findings within the Inquiry Report. A further update was provided to, and approved by, Corporate Policy and Strategy Committee in December 2018. This report contains the same detail submitted to that Committee.

A report to Governance, Risk and Best Value Committee was requested at GRBV Committee on 26 September 2016. This report discharges that request.

Edinburgh Schools Inquiry - Update

1. Recommendations

- 1.1 It is recommended that the Committee note the content of this report and the continued positive progress being made by the Council.

2. Background

- 2.1. As a result of investigations following a wall collapse at Oxfangs Primary in January 2016, structural issues were identified at schools built between 2002 and 2005 in Edinburgh through PPP1. This led to the temporary closure of affected schools and required alternative arrangements to be urgently put in place for all the affected children.
- 2.2. As detailed in the reports to Corporate Policy and Strategy Committee in May and June 2016, an independent Inquiry was instructed into the matter. Professor John Cole, CBE, was subsequently appointed as the Independent Chair of the Inquiry with an agreed remit and reported his findings to Council in February 2017.
- 2.3 The Chief Executive instructed that officers consider the implications of the Inquiry Report and put in place appropriate measures in response. This report updates Committee on progress made.
- 2.4 Following publication of the Cole report, Council officers have been actively assisting other authorities and the Scottish Government with regard to providing advice in relation to the matters identified in the report, including having been approached by the Irish Government in relation to recent similar issues being discovered in buildings in Ireland.

3. Main report

- 3.1 The Cole Report made 40 separate recommendations.
- 3.2 A detailed response with input from Property and Facilities Management, Building Standards and the Housing Service is set out at Appendix 1, outlining progress to date against each of the Cole Report recommendations.

3.3 Key Specific issues relating to PPP Schools

3.3.1 Fire Safety

- 3.3.1.1 The Council is acutely aware that fire safety is a top priority and has been actively working to ensure that its buildings are fully compliant in all respects from this perspective.
- 3.3.1.2 A process has been established to incorporate the review of the fire-stopping and fire-proofing processes into the Council's planned maintenance regime throughout both the PPP and wider council estate. The team are working collaboratively with the relevant service providers to ensure that the estate remains safe. An independent Fire and Risk contractor has been employed by the Council to ensure that this matter is appropriately scrutinised and to demonstrate that the remedial works being carried out achieve compliance with the appropriate fire regulations.
- 3.3.1.3 With regard to PPP1, ESP's fire risk consultants have completed their inspections and have confirmed that all required remedial work has now been completed. The Council's fire consultants are doing final checks on this but no issues are anticipated as inspection and reviews have been ongoing throughout the works.
- 3.3.1.4 With regard to PPP2, all remediation works are also complete.

3.3.2 Building Completion Certificates

- 3.3.2.1 Two schools unfortunately remain without Building Completion Certificates (Royal High School and Craigmount High School). These buildings were given Temporary Occupancy Certificates on 6 November 2003 and 25 July 2003 respectively, which would both have expired after three years.
- 3.3.2.2 ESP has made the relevant applications for these certificates but final certification requires that all outstanding fire safety works are fully complete. As noted above, these works have recently been completed and it is anticipated that appropriate certification or equivalent can be granted by the Council following a final inspection.

3.3.3 Commercial position

- 3.3.3.1 The Council has finalised commercial settlement terms with ESP with regard to both service failures and costs incurred. The Council has ensured that the PPP1 Facilities Management provider has been involved in the ongoing settlement discussions to ensure the Council has full protection. A report was considered and approved at Finance and Resources Committee for the proposed settlement and settlement has now taken place.

3.3.4 Ongoing Inspections

- 3.3.4.1 As outlined in the Inquiry report, the Council continues to carry out a proportionate and structured risk-based approach to investigating and remediating the wider Council property estate.

The wider Council estate

- 3.4 The Housing Service contributed to the Council-wide response to the Cole Report, following a review of the wider housing estate.
- 3.5 The Housing Service has a diverse portfolio including over 19,000 Council homes, as well as an ambitious new build programme that aims to deliver 10,000 new affordable homes by 2027/28. In addition to this, the Council is a member of eight Limited Liability Partnerships, delivering 886 mid-market rent homes as part of the Scottish Government's National Housing Trust (NHT) initiative. The supervisory/quality control arrangements of this diverse portfolio are managed in a variety of different ways, as detailed in Appendix 1.
- 3.6 The scope of the Housing Service's quality and assurance review was expanded following the Grenfell Tower Fire. A detailed report went to Housing and Economy Committee on 7 September 2017. This set out the Council's response in establishing the safety of material and construction methods used in the refurbishment of tower blocks and ensuring that Council tenants were safe in their homes.

4. Measures of success

- 4.1 The progress in relation to the Inquiry's findings provides the Council with assurance as to the processes engaged to ensure, so far as possible, the safety and integrity of the Council's property estate.
- 4.2 The Council agrees appropriate financial redress with ESP.

5. Financial impact

- 5.1 It is still anticipated that the majority of the costs associated with addressing the findings and recommendations of the Inquiry Report with regard to new project quality and inspections can be contained within relevant capital budgets.
- 5.2 The Council incurred significant additional costs as a result of the unavailability of seventeen schools and two other facilities between April and August 2016. Subject to finalisation and approval of the proposed terms of settlement with ESP, it is not anticipated that there will be any overall direct cost to the Council arising from this incident. All costs of remediating the issues have been incurred by ESP.
- 5.3 At the meeting of the Finance and Resources Committee on 23 January 2017, members approved that any excess of contractual deductions due to CEC, over

costs incurred, be earmarked to take forward any necessary remedial work identified through the programme of Estate Wide Structural Investigations (refer to Recommendation 10.1 in the Cole Inquiry report). Tranche 1 of this exercise (buildings and extensions constructed between 1995 and 2017) was completed in March 2018 within a budget of £1.2m. Tranche 2 is now underway addressing buildings and extensions constructed between 1975 and 1995.

- 5.4 The unpredictable nature of the findings limit the accuracy of any time and cost assessment. However, this is being kept under constant review through the relevant Programme Board as the investigations continue.
- 5.5 In a wider context the Council, as part of its budget setting process for 2018/19, approved a capital allocation of £118.9m in asset management works to Council property over a five year period from 2018/19. An additional £34.6m of revenue has also been earmarked for investment in repairs and maintenance over the same period.

6. Risk, policy, compliance and governance impact

- 6.1 There is a risk that the issues of concern identified within the Inquiry Report could exist within other areas of the built environment (both public and private sector), including within the Council's wider estate. A proportionate risk-based programme of inspection works is already in place to carry out structural assessments specifically related to wall tie related concerns of the Council's wider estate.

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

- 9.1 The Council has engaged with other authorities and the Scottish Government in relation to this matter.

10. Background reading/external references

[Report of the Independent Inquiry into the Construction of Edinburgh Schools: Professor John Cole Report](#)

[Edinburgh Schools Report: Report to City of Edinburgh Council, 9 February, 2017](#)

[Webcast - The City of Edinburgh Council 9 February 2017 - Item 5.1 Edinburgh Schools Inquiry](#)

[Corporate Policy and Strategy Committee 4 December 2018 - Edinburgh Schools Update Report](#)

[Webcast - Corporate Policy and Strategy Committee 4 December 2018 - Item 7.1 Edinburgh Schools Update Report](#)

[Finance and Resources Committee 4 December 2018 - Edinburgh Schools Partnership Settlement Report](#)

[Webcast - Finance and Resources Committee 4 December 2018 - Item 7.20 Edinburgh Schools Partnership Settlement Report](#)

Andrew Kerr

Chief Executive

Contact: Peter Watton, Head of Property and Facilities Management

E-mail: [e-mail: peter.watton@edinburgh.gov.uk](mailto:peter.watton@edinburgh.gov.uk) | Tel: 0131 529 5962

Contact Nick Smith, Head of Legal and Risk

E-mail: [e-mail: nick.smith@edinburgh.gov.uk](mailto:nick.smith@edinburgh.gov.uk) | Tel: 0131 529 4377

11. Appendices

Appendix 1 - Response to: Report of the Independent Inquiry into the Construction of Edinburgh Schools (Professor John Cole CBE).

Appendix 1

Abbreviations:

BS	Building Standards
CAFM	Computer Aided Facilities Management system
CEC	City of Edinburgh Council
CLT	CEC Corporate Leadership Team
COW	Clerk of Works
D&B	Design and Build
DBFM	Design, Build and Facilities Management
ESP	Edinburgh Schools Partnership (PPP1 Special Purpose Vehicle)
Hub	Institutional Public Private Partnership (delivering asset and new build service to public sector partners)
IC	Independent Certifier
IT	Independent Tester (earlier PPP title for IC role above, referred to in Cole Report)
HP	Housing Property
P&FM	Property and Facilities Management (Resources) delivering projects across Operational Estate
SFT	Scottish Futures Trust
SG	Scottish Government
SPV	Special Purpose Vehicle, term for entity formed to deliver PPP contracts
SRO	Senior Responsible Officer appointed on each capital project and works programme
TWG	Technical Working Group (managed by CEC delivering the estate wide structural investigations)

Current Property & Facilities Management Quality Inspection resources

Table 1 below captures supervisory/quality control arrangements which have been in place following the publication of the Cole Report. These arrangements are a key to delivery of quality in projects and are referred to in the response to the Cole Report recommendations in Table 2 below.

Table 1

The table above gives an overview of the approach to the provision of technical resources on capital projects delivered across the Operational Estate in line with the Inquiry recommendations. The actual provisions are considered on a project by project basis.

Notes:

		Part Time CoW	Full Time CoW	Independent Certifier (DBFM only)	Technical Advisor (considered where deemed appropriate)	Fire Engineer (inspection role) (considered where deemed appropriate)	Design Team (site inspection)	Design Team independent Design Review)	Multivista or similar (considered where deemed appropriate)
Traditional	<£2m	✓					✓		
	>£2m		✓		✓	✓	✓	✓	✓
D&B	<£2m	✓					✓		
	>£2m		✓		✓	✓	✓	✓	✓
DBFM	All		✓	✓		✓	✓	✓	

- The above contract categories are not a representation of all available contract and procurement routes but indicate the predominate approaches taken on CEC projects.
- These services are capital funded.
- The majority of the above roles are not full time on any project. This will vary according to scale and complexity of any project.
- The potential to make joint appointments and to align the scope of each service is examined as required. For example, joint COW/TA appointment and also joint COW/IC appointments. On DBFM the IC will be delivering the TA role as part of their scope.
- Multivista and similar now adopted.

Current Housing Service Quality and Assurance Arrangements

The Housing Service estate includes over 19,000 existing homes, as well as an ambitious new build programme that aims to deliver 10,000 new affordable homes by 2028. In addition to this, the Council is a member of eight Limited Liability Partnerships, delivering 886 mid market rent homes as part of the

Scottish Government's National Housing Trust (NHT) initiative. The supervisory/quality control arrangements of this diverse portfolio are managed in a variety of different ways, as summarised below. A more detailed update is provided against each recommendation in table two.

Existing housing portfolio - Housing Property manage the repair and improvement of c.19,000 homes. Housing Property exclusively use traditional procurement routes to design and deliver capital projects. The design of repair and improvement projects is either managed in-house or commissioned through a professional services framework. The designer or design team remain employed by the Council through the design and construction phases of projects. The Housing Property Surveying Team Leaders carry out the role of Principal Designer throughout each project to ensure that adequate control and governance is maintained throughout the life of the project.

Housing Property deliver projects using a number of contractor frameworks, depending on the nature and value of works to be undertaken. These contractors have been screened through robust Invitation to Tender and Pre-Qualification Questionnaire processes prior to appointment to the framework. Projects are regularly inspected by in-house resource or independent clerk of works at various stages of each project. Feedback on contractor/consultant performance is measured at regular contract management meetings. Housing Property hold a regular Contract Management Board Meetings to discuss collective contractor, consultant and project performance.

National Housing Trust - Under the NHT model, developer partners were procured through a national Scottish Government framework administered by SFT, in three phases between 2010 and 2015. The Council, the developer and SFT formed LLPs which purchase homes from the developer upon completion. The NHT contracts stipulate that in order for the LLP to purchase the homes, they must meet all the requirements of legislation, Good Industry Practice, all relevant consents, and specifications.

New build portfolio - Traditional Scottish design and build contracts are used across the programme, which allows for significant client input and involvement throughout. Directly employed designers are selected from the Council's list of framework consultants who have passed a quality assurance examination prior to appointment. Consultants from the design team are novated over to the design and build contractor. All the design consultants, contractors and subcontractor provide the Council with a collateral warranty for the design and quality of the buildings.

The Council has an in-house team of experienced and knowledgeable Construction Project Managers who are assigned to every project. The CPM has considerable input to design specification to provide a clear and detailed brief and work closely with design teams and developers to ensure that what is submitted for statutory consents meets quality requirements and standards. CPM's continue to have oversight and input to construction and delivery right through to handover.

The Council directly engages a Clerk of Works (COW) on all projects. COWs attend site between one and three days per week depending on the stage of the project. In addition, the COW will certify appropriate sections of works before closing-up the construction. COW provide photographic updates. New homes built through the programme are built to Silver standard which is a higher level of sustainability required under current building regulations.

November 2018 updated position:

Report of the Independent Inquiry into the Construction of Edinburgh Schools (Professor John Cole CBE)

This is an update capturing the Council’s response to the Recommendations of the Cole Schools Inquiry.

Overall, the Council (a combination of Property and Facilities Management (P&FM) Division and Place Development Division (Housing Service) have put arrangements in place to address the Cole Report recommendations across its portfolio of projects. Table 2 below captures the response. This table also includes industry wide and national or statutory recommendations which are being addressed at Scottish Government and industry level.

It should also be noted that the Council’s response to the Schools issue and the Cole report has also been the subject of an external audit by Scott Moncrieff on behalf of the Controller of Audit. The relevant report was published by Audit Scotland in April 2018 and can be found at:

<http://www.audit-scotland.gov.uk/report/201617-audit-of-the-city-of-edinburgh-council-report-on-edinburgh-schools>

P&FM have also been invited by Scottish Futures Trust to attend their workshops with Scottish Government around Construction Quality where the provisions put in place by CEC on the new Queensferry High School are being used to inform wider guidance.

Cole Recommendation		Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
1.1	<u>Expertise and Resources</u> Ensure access to a level of expertise and resources to allow body to act as Intelligent Customer and appropriate resource in terms of governance arrangements, types of expertise and funding	Yes	CEC projects now include provision for the Intelligent Client function. Table 1 above also captures additional levels of expertise deployed (e.g. Clerk of Works, Fire Engineer etc) as required on a project by project basis. Capital Projects are delivered through recognised governance arrangements. Clients are made aware of their responsibilities in ensuring adequate resources are available and funded for project delivery.	Existing Homes Senior manager within Housing Property acts as intelligent client. Principal designer is in-house surveying team leader. Robust contract management regime - regular meetings with contractors and in-house contract management board. Monthly Capital Programme oversight meetings which focus on spend and delivery. Inspection role generally carried out in-house, although certain projects will

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
			<p>require external resource to ensure adequate cover.</p> <p>New Build The Council has an in-house team of experienced and knowledgeable Construction Project Managers who are assigned to every project.</p> <p>An independent Clerk of Works is directly employed on every project. Appropriate levels of external expertise are employed where required. This can include design specification and independent certifying of works.</p> <p>There are robust governance arrangements, including CEC Programme Board, oversight from CLT and monthly Change Board reports.</p> <p>National Housing Trust LLPs Robust Governance arrangements are in place, including CEC NHT Board, oversight from CLT and reporting to Monthly Change Board.</p> <p>CEC are represented on each LLP Board of Management.</p> <p>A Monitoring Surveyor (MS) is appointed by the developer for every project and they provide quarterly updates to the LLP Board of Management throughout project construction. MS certifies that homes are</p>

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
			<p>practically complete, and the specification has been met. LLP can legally depend upon this certification.</p> <p>COW is not a requirement within NHT contracts, however the vast majority of developing partners have one in place or alternative arrangements for inspection and assurance.</p>
1.2	<p><u>Ensuring compliance with specification</u></p> <p>Ensure contract is delivered in terms of the contract. Level of diligence determined through informed assessment of risk of the likelihood or implications of non-compliance</p>	<p>Yes</p> <p>P&FM delivered capital projects benefit from risk management processes through the design, construction and delivery phases.</p> <p>Intelligent Client functions and quality compliance arrangements (outlined in Table 1 above) ensure contract delivery</p> <p>The role of the IC/IT on DBFM projects has been reviewed with SE Hub.</p>	<p>Existing Homes</p> <p>In-house team of experienced and knowledgeable building surveyors have considerable input to design specification to provide a clear and detailed brief.</p> <p>Regular design team meetings provide relevant level of assurance that designs are developed in line with project specifications.</p> <p>Detailed performance specification developed for external contracts</p> <p>Delivery team leaders carry out regular site visits to ensure compliance with specifications.</p> <p>New Build</p> <p>In-house team of experienced and knowledgeable project managers have considerable input to design specification to provide a clear and detailed brief.</p>

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
			<p>Risk register is prepared and regularly reviewed for each project by the project team.</p> <p>Construction Project Managers monitor compliance with brief as designs and specifications are developed. Clerk of Works ensure compliance with specification during construction period.</p> <p>An independent Employer's agent is appointed to monitor compliance with contract.</p> <p>Legal remedies within JCT building contracts to address any performance or quality issues.</p> <p>National Housing Trust LLPs Refer to 1.1 above</p> <p>The Council does not have a build contract through NHT. The Council provides loan funding to the LLP which purchases homes on completion, subject to homes meeting standards and specifications. The LLP Boards of Management, which includes a Council representative, receive quarterly updates from the Monitoring Surveyor throughout the construction period with any issues identified and addressed.</p> <p>Six of the NHT developments are complete, with the final two now in advanced stages of construction. As with</p>

Cole Recommendation		Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
				<p>all NHT developments, the Monitoring Surveyor will certify that the homes are practically complete, and the specification has been met. LLP can legally depend upon this certification.</p> <p>LLPs receive an NHBC Warranty or equivalent which includes structural defects cover. The LLPs and CEC receive collateral warranties from each of the design team members and construction sub-contractors.</p> <p>LLPs have a retention function to ensure any defects or quality issues are appropriately addressed.</p>
1.3	<p><u>Public bodies cannot delegate duties</u></p> <p>There should always be appropriate levels of independent scrutiny in relation to all aspects of design and construction that are in effect largely or partly self-certified by those producing them.</p>	Yes	<p>P&FM ensure that project budgets allow for project support from relevant professionals to provide an appropriate level of independent scrutiny (Intelligent Client). This includes scrutiny of engineering and architectural design and specifications.</p> <p>CoW and associated quality compliance arrangements are outlined in Table 1</p> <p>On PPP contracts, the P&FM PPP Management team regularly check a sample of maintenance requirements to ensure they have been carried out under the contract. They have also arranged for the full scope of recent works undertaken by the contractor in response to specific issues, including fire stopping, ceiling repairs and roof maintenance, to be independently verified.</p>	<p>Existing Homes</p> <p>Role of Clerk of Works function established at project inception meeting. Depending on capacity and project complexity external expertise is sought through professional services framework.</p> <p>Project feasibility will assess which elements will require external expertise/additional capacity and are built into project costs.</p> <p>Designs are reviewed by in-house designers at key stages.</p> <p>Supplier staged inspections take place where appropriate.</p> <p>New Build</p>

Cole Recommendation		Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
				Refer to 1.1 and 1.2 above. National Housing Trust LLPs Refer to 1.1 and 1.2 above.
1.4	Building it right first time '.... public bodies should include appropriate investment in the provision of informed independent scrutiny of projects when they are being designed and constructed.....rather than clients subsequently seeking to rely on their ability to seek remediation of compensation It is the view of the inquiry that seeking savings through cutting investment in quality assurance is inevitably a false economy'	Yes	Table 1 above captures arrangements for independent scrutiny. In addition, internal design professionals are deployed in an Intelligent Client capacity. On Hub delivered D&B and DBFM projects, P&FM have secured ongoing design team engagement and visibility post novation. This was a historic weakness with the D&B and DBFM procurement route.	Existing Homes On large scale improvement works, intrusive surveys are carried out to establish structural condition, and additional external expertise is employed through the professional services framework, as required. A national benchmarking organisation has been commissioned to review the Housing Service's asset management strategy. The output of this work will include revisions and improvement actions, including up to date stock condition information. Refer to 1.1. above re. contract management. New Build Refer to 1.1 and 1.2 above. National Housing Trust LLPs Refer to 1.1 and 1.2 above.
1.5	Quality of design and construction There should be a more informed approach by public bodies as to how best practice methodologies can be incorporated into current models of procurement whilst	Yes	The provisions for ensuring that best practice is delivered through the selected procurement route is reviewed and challenged on a regular basis. This is informed by the lessons learned workshops which are an embedded feature of major projects and programmes.	Existing Homes Refer to 1.4 above. Design project plans are developed by HP. Repeat projects factor in lessons learnt to inform and revise future specifications.

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
<p>maintaining other benefits of these processes.</p> <p>A key element is a clear articulation in a comprehensive brief by the client of the quality objectives for the project and of the methodology to be used for ensuring the achievement of that quality in both the design and construction phases.</p> <p>Appropriate time and resources should be allocated by clients during the initial stages of a project and during the development of the brief in order to establish and clearly define these quality objectives and approaches to ensuring quality</p>		<p>DBFM projects are all currently delivered though SE Hub. Following CEC P&FM engagement, SE Hub have taken action with regard to key 'weaknesses' of the D&B and DBFM routes in response to the Inquiry recommendations with processes and procedures now in place.</p> <p>The recommendation to ensure time and resources are allowed is being addressed at Project Initiation by Client Directorates and P&FM as part of the early project planning.</p> <p>The need for Clients to develop an adequate brief which also addresses quality objectives and the methodology for delivering those objectives is a current area of focus. This is being supported by P&FM Intelligent Client engagement.</p>	<p>Going forward HP are introducing a contract close down meeting to discuss lessons learnt. These will be fed back through contract management board.</p> <p>New Build Refer to 1.1 and 1.2 above. All tenders based on both quality and price criteria.</p> <p>National Housing Trust LLPs Refer to 1.1 and 1.2 above. NHT Contracts stipulate that in order for the LLP to purchase the homes they must meet all the requirements of legislation, Good Industry Practice, all relevant consents, and specifications</p>
<p>2.1</p> <p><u>Nature of Inspection</u> Inquiry view that one possible option would be to extend the range of services in the appointment of the IC to include the provision and management of CoW services</p>	<p>Yes</p>	<p>(Note the IC/IT role relates to DBFM type projects which are typically delivered through Hub)</p> <p>The approach to include the CoW within the IC/IT appointment has been incorporated into the procurement and appointment for the IC for the new Queensferry HS DBFM. This arrangement is in place and operational across DBFM projects</p> <p>The IC/IT scope of service has been aligned to the SFT scope with additional items included.</p> <p>This will be the approach to all DBFM projects with IC/IT appointments going forward.</p>	<p>Existing Homes Refer to 1.1, 1.2 and 1.3 above Where appropriate, independent inspections are carried out by suppliers to ensure compliance of specification and correct installation.</p> <p>New Build Refer to 1.1 and 1.2.</p> <p>National Housing Trust LLPs Refer to 1.1 and 1.2.</p>

Cole Recommendation		Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
2.2	<p>PI insurance and liability Period Level of PI insurance and liability period for IC should be assessed to properly and appropriately reflect the significance of their Certification processes and the degree of reliance that is to be placed on it.</p>	Yes	<p>(Note the IC/IT role relates to DBFM type projects which are typically delivered through Hub)</p> <p>This has been included in the DBFM IC/IT appointments (which picked up scope of service and fees of IC service).</p> <p>Hub IC and Design Team PI provide for £10m on each and every claim.</p>	<p>Existing Homes Contractors/consultants are screened for appropriate Professional Indemnity insurance as part of procurement process, evidence provided at outset and reviewed on an annual basis by Housing Property.</p> <p>New Build All external consultants and COW have appropriate levels of cover in place.</p> <p>National Housing Trust LLPs Refer to 1.1 and 1.2 above. All external consultants have appropriate levels of cover in place.</p>
2.3	<p>Method of appointment of IC Appointment of IC should be made following properly advertised and conducted public procurement process and not through nomination or recommendation by private sector party</p>	Yes	<p>(Note the IC/IT role relates to DBFM type projects which are typically delivered through Hub)</p> <p>IC/IT appointments follow SG/SFT guidance through the Hub process.</p> <p>The appointment for the IC (including CoW) for Queensferry High School DBFM has been subject to market tendering through HubSE and not on an 'informal recommendation' by the contractor as appears to have been the case on PPP1.</p> <p>This reflects CEC practice on all DBFM.</p>	<p>Existing Homes N/A</p> <p>New Build All appointments for consultants, employer's agents and COW follow a compliant, advertised process.</p> <p>National Housing Trust LLPs Refer to 1.1 above. NHT procurement was part of a Scottish Government national procurement framework administered by the Scottish Futures Trust. No further phases of NHT are envisaged.</p>
2.4	<p>Fees of IC 'fees should reflect the level of service required rather than the service being restricted to fit a predetermined budget'</p>	Yes	<p>(Note the IC/IT role relates to DBFM type projects which are typically delivered through Hub)</p> <p>The level of service of the IC based on the SFT scope of works documentation and any adjustment by the</p>	<p>Existing Homes N/A</p> <p>New Build</p>

Cole Recommendation		Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
			participant is subject to tender and priced through competitive market tendering by HubSE.	Fees for relevant external consultants are based on an agreed schedule of work which has been tendered and priced through competitive market tendering. National Housing Trust LLPs N/A
2.5	<p><u>Independent Inspection of works</u></p> <p>Public sector clients should engage appropriately qualified individuals or organisations with necessary construction expertise to undertake appropriate ongoing inspection of construction.</p> <p>Depending on the nature of the project, this inspection role, at the level at which the defects in the Edinburgh PPP1 schools occurred, is traditionally undertaken by a combination of resident architects, resident engineers and CoW, the use of whom has dramatically reduced over recent years, yet the essential role they played does not appear to have been effectively provided for by alternative arrangements within the forms of procurement currently in vogue.</p>	Yes	<p>See Table 1 above for outline of approach taken by P&FM on all projects.</p> <p>This addresses the gap in assurance level.</p>	<p>Existing Homes Refer to 2.1 above.</p> <p>New Build Refer to 1.1 and 1.2 above.</p> <p>National Housing Trust LLPs Refer to 1.1 and 1.2 above.</p>

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
<p>Clients need to reappraise this gap in the assurance processes which has been allowed to develop.</p>			
<p>3.1 <u>Scope of service of design team</u></p> <p>'Under current models of procurement.... (D&B, DBFM for example) the relationship between the client and key members of the design team has tended to become at least one or more steps removed..... the extent of their appointment and levels of involvement of design team members (either with clients or on site) is now frequently delegated to contractors to determine'</p> <p>'Pubic bodies should review current procurement arrangements to ensure they are providing the optimum level of communication between clients and key members of the design team.... they may wish to consider how more direct communication could be incorporated into current forms of contract...'</p>	Yes	<p>P&FM have challenged SE Hub (a route for the majority of D&B and DBFM projects) around designer engagement. SE Hub have responded to the issue to ensure the designers are directly available with client engagement and meeting attendance.</p> <p>On non-hub procured D&B, provision is in place to facilitate direct engagement between the client and design team, particularly where the design team has a concern around the D&B contractor's quality.</p> <p>This is not an issue on traditional procurement where the design team remain directly employed by the client. This recommendation relates to D&B an DBFM.</p> <p>There is now provision across all project delivery routes to require that design teams carry out site quality inspections and report independently to project programme meetings.</p>	<p>Existing Homes N/A - the improvement programme uses traditional procurement methods.</p> <p>Internal principle designer puts together designs, which then forms part of the tender documentation. Any changes are captured and costed.</p> <p>New Build CEC appoints design teams and works with them to develop design specification to the required quality. Client project managers involved throughout design process and continue to be involved following novation to ensure quality standards are met.</p> <p>D&B contracts are used where CEC novate design team to contractor; this is done on the basis of an agreed schedule of services and fee level.</p> <p>National Housing Trust LLPs The last NHT procurement concluded in 2015. No further phases of NHT are envisaged.</p>
<p>3.2 <u>Role of design team in inspecting works on site</u></p>	Yes	See above 3.1.	<p>Existing Homes Refer to 1.1 and 1.2 above.</p>

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
<p>If clients do not wish to prescribe in their tender documentation the minimum level of services which they require to be provided by the design team when employed by the contractor They should at least require that submitted tenders include full description of the scope of the design team services, including any proposed role on the inspection of the works on site...'</p>		<p>On SE Hub delivered projects, arrangements are in place for the project team to be appraised of the scope of service of the design team and project roles which should be provided by the D&B contractor.</p> <p>P&FM have requested that on Hub projects going forward there is proper provision for ensuring design team involvement in works inspection (along with submissions of site inspection reports) which is in place for D&B and DBFM projects. Hub procurement currently captures all DBFM and a majority of D&B projects.</p> <p>On non-Hub D&B projects the framework designer's scope of work is known and will be transferred in full post-novation to the D&B Contractor and this will be reflected in the contract terms.</p> <p>There is a requirement for sight of design team site inspection reports at monthly project meetings.</p>	<p>New Build CEC provide an agreed schedule of services and fee as part of the novation to D&B contractor</p> <p>National Housing Trust LLPs Refer to 1.1 above.</p>
<p>3.3 <u>Notification of issues to public sector client</u> 'where possible, there should be a mandatory provision built into such contracts (D&B and DBFM) that where a contractor has failed to take appropriate action as advised by a member of the professional design team on issues that could impact on subsequent safety...of functionality...the consultant in question should be required to inform the public-sector client of</p>	<p>Yes</p>	<p>This is an issue around designers being employed by the contractor on D&B and DBFM and their associated terms of appointment.</p> <p>Arrangements outlined in 3.1 and 3.2 apply here.</p> <p>This is also a matter for the various design discipline's professional bodies to address. However, it should be expected that any issues of a safety nature would be escalated by a professional designer (H&S being everyone's responsibility).</p> <p>This is not an issue on Traditional Procurement route.</p>	<p>Existing Homes Refer to 3.1 above.</p> <p>New Build This has not presented as an issue within CEC housing new build projects. Pre-existing relationships with design consultants has ensured open and continuous dialogue between CEC, design teams, COW and contractors. However, there is an opportunity to further strengthen processes by including this as an absolute requirement.</p>

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
	the advice provided tot eh contractor		National Housing Trust LLPs Refer to 1.1 and 1.2 above.
4.1	<u>Production, retention and updating of information</u> mandatory protocols for receipt and processing of all such information within own organisations.	Part All projects delivered by P&FM have requirements in place to distribute Building Manuals on the following basis: <i>Paper and electronic copy to site, electronic copy to each of following, Facilities Management Technical Support Team, Strategic Asset Management and copy retained by Capital Programme Team.</i> Regarding project documentation, arrangements for document retention on the proposed CAFM system are still to be finalised once CAFM is fully rolled out across the service. However ongoing working arrangements are in place to ensure that electronic document is appropriately retained on the relevant shared drive.	Existing Homes Information is provided, but in variety of formats and stored in a variety of locations. This is a key area of review/improvement as part of the Asset Management Strategy. New Build All housing new build projects have requirements in place for the developer and design teams to deliver full H&S files, including drawings, operations manuals, tenant handbooks. These are stored electronically and shared with property and housing maintenance colleagues. There are ongoing discussions underway with CEC ICT to identify solutions to ensure that CEC has the capability to receive and store drawing information electronically. This includes setting up as shared drive with Housing Property to enable shared access to information. National Housing Trust LLPs The Council and the LLPs receive a suite of documentation as part of the settlement process. Operational and Performance monitoring information is presented to the LLP Boards of Management once the homes are occupied.

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
			Information provided to the Council to date has been in various formats and to various degrees. Work is being undertaken to help to standardise the format in which information is presented.
4.2	<p><u>Provision of as-built drawings</u> Design teams on D&B frequently unaware of changes so difficult for them to produce as-built drawings.</p> <p>Contractors should be required to put in place appropriate arrangements for the recording of all subsequent changes to final' construction issue' drawings and arrange for the production of a final as-built set of documents</p> <p>Contractors should also be required to certify that the 'as-built' documentation as provided is an accurate record.'</p>	<p>Yes</p> <p>This recommendation relates to Contractor's site quality processes.</p> <p>There is now specific challenge to ensure that contractor quality processes properly address the development of As Built Drawings during the construction period. This now forms part of Design team ongoing site inspections.</p> <p>It should be noted that the Principal Designer under CDM 2015 has to hand over the H&S file to the Principal contractor and make them aware of any issues to be considered when reviewing, updating and completing it.</p> <p>The Principal Contractor is responsible for issuing relevant information for inclusion in the file. This is based on guidance on the legal requirements of CDM 2015.</p>	<p>Existing Homes Design and build or DBFM are not used as part of the improvements programme.</p> <p>Where changes are identified through traditional procurement routes, the designer will issue updated drawings. Robust change management processes and inspection regime in place to monitor contract variations 'As-built' drawings are issued at the conclusion of the contract.</p> <p>Refer to 4.1 above re. storage and retention</p> <p>New Build As per P&FM response; however, this has not presented as a significant issue within new build housing projects. Quality processes require updated versions of drawings and specifications to be shared with client and COW.</p> <p>National Housing Trust LLPs Refer to 4.1 above.</p>
4.3	<p><u>Provision of as-built drawings to Building control</u> recommendation to provide</p>	<p>Part</p> <p>P&FM receive as built records as part of the completion process. These are held as outlined in 4.1 above. Copies can be made available to Building Standards if required though this process.</p>	<p>As per P&FM response</p>

Cole Recommendation		Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
	Building Standards with As Built as part of completion certificate.		<p>Currently there are no legislative requirements in place for Building Standards to receive As Built drawings.</p> <p>In the event that the legislation is altered, this requirement would be adopted by Building Standards at CEC.</p>	
4.4	<p><u>On-site accessibility of design information</u></p> <p>A comprehensive set of all information in regard to the construction of external cavity walls should be provided on a document produced by the structural engineering consultants</p>	Yes	<p>Construction information is provided as part of the design information provided to the contractor.</p> <p>Arrangements are in place, through the briefing process, to ensure that required information is incorporated in structural engineering design packages.</p>	<p>Existing Homes Refer to 3.1, 4.1 and 4.2 above.</p> <p>New Build This information is provided in general terms as part of the Structural Engineer's specification information and in line with relevant British standards.</p> <p>The Council-wide standardised process being developed by the TWG will be reviewed to identify whether there are opportunities to further strengthen processes.</p> <p>National Housing Trust LLPs Refer to 3.1 above.</p>
4.5	<p><u>Communication of design intent</u></p> <p>Structural engineers should be required to describe in their documentation and drawings the approach and design philosophy adopted in their designs in terms of the reliance on the inclusion of bed joint reinforcement, wall head and lateral restraints or windposts in the required</p>	Part	<p>This is addressed as part of 4.4 above.</p> <p>While this is in place it is apparent that there is a need for further refinement. To ensure consistency across all P&FM projects, the TWG are drawing up guidelines.</p>	<p>Existing Homes Robust scope of works informs design.</p> <p>New Build Refer to 4.4 above.</p> <p>National Housing Trust LLPs Refer to 4.1 above.</p>

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
	locations and in accordance with the specification....		
4.6	<p><u>Structural amendments to be approved</u></p> <p>Contractors should ensure that any changes to structural design are only implemented after checked by Structural Engineer and that these are documented and processed in accordance with statutory obligations imposed by Building Standards</p>	<p>Yes</p> <p>Amendment to warrant process is in place across all projects as it is a statutory obligation.</p> <p>Contractor Quality processes are reviewed to ensure that this is fully addressed. In addition, there is audit of compliance with the process. Audit of quality processes is in place (ref 5.5 below).</p>	<p>Existing Homes Refer to 3.1 above.</p> <p>Robust change management processes and traditional procurement route safeguards against this.</p> <p>New Build Amendment to warrant process is in place as it is a statutory obligation. Structural Engineer sign-off is required as part of CEC and COW aligned quality control processes.</p> <p>National Housing Trust LLPs Refer to 1.1 and 1.2 above.</p>
4.7	<p><u>Access to original construction information</u></p> <p>CEC was not automatically provided with all relevant design, construction and survey information relating to the original construction, the subsequent investigations and implementation of remedial works on PPP1 schools.</p> <p>In response to requests for elements of information the Council was advised by various members of the (PPP) supply chain that it did not have direct contractual right to this</p>	<p>Part</p> <p>The events around PPP1 Stage 2 schools reflect the usual contract arrangements in place.</p> <p>On new Hub DBFM, the CEC PPP contract Management Team will be getting access to the design archive (via a shared portal). There still a need to agree a suitable level of information released and provisions for access to greater levels of detailed information as required. This will be developed with the delivery of the current DBFM school, Queensferry High School.</p> <p>The roll out of the CAFM system will also provide scope for storage and retention of these large electronic files.</p>	<p>Existing Homes Refer to 4.1 above.</p> <p>Through traditional procurement route, information flows directly to the internal designer to ensure provision.</p> <p>Archived information is used where possible to inform project scope and design. Where there is insufficient information, additional surveys are commissioned. Ownership of drawings is written into contracts and forms part of the procurement process.</p> <p>New Build N/A</p>

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
<p>information and would have to seek it through ESP.</p> <p>PPP contract arrangements should incorporate the right for public sector clients to be provided with copies of all design and technical information, surveys, proposed amendments and as built documentation in relation to their projects.</p>			<p>National Housing Trust LLPs Refer to 4.1 above.</p>
<p>5.1 <u>Building of leaves of cavity walls separately</u> Implications of building inner and outer leaves separately. Recommendation that alternative construction adopted to avoid the issue.</p>	Yes	<p>CEC response to this recommendation has been to clearly specify that both leaves are constructed together.</p> <p>Should there be a strong and fully justifiable reason to construct separately and this would have to be with specific Authority approval.</p> <p>In such cases the contractor would be required to provide a detailed method statement signed off by the structural engineer, architect and parties monitoring quality (e.g. CoW). Specific site supervision and quality checking would be a key requirement of any such agreement.</p>	<p>Existing Homes N/A</p> <p>New Build The majority of CEC housing projects are timber frame construction and the leaves are therefore constructed separately. Site supervision and quality control is monitored by COW. Engineers and contractors required to provide specification for wall ties.</p> <p>National Housing Trust LLPs Quality control monitored by Monitoring Surveyor.</p>
<p>5.2 <u>Design of wall ties</u> suggestion to calibrate wall ties</p>	–	This is an industry/supplier issue.	As per P&FM response
<p>5.3 <u>Design of head restraints</u> simplification of type for specification purposes and also consideration of provision of visible indicators to confirm presence</p>	–	This is an industry issue.	N/A

Cole Recommendation		Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
5.4	<p><u>Payment of Bricklayers</u></p>	–	<p>This is an industry Issue.</p> <p>There is possibly scope for SFT to influence this through the Hub framework.</p>	N/A
5.5	<p><u>Contractor quality assurance processes</u></p> <p>The repeated failures across many different (PPP1) projects would suggest that either the quality processes themselves or the manner in which these processes were implemented have frequently proved inadequate</p> <p>Construction industry should seek to introduce, develop and promulgate standardised best practice.</p> <p>The design of such processes should consider the potential of greater use of modern technology in relation to digital recording of such areas of work'</p>	Yes	<p>This relates to Contractor quality processes.</p> <p>Contractor quality processes have advanced and been refined since the PPP1 Schools contract. Examples include all contractors now having Quality Policies, Risks and Method Statements. They now have internal quality managers and execute internal Health and Safety inspections and utilise digital snagging portals with photographic records. etc.</p> <p>It is clear that any process should be reinforced by independent checking. P&FM addresses this through project quality monitoring arrangements.</p> <p>On CEC D&B projects, the Technical Advisor (TA) has a specific responsibility in checking and auditing the Contractors Quality Processes with the provision of CoW addressing site inspection.</p> <p>DBFM have additional provisions for Independent Certifiers to which arrangements are being made for deployment of CoW.</p> <p>On Traditional Procurement, the design team are obligated to inspect contractor quality processes and report findings as part of their monthly site inspection reports.</p>	<p>Existing Homes Refer to 1.1, 1.2 and 3.1 above.</p> <p>New Build Refer to 1.1 and 1.2 above. Starting to make use of digital recording where available.</p> <p>National Housing Trust LLPs Refer to 1.1 and 1.2 above.</p>

Cole Recommendation		Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
			<p>Table 1 above outlines the various parties engaged on projects of different types.</p> <p>There are industry wide contractor quality processes initiatives underway. P&FM along with SE Hub are monitoring to ensure contractors adopt industry best practice. This work is ongoing.</p>	
5.6	<p><u>Inspections and sign off of cavity walls</u> recommended that QA processes on site are such that they prevent the closure of walls before proper inspection and sign-off has been facilitated to confirm the quality and completeness of the work</p>	Yes	<p>Contractor quality process have specific provisions around inspections of works prior to 'closing up'. This is reinforced during procurement process.</p> <p>In addition, this is addressed as part of the CoW deployment ensuring CoW inspect identified works prior to closing up.</p> <p>The Council's Building Standards Service has implemented a change to its construction compliance notification plan. This simplifies the process and uses a risk based approach to site inspection. Training has been provided to staff on this.</p> <p>Nationally, the Scottish Government is considering changes to the requirements for CCNP and site inspection through its "Making Scotland's buildings safer for people" consultation. The Council will implement changes the Scottish Government requires once these are put in place.</p> <p>-</p>	<p>Existing Homes N/A</p> <p>New Build This is part of the quality control processes that are agreed between contractor, CEC and COW at the outset.</p> <p>National Housing Trust LLPs Refer to 5.1 above.</p>
5.7	<p><u>Bricklaying profession</u> construction industry to re-examine approach to recruitment, training, selection</p>	-	<p>While this is essentially a matter for the wider industry, CEC probe this issue at PQQ tender interview stage.</p> <p>There may be scope for SFT to influence this.</p>	No further comment

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
	and appointment of brick laying subcontractors...'		
5.8	<p><u>Fire stopping and fire proofing</u> recommendation to have independent in-depth inspection and certification by a suitably qualified person of company and that this certification be provided to Building Standards as evidence of fully compliant installation prior to approval of Completion Certificate by Building Standards</p>	<p>Yes</p> <p>In summer 2018, the Government set new requirements for assessment of the fire safety aspects of building warrant applications, depending on their complexity. Since then the Council has commissioned independent fire engineers to assess applications of greatest fire safety complexity.</p> <p>Multivista type records will also address specific record of fire stopping condition on completion.</p>	<p>Existing Homes Refer to 1.1 and 1.2 above. Specifically on large scale external fabric upgrades, the supplier will carry-out independent staged inspections to ensure materials have been installed to specification in advance of certificates being issued which supplements in-house staged inspections.</p> <p>In the interest of recognising emerging best practice, Housing Property will procure a call-off contract that will provide an independent in-depth fire inspection and certification where deemed appropriate.</p> <p>New Build and National Housing Trust LLPs No further comment, will link with industry developments</p>
6.1	<p><u>Provision of training and recruitment</u> appropriate authorities to review the current level of provision of training in following areas: bricklaying, CoW, Building Stds Inspectors</p>	<p>National issue.</p> <p>There is scope on frameworks (including Hub) which already have KPI provisions for training and apprenticeships.</p> <p>A challenge for the industry would seem to be its ability to respond to the swings in demand impacting on the retention of trained staff during downturns.</p>	<p>Existing Homes Contractors are screened through PQQ and ITT process to ensure they are adequately skilled. Compliance is monitored through monthly contract management meetings.</p> <p>Training matrix in place for internal staff, which is regularly reviewed.</p>

Cole Recommendation		Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
				New Build and National Housing Trust LLPs No further comment. Appropriately skilled COW in place for all CEC new build projects.
6.2	Apprenticeships CITB issue around effectiveness of current bricklayer apprenticeships	–	While there is scope to influence the industry through KPI's etc. this is fundamentally an Industry training issue.	Encourage and promote apprentices and community benefits through all housing projects
7.1	Scope of Building Standards inspections and certification 'need for Government and ...industry to consider the introduction of methods that would provide Buildings Standards with the required level of assurance in risk areas..... consider extending the concept of mandatory inspection and certification .by approved certifiers....		The Scottish Government is considering this through its "Making Scotland's buildings safer for people" consultation. Once any statutory, certified, mandatory inspection provisions are in place this will be readily adopted.	N/A
7.2	Sanctions for non-compliance with building standards 'systematic and appropriate administrative arrangements should be developed and implemented by verifiers to identify pursue and sanction those who fail to comply with its statutory requirements'.		National Buildings Standards issue presently with Government	N/A
7.3	Temporary Occupation certificates issue around IC issue of Availability Certificate on back of confirming provision of a	Yes	This relates to PPP type projects around the IC requirement to ensure Temporary Occupation Certification is in place before issue of Certificate of Availability.	Existing Homes Broadly not applicable to improvement programme. Where appropriate, full

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
<p>Temporary Occupation Certificate (formally advising the Client of this position)</p> <p>Additionally, there should be a requirement that a date should be set by which the Project Company achieve the Certificate of Completion (post occupancy) of be in default</p>		<p>On current DBFM projects the Project Company is SE Hub. SE Hub ensure there is a programme towards securing the final certificate at time of issue of Certificate of Availability under a Temporary Occupation Certificate</p>	<p>project retention would not be released until completion certificate is in place.</p> <p>New Build and National Housing Trust LLPs No further comment</p>
<p>7.4</p> <p><u>Prioritisation of risk factors</u> this relates to Building Standards inspector site inspection arrangements</p>	<p>Yes</p>	<p>The Council's Building Standards Service has implemented a revised Construction Compliance Notification Plan which priorities inspections in relation to risk.</p>	<p>N/A</p>
<p>7.5</p> <p><u>Building standards Department of the City of Edinburgh Council</u> review of staffing in CEC Building Standards</p>	<p>Part</p>	<p>Staff levels within the Council's Building Standards Service are kept under review. Additional staff have been brought into the service during 2017 and 2018. Training is being implemented to ensure that new employees develop the skills and experience they require to ensure the Service can fulfil its requirements.</p>	<p>N/A</p>
<p>8.1</p> <p><u>Sharing of information on matters of structural concern</u> collation and dissemination of information of structural concerns</p>	<p>No</p>	<p>This would be a national initiative and would be welcomed.</p> <p>Following the events around Oxfangs, CEC did respond positively and fully supported every request from SFT to and other local authorities share information.</p>	<p>As per P&FM comment</p>
<p>9.1</p> <p><u>Minor changes within PPP1 schools</u> Frustration from members of staff and public around changes on PPP estate</p>	<p>Yes</p>	<p>This relates to the provision of minor changes within the schools.</p> <p>There is a process for both PPP and DBFM contracts regarding such changes.</p>	<p>N/A</p>

Cole Recommendation		Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
			Whilst the School Business Managers (school contact for PPP team) are given an induction to PPP processes and are aware of the roles and responsibilities regarding contract variations, there appears to be a need to provide more information to the wider school staff and public. This has been followed up by the PPP Management Team.	
9.2	<u>Parents' and schools' review of management of closure</u> Joint meeting with Parent Councils	Yes	Meeting held 6 June 2017.	N/A
9.3	<u>Fire stopping</u> It is recommended that CEC should, in addition to the ongoing checking of fire safety measures and components across its wider estate, require that appropriately frequent on-going inspections are undertaken by those responsible for the management of these buildings.	Yes	P&FM have introduced a PPM programme across the estate which will include fabric as well as M&E inspections, maintenance and certification including quarterly checks/repairs for fire doors, seals etc A Fire Strategy Manager is also being appointed who will, amongst other items look at ensuring that the fire compartmentalisation of buildings and fire alarms/suppression is fully captured within a property specific fire register. This includes details of firestopping.	Existing Homes Quarterly inspections carried out by fire service on higher risk buildings. Inspections are carried out every 5 years to medium risk buildings. Any concerns are reported to Housing Property and necessary actions are taken to resolve. Housing management carry out weekly inspections of common areas in high risk blocks to ensure fire safety compliance. Any issues are reported and repaired as required. New Build Refer to Existing Homes above National Housing Trust LLPs Scottish Futures Trust undertook a nationwide review of NHT LLPs, with recommendations to be rolled out across the LLP Boards of Management in an SFT Guidance Note. This will include a

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
			recommendation around inspections, which would be undertaken by the management and maintenance agent appointed for each development.
10.1	<p><u>Further Investigations (Other Clients of recently constructed buildings)</u></p> <p>In relation to the potential presence of further defective construction in the external walls of other of their buildings, the CEC in undertaking a proportionate and structured risk-based approach to investigating their wider estate specifically the issue identified in PPP1 Estate, i.e. wall tie embedment and the provisions of appropriate restraints to masonry panels. 'other clients of recently constructed buildings of a similar scale and form of the constructions to the PPP1 schools, if concerned that their buildings may contain similar defects, may wish to adopt a similar risk-based approach to any investigation process as they may feel necessary'</p>	<p>Part</p> <p>CEC initiated a review of the wider estate prior to the publication of the Cole Inquiry Report.</p> <p>The Cole Inquiry Report refers to the 'proportionate and structured risk based approach' to investigating the wider CEC Estate (ref CLT Report of August 2016 for Mandate).</p> <p>CEC developed a process which has been widely shared with other interested parties, SFT and Scottish Government.</p> <p>Remediation work has been identified as a requirement on 23 out of 141 buildings or extensions assessed in Tranche 1 (buildings or extensions constructed from 1995 to date).</p> <p>On Tranche 2 (buildings or extensions constructed between 1975 and 1994) 22 properties out of an initial assessment of 95, have shown a need for an intrusive investigation. To date no requirement for associated remediation works has been identified. This exercise continues. The current programmed completion date for Tranche 2 is Autumn 2019.</p>	<p>Existing Homes</p> <p>Housing Property contributed to the Council-wide quality assurance audit. Further assurance work was initiated following the Grenfell Tower Fire. Initial inspections were carried out across all 44 Council owned tower blocks in the city. A robust communications strategy was implemented, working in partnership with Local teams and SFRS, focused on providing reassurance to residents.</p> <p>The Council also commissioned an independent fire safety inspection of the tower blocks across Edinburgh.</p> <p>Weekly safety inspections are carried out by Locality colleagues and block inspections continue to be carried out by SFRS on a quarterly basis.</p> <p>New Build</p> <p>New build housing team contributed to the Council-wide quality assurance audit for Capital projects, producing a 'Quality Assurance in Council House Building' document.</p> <p>National Housing Trust LLPs</p> <p>A review of NHT developments took place as part of the Council wide response</p>

Cole Recommendation	Arrangements in place Yes/Part/ No	Property and Facilities Management	Housing
			<p>following the Cole report. The scope of this review was expanded following the Grenfell Tower Fire to take account of specific fire assurance matters, culminating in the SFT Guidance Note referenced above.</p>

Governance, Risk and Best Value Committee

10:00am, Tuesday 15 January 2019

Colleague Opinion Survey 2018 – referral from the Corporate Policy and Strategy Committee

Item number	7.13
Report number	
Wards	All

Executive summary

The Corporate Policy and Strategy Committee on 4 December 2018 considered the attached report by the Chief Executive summarising the results of the Colleague Opinion Survey 2018 and the next steps planned. The Committee approved the report's recommendations, and also to add a further recommendation: "Committee agrees that a 26% response rate is very low for an all staff survey and asks officers to bring back an update on works taking place to improve the rate of return among colleagues, as part of the update report in the New Year".

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

Terms of Referral

Colleague Opinion Survey 2018 – referral from the Corporate Policy and Strategy Committee

Terms of referral

1.1 At its meeting on 4 December 2018 the Corporate Policy and Strategy Committee considered the attached report by the Chief Executive summarising the results of the Colleague Opinion Survey 2018 and the next steps planned.

1.2 Motion

- 1) To note the results of the Colleague Survey 2018.
 - 2) To note the commitment to engage with colleagues to develop a robust action plan to address the issues raised in the New Year.
 - 3) To refer the report to the Governance, Risk and Best Value Committee.
 - 4) To note that an update report would be provided to the Corporate Policy and Strategy Committee in the New Year on actions taken.
- moved by Councillor McVey, seconded by Councillor Day

1.3 Amendment 1

Delete the recommendations in the report and replace with:

- 1) Committee notes the results of the Colleague Opinion Survey 2018 and expresses concern that the number of staff engaging has dropped significantly and that:
 - a) Overall satisfaction in working for the Council has dropped
 - b) Colleagues feel they have a far less access to the information and skills they need to do their job than they did in 2012 or 2014
 - c) While Colleagues overwhelmingly recognise the need for change very few, and a falling proportion, feel they have a say in that change or that it is well managed
 - d) Senior management visibility and confidence in their decisions is lowest in Place and Health and Social Care Directorates where the Council is underperforming, where change is most needed and where recruitment can be a serious barrier to delivery.

- 2) Committee considers that these issues flow directly from the SNP/Labour Administration and its predecessor's implementation of past transformations programmes which have
 - a) changed staffing structures but have fundamentally failed to change working practices and deliver modernised ICT solutions to allow staff to deliver for the public
 - b) involved constraints on change, such as the "no compulsory redundancy policy", which work against resolving the Council's budgetary and operational issues efficiently or effectively
 - c) relied too heavily on an engagement programme with the Trade Unions, who have opposed change, when more meaningful direct engagement with staff could have developed better working practices, given staff direct involvement and used their collective knowledge of the service and worked to improve services based on customer need.
 - 3) Committee notes the commitment to engage with colleagues to develop a robust action plan to address the issues raised in the New Year and agrees that this report should develop proposals to address the barriers outlined at 1.2 above in order that these can be addressed in any the future strategic change programme.
 - 4) Committee agrees to refer the report to the Governance, Risk and Best Value Committee for further scrutiny.
 - 5) Committee further agrees that an update report will be provided to CP&S at its February 2019 meeting on the actions being developed and taken.
- moved by Councillor Whyte, seconded by Councillor Doggart

1.4 **Amendment 2**

In similar terms to the motion, with the addition of:

- 5) Committee agrees that a 26% response rate is very low for an all staff survey and asks officers to bring back an update on works taking place to improve the rate of return among colleagues, as part of the update report in the New Year.
- moved by Councillor Mary Campbell, seconded by Councillor Booth

In terms of Standing Order 21.11, Amendment 2 was accepted as an addendum to the motion.

1.5 Voting

For the motion (as adjusted)	-	8 votes
For the amendment	-	3 votes

(For the motion – Councillors Aldridge, Booth, Mary Campbell, Day, Macinnes, McVey, Perry and Rankin.

For the amendment – Councillors Jim Campbell, Doggart and Whyte.)

1.6 Decision

To approve the adjusted motion by Councillor McVey.

For Decision/Action

2.1 The Governance, Risk and Best Value is invited to consider the report.

Background reading / external references

[Webcast of Corporate Policy and Strategy Committee - 4 December 2018](#)

Laurence Rockey

Head of Strategy and Communications

Contact: Allan McCartney, Committee Services

Email: allan.mccartney@edinburgh.gov.uk | Tel: 0131 529 4246

Links

Appendix 1

Colleague Opinion Survey 2018 - report by the Chief Executive

Corporate Policy and Strategy Committee

10am, Tuesday, 4 December 2018

Colleague Opinion Survey 2018

Item number

Report number

Executive/routine

Wards

Council Commitments

Executive Summary

This report summarises the results of the Colleague Opinion Survey 2018 and the next steps planned.

Results from the survey show that colleagues feel their work is interesting, rewarding and allows them to make best use of their skills, with most having a good work-life balance. Colleagues take a significant amount of pride in what they do and personal satisfaction in the contribution they make to the city is generally high. Colleagues are more positive about most aspects of line management than in previous surveys, with line managers more likely to be rated as approachable, open, honest, and listening to feedback.

However, in keeping with the wider environment for all public sector workers and reflecting a period of substantial change across the Council over the last 4 years there are also clear areas for improvement. In particular, while colleague awareness of the need for change within the council and its services was high, colleagues didn't feel sufficiently engaged or involved in key decision making across the organisation and also felt that leaders and managers could be more visible with a better approach to communication. While colleagues feel they have the right work life balance colleagues also felt that they do not always feel that they have the right tools and capacity to do their jobs well.

Senior Management Teams are receiving briefings on the findings and the Corporate Leadership Team has committed to engage with colleagues extensively over the development of a robust action plan to address the highlighted issues.

Colleague Opinion Survey 2018

1. Recommendations

- 1.1 Note the results of the Colleague Survey 2018.
- 1.2 Note the commitment to engage with colleagues to develop a robust action plan to address the issues raised in the New Year.
- 1.3 Refer the report to the Governance, Risk and Best Value Committee.
- 1.4 Note that an update report will be provided to CP&S in the New Year on actions taken.

2. Background

- 2.1 The Corporate Leadership Team committed to survey colleague opinions in order to proactively identify areas of strength and areas for improvement in respect of the internal workings and culture of the council.
- 2.2 Between 16 April and 29 June 2018, all colleagues were invited to take part in a survey about their experience of working for the Council and their satisfaction with various aspects of their job. Colleagues with email addresses who were believed to have regular access to email were contacted directly. Colleagues without email or regular access to email had forms sent to their place of work. Colleagues with no regular place of work had forms sent to their home address.
- 2.3 The survey was similar to that used in 2014 and 2012, and some indicators have been used in colleague surveys as far back as 2006.
- 2.4 The Council has submitted its colleague survey to competitive tender on each wave. In 2018 the successful bidder was Ipsos Mori. The Council retains the services of an independent research agency to assure colleagues of confidentiality when giving their views. Technical and ethical safeguards are in place to ensure no individual member of staff can ever be identified from any results which are seen by any employee or elected member of the City of Edinburgh Council.
- 2.5 Prior to committee receiving these results, briefings were conducted with the Corporate Leadership Team and the Senior Management Teams for all Directorates.

3. Main report

Response rates

- 3.1 Ipsos Mori received a total of 4,788 responses from colleagues in electronic and paper form. This is a significant number of people and yields results that can be effectively used as an evidence base for analysis and action within the council. However, it is a reduction in terms of overall percentages from 39% in 2014 to 26% in 2018.
- 3.2 It is likely that a number of factors have contributed to this reduction in the overall response rate. As with other public sector organisations dealing with significant reductions in public spending over the last 10 years but particularly since 2014, the City of Edinburgh Council has experienced a previously unprecedented level of organisational change. The council has also seen significant change in its management and leadership, including the centralisation and restructuring of corporate services, and significant changes in both its political and managerial leadership. This is also likely to have impacted colleagues work experience, the willingness to respond to the survey and the attitudes expressed by those who were able to complete it.
- 3.3 The Council also has a significant number of employees who work across the city in schools, depots and in the community directly. Many of these do not have access to IT, in part because it's not necessary for their role, and don't always have a primary identity as a Council worker, which does impact on return rates. Colleagues in the Health and Social Care Partnership were also being simultaneously surveyed by the Care Inspectorate, which may have impacted on willingness to participate in the colleague survey. In combination, these factors will all have contributed to the return rates but nearly 5,000 responses remains a credible number to inform a robust action plan.

Results

- 3.4 Colleagues reported broadly similar levels of good personal morale (55% agreed), and interesting work (85%) that allows them to use their skills (69%) and which they find rewarding (73%) as they did in 2014. Most colleagues also feel they achieve a good work-life balance (59% in 2018 and 2014). Perceptions of overall workload are similar between 2014 and 2018, with 49% agreeing their workload is acceptable, while 38% disagree.
- 3.5 The Council's investment in leadership development over the last several years appears to have delivered positive results in relation to line management. In the Council as a whole, colleagues are now more likely than in previous years to rate their line manager as approachable (81% agreed), open and honest (73%), and as someone who listens (71%) and recognises achievement (67%).
- 3.6 However, despite this, there are notable areas for improvement highlighted by the survey. Satisfaction with the working for the Council was 55% in 2018, compared to

62% in 2014 and 58% in 2012 and colleagues were less likely to recommend the Council as a great place to work in 2018 (39% agreed) than in 2014 (48%) or 2012 (44%). Colleagues were also less likely than in previous years to say that they had the tools, information and training needed to do their jobs.

- 3.7 For the first time in 2018, colleagues were asked to rate aspects of the perceived performance of their Executive Directors and Heads of Service. Colleagues felt that the visibility of these senior leaders was generally low and, perhaps as a result, confidence in senior management decision-making was also low compared to the high ratings in respect of line management.
- 3.8 While colleagues still reported understanding the need for change (75% agreed in 2018 and 2014), they were less likely to feel that they were kept informed about change which affected them (47% in 2018, 52% in 2014) or to feel that they have an opportunity to have a say on change that affected them (26% in 2018, 29% in 2014).
- 3.9 Colleagues generally found communications to be more useful when the source was closer to their own area of work, with conversations with colleagues being the most valuable source, then line manager and team briefings. Electronic and paper communications were generally less valued than face-to-face contact.
- 3.10 There were significant and clear patterns in colleague opinion based on various demographics. In most cases the differences between groups were less than 10%:
 - 3.10.1 Bearing in mind that the council employs more women than it does men, the survey showed that women were generally more positive and more satisfied with all aspects of working for the Council than men;
 - 3.10.2 While there was no clear pattern linked to age, those in their first year of service with the Council were usually more positive about all aspects of work than those with longer service. Those who had served between five and ten years were least positive;
 - 3.10.3 Those who reported themselves as having a long-term condition or who considered themselves to have a disability were generally less satisfied with all aspects of work than those who did not self-classify in this manner; and
 - 3.10.4 Those with caring responsibilities for children were generally more positive than those without any caring responsibilities, though the difference was usually around 5%. There was insufficient data to make a similar judgement about those with caring responsibilities for adults.

Next Steps

- 3.11 The Corporate Leadership Team has considered the findings of the survey and has committed to a comprehensive and robust action plan that is developed in consultation with colleagues.

- 3.12 Directorate Senior Management Teams are receiving detailed briefings and have been tasked, in the first instance, with identifying quick changes that can be locally implemented and which will demonstrate immediate improvements based upon colleague input.
- 3.13 Building on this, each Directorate will engage and consult with its own colleagues in order to support the development of further actions that may require more detailed development or need to be addressed corporately across the council. This work will be supported and coordinated by Strategy and Communications and the Human Resources Divisions as appropriate.
- 3.14 A council wide action plan will be developed and approved by CLT by the New Year and Corporate Policy and Strategy Committee will be kept updated as appropriate alongside communications direct to council colleagues.

4. Measures of success

- 4.1 An action plan communicated to colleagues in the new year with success measures identified

5. Financial impact

- 5.1 Engagement activity will take place with staff from quarter four of 2018/19 onwards. The form and scale of this activity will vary depending on local priorities. This will be resourced from within existing budgets.

6. Risk, policy, compliance and governance impact

- 6.1 The findings of the colleague survey have implications for the organisation's approach to management of change, leadership development, and communications.

7. Equalities impact

- 7.1 While this report does not in itself enhance or impact on any rights or protected characteristics, it highlights that men and those with long-term illnesses or disabilities may have an overall more negative experience of working for the Council. Subsequent engagement work will recognise these results and attempt to better understand and address any issues.

8. Sustainability impact

- 8.1 No consideration has been made to the environmental impacts of these results, however subsequent action plan development will consider whether actions to address the issues highlighted in this report can also address carbon reduction, climate change adaptation and sustainable development.

9. Consultation and engagement

- 9.1 As detailed in the background and main report.

10. Background reading/external references

- 10.1 None.

Andrew Kerr

Chief Executive

Contact: David Porteous, Strategy Manager (Insight)

E-mail: david.porteous@edinburgh.gov.uk | Tel: 0131 529 7127

11. Appendices

Council-wide results from the Colleague Opinion Survey 2018



The City of Edinburgh Council Colleague Survey 2018

Results Briefing Report

Method and response rates

- 7th wave of survey conducted by Ipsos MORI since 2000
- All employees invited to participate - online or paper questionnaire
- Fieldwork: 16 April – 29 June 2018
- 4,788 employees participated
- Response rate of 26%, down from 39% in 2014

Service Area	Headcount	Response Rate
Chief Executive's Office	151	75%
Resources	2,991	34%
Edinburgh Health and Social Care Partnership (CEC)	2,622	31%
Place	2,803	31%
Communities and Families	10,121	21%

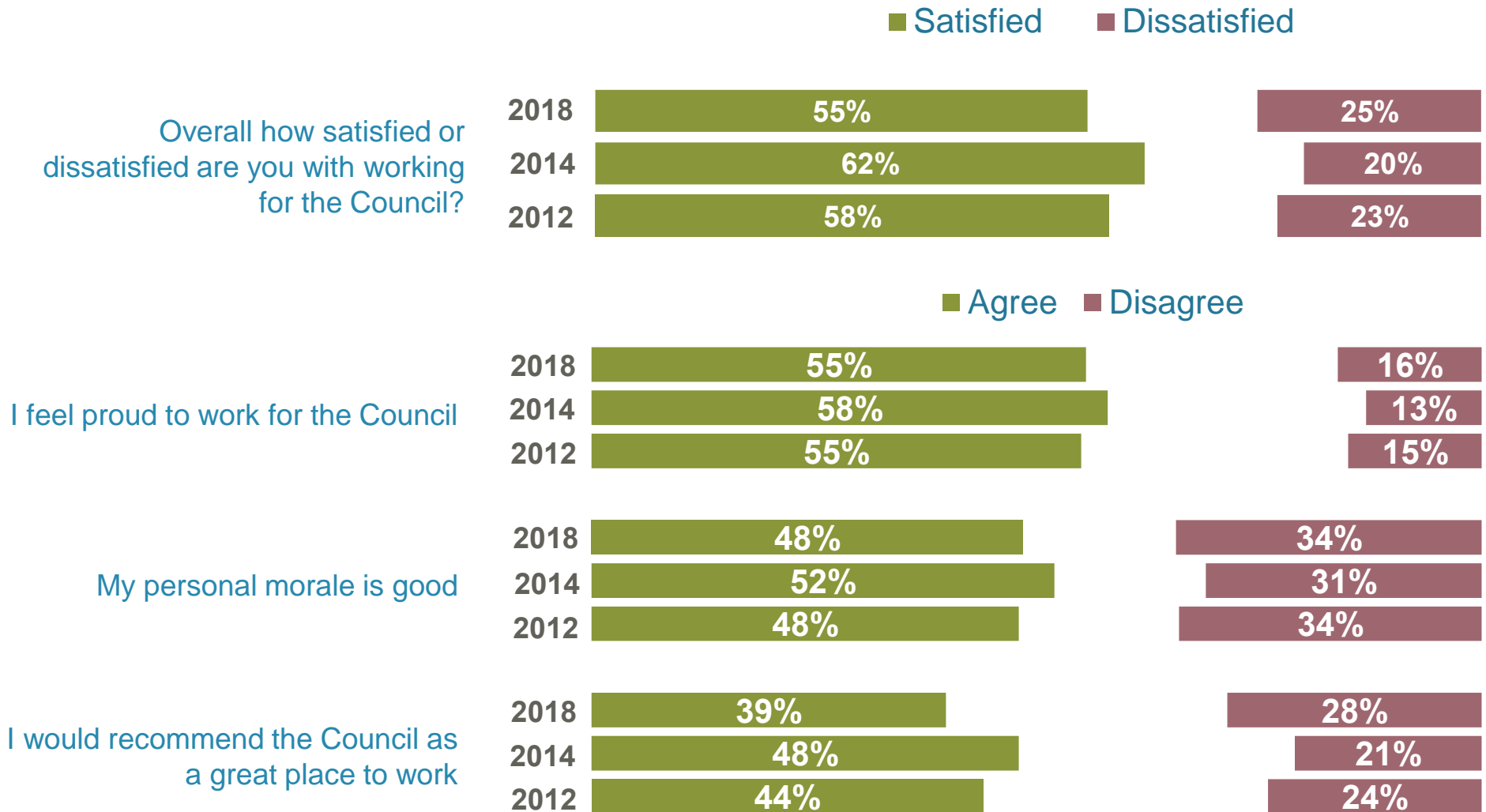
Key findings

- Colleagues feel their work is interesting, rewarding and allows them to make best use of their skills.
 - Most colleagues have a good work-life balance.
 - Colleagues are more positive about most aspects of line management than in previous surveys. Line managers more likely to be rated as approachable, open and honest, and listening to feedback.
 - However, overall job satisfaction and likelihood of recommending the Council as a great place to work are down.
 - Colleagues are less likely to feel they have resources needed to do their jobs well or right level of learning and development support.
 - While colleague awareness of the need for change within the council and its services is high, feeling engaged in the change process is low.
-

Overall Attitudes

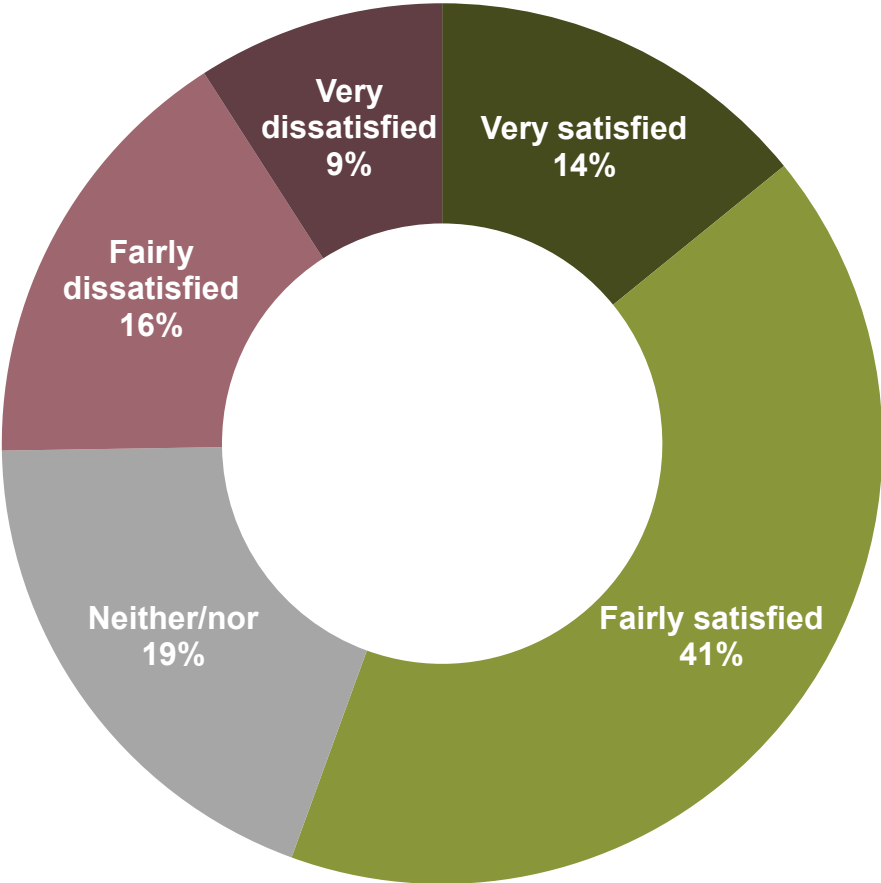


Overall attitudes



Job satisfaction

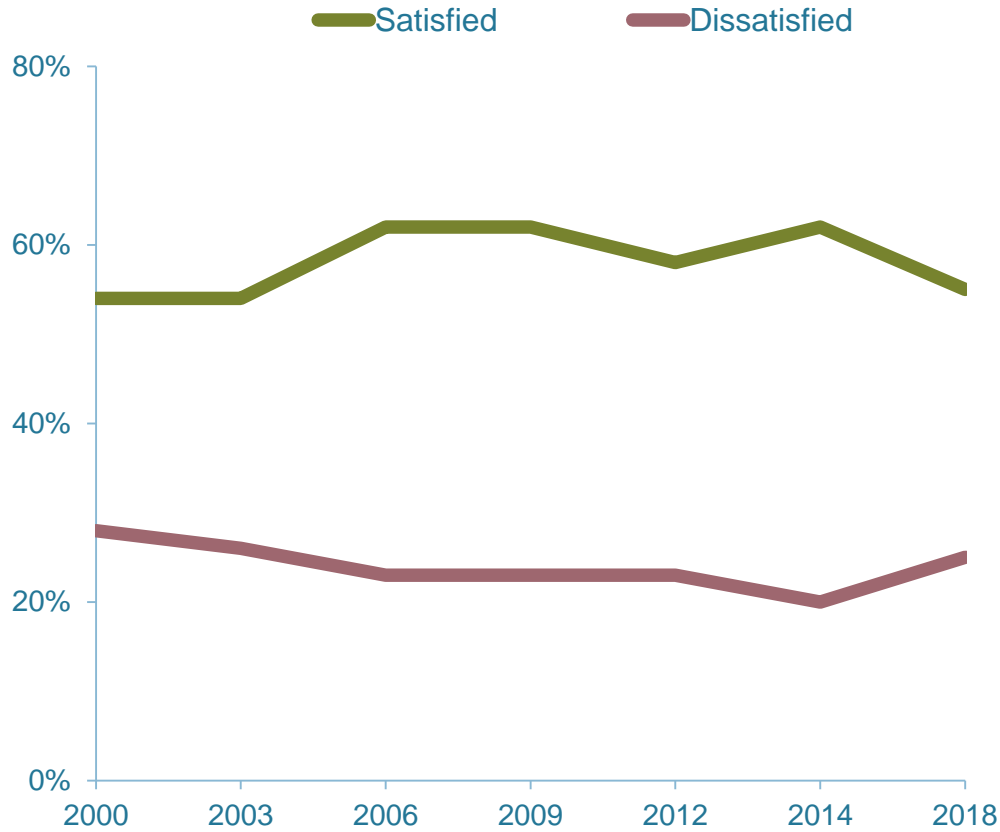
Overall how satisfied or dissatisfied are you with working for the Council?



Base: All respondents 2018 (4788)

Source: Ipsos MORI

Job satisfaction

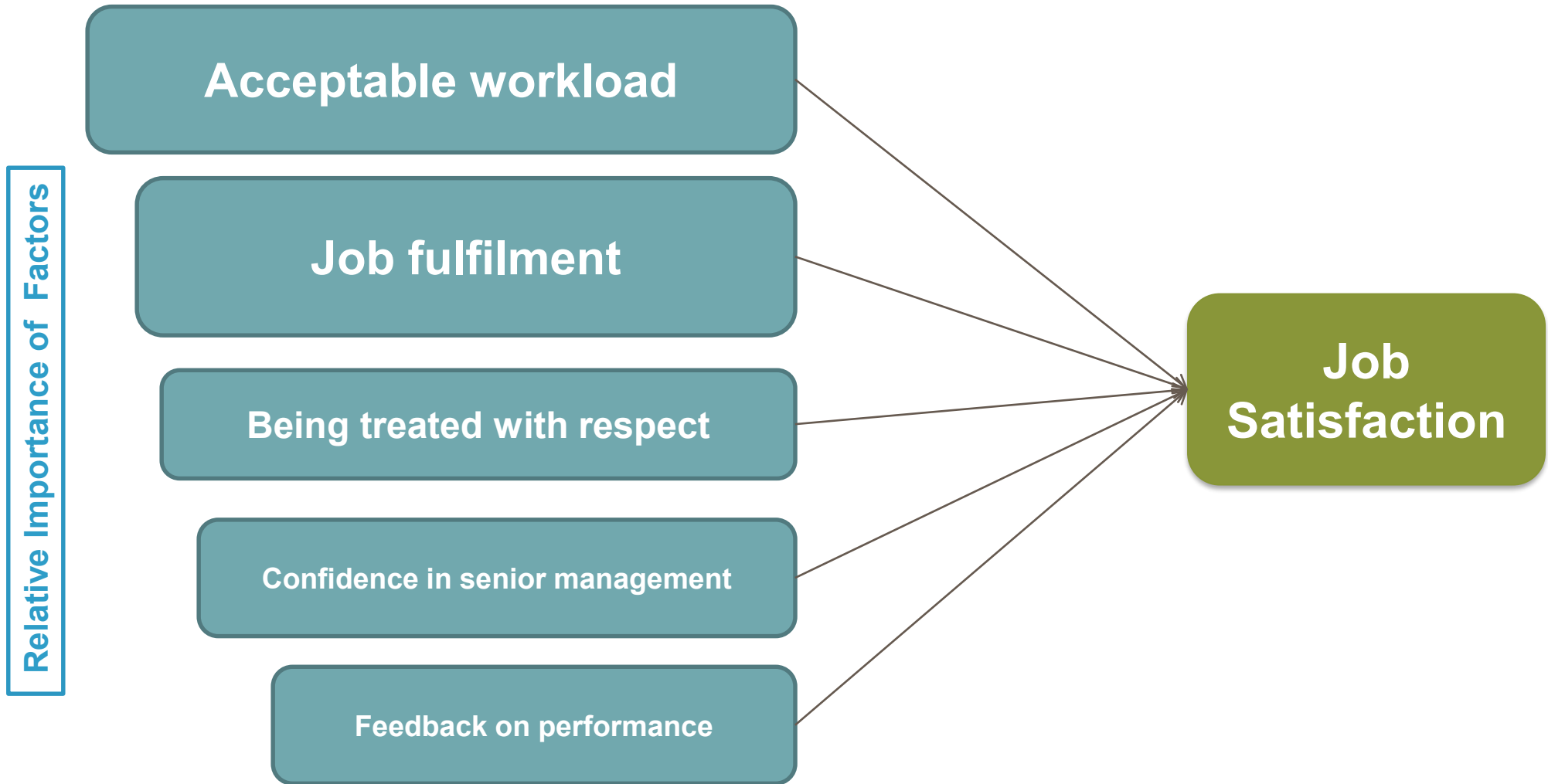


	CEC Employee Survey	UK Public Sector Norms
2018 (CEC) 2016 (UK)	55%	63%
2014 (CEC) 2013 (UK)	62%	60%
2012 (CEC) 2011 (UK)	58%	62%
2009	62%	61%
2006	62%	61%

Base: All respondents 2018 (4788)

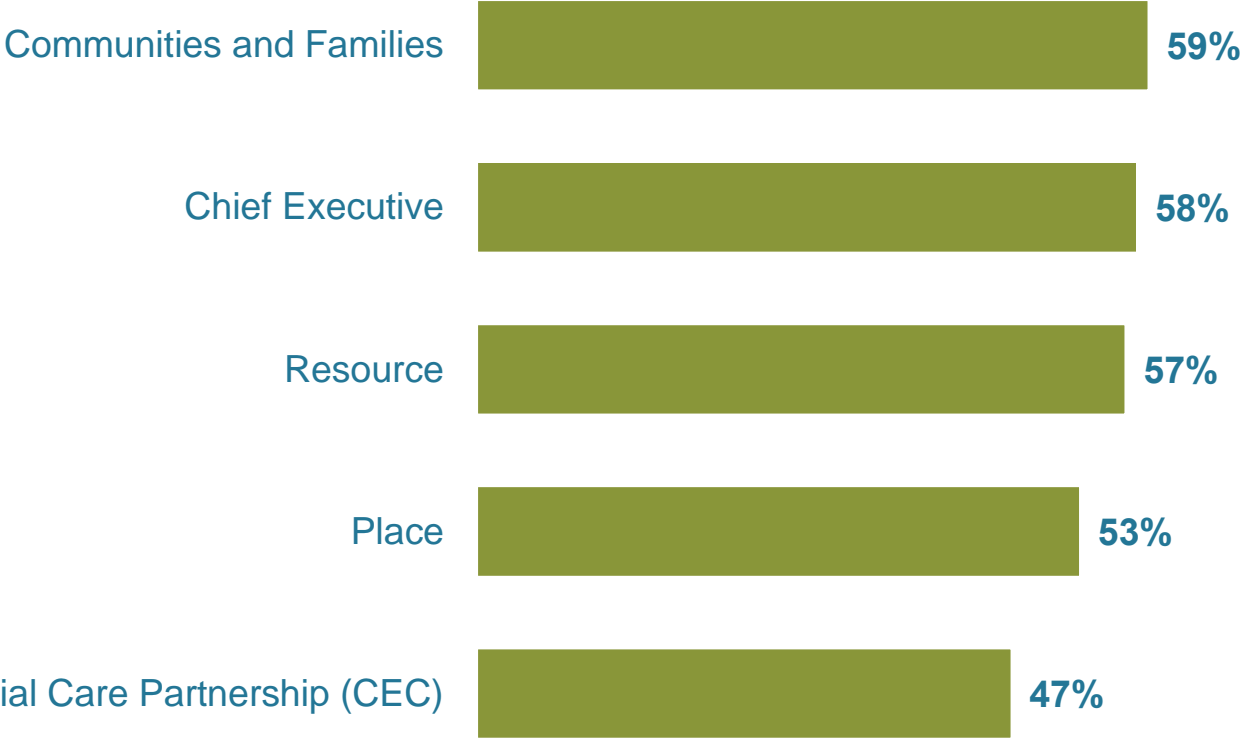
Source: Ipsos MORI

Key drivers of job satisfaction



Job satisfaction - by Division

% Satisfied

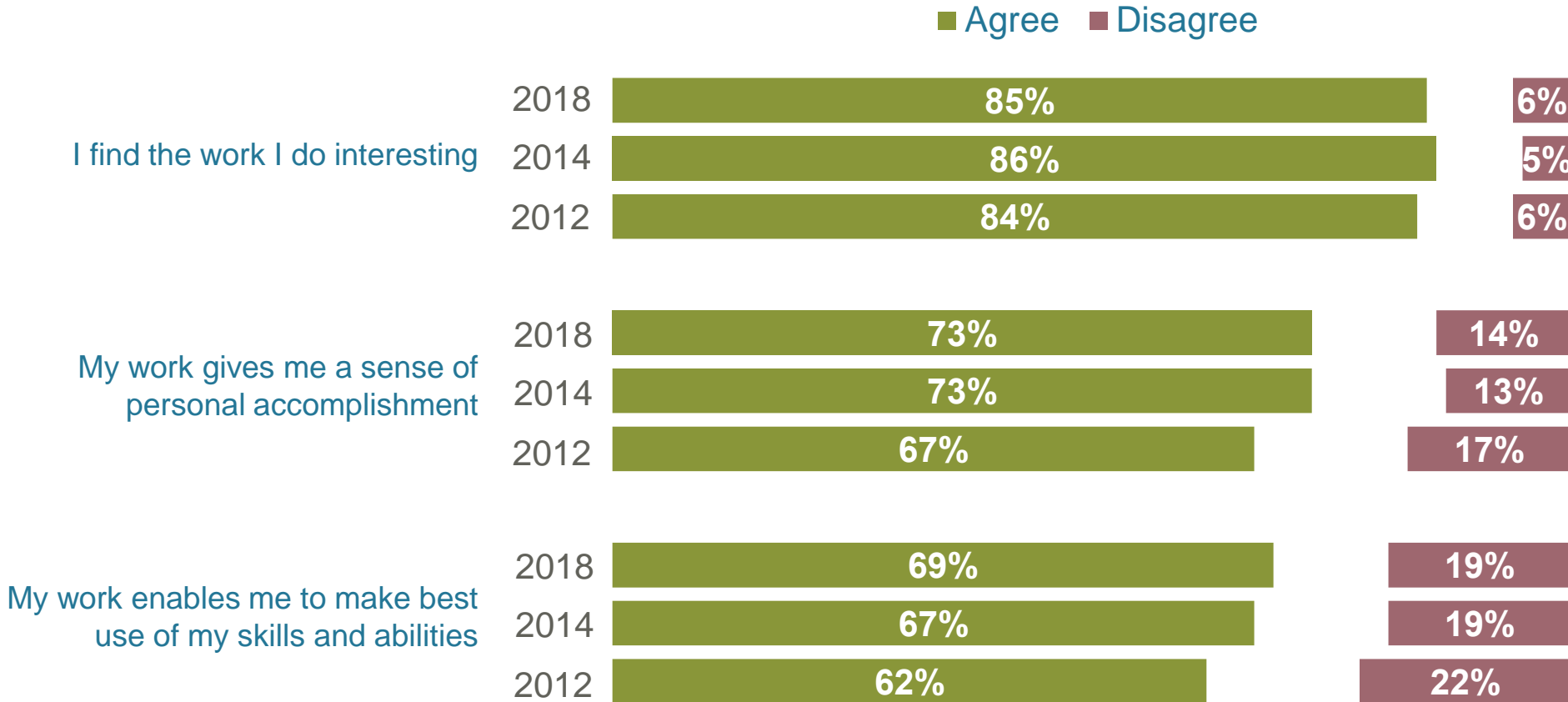


Working environment



Sense of fulfilment

How far do you agree or disagree with each of the following statements?



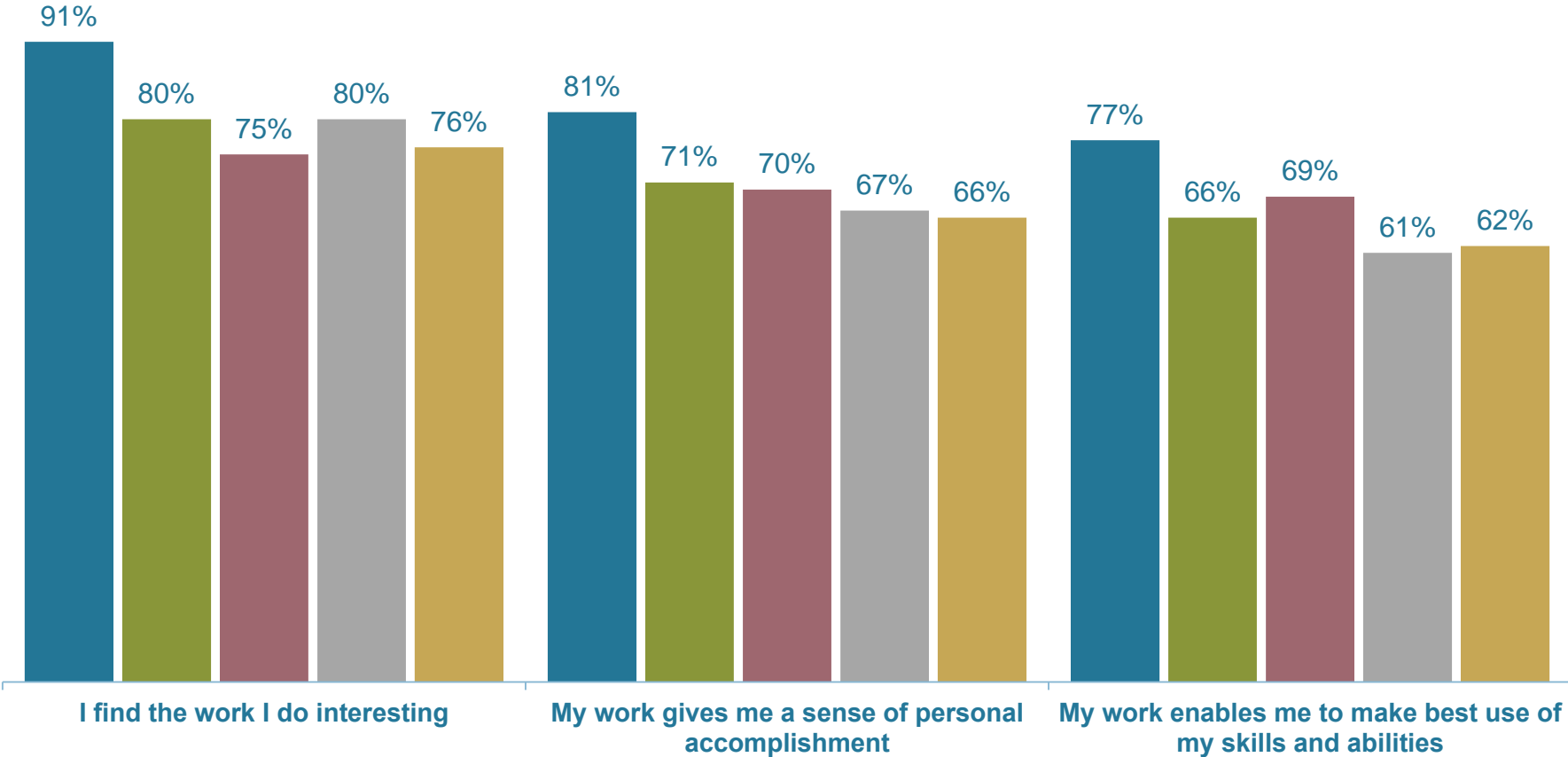
Base: All respondents 2018 (4788) , 2014 (7336), 2012 (6710)

Source: Ipsos MORI

Sense of fulfilment - by Division

How far do you agree or disagree with each of the following statements?

■ Communities and Families ■ Edinburgh Health and Social Care Partnership (CEC) ■ Chief Executive ■ Place ■ Resources

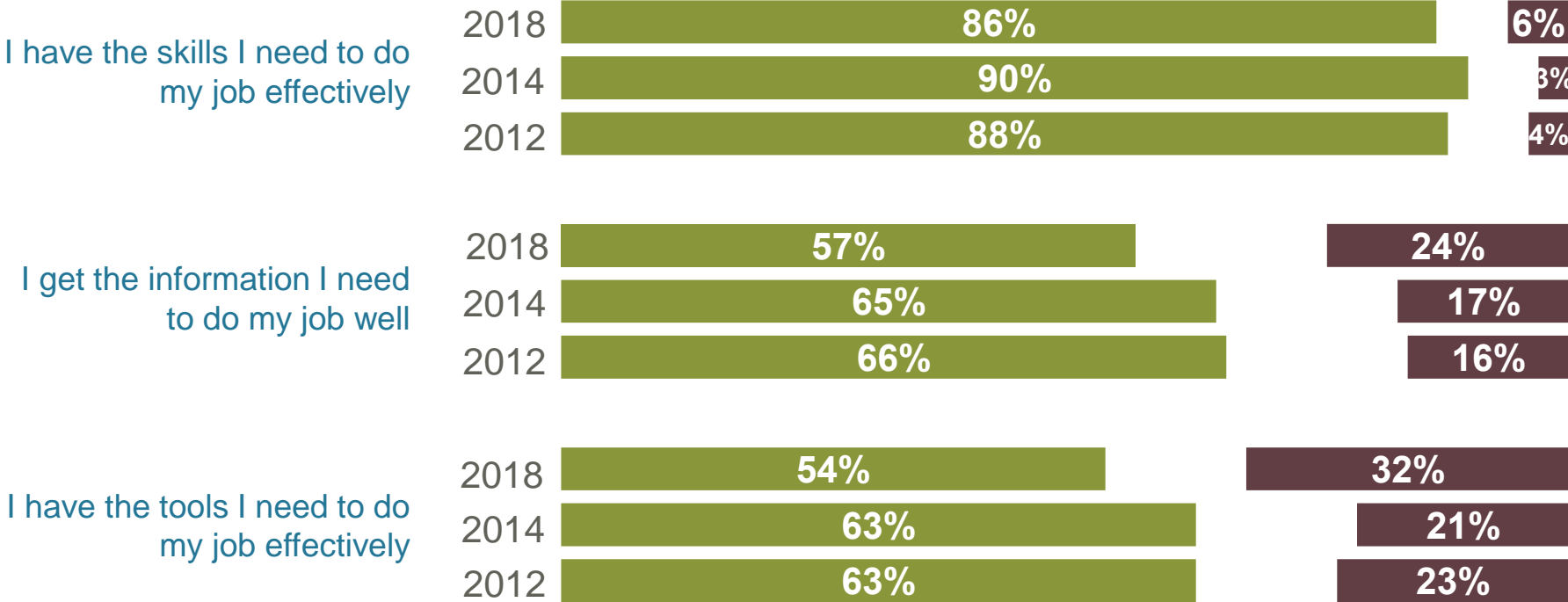


Base: All respondents 2018 (4788)

Tools and skills

How far do you agree or disagree with each of the following statements?

■ Agree ■ Disagree

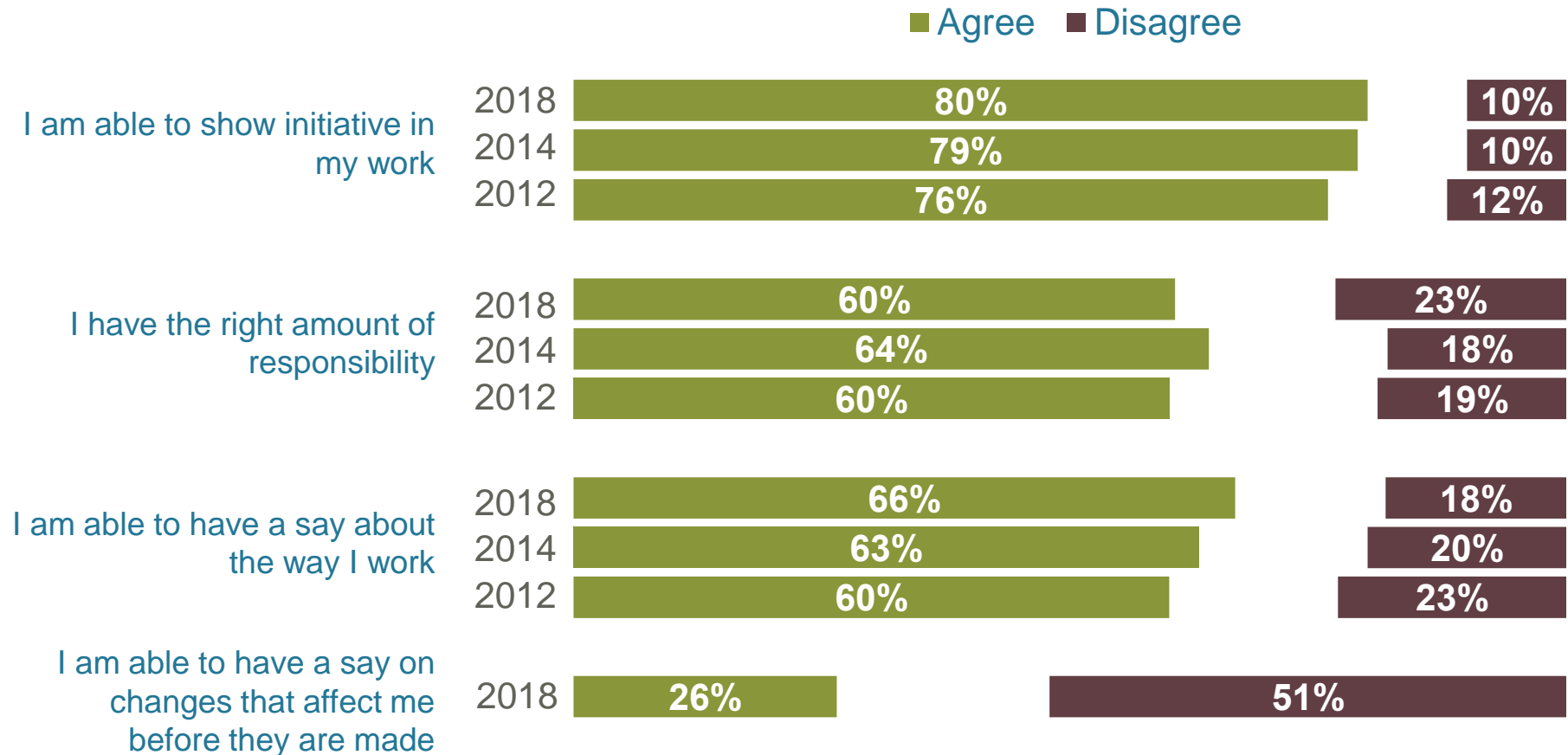


Base: All respondents 2018 (4788) , 2014 (7336), 2012 (6710)

Source: Ipsos MORI

Having a say

How far do you agree or disagree with each of the following statements?

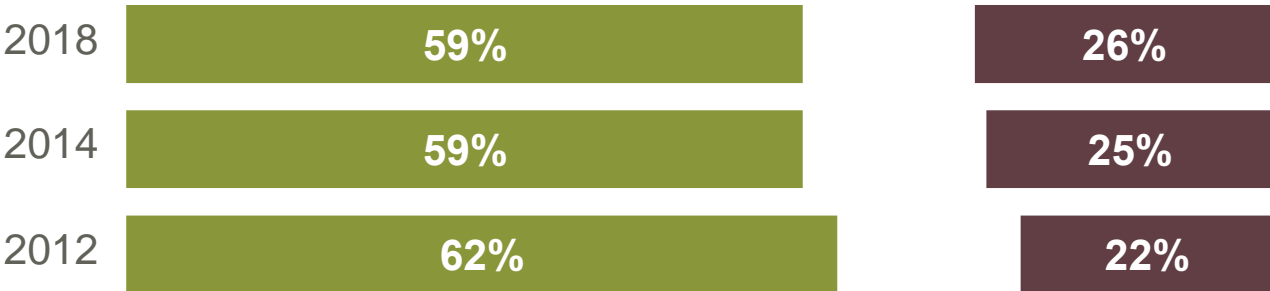


Workload and work-life balance

How far do you agree or disagree with each of the following statements?

■ Agree ■ Disagree

I achieve a good balance between my work life and my private life



I have an acceptable workload



Base: All respondents 2018 (4788) , 2014 (7336), 2012 (6710)

Source: Ipsos MORI

Working environment

Comparison with UK Local Authority Norms

	CEC Colleague Survey 2018		UK Local Authority Norms	
	Agree	Disagree	Satisfied	Dissatisfied
I am able to show initiative in my work	80%	10%	60%	19%
My work gives me a sense of accomplishment	73%	14%	64%	17%
	Agree	Disagree	Agree	Disagree
My work enables me to make best use of my skills and abilities	69%	19%	60%	23%
I have an acceptable workload	49%	38%	52%	28%

■ CEC Employee Survey 2018 Question

■ UK Local Authority Norms Question

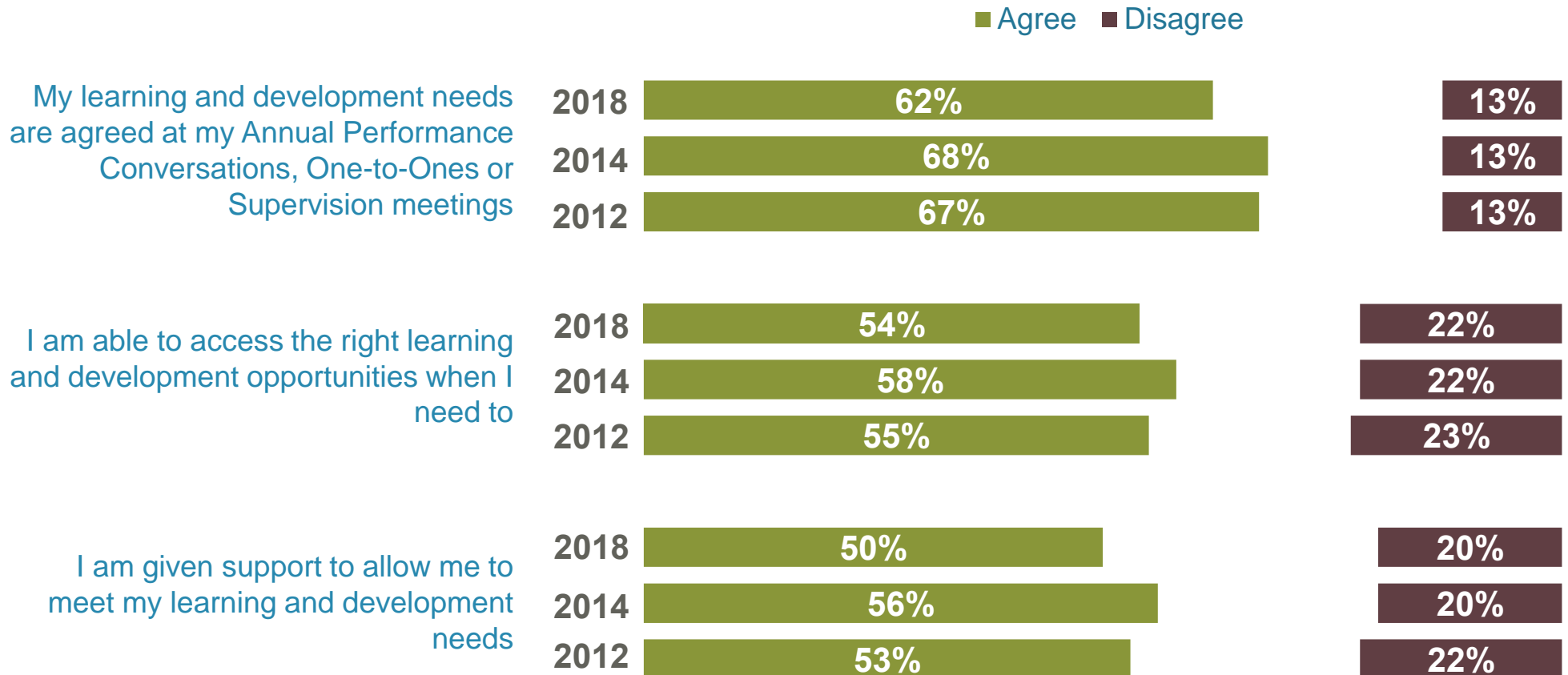
Base: CEC Employee Survey 2018 (4788)

Learning & Development



Learning and development

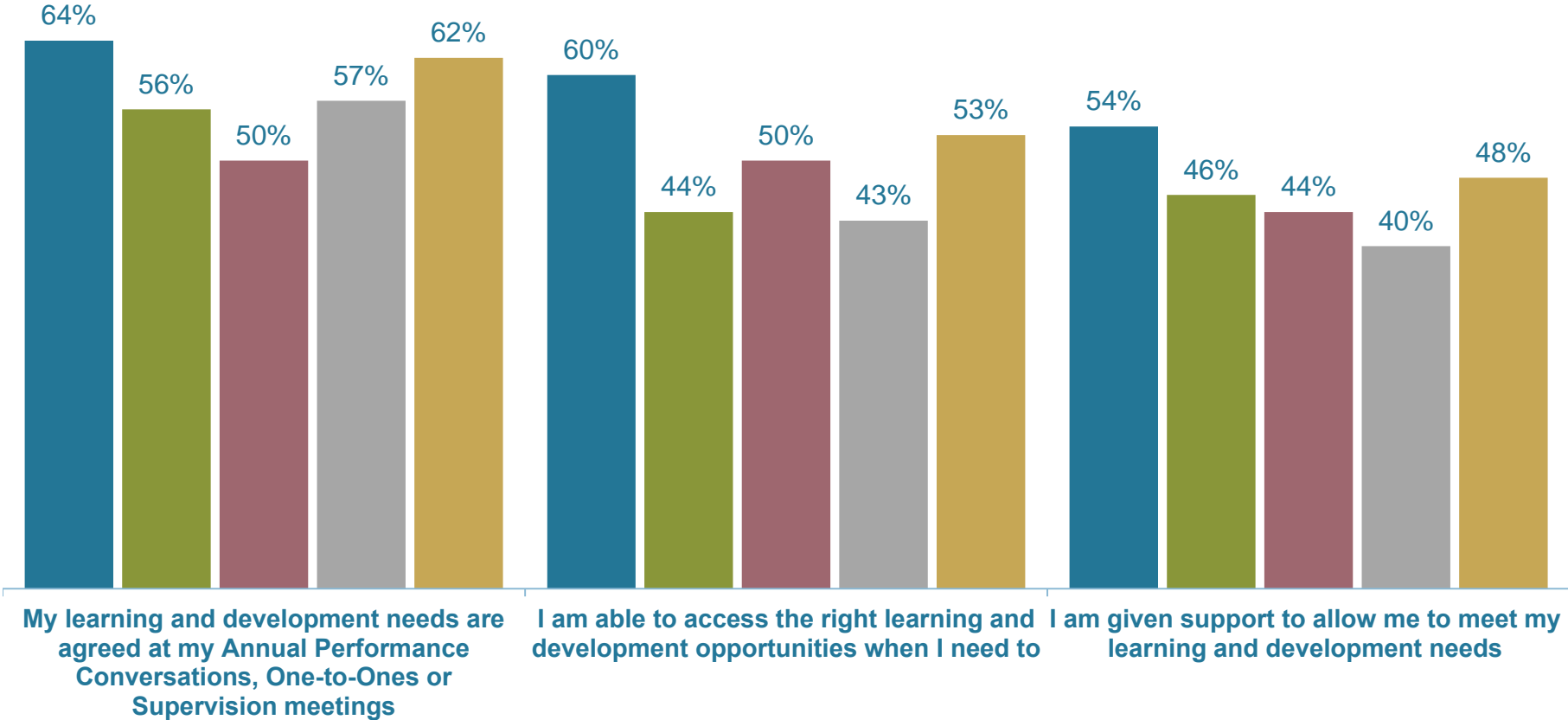
How far do you agree or disagree with each of the following statements?



Learning and development - by Division

How far do you agree or disagree with each of the following statements?

■ Communities and Families ■ Edinburgh Health and Social Care Partnership (CEC) ■ Chief Executive ■ Place ■ Resources



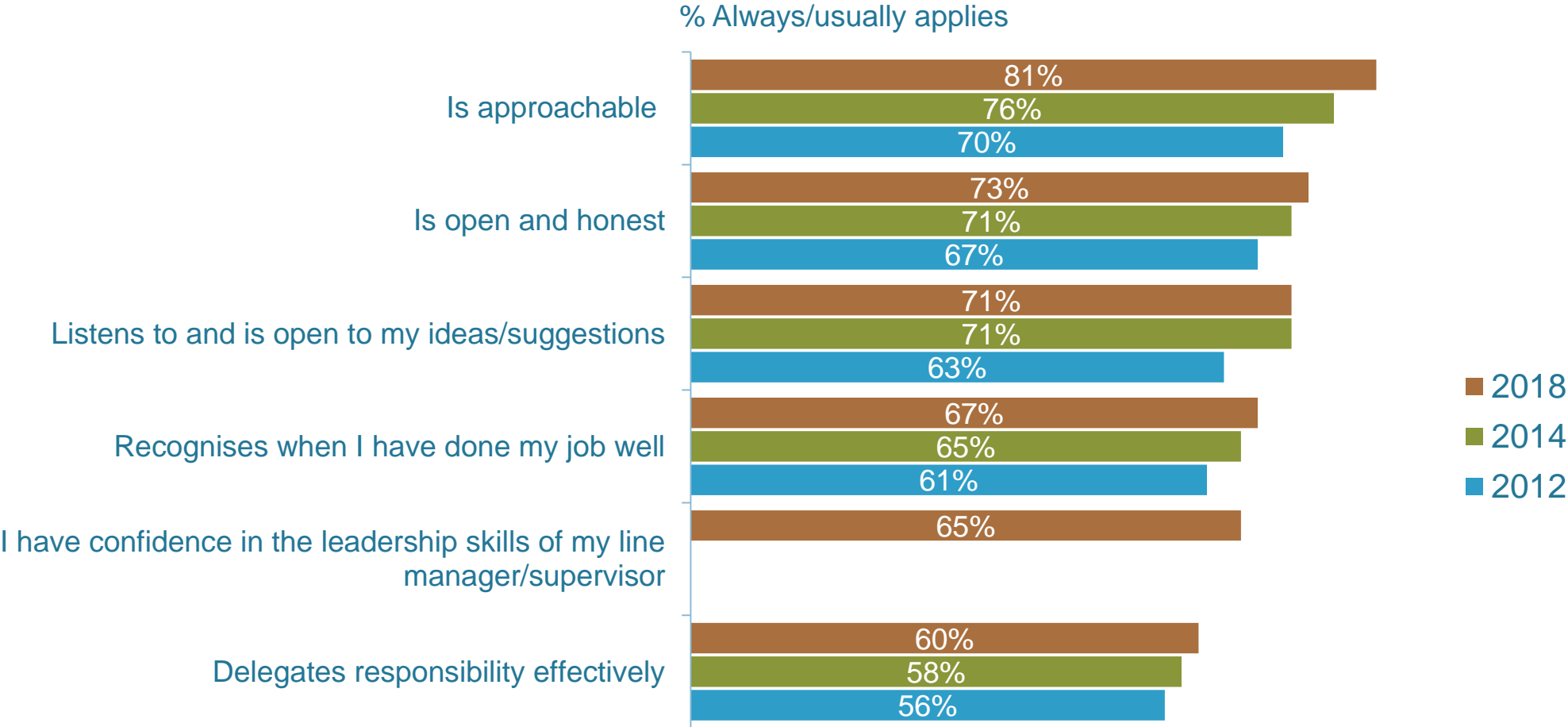
Base: All respondents 2018 (4788)

Managing performance



View of line managers/supervisors

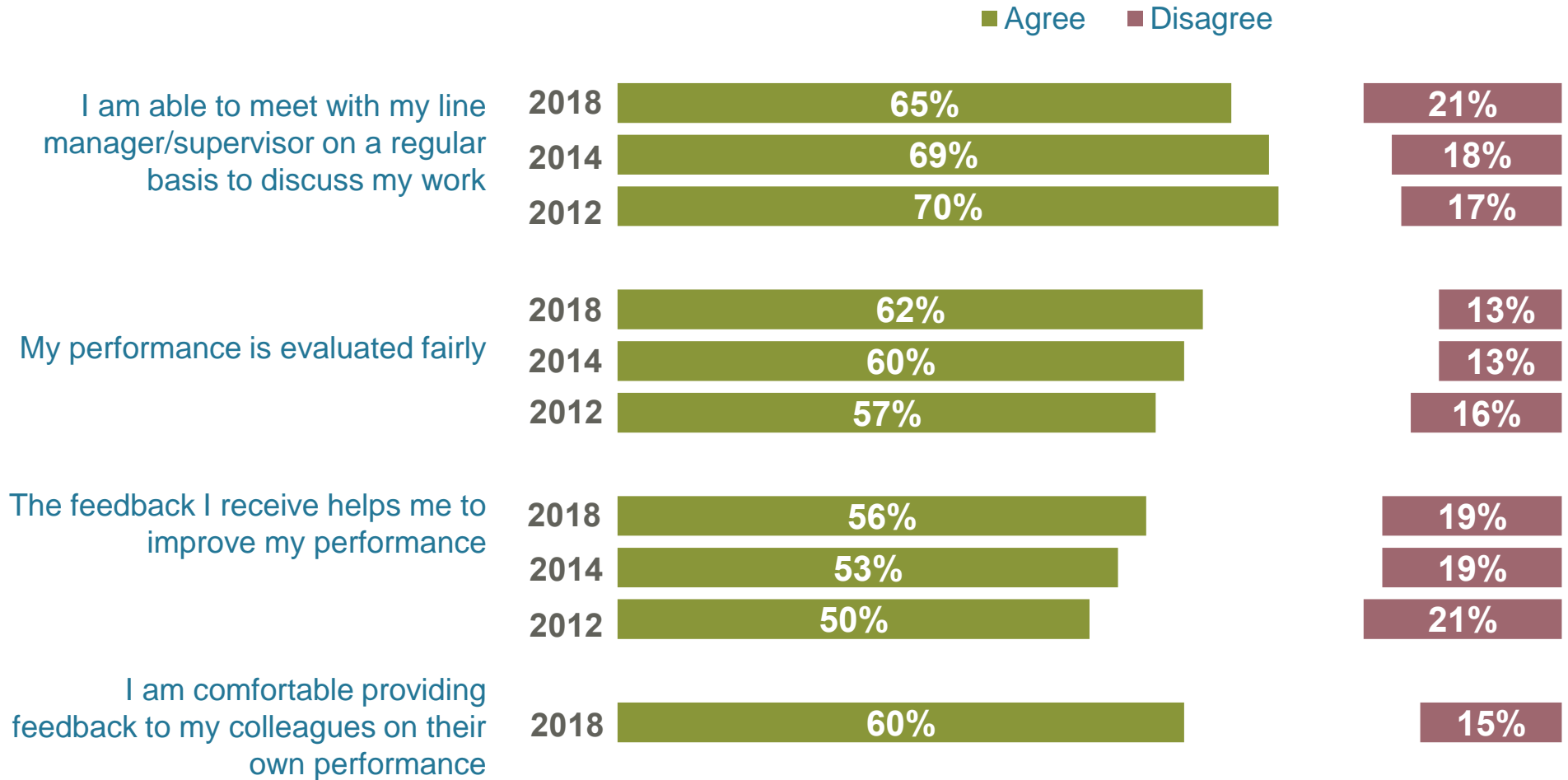
How far do you agree or disagree with each of the following statements? My line manager/supervisor...



Base: All respondents: 2018 (4788); 2014 (7,336); 2012 (6,710)

Feedback & performance evaluation

How far do you agree or disagree with each of the following statements?



Feedback

Comparison with UK Local Authority Norms

	CEC Employee Survey 2018		UK Local Authority Norms	
	Agree	Disagree	Satisfied	Dissatisfied
The feedback I receive helps me improve my performance	56	19	57	20

■ CEC Employee Survey 2018 Question

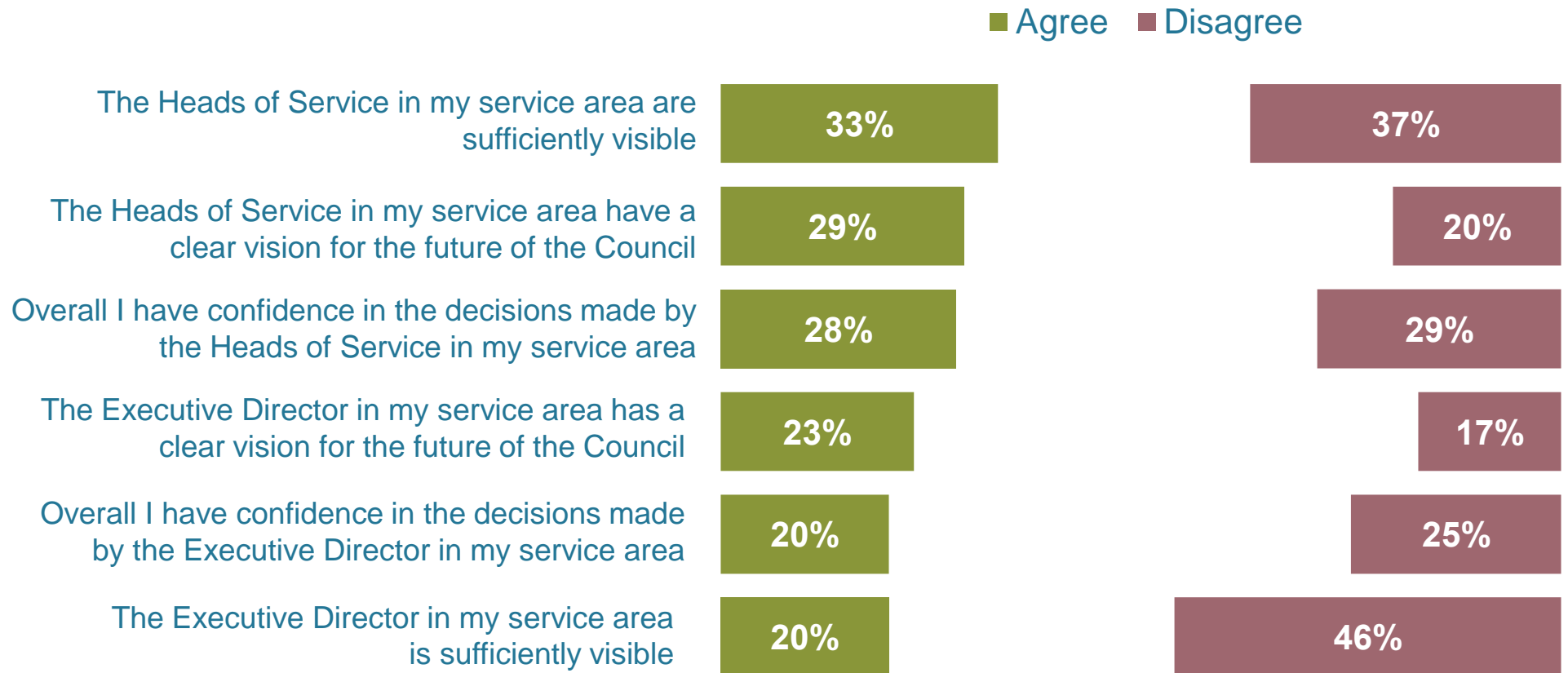
■ UK Local Authority Norms Question

Leadership



Leadership

How far do you agree or disagree with each of the following statements?



Leadership

Key Drivers of Confidence in Heads of Service



Leadership

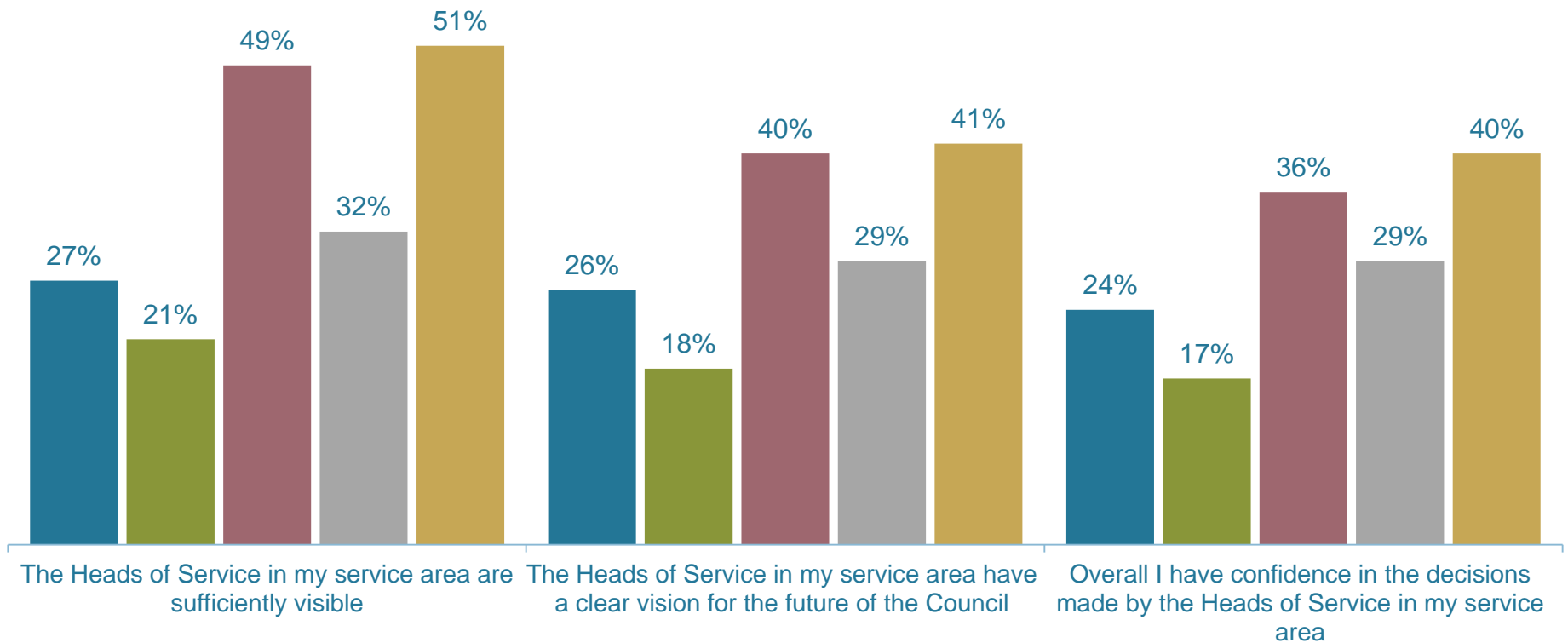
Key Drivers of Confidence in Executive Directors



Leadership – Heads of Service

How far do you agree or disagree with each of the following statements?

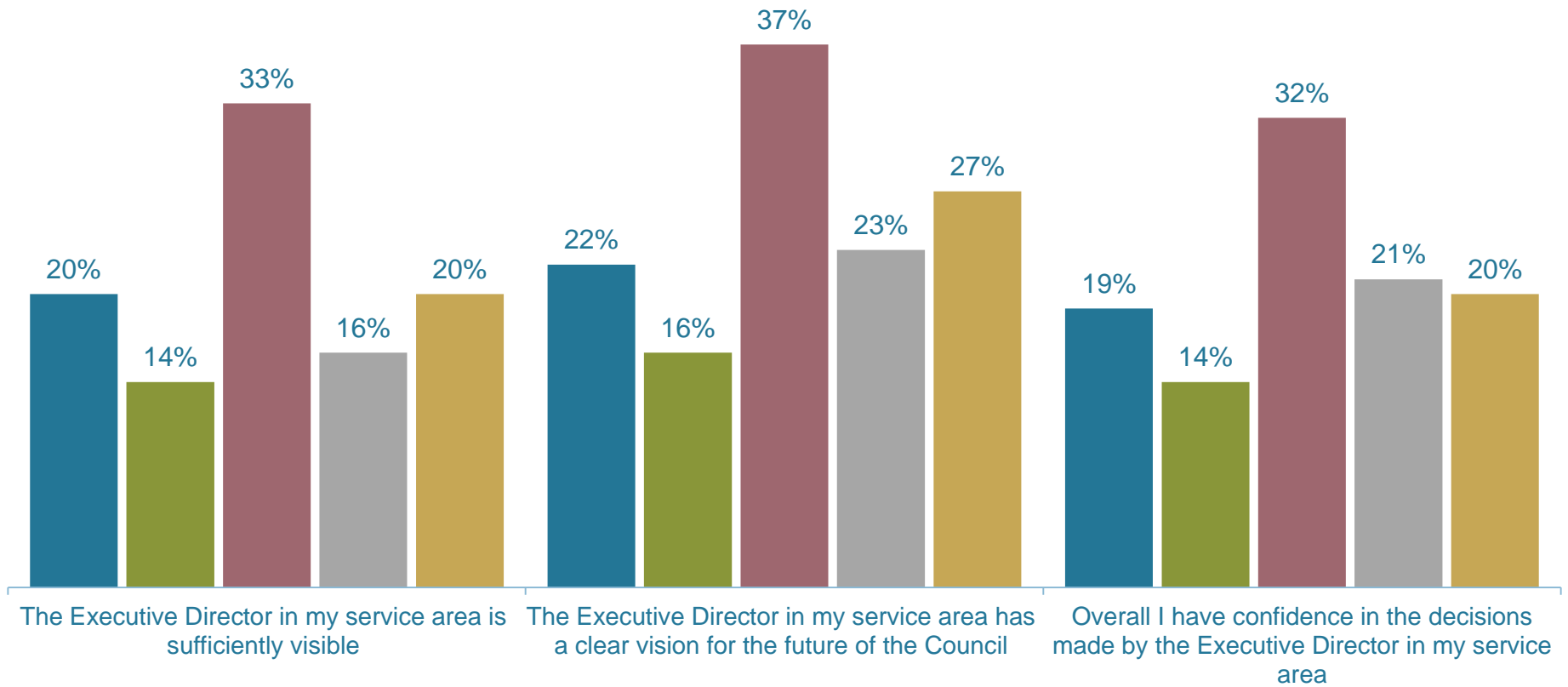
■ Communities and Families ■ Edinburgh Health and Social Care Partnership (CEC) ■ Chief Executive ■ Place ■ Resources



Leadership – Executive Directors

How far do you agree or disagree with each of the following statements?

■ Communities and Families ■ Edinburgh Health and Social Care Partnership (CEC) ■ Chief Executive ■ Place ■ Resources

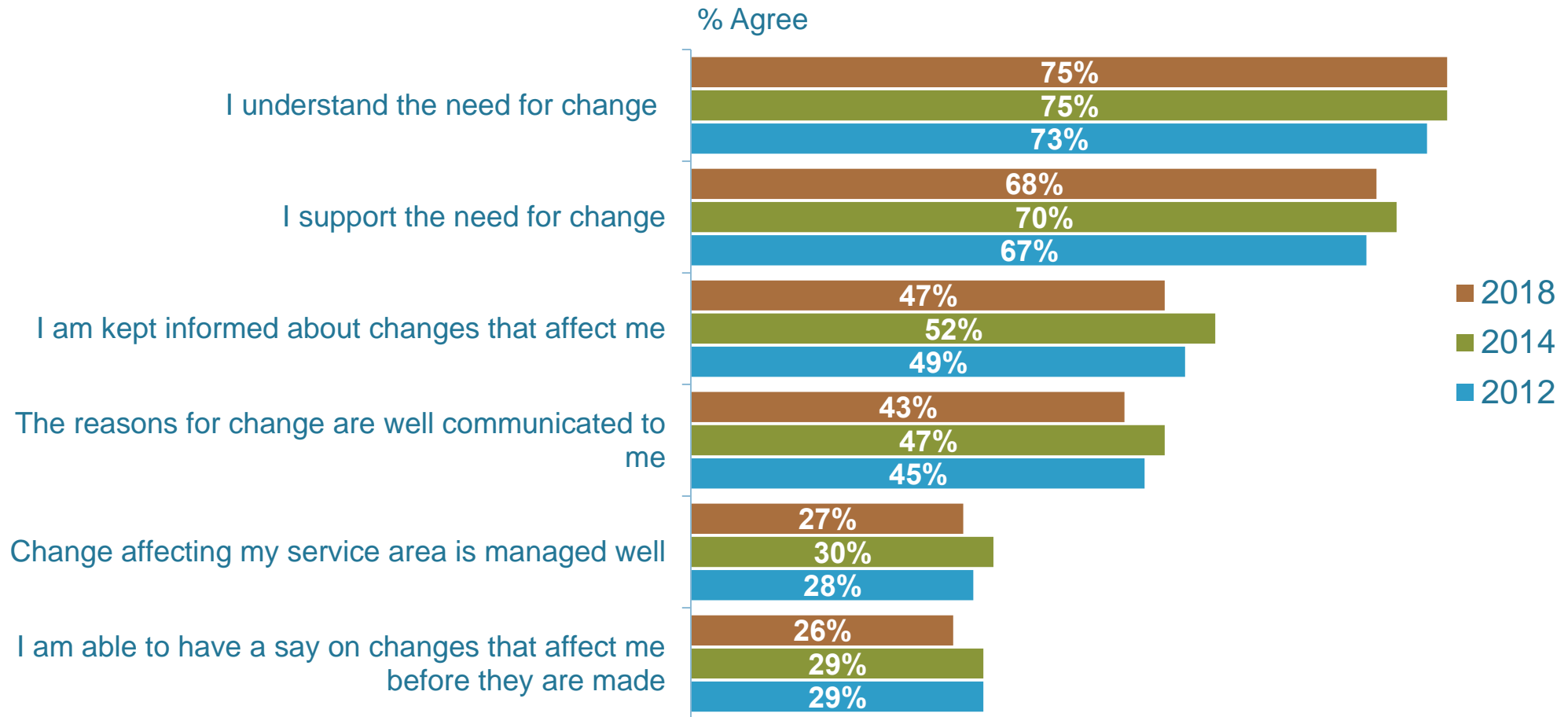


Change



Change

How far do you agree or disagree with each of the following statements?



Base: All respondents: 2018 (4788); 2014 (7,336); 2012 (6,710)

Change

Comparison with UK Local Authority Norms

	CEC Employee Survey 2018		UK Local Authority Norms	
	Agree	Disagree	Agree	Disagree
Change affecting my service area is managed well	27%	45%	26%	42%
I understand the need for change	75%	10%	83%	5%
I support the need for change	68%	11%	69%	7%

■ CEC Employee Survey 2018 Question

■ UK Local Authority Norms Question

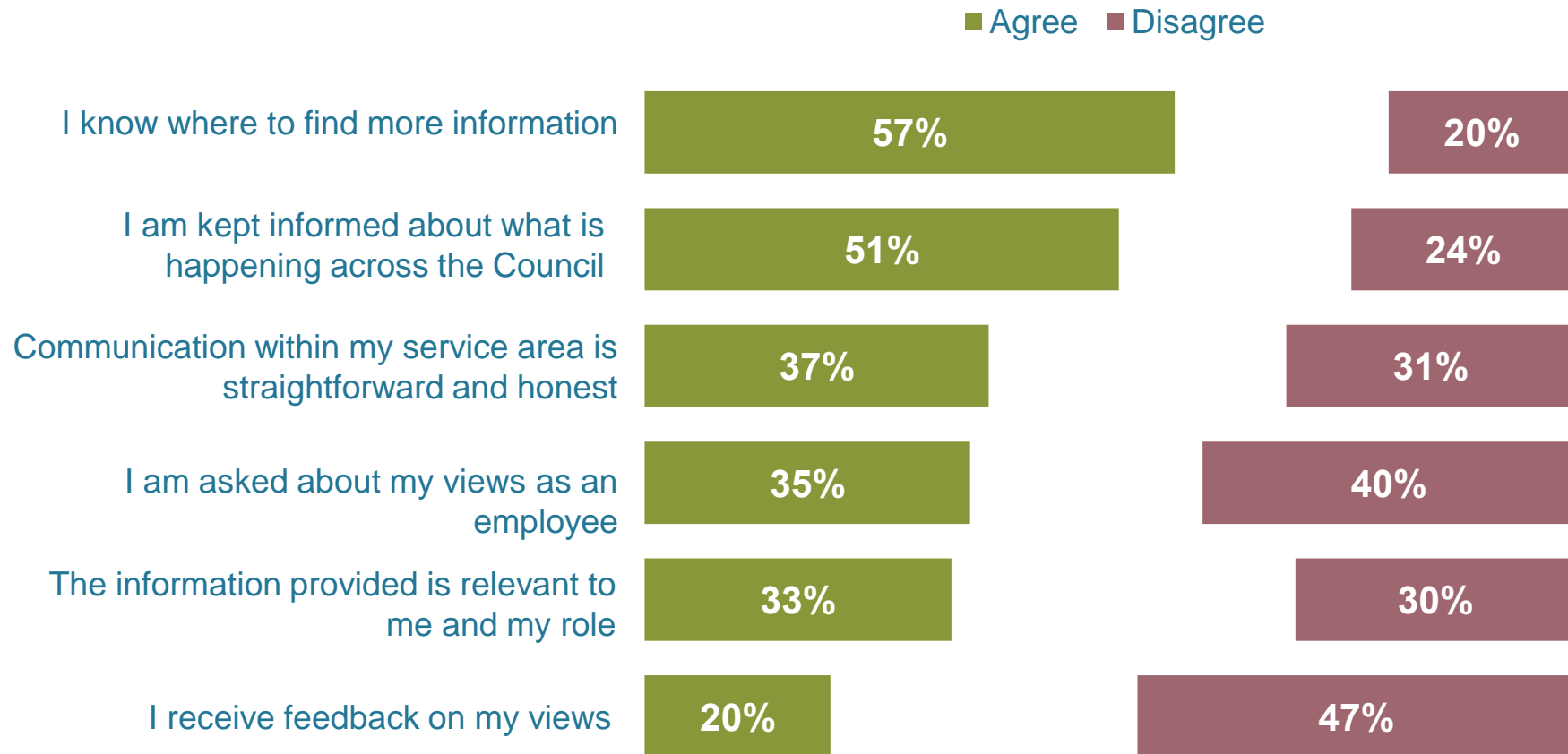
Base: CEC Employee Survey 2018 (4788) UK Local Authority Norms (600)

Communication & Survey Feedback



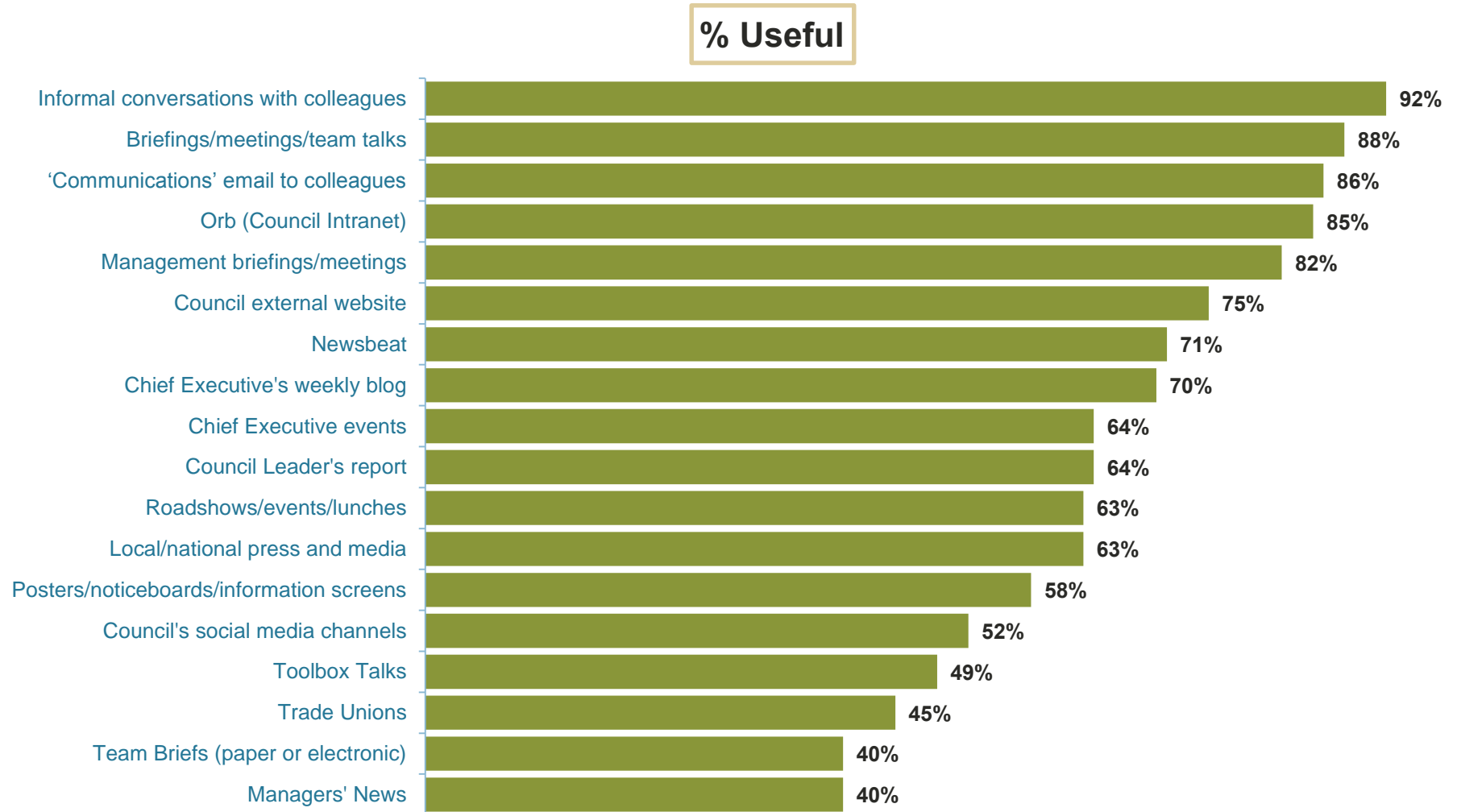
Communication

How far do you agree or disagree with each of the following statements?



Communication channels

How useful do you find these channels of information?

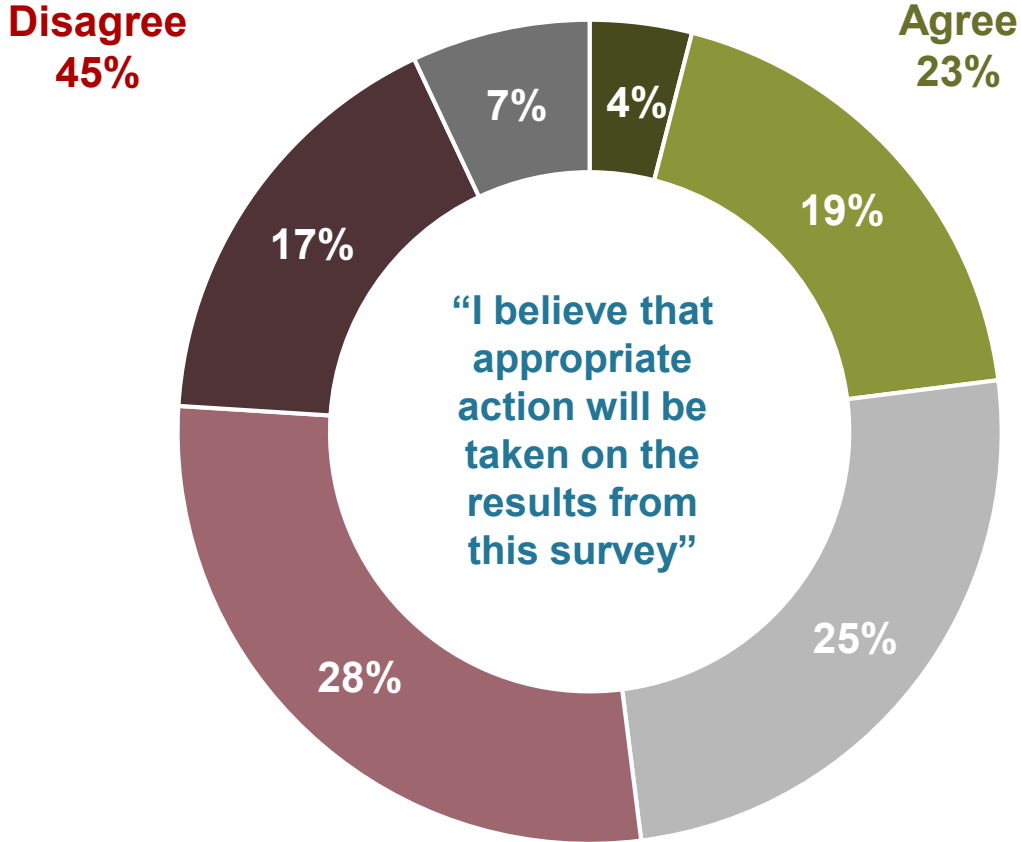


Base: Respondents with access to each channel and excluding those said "don't know"

Source: Ipsos MORI

Survey feedback

How far do you agree or disagree that appropriate action will be taken from the results of this survey?



Base: All respondents 2018 (4778)

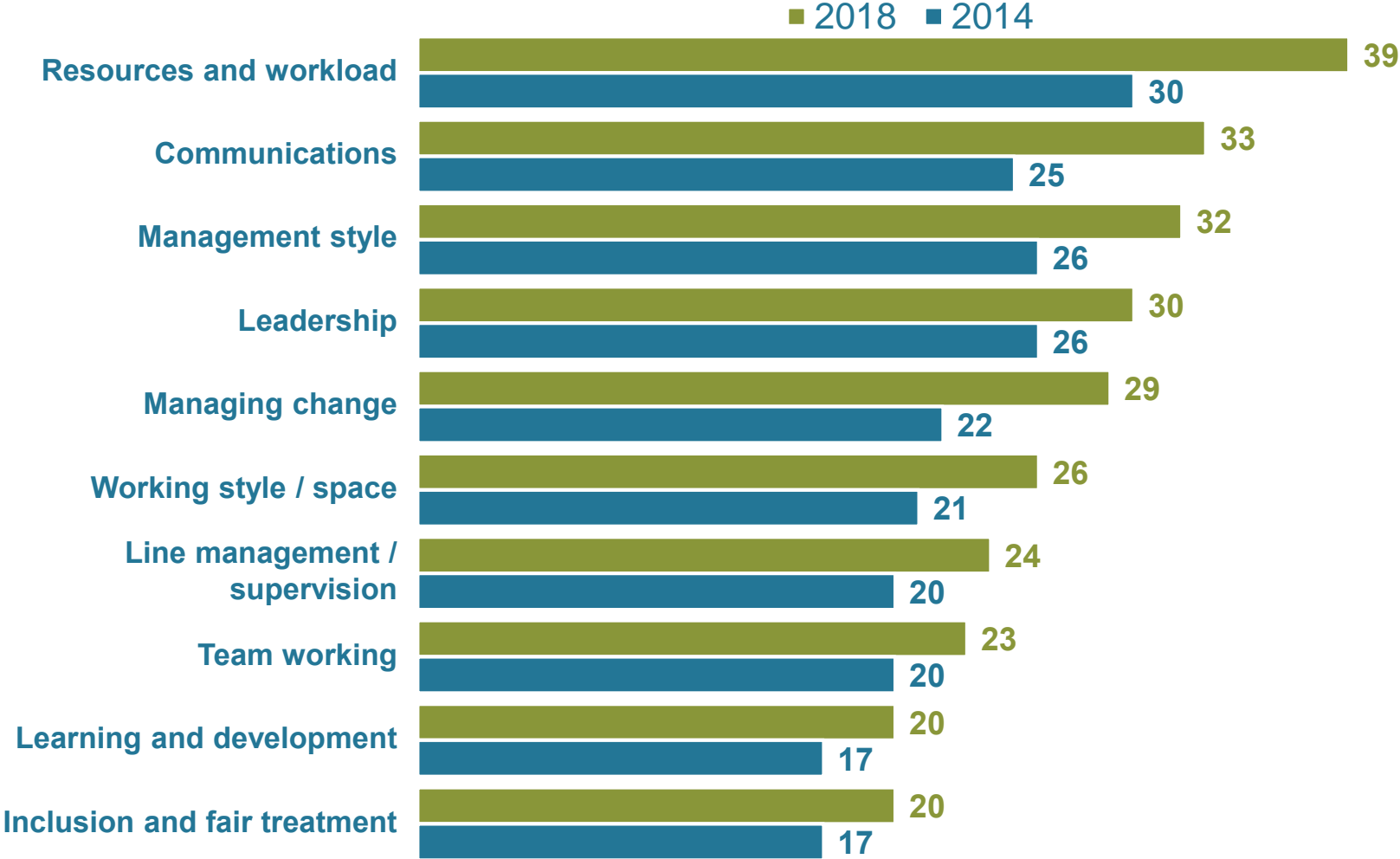
Source: Ipsos MORI

Suggestions for improvement



Suggestions for improvement

What do we need to do to make the Council a great place to work?



Base: All respondents 2018 (4778); 2014 (7336)

Source: Ipsos MORI



Thank you